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CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-353
Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers

March 27, 2018

PART 1 – Introduction

On April 6, 2017 the Canadian Securities Administrators (**CSA** or **we**) published for comment CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (the **Consultation Paper**).

Changes brought on by shifts in market conditions, investor demographics, technological innovation and globalization all have a real impact on reporting issuers. As capital markets evolve, our approach to regulation needs to reflect the realities of business for Canadian reporting issuers to remain competitive. Regulatory requirements and the associated compliance costs should be balanced against the regulatory objectives sought to be realized and the benefit provided by such regulatory requirements to investors and other stakeholders.

The purpose of the Consultation Paper was to identify and consider areas of securities legislation applicable to non-investment fund reporting issuers that could benefit from a reduction of undue regulatory burden, without compromising investor protection or the efficiency of the capital market. The Consultation Paper identified a number of options to reduce the regulatory burden associated with both capital raising in the public markets (i.e., prospectus related requirements) and the ongoing costs of remaining a reporting issuer (i.e., continuous disclosure requirements). The options identified in the Consultation Paper were grouped into the following categories:

1. Extending the application of streamlined rules to smaller reporting issuers

2. Reducing the regulatory burdens associated with the prospectus rules and offering process
    a. Reducing the audited financial statement requirements in an initial public offering (**IPO**) prospectus
    b. Streamlining other prospectus requirements
    c. Streamlining public offerings for reporting issuers
    d. Other potential areas

3. Reducing ongoing disclosure requirements
    a. Removing or modifying the criteria to file a business acquisition report (BAR)
    b. Reducing disclosure requirements in annual and interim filings
    c. Permitting semi-annual reporting

4. Eliminating overlap in regulatory requirements

5. Enhancing electronic delivery of documents

The Consultation Paper also sought feedback as to:

- whether any of the options identified in the Consultation Paper would meaningfully reduce regulatory burden while preserving investor protection,
- whether there are any other options that were not specifically identified but which may offer opportunities to meaningfully reduce the regulatory burden on reporting issuers or others while preserving investor protection, and
- which options should be prioritized and whether such issues could be addressed in the short- or medium-term.

The comment period closed on July 28, 2017 (extended from July 7, 2017). We received 57 comment letters from various stakeholders across Canada. People expressed a wide range of views in these letters, which are summarized in **Appendix A**. We thank all participants for contributing to the consultation.

The purpose of this CSA Staff Notice is to update stakeholders on the status of this consultation, as well as outline the CSA policy initiatives we are undertaking and the next steps in this initiative.

PART 2 – Stakeholder feedback received

As noted above, in response to the Consultation Paper, we received 57 comment letters from stakeholders representing a diverse range of commenters including:

- reporting issuers,
- investors,
- investor advocacy groups,
- law firms,
- accounting firms and accounting regulatory bodies,
- stock exchanges,
- industry groups, and
- other stakeholders.

During the Consultation Paper comment period, staff from certain CSA jurisdictions also participated in a number of consultations in order to seek direct feedback from various advisory committees, industry groups and other commenters.

The policy initiatives we are undertaking, as set out in Part 3 of this CSA Staff Notice, are based on consideration of all of the stakeholder feedback received through the comment letters and the other consultations described above.

PART 3 – Upcoming CSA policy initiatives

Based on our consideration of the feedback received in response to the Consultation Paper, the CSA will initiate six options as CSA policy projects in the near term. We note that there are a number of steps that must occur in connection with any changes to our regulatory regime. There is no assurance that any changes to our regulatory regime will ultimately be adopted in any of the CSA jurisdictions.

We have taken into account the need to prioritize options and focus CSA regulatory resources on projects that: (i) are generally supported by stakeholders as an identified area of undue regulatory burden, (ii) are most achievable and within the scope of securities regulation, and (iii) will provide the most impact in terms of reducing potential burden on non-investment fund reporting issuers.

In addition, we note that there are a number of other options identified in the Consultation Paper or by commenters which we are not initiating as CSA policy projects at this time. Our reasons for not initiating CSA projects are based on one or more of the following key factors:

- Some options received little or no support from stakeholders, or suggested significant disagreement among market participants as to the merits of the proposal.

- Some options appeared to offer less potential for meaningful reduction of regulatory burden on non-investment fund reporting issuers.

- Some options were recently considered or are being considered in the context of another CSA policy initiative.

- CSA staff identified substantive policy concerns or concluded that certain options fell outside the scope of our securities regulatory mandate.

The CSA may revisit or reconsider some of these other options if we become aware of new developments in any of these areas.

3.1 Prospectus requirements

(a) Potential alternative prospectus model

CSA staff noted in the Consultation Paper that it was considering whether conditions are right to revisit the merits of an alternative prospectus offering model for reporting issuers with disclosure more concise and focused than under the current short form prospectus regime.

We heard support from several commenters for this project. Some commenters also provided support for alternative prospectus concepts previously proposed but not implemented, such as Continuous Market Access and the Integrated Disclosure System. In light of the feedback

received, certain CSA jurisdictions will begin research as an initial phase of a project to explore potential alternative offering models.

As part of this project, staff in such jurisdictions will consider any regulatory changes resulting from the separate CSA project to revisit certain continuous disclosure requirements discussed below.

(b) Facilitating at-the-market (ATM) offerings

The Consultation Paper identified that, while National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) establishes certain rules for ATM offerings under Canadian shelf prospectuses, NI 44-102 does not establish a comprehensive framework for ATM offerings as it does not exempt ATM offerings from certain provisions of securities legislation applicable to all prospectus offerings. Consequently, a reporting issuer wishing to conduct an ATM offering must obtain exemptive relief from certain securities legislation requirements.

Some commenters observed that the limited number of ATM offerings in Canada may be partly attributable to regulatory burden associated with the requirement to obtain prior exemptive relief and the conditions typically imposed in connection with such relief. Commenters also suggested that some of the current restrictions on ATM offerings could be relaxed or eliminated without compromising necessary investor protection and the integrity of the capital markets.

In light of feedback that facilitating ATM offerings would be beneficial for Canadian reporting issuers, the CSA intends to initiate a CSA policy project in this area.

(c) Revisiting the primary business requirements

While not specifically identified as an option in the Consultation Paper, commenters suggested that CSA staff revisit the interpretation of Item 32 of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**). These rules outline the historical financial statements required to be included in an IPO prospectus and commenters noted certain inconsistencies between staff's interpretation of these requirements across the CSA.

In light of this feedback received from stakeholders, CSA staff is considering ways in which we can provide greater clarity to issuers preparing an IPO prospectus regarding these issues.

3.2 Continuous disclosure requirements

(a) Removing or modifying the criteria to file a business acquisition report (BAR)

Reporting issuers frequently apply for and are granted certain relief from the BAR requirements. We heard from some commenters that the preparation of a BAR entails significant time and cost, and that the information necessary to comply with the BAR requirements may, in some instances, be difficult to obtain. Some of these stakeholders also questioned the value of the BAR disclosure. Commenters also provided a wide range of suggestions on how the CSA can reduce regulatory burden in this area.

In light of this feedback, a CSA policy project will be pursued in this area.

(b) Revisiting certain continuous disclosure requirements

We received a number of comments pertaining to existing continuous disclosure requirements as set out in National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**). Some commenters supported:

- eliminating duplicative disclosure among the financial statements, management's discussion and analysis (**MD&A**), and other NI 51-102 forms,
- consolidating two or more of the financial statements, MD&A and annual information form (**AIF**) into one reporting document, and
- examining whether the volume of information in annual and interim filings can be reduced in order to prevent excessive disclosure from obscuring key information or otherwise improving the quality and accessibility of disclosure.

In light of this feedback received from stakeholders, a CSA policy project will be initiated to review certain continuous disclosure requirements, with a view to reducing the burden of disclosure on issuers, while enhancing its usefulness and understandability for investors. We expect that this will be a staged project with a majority of the work requiring a longer timeframe.

3.3 Other securities regulation requirements

(a) Enhancing electronic delivery of documents

The Consultation Paper noted that some market participants are of the view that reporting issuers continue to incur significant costs associated with printing and delivering various documents required under securities legislation. Commenters were generally supportive of developments which would further facilitate electronic delivery of documents and, in particular, switching the current default to electronic delivery, provided that investors retained an option to receive paper documents.

In light of this feedback received from stakeholders, a CSA policy project will be initiated in this area. We note that some legal aspects of electronic delivery fall outside of the scope of securities legislation. As a result, the CSA is limited on the potential changes that can be made in this area.

PART 4 – Next steps

The CSA will initiate each of the above options in the near term. This will involve establishing CSA working groups consisting of staff from participating CSA jurisdictions and identifying the project mandate, scope, timelines and resources required. Certain projects may involve longer timeframes for completion than others. Any potential changes to our regulatory regime will need to follow our standard policy-making process, including publishing any proposed amendments for

comment. As noted in Part 3, there is no assurance that any changes to our regulatory regime will ultimately be adopted in any of the CSA jurisdictions.

PART 5 – Questions

If you have any comments or questions, please contact any of the CSA staff listed below.

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APPENDIX A
SUMMARY OF COMMENT LETTERS RECEIVED[1,2]

General	
General comments (Consultation Questions #1, 2 and 3)	
General support The majority of commenters expressed support for this initiative. One commenter noted that "regulatory requirements for reporting issuers have become increasingly burdensome. This is as true for larger public companies as it is for venture issuers." Another commenter stated that "the indication in some studies that public markets and the number of IPOs are in decline is a concern and we believe that the regulators have a role to play in helping to stem or reverse this trend." Impact of technology Seven commenters recommended that the CSA consider the impact of technology on securities regulation. Specific considerations raised include recommendations for improving the System for Electronic Document Analysis and Retrieval (**SEDAR**) and the System for Electronic Disclosure by Insiders. Re-evaluation of existing reporting requirements Four commenters indicated that reducing regulatory burden should not be isolated from the need for broader consideration of the overall effectiveness of the reporting regime. Empirical evidence Two commenters noted that obtaining and considering empirical evidence should be part of any process to reduce regulatory burden. Alignment with the U.S. Two commenters recommended that the implementation of any significant reforms to Canadian securities regulations should only be made after a balanced consideration of existing regulations and ongoing regulatory initiatives in the U.S.	
2.1 Extending the application of streamlined rules to smaller reporting issuers	
Adopting a size-based distinction (Consultation Questions #4 and 5)	
Supportive	13 commenters supported the use of a size-based distinction instead of the current exchange-based distinction for reasons including: the current exchange-based delineation is arbitrary (a size-based metric would provide a more fair distinction), and smaller issuers typically have less complex capital structures as well as fewer resources to devote to regulatory compliance.

[1] All comment letters received have been published and may be viewed at http://www.osc.gov.on.ca/en/54097.htm.
[2] Rows in this document have been intentionally left blank where no applicable comments were received.

	11 commenters indicated that market capitalization (either in isolation or in combination with other metrics) would be the best metric to use if a size-based distinction is introduced. Some commenters also provided specific suggestions to reduce potential volatility and increase transparency.
Supportive in certain circumstances	One commenter supported use of a size-based distinction dividing larger and smaller non-venture issuers in addition to the current exchange-based distinction.
Not supportive	15 commenters indicated that they do not support a change to the current delineation between venture and non-venture issuers for reasons including: the current exchange-based method works well (it is straightforward, stable, transparent, and gives the issuer the ability to choose which exchange they are listed on), and a third category would add confusion, cost of capital may increase and may result in Canadian issuers being less competitive among investors.
Extending certain less onerous venture issuer requirements to non-venture issuers (Consultation Question #6)	
Supportive	Four commenters supported extending certain venture issuer requirements to non-venture issuers. Some commenters specifically cited the *pro forma* financial statement requirements and the BAR significance test thresholds as areas where the venture issuer requirements could be extended to non-venture issuers.
Supportive in certain circumstances	Two commenters expressed support for the extension of certain (but not all) venture issuer requirements to non-venture issuers.
Not supportive	Four commenters indicated that the current venture issuer regulatory requirements should not be extended to non-venture issuers for reasons including: it would add confusion to the capital markets, and it may increase the cost of capital for issuers as less disclosure provides less comfort for investors.
2.2 Reducing the regulatory burdens associated with the prospectus rules and offering process	
(a) Reducing the audited financial statement requirements in an IPO prospectus (Consultation Questions #7 and 8)	
Supportive	Seven commenters supported extending the eligibility criteria for the provision of two years of financial statements in an IPO prospectus to all issuers that intend to become non-venture issuers. Reasons cited by commenters include: the third year of information may not be overly useful or relevant to investors, it would assist in alleviating the burden for issuers which have multiple entities considered the "primary business" of the issuer

	under Item 32 of Form 41-101F1, and it would more closely align the CSA's rules with the U.S. requirements for emerging growth companies.
Supportive in certain circumstances	Nine commenters expressed support for this option in certain circumstances, such as where issuers had pre-IPO revenues under certain thresholds, or if the delineation between venture and non-venture issuers is modified to be based on size rather than exchange listing.
Not supportive	Eight commenters indicated that they did not support reducing the audited financial statement requirement in an IPO prospectus from three to two years for reasons including that three years of historical data is necessary for investors.
(b) Streamlining other prospectus requirements: (i) auditor review of interim financial statements included in a prospectus (Consultation Question #9)	
Supportive	Four commenters supported removing the requirement for auditor review of interim financial statements included in a prospectus. Some commenters noted that the value of an auditor review does not outweigh the increased time and cost.
Supportive in certain circumstances	Four commenters expressed support for this option in certain circumstances only, including for: non-venture issuers, interim financial statements included in a BAR that is incorporated by reference in a short form prospectus, non-IPO prospectus filings, and entities that are already reporting issuers.
Not supportive	14 commenters did not support this option. Many of these commenters indicated that auditor review of the interim financial statements included in a prospectus provides an additional layer of comfort (for investors, as well as for underwriters, agents, and the issuer's directors) on the most current financial information in a prospectus. Some commenters also noted that under Canadian auditing standards, auditors must perform review procedures on unaudited financial statements included in an offering document in accordance with Section 7150 *Auditor's Consent to the Use of a Report of the Auditor Included in an Offering Document*.
(b) Streamlining other prospectus requirements: (ii) *pro forma* financial statements for a significant acquisition (Consultation Question #10) ----> See section 2.3(a) for comments related to *pro forma* financial statements	
(b) Streamlining other prospectus requirements: (iii) tailoring disclosure requirements for non-IPO prospectuses (Consultation Question #10)	
Supportive	<u>General support</u> 17 commenters indicated support for the CSA examining whether prospectus requirements can be removed or modified to reduce issuers' preparation costs, particularly where information is not helpful from an investor protection point of view or is disclosed elsewhere and can be cross-

	referenced. The most commonly cited short form prospectus disclosure requirements that commenters recommended the CSA examine were: description of business, description of authorized share capital, prior sales, risk factors, and trading data. <u>BAR disclosure required to be included in a short form prospectus</u> Four commenters indicated support for revisiting the requirements for BAR disclosure in a short form prospectus. One commenter recommended that the CSA consider separately the two significant acquisition disclosure requirements (i.e. BAR filing requirements on a continuous disclosure basis and information about significant (probable) acquisitions in a prospectus). <u>Use of proceeds</u> One commenter suggested that more focus and discussion should be given to use of proceeds and future projections/plans. <u>Listing representations</u> One commenter recommended that prohibitions on listing representations be modified to allow issuers to state that application will be made to list the offered securities, without having previously made such application or obtaining a prior consent, if the issuer already has a listed class of securities on the relevant exchange.
Supportive in certain circumstances	
Not supportive	One commenter noted that fulsome and current disclosure is preferable; it would be worthwhile to explore opportunities to make offerings easier for issuers such as exploring new prospectus exemptions tailored at issuers of a specific ongoing disclosure profile instead of eliminating disclosure requirements that provide pertinent information to investors.
(c) Streamlining public offerings for reporting issuers: (i) short form prospectus offering system and eligibility (Consultation Questions #11 and 12)	
Supportive	<u>Eligibility</u> Four commenters indicated support for extending short form prospectus eligibility to all reporting issuers. Some commenters specified that use of the short form prospectus system should be conditional on an issuer's continuous disclosure record being complete and up-to-date. One commenter supported making use of a short form prospectus the general

	rule with long form information required only in specific cases. Notice of intention to qualify Two commenters questioned whether filing a notice of intention to be qualified to file a short form prospectus serves a useful purpose, noting that it can represent a 10 business day delay in accessing capital markets. These commenters suggested that, provided that a reporting issuer has a current AIF and is in compliance with its continuous disclosure obligations, it should be permitted to file a short form prospectus. Personal Information Forms (**PIFs**) Three commenters noted that PIFs consist of a lengthy questionnaire that can be difficult to complete, particularly on a bought deal timeline. These commenters recommended changes including: exploring alternative ways to obtain PIF information (e.g. requiring all new directors and officers to file a PIF with the securities regulator at the time of joining the board/management team of the issuer), condensing the required information in a PIF, and extending the number of years for which a PIF remains valid. Prospectus receipting process Three commenters suggested considering the prospectus receipting process and whether it can be streamlined or automated. Right of withdrawal Two commenters indicated the current two business day right of withdrawal provided to investors under a prospectus offering should be revisited. Non-issuer submission to jurisdiction One commenter suggested requiring non-resident directors/signing officers to file one non-issuer submission to jurisdiction and appointment of agent for service at the time such director/officer is appointed to the board or becomes an officer that will apply to all security issuances under prospectus financings in the future, subject to a requirement to update information for changes. Translation One commenter noted that the requirement for French translation is a significant burden that does not enhance investor protection. Consents of Qualified Persons (**QPs**) One commenter questioned the value of obtaining QP consents for experts included in an AIF that is incorporated by reference in a prospectus where the related prospectus disclosure is not material or where the prospectus does not include an extract from the technical report.

	Well-Known Seasoned Issuers (**WKSI**) program Two commenters recommended introducing a program similar to the U.S. WKSI program, noting that this system permits issuers of a certain size and who meet specific criteria to file an automatic shelf registration statement that is not subject to Securities and Exchange Commission (**SEC**) review.
Supportive in certain circumstances	
Not supportive	General changes to the short form prospectus system Six commenters indicated general support for the current short form prospectus system, noting that significant changes are not necessary. Eligibility Four commenters indicated that the current qualification criteria work well.
(c) Streamlining public offerings for reporting issuers: (ii) potential alternative prospectus model (Consultation Question #13)	
Supportive	12 commenters indicated support for exploring a prospectus offering model for reporting issuers that is more closely linked to continuous disclosure. Three commenters specifically indicated support for a prospectus model similar to the previously considered Continuous Market Access system. One commenter specifically indicated support for a prospectus model similar to the previously considered Integrated Disclosure System.
Supportive in certain circumstances	One commenter noted that small public companies should be allowed to buy and sell up to 10% of the public float on a continuous basis based on a targeted price range determined by the issuer.
Not supportive	Three commenters did not support a move to an alternative prospectus model for reasons including: the current model works well, concerns regarding the implications on liability, and concerns that the costs associated with any additional burdens placed on the issuer's continuous disclosure record may offset any benefit.
(c) Streamlining public offerings for reporting issuers: (iii) facilitating at-the-market (ATM) offerings (Consultation Questions #14 and 15)	
Supportive	10 commenters supported the adoption of the facilitative aspects of the exemptive relief that has historically been granted by the CSA in respect of ATM offering. Some commenters noted that Canadian reporting issuers are at a competitive disadvantage to their counterparts in the U.S. and more issuers, particularly those that are dual-listed, will pursue financing by way of a U.S.-only ATM offering.

	Some commenters indicated that certain requirements of prior exemptive relief decisions should **not** be adopted, including: the 25% limitation on the number of common shares that may be sold on any trading day, the monthly reporting requirement, and the 10% of market capitalization limit on the size restriction. Cross-border ATM offerings Two commenters recommended providing additional relief for ATM offerings in order to better align with the requirements and conditions applicable to a concurrent U.S. ATM offering.
Supportive in certain circumstances	One commenter suggested that ATM offerings should only be available to small issuers that have disclosed higher risks and where it is a more important financing strategy.
Not supportive	One commenter indicated that fulsome and current disclosure is preferable, including in the context of ATM offerings.
(d) Other potential areas: (i) facilitating cross-border offerings (Consultation Question #16)	
Supportive	Multijurisdictional Disclosure System (**MJDS**) Two commenters highlighted the importance of the MJDS and noted it is critical that any changes made by the CSA do not jeopardize the continuation of the MJDS system. One commenter noted that in the context of a bought deal offering the Canadian rules allow an issuer to commence soliciting expressions of interest prior to filing the short form prospectus subject to complying with Part 7 of National Instrument 44-101 *Short Form Prospectus Distributions*, however, to the extent that the offering is an MJDS offering an issuer cannot avail themselves of the ability to solicit expressions of interest prior to filing the short form prospectus as the issuer is required to file the prospectus in the U.S. prior to soliciting expressions of interest. The commenter indicated that although this is beyond the jurisdiction of the CSA, it would be beneficial to Canadian issuers to the extent that the CSA could work with the SEC to further streamline the MJDS rules so that a Canadian issuer could utilize the Canadian rules for soliciting expressions of interest when pursuing an offering under the MJDS rules. One commenter indicated that MJDS generally works well, except in circumstances where issuers have not filed a shelf prospectus, noting that in the U.S., an issuer can use a shelf prospectus immediately without signalling to the market. Foreign issuer definition One commenter noted that the definition of “foreign issuer” and “foreign

	reporting issuer" under National Instrument 71-101 *The Multijurisdictional Disclosure System* and National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**) are too restrictive and should be revised to permit issuers to access the Canadian system (as foreign issuers or foreign reporting issuers) even if they are incorporated federally or under a provincial or territorial statue so long as the connection to the Canadian market is minimal. <u>Regulatory passport reciprocity</u> One commenter recommended advocating regulatory passport reciprocity for disclosure and financing requirements with other jurisdictions that have similar financial systems. <u>Other areas</u> One commenter provided recommendations in the following areas: distributions outside of Canada, the exceptions for U.S. cross-border offerings, offshore marketing, form 10-K exhibits for SEC issuers, and shelf prospectus supplements.
Supportive in certain circumstances	
Not supportive	
(d) Other potential areas: (ii) further liberalizing the pre-marketing and marketing regime (Consultation Question #17)	
Supportive	Eight commenters noted that the rules surrounding the pre-marketing and marketing regime are overly strict. Recommendations by commenters included: revisiting the rules on standard term sheets, permitting issuers to confidentially solicit interest before a deal is certain in the case of a shelf offering, and revisiting some of the mechanics of the regime to prevent such outcomes as the filing of many similar sets of marketing materials, or the filing of a prospectus amendment only to support changed marketing materials.
Supportive in certain circumstances	
Not supportive	

2.3 Reducing ongoing disclosure requirements	
(a) Removing or modifying the criteria to file a BAR (Consultation Questions #18, 19, and 20)	
Supportive	<u>Removing the BAR requirements entirely</u> Four commenters recommended removal of the BAR requirements entirely. Two commenters recommended the CSA conduct a broader review of the BAR requirements, particularly whether the current significance tests are appropriate and whether BAR disclosure (including *pro forma* disclosure) is considered necessary by investors. <u>Increasing the significance test thresholds for non-venture issuers</u> 14 commenters supported increasing the significance test thresholds for non-venture issuers for reasons including: BAR disclosure is of little value to investors particularly given its lack of timeliness, and it is costly to prepare and can impede the completion of a transaction. The most commonly recommended threshold was 50%. <u>Profit or loss test</u> 10 commenters supported removal of the profit or loss significance test (with and without a replacement) for reasons including: anomalous results are often produced, the use of absolute values can distort the results, and there can be a disproportionate impact on smaller issuers. Three commenters who supported the removal of this test specifically recommended that it should not be replaced. Some commenters suggested that, if the CSA believes that measuring significance based on income is important, financial indicators appropriate for the applicable industry should be utilized (such as net operating income for real estate issuers). Three commenters suggested introducing an optional significance test based on revenue that could be applied in situations where only the profit or loss test has indicated that the acquisition is significant. Three commenters recommended replacing the profit or loss test with a test based on revenue. One commenter recommended eliminating the profit or loss test for smaller reporting issuers, particularly those that are pre-revenue. <u>Asset test</u> Two commenters supported removal of the asset significance test. <u>Investment test</u> Two commenters supported replacing the current investment test with a test that compares the purchase price against the issuer's market capitalization if readily available (or the carrying value of total assets, if not).

	One commenter recommended the investment test be based on proceeds agreed to by both parties at a certain point in time, preferably the date of announcement. Audit requirement One commenter suggested reducing or eliminating auditor involvement in BAR financial statements. *Pro forma* financial statements Six commenters questioned the relevancy of including *pro forma* financial statements in BAR disclosure (and in some cases, in prospectuses as well) given significant assumptions and estimates are required in the preparation of such statements and they are retrospective to a historical point in time. Alignment of Item 14.2 of Form 51-102F5 *Information Circular* requirements Four commenters supported alignment of these rules with the BAR requirements rather than the current requirement to provide prospectus level disclosure as the relevant information for shareholders would be included in BAR-level disclosure. One commenter supported this option for pre-revenue issuers and for transactions where only some of the assets of the vendor are acquired. Carve-out financial statements Three commenters noted that it can be very difficult for a company to prepare full carve-out financial statements, due to the significant co-mingling of costs and other activities. One commenter suggested that for acquisitions of non-revenue generating assets, a *pro forma* balance sheet showing the effect of the transaction would be sufficient. Other comments Two commenters suggested that the CSA should provide additional clarity as to what is considered to be a "business" for the purpose of the significant acquisition tests. One commenter suggested that the CSA codify some of the case-by-case BAR relief granted to issuers. One commenter recommended the CSA provide an exemption from BAR level financial statement disclosure where historical financial statements for the acquired business or portion thereof are not reasonably available. One commenter noted that in some instances, the CSA has imposed a "super

	significance test" on issuers which has resulted in additional financial statement requirements. The commenter noted that this test is not found in NI 51-102 and its use results in uncertainty for issuers. The commenter suggested that to the extent that members of the CSA have unwritten significance tests such tests should either be formalized or abandoned. One commenter suggested that BAR disclosure must be made in clear language; the BAR should explain the cost of the acquisition, how it fits with the current business, why the acquisition was made and what value-added it will bring, and the potential effect on current share value. One commenter indicated that the CSA should revisit the rationale of all materiality tests in securities legislation (i.e. BAR significance tests, material subsidiary for insider reporting purposes, AIF disclosure of intercorporate relationships, material changes, and shareholder approval of an acquisition under Toronto Stock Exchange (**TSX**) rules), and ensure each test is appropriate for its intended purpose.
Supportive in certain circumstances	Four commenters expressed support for various changes to the BAR requirements in certain circumstances only, such as elimination of the BAR requirements for smaller reporting issuers below a certain size threshold.
Not supportive	Five commenters did not support any changes to the existing BAR regime. These commenters noted that BARs provide relevant information for making investment decisions and that in the absence of a BAR, an issuer's analysis of the impact of an acquisition is not disclosed to the public. <u>*Pro forma* financial statements</u> Five commenters did not support the removal of *pro forma* financial statements from the BAR disclosure requirements, noting that they provide an understanding of complex financings and implications for capital structure going forward, particularly when the transaction is combined with other capital transactions such as a share issuance or debt refinancing. One commenter recommended that the CSA provide more robust guidance regarding how *pro forma* financial statements should be prepared, noting that currently guidance is limited and this may be contributing to inconsistencies in their preparation on common issues. <u>Alternative tests for specific industries</u> One commenter noted that it would be difficult to adopt alternative tests for all various industries, however if alternative tests were adopted, the significance tests for oil and gas issuers should address the impact of the acquisition on the reserves and/or production of the issuer as opposed to tests which are seemingly based on book value only.

(b) Reducing disclosure requirements in annual and interim filings (Consultation Questions #21 and 22)	
Supportive	19 commenters indicated that it is important to examine whether the volume of information in annual and interim filings can be reduced, as excessive information can obscure the focus on key information. Support was also expressed for the CSA to provide additional guidance and educational materials to give issuers further clarity on disclosure expectations. Some commenters recommended additional guidance with respect to the application of materiality to disclosures. <u>MD&A</u> Nine commenters supported removal of either or both the prior period results discussion and eight quarter summary of results in the MD&A. Three commenters suggested a significant streamlining of the quarterly MD&A requirements with more emphasis on key information and referencing to the annual disclosures. <u>Question and answer regime</u> One commenter recommended a question and answer continuous disclosure regime, akin to that used in Form 45-106F14 *Rights Offering Notice for Reporting Issuers* for rights offerings.
Supportive in certain circumstances	
Not supportive	Four commenters did not support the removal of disclosure from annual and interim filings for reasons including: information available to investors should be reduced only when it can be clearly shown that it is undue and that no harm is likely to result to investors, disclosure is an essential mechanism to ensure issuers are held responsible and prevents inaccurate financial reporting through transparency requirements, and concerns that modifying or reducing regulatory requirements may not be an effective way to address the deficiencies in the quality and accessibility of disclosure.
(c) Permitting semi-annual reporting (Consultation Questions #23, 24, and 25)	
Supportive	Nine commenters supported permitting semi-annual reporting for all reporting issuers for reasons including: addressing short-termism, the continued requirement for issuers to disclose material changes and material information in a timely manner, and time and cost savings would allow issuers to better allocate limited resources. Some commenters also raised the experience in other jurisdictions such as the U.K., certain European countries and Australia as having positive experiences with respect to permitting semi-annual reporting.

Supportive in certain circumstances	17 commenters expressed support for this option in certain circumstances only, such as for issuers with no revenues or operations, or as the option pertains to the MD&A but not the financial statements.
Not supportive	16 commenters indicated that they were not supportive of permitting semi-annual reporting for reasons including: quarterly reporting provides investors with timely, consistent disclosure, and it instills discipline and accountability in reporting practices. Some commenters also noted that extending the period between reports may increase the risk of selective disclosure. Some commenters noted that issuers listed in the U.S. would not benefit from a semi-annual reporting requirement, and that a move to semi-annual reporting could have an impact on the market value of Canadian issuers in comparison to U.S. counterparts. Some commenters questioned the impact permitting semi-annual reporting would have on short-termism. Certain commenters cited a March 2017 study by the CFA Institute Research Foundation which looked at the U.K. experience where mandatory quarterly reporting was initiated in 2007 and discontinued in 2014 and found no reason to believe that removing quarterly reporting requirements would stop companies from engaging in short-termism. <u>Disclosure of long-term goals</u> Two commenters suggested the CSA require or encourage issuers to do a better job of identifying long-term goals and measures and report their progress towards these goals to relieve some of the focus from the issuer's short-term quarterly performance.
Use of quarterly highlights by non-venture issuers (Consultation Question #26)	
Supportive	11 commenters supported this option, noting that quarterly highlights can focus investors on key information in the quarter and reduce the duplication of information.
Supportive in certain circumstances	Four commenters expressed support for this option in certain circumstances only, such as for non-venture issuers with no revenue. Four commenters indicated they are open to further exploration of this option but would require additional guidance, particularly regarding the eligibility and information that would need to be included in a quarterly highlights document.
Not supportive	One commenter noted that a quarterly highlights document, rather than a full MD&A, would allow too much discretion for the issuer to highlight information they want investors to know, rather than the information that the investor wants to know.

2.4 Eliminating overlap in regulatory requirements	
Eliminating overlap between the financial statements and MD&A, and within NI 51-102 forms (Consultation Questions #27, 28 and 30)	
Supportive	36 commenters supported eliminating duplicative disclosure for reasons including: it would improve the quality of disclosure by providing users with more relevant, concise and clear information, and the time and cost savings for issuers. The areas of overlap in International Financial Reporting Standards (**IFRS**) and MD&A disclosure requirements most frequently cited by commenters were: accounting policies and future accounting changes, contractual obligations, financial instruments, off-balance sheet arrangements, related party transactions, and significant accounting judgments, estimates and assumptions. Some commenters also noted that while there are many subtle differences between IFRS and MD&A requirements, these differences do not provide additional useful information; the existing disclosure requirements under IFRS adequately cover these areas. The areas of overlap in the disclosure requirements of the NI 51-102 forms most frequently cited by commenters were director information and risk disclosures. <u>AIF</u> Five commenters suggested reviewing the value of some of the information currently required to be included in the AIF. <u>Cross-referencing</u> Four commenters recommended encouraging preparers to cross-reference to other documents when information is duplicative.
Supportive in certain circumstances	<u>Critical accounting estimates and changes in accounting policies</u> Two commenters noted that the MD&A requirements regarding critical accounting estimates can be helpful to a user in understanding how events and the passage of time will impact the financial statements in the future. One commenter indicated that the CSA should consider a principles-based requirement that is focused on providing investors with an understanding of the estimation process and areas in which changes in the assumptions would have a material impact on the financial statements. One commenter noted that the MD&A requirements regarding changes in accounting policies can also be helpful to a user in understanding the impact of such changes on the financial statements. The commenter indicated that the CSA should also consider a principles-based requirement in this area.

	Related-party disclosures One commenter supported limiting the MD&A requirements in this area to only the disclosures that are incremental beyond the financial statement disclosure, such as the identification of the related person or entity.
Not supportive	One commenter noted that, while overlap may exist, the purpose of the financial statements and the MD&A are different and are used by investors in different ways; as a result, overlap is necessary. One commenter expressed concerns about the CSA abdicating responsibility for the overlapping financial statement and MD&A disclosures to the accounting standard setters and the preparers of financial statements.
Consolidating the financial statements, MD&A and AIF into one annual reporting document (Consultation Question #29)	
Supportive	20 commenters supported the consolidation of the financial statements, MD&A and AIF into one annual reporting document for reasons including: facilitation of the elimination of duplication, presentation of information to investors in a more cohesive manner, and streamlining of the preparation and review process for issuers. Three commenters recommended including the annual National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**) certifications in the consolidated annual reporting document. Two commenters recommended including annual meeting proxy circulars in the consolidated annual reporting document. Two commenters suggested making the use of a consolidated document optional to accommodate issuers that may have resourcing constraints.
Supportive in certain circumstances	13 commenters expressed support for this option in certain circumstances, such as integrating the annual MD&A and AIF only, integrating the financial statements and MD&A only, or if the use of a consolidated document was voluntary and not mandatory.
Not supportive	Four commenters did not support this option for reasons including: consolidation would raise questions about the extent of information covered by an audit opinion that could result in additional audit costs and might have an impact on an issuer's legal liability, and it would apply additional time pressure on preparers due to the simultaneous preparation of the AIF. These concerns were also raised by many supporters of this option as well.

2.5 Enhancing electronic delivery of documents (Consultation Questions #31, 32 and 33)	
Supportive	<u>General support</u> 28 commenters expressed support for developments which would further facilitate the electronic delivery of documents for reasons including: investor preference has changed (requests for printed materials are now very rare), the significant costs and timing delays associated with the printing and delivery of various documents, and the environmental benefit of reduced printing. <u>Electronic delivery without consent</u> 20 commenters indicated that electronic delivery of financial statements and MD&A should not require consent from the securityholder. 19 commenters extended this support to proxy materials. 16 commenters indicated broader support for electronic delivery of all documents without consent. Some commenters recommended that some form of notice be provided to investors to indicate that the documents are available electronically. Some commenters also indicated that paper documents should be provided if an investor specifically requests them. <u>Other comments regarding notice-and-access</u> Three commenters encouraged providing all issuers the ability to utilize notice-and-access to ensure consistency across all jurisdictions. Three commenters recommended that the CSA consider the timelines for use of notice-and-access. One commenter recommended expanding the notice-and-access model to include beneficial shareholders. One commenter recommended the creation of a new notice-and-access process for financing documents (prospectuses, offering memoranda, and private placement subscription documents). One commenter noted that currently, issuers using the same transfer agent are not permitted to make use of security holder consents previously obtained by other issuers, including in situations where a new company is created through a spin-off mechanism, which results in an initial share register for the spin-off company that is an exact duplicate. One commenter noted that there is a disconnect in the process used by issuers when they choose to mail meeting material directly to their Non-Objecting Beneficial Owners. One commenter noted that the requirement to include a toll-free number in the notice- and-access is expensive for issuers and not helpful to investors.

	Access equals delivery Four commenters indicated support for an "access equals delivery" model. Some commenters referred specifically to prospectus offerings, whereas others recommended a broader application to all documents required to be sent to investors. Some commenters noted that in the U.S., the SEC implemented such a policy in 2005 for prospectus offerings and current rules suggest the CSA is comfortable that investors participating in short form prospectus offerings have the ability to access any prospectus-incorporated documents filed on SEDAR. One commenter noted that the CSA has further demonstrated its comfort with a deemed prospectus delivery concept through the relief routinely accorded to reporting issuers with ATM programs. One commenter recommended with respect to preliminary prospectuses that any delivery obligation should be satisfied by access to the preliminary prospectus on SEDAR alone without regard to whether the investor has opted for physical delivery of the final prospectus. Use of technology Four commenters recommended the CSA consider how new technologies can used for electronic delivery as they emerge (e.g. cloud communication, blockchain). Two commenters recommended encouraging or requiring issuers to utilize hyperlinks. One commenter indicated that a centralized website where investors could get information to vote proxies would facilitate voting at shareholders' meetings. One commenter suggested that the CSA may want to consider a similar scheme to that of the Enhanced Broker Internet Platforms, a concept introduced by the SEC and the New York Stock Exchange in 2010 to increase electronic delivery adoption. Ease of use One commenter noted that issuers should always communicate with investors using plain language and a readable, clear font. All communication should be meaningful and have sufficient context and clarity to make it useful for investors. The commenter indicated that communications should also be easily accessible to investors. Proxy process One commenter expressed concerns with the role of a service provider in the proxy communication process. The commenter indicated that the service provider currently enjoys a monopolistic position with respect to beneficial shareholders and operates within a framework in which accountability for its

	services is divorced from responsibility for payment for such services. Certificates One commenter recommended eliminating all paper certificates and for CDS shares, eliminating the Objecting Beneficial Owner Shareholder category. The commenter indicated that there should be one class of digital shareholder (Non-Objecting Beneficial Owner) which will ensure direct, efficient, fair and timely distribution of all material information to all shareholders.
Supportive in certain circumstances	
Not supportive	General Two commenters indicated that no changes are required to the guidance provided in National Policy 11-201 *Electronic Delivery of Documents* as a change in the process would result in a significant and irreversible decline in investors' engagement with disclosure materials, and behavioural economics have shown that fewer investors will review a document if it is not delivered to them. Notice-and-access One commenter expressed dissatisfaction with the existing notice-and-access model as it is time-consuming and cumbersome to get the desired paper documents. The commenter suggested asking investors whether they want to receive proxy materials at the same time as asking whether they want to receive hard copies of annual and interim financial statements. Electronic delivery of proxy materials One commenter indicated that for meeting materials, it is necessary to provide securityholders with a paper proxy containing the control number or other means to allow securityholders to vote. The commenter noted that requiring a securityholder to access information such as their proxy control number themselves would be expected to lead to decreased voter participation. One commenter expressed concerns with the impact allowing issuers to make documents publically available electronically without prior notice or consent would have on operational processes surrounding security holder validation and voting.
Other recommendations (options that were not identified in the Consultation Paper)	
	Revisit the "primary business" requirements Six commenters suggested that the requirements under Item 32 of Form 41-101F1 for an issuer to include three years of historic financial statements for

	each entity considered the "primary business" of the issuer should be revisited. Commenters noted that considerable time and resources can be required to create these statements if none have been prepared, and this may delay or prevent the issuer from completing an IPO. Revisit National Policy 51-201 *Disclosure Standards* (**NP 51-201**) Five commenters provided recommendations regarding NP 51-201, including eliminating duplicative dissemination of information, and reconsidering what constitutes "generally disclosed". Shelf offerings Four commenters provided recommendations regarding the base shelf prospectus regime, including: remove the requirement to file an amendment to a final prospectus after closing of a base offering but prior to the exercise of the over-allotment option, extend the life of a shelf beyond the current 25 months, and permit an unspecified amount of securities to be qualified by the shelf. Executive compensation Four commenters recommended revisiting the executive compensation disclosure requirements as the required information is complex and not understood by investors. Confidential filings Three commenters recommended the CSA consider adopting a process for confidential filings of prospectuses. These commenters indicated that this would be consistent with policy changes adopted by the SEC in June 2017 which permit all issuers to confidentially submit draft registration statements for review by SEC staff in certain circumstances. One commenter expressed concern that this development could mean less transparency in the U.S. market and, while acknowledging that Canada must remain competitive, indicated that the CSA should be cautious of reducing regulation in our unique market in an effort to keep up with others at any given moment in time. Fund Facts-like document Two commenters supported the introduction of a new Fund Facts-like document for corporate reporting issuers which would provide investors with key information about the issuer, in language they can easily understand, at a time that is relevant to their decision making. Earnings guidance Two commenters suggested prohibiting issuers from providing earnings guidance entirely, or limiting issuers to providing such guidance annually. These commenters indicated that this may be a more direct driver of short-

	termism than quarterly reporting as it risks incentivizing management and boards to make decisions that focus on meeting guidance rather than focusing on long-term strategy. Designated foreign jurisdictions Two commenters suggested expanding the list of "designated foreign jurisdictions" included in NI 71-102, indicating that the limited number of jurisdictions named therein risks excluding countries that have the same or substantially similar requirements for prospectuses or similar offering or disclosure documents as those countries that are listed. Forward-looking information One commenter noted that forward-looking information is important to investors, however companies are sometimes reluctant to communicate their expectations for the future because of legal liability concerns. The commenter suggested that the CSA reconsider its forward-looking information requirements to facilitate more meaningful disclosure, and clarify when forward-looking disclosure is required versus voluntary. Proxy advisory groups One commenter noted that proxy advisory groups add to the expense and frustration for reporting issuers. The commenter noted that trying to comply with the ever changing set of voting and corporate governance guidelines issued by these groups is difficult, time consuming, and expensive. The commenter indicated that these guidelines amount to pseudo regulatory requirements due to the impact such groups can have on voting at shareholder meetings. Use of U.S. Generally Accepted Accounting Principles (**U.S. GAAP**) One commenter noted that restricting the application of U.S. GAAP to SEC issuers is not in the interest of Canadian investors. The commenter indicated that Canadian issuers are electing to register with the SEC (the incremental cost of which is significant) primarily to qualify as an SEC issuer to facilitate their use of U.S. GAAP. One commenter recommended that the CSA permit the historical financial statements included in an IPO prospectus to be prepared using U.S. GAAP. Promoter One commenter noted that CSA staff's interpretation of the definition of "promoter" is broader than what is provided for in the legislation. Share ownership disclosure One commenter recommended requiring greater transparency of share ownership information so that issuers can proactively identify and engage with investors.

	NI 52-109 Certifications One commenter recommend modifying the NI 52-109 certification requirements to allow newly public entities, especially those listing on the TSX, additional time to comply with the full NI 52-109 certification requirements. One commenter recommended requiring annual certifications only. Changes to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) One commenter noted that in NI 43-101, the requirement to file a current technical report in support of a preliminary long form prospectus, an AIF and other base disclosure documents specified in subsection 4.2(1), should be modified to align with the requirement for a preliminary short form prospectus. Contingent resources One commenter noted that the requirement to have any and all contingent resources volumes which are disclosed in an issuer's AIF to be either evaluated or audited by an Independent Qualified Reserves Evaluator/Auditor (**IQRE**) is more stringent than the requirement for reserves disclosure (in which case the IQRE must evaluate or audit at least 75% of the future net revenue, and review the balance). Capital Pool Company (**CPC**) qualifying transactions One commenter suggested that CPCs that are reporting issuers in Ontario should not be required to file a non-offering prospectus in connection with a qualifying transaction involving non-mining and non-oil and gas assets outside Canada and the U.S.

1.1.2 OSC Notice 11-780 – Statement of Priorities – Request for Comments Regarding Statement of Priorities for Financial Year to End March 31, 2019

ONTARIO SECURITIES COMMISSION
NOTICE 11-780 – STATEMENT OF PRIORITIES

REQUEST FOR COMMENTS
REGARDING STATEMENT OF PRIORITIES
FOR FINANCIAL YEAR TO END MARCH 31, 2019

The *Securities Act* requires the Commission to deliver to the Minister and publish in its Bulletin each year a statement of the Chair setting out the proposed priorities of the Commission for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

This Statement of Priorities is a subset of our overall OSC Business Plan which is aligned with our OSC Strategic Plan. The document sets out the priority actions that the OSC will take in 2018-2019 to address each of the goals and its related priorities. While the proposed priorities will potentially impact more than one organizational goal, each priority is identified only under the specific goal where the greatest impact is expected. In certain cases, the process required to properly assess the issues, including consultations with market participants, and to develop and implement appropriate regulatory solutions, may take more than one year to complete.

In an effort to obtain feedback and specific advice on our proposed priorities, the Commission is publishing a draft Statement of Priorities which follows this Request for Comments. The Commission will consider the feedback, and make any necessary revisions prior to finalizing and publishing its 2018-2019 Statement of Priorities. Shortly after the conclusion of our 2017-2018 fiscal year the OSC will publish a report on its progress against its 2017-2018 priorities on our website.

Comments

Interested parties are invited to make written submissions by May 28, 2018 to:

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Senior Specialist Business Planning
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March 29, 2018

[Editor's note: The Draft Statement of Priorities for Financial Year to End March 31, 2019 follows on separately numbered pages. Bulletin pagination resumes at the end of the Draft Statement.]

OSC

2018 – 2019 Statement of Priorities

DRAFT FOR COMMENT

Our 2018 – 2019 Priorities

Our 2018-2019 Statement of Priorities (SoP) sets out the priority areas on which the Ontario Securities Commission (OSC) intends to focus its resources and actions in 2018-2019. Each of the priorities set out in the pages that follow are aligned under one of the five OSC regulatory goals. Thirteen priorities from our 2017-2018 SoP are being carried forward with the next phase of work. The 2018-2019 SoP includes one new priority related to developing a strategic OSC workforce approach. Significant issues identified in our 2017-2018 SoP, including the ability of the Ombudsman for Banking Services and Investments (OBSI) to secure redress for investors and disclosure relating to women on boards and in executive officer positions, although not set out as specific priorities, will remain a prominent focus of the OSC'S work in the coming year. Additionally, our significant work in the international regulatory environment will continue as a key means to gain insights into emerging issues and standards that can be integrated into our policy development and oversight activities.

Deliver strong investor protection

The OSC will champion investor protection, especially for retail investors

- Publish regulatory reforms that address the best interests of the client
- Publish regulatory actions needed to address embedded commissions
- Advance retail investor protection, engagement and education through the OSC's Investor Office

Deliver effective compliance, supervision and enforcement

The OSC will deliver effective compliance oversight and pursue fair, vigorous and timely enforcement

- Protect investors and foster confidence in our markets by upholding strong standards of compliance with our regulatory framework
- Increase deterrent impact of OSC enforcement actions and sanctions by actively pursuing timely and consequential enforcement cases involving serious securities laws violations

Deliver responsive regulation

The OSC will identify important issues and deal with them in a timely way

- Work with fintech businesses to support innovation and capital formation through regulatory compliance
- Implement the orderly transfer of syndicated mortgage investments to OSC oversight
- Address opportunities to reduce regulatory burden while maintaining appropriate investor protections
- Actively monitor and assess impacts of recently implemented regulatory initiatives

Promote financial stability through effective oversight

The OSC will identify, address and mitigate systemic risk and promote stability

- Enhance OSC systemic risk oversight
- Promote cybersecurity resilience through greater collaboration with market participants and other regulators on risk preparedness and responsiveness

Be an innovative, accountable and efficient organization

The OSC will be an innovative, efficient and accountable organization through excellence in the execution of its operations

- Develop a strategic OSC workforce approach focused on skill recruitment and development
- Enhance OSC business capabilities
- Work with CMRA partners on the transition of the OSC to the proposed CMRA

Introduction

We are pleased to present the Chair's Statement of Priorities for the Commission for the year commencing April 1, 2018. The Securities Act (Ontario) requires the OSC to publish the Statement of Priorities in its Bulletin and to deliver it to the Minister by June 30 of each year. This Statement of Priorities also supports the OSC's commitment to be both effective and accountable in delivering its regulatory services.

This Statement of Priorities sets out the OSC's strategic goals and the specific initiatives that the OSC will pursue in support of each of these goals in 2018-2019. The Statement of Priorities also describes the environmental factors that the OSC has considered in setting these goals. The OSC will continue to drive forward with several priority areas that are focused on strengthening investor protection, delivering effective and impactful compliance and enforcement, being responsive to market evolution, contributing to financial stability and, while doing all these things, being a modern, accountable and efficient regulator.

It is important to note that the majority of OSC resources are focused on delivering the core regulatory work (authorizations, reviews, compliance and enforcement and the systems and infrastructure to support that work) undertaken by the OSC to maintain high standards of regulation in Ontario's capital markets.

OSC VISION

To be an effective and responsive securities regulator -- fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

OSC MANDATE

To provide protection to investors from unfair, improper or fraudulent practices, to foster fair and efficient capital markets and confidence in capital markets and to contribute to the stability of the financial system and the reduction of systemic risk.

OSC GOALS

Confidence in fair and efficient markets is a prerequisite for economic growth. The OSC regulates the largest capital market in Canada and our actions have impacts for Ontario and the rest of Canada. The OSC is committed to promoting safe, fair and efficient markets in Ontario and has identified a broad range of initiatives to improve the existing regulatory framework. We must anticipate problems in the market and act decisively to promote public confidence in our capital markets, protect investors, and support market integrity. We will continue to proactively identify emerging issues, trends, and risks in our capital markets.

Investor protection is always a top priority for the OSC. The OSC engages with investor advocacy groups and the Investor Advisory Panel for insight to help the OSC better understand investor needs and interests.

The OSC continues to move the regulatory agenda forward, improving the way we approach our work and engage with industry participants and other regulators to understand the issues and their concerns. Our recent LaunchPad initiative is an example of developing a collaborative approach to respond to emerging issues. These actions are essential to reach solutions that balance the inclusion of innovation and competition in the marketplace while maintaining appropriate investor safeguards.

The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country. The OSC is working with the Ontario government and the OSC's counterparts in other participating jurisdictions to

develop a harmonized regulatory approach and seamless transition to the proposed Capital Markets Regulatory Authority (CMRA).

OUR ENVIRONMENT

The environment influences the OSC's policy agenda, its operations and the way it uses its resources. Public confidence in our markets can be affected by many factors, including the stability of the financial system, the economic health of the country and regulatory change.

Our Economy

Solid economic growth was positive for stock valuations at the end of 2017. Overall market activity was strong:

- Canadian exchange-traded funds (ETFs) continued their strong growth, with total assets under management rising by $33.6 billion, a 29.5% increase compared to December 2016. ETFs continue to be a growing segment of the Canadian investment product landscape. At the end of December 2017, ETF assets under management were 10% of those in mutual funds
- Equity capital raised through corporate IPOs during 2017 increased 567% to $4.9 billion ($739 million– 2016)
- Trading volume in the last quarter of 2017 was 14% higher than the comparable quarter of 2016 and 45% higher than the previous quarter. A primary contributor to this increase was the growth in the cannabis sector where trading volumes have been so high that some online brokerages reported system outages at the end of 2017

Though Canada is still experiencing strong economic growth and job creation, various challenges are on the horizon, including concerns about the NAFTA negotiations, elevated household indebtedness and escalating housing costs. These items could materially affect our capital markets, industry participants and investors.

Modernizing Financial Services in Ontario

The Government of Ontario is moving forward with initiatives to modernize the financial services regulatory framework. These policy priorities and changes in regulatory authority will impact the OSC and its operations including:

- The creation of a Regulatory Super Sandbox and the Ontario FinTech Accelerator Office
- Transfer of regulatory oversight of syndicated mortgage investments from the Financial Services Commission of Ontario (FSCO) to the OSC
- Implementation of a regulatory framework for financial planners
- Working with the Financial Services Regulatory Authority of Ontario (FSRA) on the regulatory framework including infrastructure, fee models and fintech
- Working with CMRA partners on the transition of the OSC to the proposed CMRA

Demographics

Demographics are critical to understanding investor needs and are a key driver of most investor-focused issues. Different investor segments (e.g. seniors versus millennials) have unique characteristics and present different challenges in terms of investment objectives and horizons. Their preferences can vary in terms of service channels (online versus in person) and products (ETFs versus mutual funds). The focus being placed by all investors on issues such as the cost of advice, fee structures and conflicts of interest, is increasing and creating pressure for regulators to develop a framework that continues to meet the expectations and interests of investors. Evolving market channels, such as automated financial advice, are redefining the delivery of client wealth management services and the fees charged for advice. Concurrently, firms are under growing pressure to align their cultures and conduct with investor needs and interests.

Financial Innovation

Complexity driven by financial innovation offers many potential benefits and risks to the market. Fintech (technology facilitated financial services) is leveraging new technology and creating new business models in the financial services industry such as providing new product offerings (blockchain-based cryptocurrencies) and disrupting service channels (online advisors). This innovation is driving more complexity in financial markets and products and creating a risk that consumers may not

understand what they are buying. Initial offerings of digital currency and similar instruments can raise fundamental issues about the scope of securities regulation, at the same time that they present significant investor protection issues.

A well-functioning investor/advisor relationship remains critical to the economic well-being of Ontarians and ultimately to achieving healthy capital markets. To achieve this outcome the culture and conduct of financial firms and advisors need to be aligned with meeting investor needs, including fostering investor trust and confidence.

Within this environment the OSC will strive to balance promoting market efficiency and achieving fair outcomes for all investors.

Investor Education

The OSC is actively involved in providing investor education tools and resources to help investors achieve improved financial outcomes. The OSC will seek new and innovative ways to deliver investor education and support retail investors in today's complex investing environment. We engage with investors, industry participants and other regulators to understand the issues and concerns they face.

Investor Redress

Investors will always be at risk for potential losses from improper or fraudulent interactions. A number of jurisdictions are looking at ways to improve investor access to redress in these types of situations. Avenues to obtain investor redress, including an effective and fair dispute resolution system, are increasingly being included as part of investor protection frameworks. Effective investor redress is a necessary complement to reforms to the advisor/client relationship. To achieve better results for investors, the OSC will continue its support for OBSI to be better empowered to secure redress for investors.

Globalization

The markets, products, and participants that the OSC regulates and oversees continue to grow in size and complexity and globalization of financial markets, products and services adds another layer to these challenges. The breadth and interconnection of markets and mobility of capital raises challenges to regulatory supervision, magnifies the value of cooperation between regulators and increases the benefit of achieving consistent standards and requirements across jurisdictions.

Cybersecurity Resilience

Cyber-attacks that have the potential to disrupt our markets and market participants are likely to occur. Growing dependence on digital connectivity is raising the potential for digital disruption in our financial services and markets and creating a strong imperative to raise awareness about cyber-attacks and strengthen cybersecurity resilience. This is a growing challenge as more businesses, services and transactions span national and international borders.

Regulatory Harmonization

The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country to facilitate business needs. Through these efforts, the OSC works hard to have effective cross-jurisdiction enforcement activities and gain timely insight, understanding and input into emerging regulatory issues to achieve better regulatory outcomes.

The OSC also continues to play an active role in international organizations such as the International Organization of Securities Commissions (IOSCO) to influence and promote changes to international securities regulation and share new ideas and learnings that will benefit Ontario markets and participants.

The OSC works with many domestic and international regulators to monitor financial stability risks and trends, improve market resilience, and reduce the potential risk of global systemic events. The OSC together with the CSA is continuing to build a domestic OTC derivatives framework and to implement the compliance and surveillance tools required. As part of their review of market stability issues, financial system regulators are examining the need for companies to disclose exposure to economic, environmental and social sustainability risks, including climate change. The Financial Stability Board (FSB) has established a Task Force on Climate-related Financial Disclosures to develop a set of recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures by companies. The OSC will continue to

monitor these developments to determine the need for a regulatory response.

Workforce Strategy

The OSC needs to be a proactive and agile securities regulator. To meet evolving needs, the OSC will strengthen its capabilities through its people. While attracting, motivating and retaining top talent in a competitive market environment continues to be challenging, the OSC is building its capabilities and skills by recruiting staff across a range of disciplines, and by developing the skills and experience of our internal talent.

Data Management

The OSC is adding new tools and processes to support staff in delivering their responsibilities. A key element will be addressing challenges in managing growing volumes of data. The OSC is investing in information technology and infrastructure to support an integrated data management program that will improve access to information to identify trends and risks and support analysis and decision-making.

Regulatory Burden

Securities regulators must balance pressures to respond to market issues while avoiding over-regulation. Regulatory costs should be proportionate to the regulatory objectives sought. Regulatory burden is a key focus for market participants, who need more resources in order to comply with new regulatory requirements. The OSC is committed to re-examining our rules and processes to ensure they are appropriate, necessary and will identify opportunities to reduce undue burdens and to streamline regulation. Our objective is to reduce regulatory burden wherever possible, as long as appropriate safeguards for investors are in place.

Deliver strong investor protection

The OSC will champion investor protection, especially for retail investors

The OSC remains strongly committed to investor protection and is continuing to expand its efforts to strengthen investor protection through various investor-focused initiatives. Investors need to be confident in the fairness of the market, have trust and confidence in their advisors and understand the products in which they invest. Investing continues to be a critical element to finance lifestyle and retirement goals. There are wide gaps in the levels of experience and financial literacy among investors which require different approaches to support and guidance. The OSC continues to expand and modernize efforts in investor engagement, research, education and outreach, to help investors build their knowledge, understanding and confidence in planning for their investment goals and retirement finances.

The OSC will continue to seek input from all stakeholders, as well as OSC advisory committees such as the Investor Advisory Panel (IAP) and the Seniors Expert Advisory Committee (SEAC) that, in combination with available research, informs our understanding of investor issues. The OSC will use this information in developing tailored solutions to reach the broad range of investor groups, including seniors, millennials and new Canadians. The initiatives set out below will advance achievement of the OSC's investor protection mandate.

OUR PRIORITIES

Publish regulatory reforms that address the best interests of the client

Access to affordable, high quality and unbiased investment advice will always be a core investor expectation. Investor trust and confidence in the financial system is critical and can only be attained when achievement of investment objectives is a mutually shared outcome for advisors and investors. Working with the CSA, the OSC has carefully examined a wide range of advisor/client relationship issues, including incentive structures. The OSC will undertake the following initiatives to strengthen the culture of compliance in registrant businesses and improve the alignment of interests between advisors and clients.

The actions will include:

- Publish rule proposals aimed at improving the client/advisor relationship through:
  - regulatory provisions to create a best interest standard
  - embedding a new client/advisor standard in core targeted regulatory reforms under National Instrument (NI) 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) (including conflicts of interest, know your client, know your product, suitability and relationship disclosure)
- Initiate work on remaining reforms such as titles and proficiency and provide recommendations to advance the initiatives to the Commission.
- Provide a regulatory impact analysis of the proposed regulatory provisions

Publish regulatory actions needed to address embedded commissions

Work with the CSA to finalize recommendations and a regulatory decision on next steps related to embedded commissions.

Actions will include:

- Publish policy recommendations on embedded commissions to mitigate the investor protection and market efficiency issues identified in *Consultation Paper 81-408 -- Consultation on the Option of Discontinuing Embedded Commissions*
- Publish policy provisions to enact the recommendations

- Complete analysis of the potential impacts of proposed policy changes relating to the use of embedded commissions in securities products

Advance retail investor protection, engagement and education through the OSC's Investor Office

Investor protection is at the core of everything the OSC does, and we are committed to improving outcomes for retail investors through policy, research, education and outreach initiatives led by our Investor Office.

As part of its continued efforts to deliver strong investor protection, the OSC recently published its Seniors Strategy, which contains a roadmap of targeted approaches to address the investment issues of older investors. The strategy outlines new initiatives the OSC is pursuing in relation to older individuals and our plans to continue building on existing initiatives. We will implement our Seniors Strategy and provide a report on our progress in one year.

The OSC continues to believe that investors should have access to an effective and fair dispute resolution system as a central component of the investor protection framework. With our OBSI Joint Regulators Committee colleagues, the OSC will continue work to strengthen OBSI and provide a robust oversight framework. The OSC believes that a regulatory roadmap must be developed addressing the recommendations in the independent evaluator's report and, in particular, that OBSI's decisions should be binding on its members.

Research broadens and deepens our understanding of retail investor behaviour. It also allows us to understand and respond to emerging trends in the markets and the ways investors are reacting to them. We will continue to conduct and publish research that provides insights into retail investor knowledge, attitudes and behaviours, in order to design better policies and programs as part of our evidence-based approach.

The OSC will undertake the following actions to advance retail investor protection:

- Implement the OSC Seniors Strategy, including the development of a regulatory framework for addressing financial exploitation and cognitive impairment that includes a safe harbour for firms and their representatives
- Strengthen OBSI and publish a plan to enhance compliance with OBSI's recommendations and a response to the OBSI independent evaluator's other recommendations, while providing a robust oversight framework
- Implement an education and outreach strategy for new Canadians, with a focus on older investors
- Publish timely and responsive retail investor and behavioural research

MEASURES OF SUCCESS

- Regulatory reforms proposed to improve the advisor/client relationship published for comment. Focused consultations on rule proposals completed and comments evaluated. Implementation project plan for further reforms developed
- Behavioural insights principles integrated into OSC policies and programs
- Retail investor research informs OSC work and provides insights for investors and market participants.
- A regulatory framework to address issues of financial exploitation and cognitive impairment developed together with regulatory colleagues
- An update is published detailing how we are addressing the recommendations in the independent evaluator's report on OBSI and our progress on developing a regulatory roadmap

Deliver effective compliance, supervision and enforcement

The OSC will deliver effective compliance oversight and pursue fair, vigorous and timely enforcement

Effective compliance and supervision programs, combined with timely enforcement, are essential to protect investors and foster trust and confidence in our capital markets. The OSC is committed to improving the efficiency and effectiveness of its compliance, supervision and enforcement processes and will protect the interests of investors by taking action against firms and individuals who do not comply with Ontario securities law. These activities help to deter misconduct and non-compliance by registrants and market participants.

OUR PRIORITIES

Protect investors and foster confidence in our markets by upholding strong standards of compliance with our regulatory framework

Our compliance work will be targeted through better use of data with reviews focused on higher risk areas. We will proactively identify registrants and issuers whose operations or structures may pose risks to retail investors and take appropriate regulatory action. We will also conduct targeted prospectus and continuous disclosure reviews of issuers, investment funds and structured products as they respond to market developments (e.g. cannabis) and engage in product innovations (e.g. cryptocurrencies). We will publish OSC staff guidance as warranted. In order to achieve the desired deterrent effect, we will need to make our actions highly visible and well understood by market participants and the public. Actions will include:

- Maintain effective oversight of registrants by conducting targeted compliance reviews focused on:
  - new registrants and high risk, problematic (for cause), large/high impact firms identified from the 2018 Risk Assessment Questionnaire (RAQ)
  - sales practices of registrants
  - emerging risk areas including evolving business models, online advice and expansion of the exempt market
- Update and issue the 2018 RAQ

Increase deterrent impact of OSC enforcement actions and sanctions by actively pursuing timely and consequential enforcement cases involving serious securities laws violations

The OSC is focused on achieving enforcement case results that provide strong regulatory messages and are aligned with OSC strategic priorities. The OSC will build on the successes of enforcement tools such as our Joint Serious Offences Team (JSOT) program to identify serious breaches of Ontario securities law. The OSC is confident that enforcement tools such as no-contest settlements and the OSC Whistleblower program will produce effective and meaningful enforcement outcomes. The OSC is taking actions to aggressively pursue the collection of penalties and fines in order to maximize the intended deterrent impacts of its sanctions. To increase the visibility and deterrent impact of OSC enforcement the OSC will:

- Investigate and prosecute complex quasi-criminal and criminal matters that harm market integrity or erode confidence in Ontario's capital markets

- Focus on cases involving repeat offenders, fraudulent activity and other serious breaches of the Securities Act or violations of the Criminal Code
- Improve the efficiency and reduce the timelines of our enforcement efforts through:
  - streamlined investigative and prosecution processes
  - strategic case selection that is focused on core aspects of our regulatory framework – disclosure, governance, conflicts of interest and market integrity
  - greater use of technology, including working with the CSA to develop a new market analytics platform for investigations
  - by using data analytics tools and the expertise of strategic partners in law enforcement
- Continue to raise awareness of the OSC Whistleblower program including:
  - promoting better understanding of the anti-retaliation protections for whistleblowers
  - developing a more proactive outreach program to reach potential high value whistleblowers
- Improve the process for collection of unpaid monetary sanctions and continue a pilot program to collect unpaid monetary sanctions on a contingency basis

MEASURES OF SUCCESS

- Compliance is improved by identifying significant areas of non-compliance and ensuring that these issues are resolved by registrants within agreed timelines, or by firms before registration is granted
- 2018 RAQ revised, completed and released on time
- Enhanced profile for the OSC Whistleblower program increases the number of credible tips
- Increased deterrence of misconduct is visible in areas targeted for priority enforcement actions
- Enhanced market analytics capability generates more timely, accurate and actionable information for improved compliance and enforcement outcomes
- OSC collection presence is improved

Deliver responsive regulation

The OSC will identify important issues and deal with them in a timely way

Market structures and products are evolving and becoming increasingly complex. The OSC must strive to maintain a responsive regulatory framework as it addresses regulatory challenges and developments. A key element in this process is active OSC participation in international regulatory forums. The OSC participates as a member of IOSCO and engages with other key regulatory authorities to develop international regulatory standards. Through these efforts the OSC obtains timely insights and understanding of emerging compliance and regulatory issues and provides input that helps shape regulatory responses that are aligned with and reflect the needs of the Canadian capital markets and its participants.

The OSC is investing to strengthen its data management capabilities to better understand and track the impacts of its regulatory actions and to support its "evidence-based approach" to policy development and regulatory oversight. The OSC will undertake a number of reviews of recently implemented regulatory reforms to assess whether expected results are being achieved and to identify opportunities for further regulatory changes to better achieve its regulatory objectives.

OUR PRIORITIES

Work with fintech businesses to support innovation and capital formation through regulatory compliance

The pace of fintech innovation continues to escalate and is a key disruptive force in the financial services industry. Since October 2016, OSC LaunchPad, has actively engaged with the fintech community to provide support in navigating regulatory requirements. LaunchPad provides a forum to discuss proposed approaches, raise questions and educate fintech businesses about the regulatory requirements for which registration and/or exemptive relief may be needed. As part of the OSC's goal to keep regulation in step with digital innovation, the OSC created a Fintech Advisory Committee, which advises the OSC LaunchPad team on developments in the fintech space as well as the unique challenges faced by fintech businesses in the securities industry.

The OSC will undertake the following initiatives to support the evolution of fintech businesses in Ontario:

- Support fintech innovation through OSC LaunchPad by:
  - Offering direct support to innovative businesses in navigating the regulatory requirements and potentially providing flexibility in how they meet their obligations including participating in the CSA regulatory sandbox
  - Working with FSRA to develop eligibility criteria and success measures for the Ministry of Finance (MOF) SuperSandbox
  - Fostering the use of cooperation agreements with other regulators to support Ontario firms seeking to expand into other jurisdictions
- Integrate learnings from working with innovative businesses and identify opportunities to modernize regulation for the benefit of similar businesses by:
  - Engaging the fintech community to better understand their needs and help them understand the regulatory requirements that apply to their businesses
  - Liaising with other international regulators that have similar innovation hub initiatives to better understand international trends and developments
  - Working with the OSC Fintech Advisory Committee to further understand the unique issues faced by start-ups
- Continue to identify issues and potential regulatory gaps arising from cryptocurrency,

initial coin and similar offerings, and blockchain developments by:

- Conducting ongoing monitoring and reviews of reporting issuers with cryptocurrency and blockchain businesses including those seeking to become reporting issuers through reverse takeovers or initial public offerings and existing reporting issuers that are involved in change of businesses transactions
- Completing issue-oriented reviews of the cryptocurrency and initial coin and similar issuers and the blockchain industry as appropriate and publishing reviews
- Liaising with listing venues and the CSA to identify and discuss industry developments and consider the impact on disclosures
- Enhancing the guidance as to when initial coin and similar offerings involve securities

Implement the orderly transfer of syndicated mortgage investments to OSC oversight

Syndicated mortgage investments are mortgages in which two or more persons participate as lenders in a debt obligation secured by the mortgage. Concerns have been raised about the current regulatory framework, including in a 2016 expert report to the Ministry of Finance reviewing the mandate of the FSCO. In response to these concerns, on April 27, 2016, the Ontario government announced its plan to transfer regulatory oversight of syndicated mortgage investments from FSCO to the OSC. The OSC is working with the Ontario government and FSCO to plan and implement an orderly transfer of the oversight of syndicated mortgage products to the OSC.

Actions will include:

- On March 8, 2017, amendments to NI 45-106 Prospectus Exemptions and NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, that substantially harmonize the regulatory approach to syndicated mortgages across CSA jurisdictions and introduce additional investor protections, were published for comment. OSC and CSA staff will consider comments received and work toward finalizing the amendments by March, 2019
- Develop a plan for the registration and oversight of market participants active in offering of syndicated mortgages

Address opportunities to reduce regulatory burden while maintaining appropriate investor protections

During the past year the OSC identified and assessed opportunities to reduce undue regulatory burden in terms of time and compliance costs without compromising investor protection or the efficiency of the capital markets. These efforts also included looking at specific areas of securities legislation that may duplicate other requirements or may not be achieving our regulatory objectives, or where the regulatory burden may be disproportionate to the regulatory objectives that are being achieved.

Together with its CSA partners, the OSC will be taking the following steps to address these opportunities:

- Draft amendments to the rules to implement identified opportunities to reduce investment fund disclosure requirements
- Initiate key policy initiatives to streamline reporting issuer requirements, including potential draft rule amendments (where applicable), related to:
  - the criteria to file a business acquisition report
  - primary business requirements
  - at-the-market offerings
  - identified opportunities to reduce continuous disclosure requirements
  - consideration of a potential alternative prospectus model
- Identify opportunities to use technology and data to reduce regulatory burden (e.g. electronic delivery of documents)

Actively monitor and assess impacts of recently implemented regulatory initiatives

The OSC will review recently implemented regulatory reforms to confirm whether expected results are being achieved. Key areas of focus will include:

The Client Relationship Model (CRM2) and Point of Sale (POS) initiatives

The OSC will evaluate whether the CRM2 and POS projects achieved their shared objective of enhancing investors' understanding of the costs and fees associated with investment products through:

- Continued participation in the CSA project measuring the post implementation impact of the CRM2 and POS initiatives

Women on Boards and in Executive Officer Positions (WoB)

The disclosure requirements set out in NI 58-101 *Disclosure of Corporate Governance Practices* are intended to increase transparency for investors and other stakeholders regarding the representation of WoB of TSX-listed issuers. The requirements have been in place for three annual reporting periods. Together with its CSA partners, the OSC will be considering whether:

- Changes to the disclosure requirements are warranted and, if so, the nature of those changes
- Strengthening the existing "comply or explain" disclosure model with guidelines regarding corporate governance practices is warranted

MEASURES OF SUCCESS

- Greater use of creative regulatory approaches (e.g. limited registration and other exemptive relief) provides an environment for innovators to test their products, services and applications
- Ontario is viewed as a fintech innovation hub with a positive and supportive environment for investment
- CSA Regulatory Sandbox supports development of novel business models and facilitates more timely registration and exemptive relief processes for emerging firms
- Cryptocurrency, initial coin and related offerings, and blockchain issues and regulatory gaps are identified and addressed in a timely manner with minimal impacts on investors or disruptions to capital markets
- Enhanced guidance that defines when initial coin and similar offerings involve securities is published
- Time-to-market of novel fintech businesses is reduced while maintaining appropriate investor safeguards
- Capital formation and innovation supported through LaunchPad
- Transition plan for the transfer of syndicated mortgages to OSC oversight developed
- An update on the key findings of the review of next steps regarding the WoB initiative is published
- Analysis of the CRM2 and POS implementation identifies the impacts on investors and investment industry and confirms whether the policy projects achieved their stated goals. Applicable OSC/CSA policy is informed by the early results of the CRM2 impact analysis project
- Regulatory impact analyses completed for all SoP initiatives and other initiatives with significant stakeholder impact

Promote financial stability through effective oversight

The OSC will identify, address and mitigate systemic risk and promote stability

Global capital markets are highly interconnected by technology and investment flows and this creates potential for global systemic risk. The OSC works with other regulators and market participants to identify and monitor potential financial stability risks and the resilience of financial markets. Through these actions the OSC is more aware and better able to understand points of integration and potential risks and ultimately better positioned to respond to systemic developments as they occur.

OUR PRIORITIES

The OSC works with many domestic and international regulators to monitor and better understand the key components of systemic risk and how they interact. The OSC works with the Financial Stability Board and plays a strong leadership role within the International Organization of Securities Commissions (IOSCO). OSC staff chair the IOSCO committees focused on Regulation of Secondary Markets and Emerging Risks. Domestically, the OSC is connected to various regulators through the Heads of Agencies, which includes the Bank of Canada, the federal Department of Finance and The Office of the Superintendent of Financial institutions. These interactions improve the resilience of our markets through shared communication and understanding of emerging topics such as digital innovation and other areas where our regulatory responsibilities intersect.

Enhance OSC systemic risk oversight

The OSC will enhance its internal identification and monitoring of trends and risks across various market segments and participants including -- equities, fixed income, OTC derivatives, trading platforms, clearing agencies and derivatives dealers. Identifying emerging risks in a timely manner leads to a better understanding of the key components of systemic risk and how they interact.

Actions will include:

- Continue to implement a framework for analyzing OTC derivatives data for systemic risk oversight and market conduct purposes including the development of analytical tools and the creation of snapshot descriptions of the Canadian OTC derivatives market
- Enhance OTC derivatives regulatory regime by:
  - Implementing rules for the segregation and portability of cleared OTC derivatives
  - Hosting a Business Conduct Rule roundtable
  - Republishing the Derivatives Business Conduct Rule for comment
  - Publishing Derivatives Dealer Registration rule
  - Publishing Margin for Uncleared Derivatives rule
  - Proposing amendments to trade reporting rule with respect to internationally adopted data standards
  - Conducting liquidity analyses on products suitable for public dissemination
- Propose amendments to clearing rules with respect to clearable products
- Conduct reviews of compliance with OTC Derivatives rules (Trade reporting, Clearing, Segregation & Portability)
- Publish a Staff Notice on the Canadian Trade Reporting Compliance audits regarding findings and areas for improvement
- Develop OSC/CSA regulatory regime for financial benchmarks and publish for comment a proposed rule to establish a Canadian regulatory regime for financial benchmarks
- Continue to develop the OSC's capabilities to monitor liquidity conditions in the corporate debt market. Derivatives reporting reviews targeted for US firms and commence review of new derivatives regulation
- Identify, assess, monitor and address (as required) potential financial stability risks in Ontario's capital markets

- Respond to IOSCO's recommendations on liquidity management and leverage measurements and reporting including an assessment of the industry's readiness

Promote cybersecurity resilience through greater collaboration with market participants and other regulators on risk preparedness and responsiveness

Financial services providers are increasingly relying on advances in technology and access to data to support innovation and growth. Increased dependence on digital connectivity (e.g., online banking and mobile payment systems), combined with exponential growth and reliance on data and related storage remains a growing source of exposure to cyber risk. Increases in the number and sophistication of cyber-attacks pose a major and growing risk for market participants and regulators. Central elements of our markets, such as algorithmic trading systems, could potentially accelerate the speed and breadth of cybersecurity disruptions. Other more public impacts such as data breaches can include theft of sensitive or personal financial information and investor losses.

As the role of technology in delivering financial products and services grows, and firms adopt newer and evolving technologies, the level of cyber risks increases.

Cyber risk constitutes a growing and significant threat to the integrity, efficiency and soundness of our capital markets. Disruptions or incidents at specific firms may have broader systemic implications. Regulators, market participants, and other stakeholders must work together to enhance cyber security resilience. The OSC will continue to press market participants to maintain and improve their cyber defenses and resilience to respond to cyber-attacks by taking an active and central role in assessing and promoting readiness and supporting cybersecurity resilience within the industry. To address this priority the OSC will:

- Promote cyber resilience through greater collaboration with market participants and regulators on risk preparedness and responsiveness
- Improve coordination in case of cyberattack or disruption by finalizing a market protocol

MEASURES OF SUCCESS

- OTC derivative framework in place and oversight reviews completed
- Exemption requests for segregation and portability rules handled expeditiously and preliminary monitoring completed on the effects of mandatory clearing and segregation and portability rules on the market
- Registration and business conduct rules and related amendments completed on time, requiring responsible market conduct in the OTC derivatives markets
- Improved awareness of potential systemic vulnerabilities that can impact or be impacted by Ontario's capital markets
- New risk controls are identified and implemented as result of internal OSC analysis and/or inter-agency collaboration
- Provide update on proposal for regulation of financial benchmarks
- Market disruption protocol finalized and published
- Evidence of improved cybersecurity awareness and growing cross-industry collaboration on cyber risk

Be an innovative, accountable and efficient organization

The OSC will be an innovative, efficient and accountable organization through excellence in the execution of its operations

Market participants expect the OSC to use its resources efficiently. That is why improving the OSC's efficiency, effectiveness and business capabilities are always top priorities. The OSC is focused on strengthening its current and long-term capabilities through its people. We are undertaking a workforce planning process to be a proactive and agile securities regulator as the industry and environment continues to change. We will build our long-term capabilities by recruiting staff across a range of disciplines, and developing the skills and experience of our internal talent through formal training and experience-based learning.

The OSC will be transforming its regulatory business by increasing emphasis on effective collection, management and use of data. A key focus area will be developing capabilities in data management and analytics across our regulatory work. The OSC will introduce new tools and techniques for analysing data including developing data analytics capabilities. Improved technology and analytical tools will improve the efficiency, quality and timeliness of enforcement, and the OSC's ability to gather and analyze data and other information for compliance. As the OSC transitions to using new technology-based regulatory techniques and tools, there will be growing needs for capabilities focused on analytics and technology skills.

Proactive regulatory solutions, such as the Launchpad initiative, are examples of how regulators can support innovation and capital formation. We will continue to seek similar opportunities to improve our regulatory effectiveness. The OSC will pursue opportunities to provide more digital portals and
e-forms and make interaction with us simpler. We are collaborating with our CSA partners to develop modern, more easily configurable systems to replace the current CSA national systems.

OUR PRIORITIES

Develop and Implement a Strategic OSC Workforce Plan

The OSC will continue to develop the skills and experience of its staff to meet current and emerging needs by:

- Sustaining a workplace culture where employees have a sense of purpose and pride in their work, are productive, and enjoy being part of the OSC community
- Increasing efforts to identify, monitor, and manage talent risks to mitigate impact on operations
- Expanding its range of staffing approaches and employment relationships to increase its ability to attract, retain and leverage staff with specialized skills and experience
- Continuing to strengthen and build on succession planning and talent mapping practices to ensure a robust talent pipeline for critical roles across the organization
- Continuing to deliver targeted talent development programs including leadership, coaching and skills-based learning, thereby strengthening organizational performance

Enhance OSC business capabilities

The OSC will take the following actions to enhance its business capabilities:

- Develop and implement a comprehensive data strategy that will provide the foundation for increased reliance on enterprise-wide data management and analytics to support risk and evidence-based decision making by:
  - Developing clearly defined, approved and understood data strategies, policies, standards, procedures and metrics

  - Improving staff efficiency and ability to generate quality work through: more accessible, cleaner, better organized data; enhanced data sharing; reduced time to access appropriate data; earlier identification of emerging risks/trends
  - Working across the OSC to develop a community of practice focused on data analytics
- Enhance current e-filings portal to address inefficiencies in the way e-filings are captured and integrated into the financial information system

Work with CMRA partners on the transition of the OSC to the proposed CMRA

The OSC views the proposed CMRA as an opportunity to enhance investor protection, foster efficient rulemaking and promote globally competitive markets in Canada.

The OSC will:

- Continue to work with participating jurisdictions and the proposed CMRA to develop a harmonized regulatory approach and seamless transition
- Maintain an engaged and effective regulatory presence including a cooperative interface with the CSA

MEASURES OF SUCCESS

- Work structures reflect the evolving approach to policy and file work that draws upon multiple skills and expertise
- Lower turnover of staff with sought-after skill sets
- Demonstrated examples of information sharing and/or cross-branch collaboration result in reduced training costs and enhanced productivity in support of OSC goals
- OSC data governance framework implemented
- Consistent cross-Commission compliance with data policies, standards and procedures
- Business needs supported by improved ability to effectively identify, collect, manage and use data
- Demonstrated examples of greater reliance on data to support priority setting and more evidence-based, policy/operational decision-making
- The OSC is ready and able to transition to the proposed CMRA

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1.1.3 CSA Staff Notice 31-353 - OBSI Joint Regulators Committee Annual Report for 2017

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CSA Staff Notice 31-353
OBSI Joint Regulators Committee Annual Report for 2017

March 29, 2018

Introduction

This notice is being published jointly by the Canadian Securities Administrators (**CSA**), the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**) to serve as the fourth Annual Report of the Joint Regulators Committee (**JRC**) of the Ombudsman for Banking Services and Investments (**OBSI**).

Members of the JRC are representatives from the CSA (in 2017, CSA designated representatives were from British Columbia, Alberta, Ontario and Québec), and the two self-regulatory organizations (**SROs**), IIROC and MFDA. The JRC meets regularly with OBSI to discuss governance and operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

The purpose of this notice is to provide an overview of the JRC and to highlight the major activities conducted by the JRC in 2017.

Background to Establishment of the JRC

In December 2013, following substantial governance reforms, OBSI announced changes to its terms of reference[1] and to its processes.

In May 2014, amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the **Amendments**) came into force requiring all registered dealers and advisers to make OBSI available to their clients as their dispute resolution service, except in Québec where the dispute resolution service administered by the Autorité des marchés financiers (**AMF**) would continue to apply. In Québec, the AMF provides dispute resolution services to those clients of all registered dealers and advisers who reside in Québec. The Québec regime remains unchanged and firms registered in Québec have to inform clients residing in Québec of the availability of the AMF's dispute resolution services.

Memorandum of Understanding / Amendments: In conjunction with the passing of the Amendments, the CSA and OBSI signed a Memorandum of Understanding (**MOU**) which provides an oversight framework intended to ensure that OBSI continues to meet the standards set by the CSA.[2] The MOU also provides for a securities regulatory oversight of OBSI as well as a framework for the CSA members and OBSI to cooperate and communicate constructively.

In 2015, the MOU was amended to include the AMF as a signatory,[3] thereby joining all other CSA members. The amended MOU also clarifies certain provisions, including those relating to information sharing and the requirement for an independent evaluation of OBSI.[4] In particular, the amendments: (1) clarify that the restriction on sharing of information in the MOU does not apply in respect of information sharing relating to systemic issues, thereby giving effect to the understanding that OBSI will share information about individual complaints when it relates to systemic issues; and (2) require an independent evaluation of OBSI's operations and practices to commence within two years of the amendments to National Instrument 31-103 coming into force (that is, commencement by May 1, 2016) and every five years thereafter.

[1] See: https://www.obsi.ca/en/about-us/resources/Documents/Terms-of-Reference-.pdf (English version) or https://www.obsi.ca/uploads/45/Doc_636445205538219317.pdf?ts=636464301232602786 (French version).
[2] The MOU sets out the standards that OBSI must meet on: governance, independence and standard of fairness, processes to perform functions on a timely and fair basis, fees and costs, resources, accessibility, systems and controls, core methodologies, information sharing, and transparency.
[3] The AMF became a member of the JRC as of December 1, 2015.
[4] To review the MOU, please see: https://www.osc.gov.on.ca/documents/en/Securities-Category3/mou_20151202_31-103_oversight-obsi.pdf (English version) or http://www.lautorite.qc.ca/files/pdf/reglementation/valeurs-mobilieres/0-ententes-vm/2015dec01-mou-csa-osbi-fr.pdf (French version).

JRC Mandate: The CSA jurisdictions and OBSI agreed with the SROs to form the OBSI JRC with a mandate to:

- facilitate a holistic approach to information sharing and monitor the dispute resolution process with an overall view to promoting investor protection and confidence in the external dispute resolution system;
- support fairness, accessibility and effectiveness of the dispute resolution process; and
- facilitate regular communication and consultation among JRC members and OBSI.

Overview of JRC Activities in 2017

In 2017, the fourth year in which the JRC operated, three meetings were held: in March, June, and September. The meetings provided the JRC with an opportunity to be updated by OBSI on specific matters as contemplated by the MOU. The JRC also held a meeting with OBSI's Board of Directors.

The following matters were considered and advanced by the JRC:

1. **Systemic issues protocol:** In 2015, the MOU was amended to define potential systemic issues and to set out a regulatory approach to address these issues when reported by OBSI. The Protocol for Handling Systemic Issues requires the Chair of OBSI to inform the CSA Designates of issues that appear likely to have significant regulatory implications, including issues that appear to affect multiple clients of one or more firms. In 2017, there were three matters related to investment suitability and disclosure reported to the JRC that OBSI determined as raising a systemic issue. In response to OBSI's notification, the applicable regulators reviewed the matters and took appropriate regulatory actions. More information on the Protocol for Handling Systemic Issues is available at: https://www.obsi.ca/en/how-we-work/systemic-issues.aspx.

2. **Continuous monitoring of OBSI quarterly reports, compensation refusals and settling for lower amounts than recommended by OBSI:** The JRC continues to monitor data regarding investment-related complaint cases through the review of OBSI's quarterly reports and considers patterns and issues raised by them. Since 2015, OBSI provides more granular information in its quarterly reporting that we will continue to enhance as appropriate. While there were no refusal publications in 2017, through our review of the quarterly reporting, the JRC noted that 150[5] of 382 closed investment-related cases ended with monetary compensation. Of the 150 cases, 15% were settled for amounts less than OBSI's compensation recommendations. The JRC also noted that in 7% of the cases, a firm compensated clients for more than OBSI's monetary compensation recommendations. These typically involved cases where OBSI recommended payment of low amounts.

   The JRC will continue to monitor for complaint trends and patterns, including refusals to compensate clients consistent with OBSI recommendations, or repeatedly settling for lower amounts than recommended by OBSI. The JRC believes this data can sometimes provide risk-based indications of potential problems with a firm's complaint handling practices, or raise questions about whether the firm is participating in OBSI's services in good faith or consistently with the applicable standard of care.

3. **Publication of CSA and SROs joint Staff Notice:** On December 7, 2017, the CSA, IIROC and the MFDA released a joint CSA Staff Notice 31-351, IIROC Notice 17-0229, MFDA Bulletin #0736-M, *Complying with requirements regarding the Ombudsman for Banking Services and Investments (OBSI)* (the **Joint Notice**). The Joint Notice highlighted regulators' concerns about some registered firms' complaint handling systems and participation in OBSI's services, and set out potential regulatory responses.

   Highlighted in the Joint Notice is that CSA and SRO staff will take note of registered firms':

   a) refusals to compensate clients consistent with OBSI recommendations; or

   b) repeatedly settling for lower amounts than recommended by OBSI.

   Depending on the facts and circumstances in each instance, CSA and SRO staff may conclude that enquiries regarding the firm's actions or compliance system are appropriate. The likelihood that CSA and SRO staff may make enquiries will be significantly higher if a firm shows a pattern of either refusing to compensate clients after recommendations by OBSI or settling matters at discounts from OBSI's recommendations. Staff may also make enquiries if a firm is involved in a disproportionate number of settlements, whether for the amount recommended by OBSI or otherwise.

[5] This figure also includes cases where OBSI did not recommend monetary compensation but a firm compensated clients, usually with a low amount.

The Joint Notice also outlines staff's concerns regarding the manner in which some firms are using an internal "ombudsman" as part of the firm's complaint handling system.

The Joint Notice is available at:
http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20171207_31-351_ombudsman-banking-services-investments.htm (English) or http://www.osc.gov.on.ca/documents/en/Securities-Category3/20171207-31-351-avis-acvm-fr.pdf (French).

4. **Independent evaluation of OBSI and JRC next steps:** As described in the OBSI JRC Annual Report for 2016,[6] OBSI underwent an independent evaluation of its operations and practices for its investment mandate and released the report, *Independent Evaluation of the Canadian Ombudsman for Banking Services and Investments' (OBSI) Investment Mandate* (the Report), on June 6, 2016.[7]

The Report included the recommendation that OBSI be enabled to secure redress for customers, preferably by empowering OBSI to make awards that are binding on the firm, and on the customer if they accept the award, accompanied by an internal review process.

The JRC continues to be committed to supporting a fair, accessible and effective OBSI dispute resolution process. The members of the JRC continue to engage in discussions with a view to focusing on options for strengthening OBSI's ability to secure redress for investors. It will take time to work with all the key stakeholders and any consideration of strengthening OBSI's ability to secure redress for investors by making OBSI recommendations binding involves complex issues, including:

1) consideration of the framework of authority to facilitate binding decisions and any related legislative amendments,

2) potential changes in OBSI processes that would add complexity if OBSI obtains the ability to impose a definitive liability, while preserving the efficiency of these processes,

3) the need for and extent of enhanced regulatory oversight of OBSI, and

4) consideration of the need for a review mechanism of OBSI decisions and the implications for complainants, firms, OBSI and regulators of that review mechanism.

The CSA jurisdictions are actively engaged in considering options for strengthening OBSI's abilities to secure redress for investors, including considering developing recommendations for implementing binding authority.

The approach outlined in the Joint Notice provides an intermediate step by regulators to promote fairness in registrants' complaint handing processes and their interactions with OBSI.

Overview of OBSI Activities

The following are a few of the initiatives that OBSI updated the JRC on:

1. **OBSI's Strategic Plan**
On January 19, 2017, OBSI released its Strategic Plan, which outlines the key strategic priorities that OBSI will pursue over the next five years (2017-2021). Additional information on OBSI's Strategic Plan is available at: https://www.obsi.ca/en/about-us/resources/Documents/OBSI-Strategy-2017--English.pdf.

2. **Public Affairs Initiatives**

2.1. **Launch of new website:** On November 15, 2017, OBSI launched a new, accessible and more user-friendly website. The site features improved usability, responsive design for mobile devices and a simplified complaint process for consumers in both official languages, as well as new features for participating firms. See https://www.obsi.ca/en/.

2.2. **Launch of stakeholder e-News:** In October 2017, OBSI launched a quarterly electronic newsletter to its stakeholders to increase insights and information sharing. The newsletter includes updates about OBSI

[6] To review the 2016 Report, please see: http://www.osc.gov.on.ca/documents/en/Securities-Category3/csa_20170323_31-348_obsi-joint-regulators.pdf (English) or http://www.osc.gov.on.ca/documents/en/Securities-Category3/csa_20170323_31-348_obsi-joint-regulators-fr.pdf (French).
[7] The Report is available at: https://www.obsi.ca/en/news-and-publications/resources/PresentationsandSubmissions/2016-Independent-Evaluation-Investment-Mandate.pdfThe Report is available at:
https://www.obsi.ca/en/news-and-publications/resources/PresentationsandSubmissions/2016-Independent-Evaluation-Investment-Mandate.pdf.

projects, initiatives, and announcements regarding upcoming events OBSI will be participating in. It also highlights key statistics on complaint data including complaint volumes, complaints by region, and top investment products and issues. More information is available at OBSI e-News. See https://www.obsi.ca/Modules/News/Search.aspx?feedId=a8023b85-7f41-4f9a-88b2-0793f4975f61&lang=en.

3. Firm Information Service (FIS) pilot project

On November 1, 2017, OBSI launched the Firm Information Service pilot project to all participating firms. The service provides information about OBSI's experiences and approach in order to help firms fairly and effectively resolve complaints. The project will run until the end of April 2018. More information is available at: https://www.obsi.ca/en/for-firms/firm-information-service--fis-.aspx.

JRC Meeting with OBSI's Board of Directors

As required by the MOU, an annual meeting of the JRC with OBSI's Board of Directors was held on September 19, 2017. The meeting included discussions on the implementation of OBSI's Strategic Plan, operating and governance issues and the effectiveness of OBSI's processes.

On February 27, 2018, OBSI announced the appointment of Jim Emmerton as the new Chairman of OBSI's board of directors. Mr. Emmerton will succeed Fernand Bélisle, who is retiring from the board after five years as Chairman. The JRC commends Mr. Bélisle on his stewardship of OBSI. The Board also announced the appointment of two new members: Rick Annaert and Ronald Smith.

OBSI Annual Report

For additional information on OBSI, readers may wish to review OBSI's Annual Report for its fiscal year ending October 31, 2017, available at:
https://www.obsi.ca/Modules/News/index.aspx?feedId=c84b06b3-6ed7-4cb8-889e-49501832e911&lang=en&newsId=04f89285-891d-4861-bbfb-4670304fa8dc

Comments

Readers are invited to share their comments on any matter relating to the JRC's oversight of OBSI. Please send your comments to: ContactJRC-CMOR@acvm-csa.ca.

Questions

Please refer your questions regarding this CSA Staff Notice to any of the following CSA staff:

Tyler Fleming
Director, Investor Office
Ontario Securities Commission
416-593-8092
tfleming@osc.gov.on.ca

Lina Creta
Senior Advisor, Investor Office
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Carlin Fung
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Compliance and Registrant Regulation
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Autorité des marchés financiers
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Eniko Molnar
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Alberta Securities Commission
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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Lynne Rae Nickford – ss. 127(1), 127(10)

FILE NO.: 2018-13

IN THE MATTER OF
LYNNE RAE NICKFORD
(aka LYNNE RAE ZLOTNIK dba LYNNE ZLOTNIK WEALTH MANAGEMENT)

NOTICE OF HEARING
Subsections 127(1) and (10) of the *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Inter-jurisdictional Enforcement Proceeding

HEARING DATE AND TIME: In writing

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order requested in the Statement of Allegations filed by Staff of the Commission on March 23, 2018.

Take notice that Staff of the Commission has elected to proceed by way of the expedited procedure for a written hearing provided for by Rule 11(3) of the *Commission's Rules of Procedure*.

Staff must serve on you this Notice of Hearing, the Statement of Allegations, Staff's hearing brief containing all documents Staff relies on, and Staff's written submissions.

You have **21 days** from the date Staff serves these documents on you to file a request for an oral hearing, if you do not want to follow the expedited procedure for a written hearing.

Otherwise, you have **28 days** from the date Staff served these documents on you to file your hearing brief and written submissions.

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 26th day of March, 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
LYNNE RAE NICKFORD
(aka LYNNE RAE ZLOTNIK dba LYNNE ZLOTNIK WEALTH MANAGEMENT)

STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990 c S.5)

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

A. ORDER SOUGHT

2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):

   (a) against Lynne Rae Nickford (**Nickford** or the **Respondent**) (also known as Lynne Rae Zlotnik, and doing business as Lynne Zlotnik Wealth Management (**LZWM**)) that:

      i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities or derivatives of LZWM cease permanently;

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

      iii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Nickford cease permanently;

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

      v. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Nickford resign any positions that she holds as a director or officer of any issuer or registrant;

      vi. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Nickford be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

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

   (b) such other order or orders as the Commission considers appropriate.

B. FACTS

Staff make the following allegations of fact:

3. Nickford is subject to an order made by the British Columbia Securities Commission (the **BCSC**) dated February 2, 2018 (the **BCSC Order**) that imposes sanctions, conditions, restrictions or requirements upon her.

4. In its findings on liability dated August 8, 2017 (the **Findings**) a panel of the BCSC (the **BCSC Panel**) found that Nickford perpetrated a fraud, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the **BC Act**).

(i) The BCSC Proceedings

Background

5. The conduct for which Nickford was sanctioned occurred between January 1, 2009 and March 31, 2010 (the **Material Time**).

6. Nickford had previously been registered in various capacities under the BC Act. She was not registered under the BC Act during the Material Time, but was licenced as a life and accident and sickness insurance agent.

7. During the Material Time, Nickford was the sole proprietor of LZWM. Through LZWM, Nickford offered a variety of investment and insurance services, which she promoted using seminars, YouTube videos and promotional materials.

8. The BCSC Panel found that 13 investors loaned money to, or invested a total of $1,818,750 in, LZWM during the Material Time. Nickford told investors that LZWM was expanding, and offered investors varying rates of return, ranging from 12% to 16%, for the purpose of investment in LZWM's business operations and to grow the business.

9. LZWM issued either promissory notes or "private investment" documents covering $1,518,750 of the amounts paid by the 13 investors to LZWM. The promissory notes set out the particulars relating to the investment, including amount loaned, interest rate and term, and stipulated that the amount loaned to LZWM was to be used only for Nickford's business operations. The "private investment" documents reflected similar investment particulars. While the "private investment" documents did not reflect what the amounts loaned were to be used for, some investors holding such documents stated that their investments were for expansion of LZWM's business.

10. The BCSC Panel found, however, that the investors' funds were not used for the purposes of the Respondent's business, LZWM. The BCSC Panel found that the Respondent transferred investor funds from LZWM's business account to her personal account, and spent at least $318,141 on personal expenditures unrelated to the business.

11. The BCSC Panel found that the investors' funds were put at risk when all of the funds were not used as intended. Further, as a result of bankruptcy of the Respondent and LZWM subsequent to the Material Time, investors have lost all of their investments.

BCSC Findings - Conclusions

12. In its Findings, the BCSC Panel concluded that:

    (a) Nickford perpetrated a fraud on 13 investors in the aggregate amount of at least $318,141, contrary to section 57(b) of the BC Act.

(ii) The BCSC Order

13. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Nickford, and Nickford doing business as LZWM:

    (a) under section 161(1)(b)(i) of the BC Act, all persons cease trading in, and are permanently prohibited from purchasing, any securities or exchange contracts of LZWM;

    (b) under section 161(1)(d)(i) of the BC Act, Nickford resign any position she holds as a director or officer of an issuer or registrant;

    (c) Nickford is permanently prohibited:

        i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts;

        ii. under section 161(1)(c) of the BC Act, from relying on any of the exemptions set out in the BC Act, the regulations or a decision;

        iii. under section 161(1)(d)(ii) of the BC Act, from becoming or acting as a director or officer of any issuer or registrant;

        iv. under section 161(1)(d)(iii) of the BC Act, from becoming or acting as a registrant or promoter;

        v. under section 161(1)(d)(iv) of the BC Act, from acting in a management or consultative capacity in connection with activities in the securities market; and

        vi. under section 161(1)(d)(v) of the BC Act, from engaging in investor relations activities;

    (d) Nickford pay to the BCSC $318,141 pursuant to section 161(1)(g) of the BC Act; and

    (e) Nickford pay to the BCSC an administrative penalty of $300,000 under section 162 of the BC Act.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. The Respondent is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon her.

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

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

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

DATED at Toronto this 23rd day of March, 2018.

Christina Galbraith
Litigation Counsel
Enforcement Branch
LSUC #70892W

Tel: (416) 596-4298
Fax: (416) 593-8321
Email: cgalbraith@osc.gov.on.ca

1.5 Notices from the Office of the Secretary

1.5.1 Dennis Wing

FOR IMMEDIATE RELEASE
March 21, 2018

DENNIS WING

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

A copy of the Order dated March 20, 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)

1.5.2 Miles S. Nadal

FOR IMMEDIATE RELEASE
March 23, 2018

MILES S. NADAL,
File No. 2017-77

TORONTO – Take notice that an attendance in the above-noted matter has been scheduled for April 2, 2018 at 9:00 a.m. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

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 Lynne Rae Nickford

FOR IMMEDIATE RELEASE
March 26, 2018

LYNNE RAE NICKFORD
(aka LYNNE RAE ZLOTNIK dba LYNNE ZLOTNIK WEALTH MANAGEMENT),
File No. 2018-13

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act*.

A copy of the Notice of Hearing dated March 26, 2018 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 23, 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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Énergir Inc.

Headnote

Regulation 11-102 respecting Passport System and Policy Statement 11-203 respecting Process for Exemptive Relief Applications in Multiple Jurisdictions – Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards(Regulation 52-107), s. 5.1 – the Filer applied for relief from the requirements in section 3.2 of Regulation 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit the Filer to prepare its financial statements in accordance with U.S. GAAP.

Applicable Legislative Provision

Regulation 52-107 respecting Acceptable Accounting Principle and Auditing Standards, s. 5.1.

[TRANSLATION]

March 9, 2018

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

AND

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

AND

IN THE MATTER OF
ÉNERGIR INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Exemption Sought**) from the requirements of section 3.2 of *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (**Regulation 52-107**) that financial statements (a) be prepared in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises and b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report. The Exemption Sought is similar to the exemption granted to the Filer by the Decision Maker in each of the Jurisdictions (Decision No. 2015-SMV-0016) on May 12, 2015 (the **U.S. GAAP Relief**).

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

1. the Autorité des marchés financiers is the principal regulator for this application;

2. the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba,

Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, the Northwest Territories and Nunavut (the **Passport Jurisdictions**); and

3. the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

In this decision:

1. unless otherwise defined herein, terms defined in *Regulation 14-101 respecting Definitions*, Regulation 11-102 and Regulation 52-107 have the same meaning; and

2. "activities subject to rate regulation" has the meaning ascribed thereto in the Handbook.

Representations

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

1. The Filer is a corporation existing under the *Business Corporations Act* and the head office of the Filer is in Montréal, Québec.

2. The Filer is a reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions and is not in default of securities legislation in any of those jurisdictions.

3. The Filer currently prepares and files its financial statements for annual and interim periods in accordance with U.S. GAAP, in reliance on the U.S. GAAP Relief.

4. The Filer has activities subject to rate regulation.

5. The Filer is currently not a SEC issuer and therefore cannot rely on section 3.7 of Regulation 52-107 to file its financial statements prepared in accordance with U.S. GAAP.

6. The U.S. GAAP Relief will expire no later than January 1, 2019.

7. The International Accounting Standards Board (the **IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

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:

1. the U.S. GAAP Relief is revoked;

2. the Exemption Sought is granted to the Filer in respect of the Filer's annual financial statements required to be filed on or after the date of this decision, provided that the Filer prepares such financial statements in accordance with U.S. GAAP; and

3. the Exemption Sought will terminate in respect of the Filer on the earliest of the following:

   a) January 1, 2024;

   b) if the Filer ceases to have activities subject to rate regulation, the first day of the Filer's financial year that commences after the Filer ceases to have activities subject to rate regulation; and

   c) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

"Gilles Leclerc"
Superintendent, Securities Markets
Autorité des marchés financiers

2.1.2 Valener Inc.

Headnote

Regulation 11-102 respecting Passport System and Policy Statement 11-203 respecting Process for Exemptive Relief Applications in Multiple Jurisdictions – Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards(Regulation 52-107), s. 5.1 – the Filer applied for relief from the requirements in section 3.2 of Regulation 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit the Filer to prepare its financial statements in accordance with U.S. GAAP.

Applicable Legislative Provision

Regulation 52-107 respecting Acceptable Accounting Principle and Auditing Standards, s. 5.1.

[TRANSLATION]

March 9, 2018

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

AND

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

AND

IN THE MATTER OF
VALENER INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Exemption Sought**) from the requirements of section 3.2 of *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (**Regulation 52-107**) that financial statements (a) be prepared in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises and b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report. The Exemption Sought is similar to the exemption granted to the Filer by the Decision Maker in each of the Jurisdictions (Decision No. 2015-SMV-0016) on May 12, 2015 (the **U.S. GAAP Relief**).

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

(a) the Autorité des marchés financiers is the principal regulator for this application;

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

In this decision:

(a) unless otherwise defined herein, terms defined in *Regulation 14-101 respecting Definitions*, Regulation 11-102 and Regulation 52-107 have the same meaning; and

(b) "activities subject to rate regulation" has the meaning ascribed thereto in the Handbook.

Representations

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

1. The Filer is a corporation existing under the Canada Business Corporations Act and the head office of the Filer is in Montréal, Québec.

2. The Filer is a reporting issuer or equivalent in the Jurisdictions and each of the Passport Jurisdictions and is not in default of securities legislation in any of those jurisdictions.

3. The Filer currently prepares and files its financial statements for annual and interim periods in accordance with U.S. GAAP, in reliance on the U.S. GAAP Relief.

4. The Filer has activities subject to rate regulation.

5. The Filer is currently not a SEC issuer and therefore cannot rely on section 3.7 of Regulation 52-107 to file its financial statements prepared in accordance with U.S. GAAP.

6. The U.S. GAAP Relief will expire no later than January 1, 2019.

7. The International Accounting Standards Board (the "**IASB**") continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

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:

(a) the U.S. GAAP Relief is revoked;

(b) the Exemption Sought is granted to the Filer in respect of the Filer's financial statements required to be filed on or after the date of this decision, provided that the Filer prepares such financial statements in accordance with U.S. GAAP; and

(c) the Exemption Sought will terminate in respect of the Filer on the earliest of the following:

(i) January 1, 2024;

(ii) if the Filer ceases to have activities subject to rate regulation, the first day of the Filer's financial year that commences after the Filer ceases to have activities subject to rate regulation; and

(iii) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

"Gilles Leclerc"
Superintendent, Securities Markets
Autorité des marchés financiers

2.1.3 Fortis Inc. et al.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions– Application for exemptive relief to permit issuer and underwriter, acting as agent for the issuer, to enter into an equity distribution agreement to make "at the market" (ATM) distributions of common shares over the facilities of the TSX, the NYSE or other marketplaces – ATM distributions to be made pursuant to shelf prospectus procedures in Part 9 of NI 44-102 Shelf Distributions – issuer will issue a press release and file agreements on SEDAR – application for relief from prospectus delivery requirement – delivery of prospectus not practicable in circumstances of an ATM distribution – relief from prospectus delivery requirement has effect of removing two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus – application for relief from certain prospectus form requirements – relief granted to permit modified forward-looking certificate language – relief granted on terms and conditions set out in decision document – decision will terminate on December 30, 2018 (being that date that is 25 months after the issuance of a receipt for the shelf prospectus).

Applicable Legislative Provisions

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

Applicable Ontario Rules

National Instrument 44-101 Short Form Prospectus Distributions, Part 8 and Item 20 of Form 44-101F1.
National Instrument 44-102 Shelf Distributions, ss. 6.3 and 6.7, Part 9 and ss. 2.1 and 2.2 of Appendix A.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

March 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
FORTIS INC. (THE ISSUER), SCOTIA CAPITAL INC.,
TD SECURITIES INC., MORGAN STANLEY CANADA LIMITED AND
WELLS FARGO SECURITIES CANADA, LTD. (COLLECTIVELY, THE CANADIAN AGENTS)
AND SCOTIA CAPITAL (USA) INC., TD SECURITIES (USA) LLC,
MORGAN STANLEY & CO. LLC AND WELLS FARGO SECURITIES, LLC
(COLLECTIVELY, THE U.S. AGENTS AND TOGETHER WITH THE CANADIAN AGENTS,
THE AGENTS, AND TOGETHER WITH THE ISSUER, THE FILERS)

DECISION

Background

The Ontario Securities Commission (the **Decision Makers**), being the principal regulator in the Jurisdiction, has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the following relief (the **Exemptions Sought**):

(a) that the requirement that a dealer not acting as agent of the purchaser who receives an order or subscription for a security offered in a distribution to which the prospectus requirement applies deliver to the purchaser the latest prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) and any amendment to the prospectus (the **Prospectus Delivery Requirement**) does not apply to the Agents or any other TSX participating organization or other marketplace participant acting as selling agent for the Agents (each, a **Selling Agent**) in connection with any at-the-market distribution (each, an **ATM Distribution**

and collectively, the **ATM Offering**), as defined in National Instrument 44-102 Shelf Distributions (**NI 44-102**) of common shares (**Common Shares**) of the Issuer in Canada and the United States (**U.S.**) pursuant to one or more substantially identical equity distribution agreements (the **Equity Distribution Agreement**) to be entered into between the Issuer and the Agents; and

(b) that the requirements to include in a base shelf prospectus or prospectus supplement or an amendment thereto:

(i) a forward-looking issuer certificate of the Issuer in the form specified in section 2.1 or section 2.4, as applicable, of Appendix A to NI 44-102;

(ii) a forward-looking underwriter certificate in the form specified by section 2.2 or section 2.4, as applicable, of Appendix A to NI 44-102; and

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

(collectively, the Prospectus Form Requirements) do not apply to the Shelf Prospectus (as defined below), the Prospectus Supplement (as defined below) or an amendment thereto provided that the Issuer include in the Prospectus Supplement or an amendment thereto the form of issuer certificate and form of underwriter certificate and include in the Prospectus Supplement or an amendment thereto the revised description of a purchaser's statutory rights of withdrawal and remedies for rescission or damages described below, in each case (other than with respect to the underwriter certificate) superseding and replacing the corresponding language in the Shelf Prospectus solely with regards to the ATM Offering.

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

(a) the Ontario Securities Commission is the principal regulator for the Application based on the "most significant connection" test articulated under section 3.6(6)(c) of National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*; and

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively and together with the Jurisdiction, the **Reporting Jurisdictions**).

Interpretation

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

Representations

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

The Issuer

1. The Issuer is a corporation continued under the *Corporations Act* (Newfoundland and Labrador). The head office of the Issuer is in St. John's, Newfoundland and Labrador.

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

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

4. The Issuer is subject to reporting obligations under the *United States Securities Exchange Act of 1934*, as amended (the **U.S. Exchange Act**), and files its continuous disclosure documents with the Securities and Exchange Commission (the **SEC**) in the U.S.

5. The Issuer filed a short form base shelf prospectus (the **Shelf Prospectus**) in the Reporting Jurisdictions and amendment no. 1 to a registration statement on Form F-10 with the SEC on November 30, 2016 under the multi-

jurisdictional disclosure system providing for the distribution from time to time of Common Shares, first preference shares, second preference shares, subscription receipts and debt securities having an aggregate offering price of up to $5,000,000,000 (or the equivalent in U.S. dollars or other currencies).

6. The Ontario Securities Commission issued a receipt for the Shelf Prospectus on November 30, 2016, which receipt was deemed pursuant to MI 11-102 to have been issued by the regulator in each of the other Reporting Jurisdictions.

The Agents

7. Scotia Capital Inc. is a corporation incorporated under the laws of the Province of Ontario, with its head office in Toronto, Ontario.

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

9. Morgan Stanley Canada Limited is a corporation incorporated under the laws of Canada, with its head office in Toronto, Ontario.

10. Wells Fargo Securities Canada, Ltd. is a limited company incorporated under the laws of the Province of Nova Scotia, with its head office in Toronto, Ontario.

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

12. Scotia Capital (USA) Inc. is a corporation formed under the laws of the State of New York, with its head office in New York, New York.

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

14. Morgan Stanley & Co. LLC is a limited liability company formed under the laws of the State of Delaware, with its head office in New York, New York.

15. Wells Fargo Securities, LLC is a limited liability company formed under the laws of the State of Delaware, with its head office in Charlotte, North Carolina.

16. Each of the U.S. Agents is a broker-dealer registered with the SEC under the U.S. Exchange Act.

17. None of the Agents are in default of any requirements under applicable securities legislation in any of the jurisdictions of Canada.

Proposed ATM Distribution

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

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

    (a) issue and file a news release pursuant to section 3.2 of NI 44-102 announcing the Equity Distribution Agreement and indicating that the Shelf Prospectus and the Prospectus Supplement have been filed on SEDAR and specifying where and how purchasers of Common Shares under the ATM Offering may obtain copies; and

    (b) file the Equity Distribution Agreement on SEDAR.

20. Prior to making an ATM Distribution, the Issuer will have filed, in each province of Canada and with the SEC, a prospectus supplement describing the terms of the ATM Offering, including the terms of the Equity Distribution Agreement and otherwise supplementing the disclosure in the Shelf Prospectus (the **Prospectus Supplement**).

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

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

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

24. The Canadian Agents will act as the sole agents of the Issuer in connection with an ATM Distribution directly or through one or more Selling Agents on the TSX or any other Marketplace in Canada (a **Canadian Marketplace**), and will be paid an agency fee or commission by the Issuer in connection with such sales. If sales are effected through a Selling Agent, the Selling Agent will be paid a seller's commission for effecting the trades on behalf of the Canadian Agents. The Canadian Agents will each sign an agent's certificate, in the form set out in paragraph 41 below, in the Prospectus Supplement.

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

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

27. The Equity Distribution Agreement will provide that, at the time of each sale of Common Shares pursuant to an ATM Distribution, the Issuer will represent to the Agents that the Shelf Prospectus, as supplemented by the Prospectus Supplement, including the documents incorporated by reference in the Shelf Prospectus (which shall include any news release that has been designated and filed as a Designated News Release (as defined below)) and any subsequent amendment or supplement to the Shelf Prospectus or the Prospectus Supplement (together, the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Issuer and the Common Shares being distributed. The Issuer will, therefore, be unable to proceed with sales pursuant to an ATM Distribution when it is in possession of undisclosed information that would constitute a material fact or a material change in respect of the Issuer or the Common Shares.

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

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

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

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

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

    (c) sales under earlier Sell Notices;

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

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

(f) prevailing market conditions generally.

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

Disclosure of Common Shares Sold in ATM Offering

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

Prospectus Delivery Requirement

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

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

35. The Prospectus will be filed and readily available electronically via SEDAR to all purchasers under ATM Distributions. As stated in paragraph 19 above, the Issuer will issue a news release that specifies where and how copies of the Prospectus may be obtained.

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

Withdrawal Right and Right of Action for Non-Delivery

37. Pursuant to the Legislation, an agreement of purchase and sale in respect of a distribution to which the prospectus requirement applies is not binding upon the purchaser if the dealer from whom the purchaser purchases the security receives, not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any amendment to the prospectus, a written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement of purchase and sale (the **Withdrawal Right**).

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

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

Modified Certificates and Statements

40. To reflect the fact that the ATM Offering is a continuous distribution, the Prospectus Supplement and any amendment thereto will include the following issuer certificate (with appropriate modifications in respect of the filing of an amendment prescribed by section 2.4 of Appendix A to NI 44-102), such issuer certificate to supersede and replace the issuer certificate in the Shelf Prospectus solely with regard to the ATM Offering:

> *The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, as of the date of a particular distribution of securities under the prospectus, will, as of that date, constitute full, true and plain disclosure of all material facts relating to the securities*

offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

41. The Prospectus Supplement and any amendment thereto will include the following underwriter certificate (with appropriate modifications in respect of the filing of an amendment prescribed by section 2.4 of Appendix A to NI 44-102):

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

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

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. However, purchasers of Common Shares under an at-the-market distribution by us will not have the right to withdraw from an agreement to purchase the Common Shares and will not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the prospectus supplement, the accompanying prospectus and any amendment thereto relating to Common Shares purchased by such purchaser because the prospectus supplement, the accompanying prospectus and any amendment thereto relating to the Common Shares purchased by such purchaser will not be delivered as permitted under a decision dated ■, 2018 and granted pursuant to National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions.

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

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

43. The Prospectus Supplement will disclose that, solely with regards to the ATM Offering, the statement prescribed in paragraph 42 above supersedes and replaces the statement of purchasers' rights contained in the Shelf Prospectus.

Decision

The Decision Makers are satisfied that this decision satisfies the test set out in the Legislation for the Decision Makers to make the decision.

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

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

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

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

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

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

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

(c) the Issuer complies with the disclosure requirements set out in paragraphs 32, 40 through 43 above; and

(d) the Issuer and Agents respectively comply with the representations made in paragraphs 19, 23, 24 and 26 through 31 above.

This decision will terminate on December 30, 2018 (being the date that is 25 months from the date of the receipt for the Shelf Prospectus).

As to the Exemptions Sought from the Prospectus Delivery Requirement:

Deborah Leckman
Commissioner
Ontario Securities Commission

Philip Anisman
Commissioner
Ontario Securities Commission

As to the Exemptions Sought from the Prospectus Delivery Requirement and the Prospectus Form Requirements:

Jo-Anne Matear
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Hydro One Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107), s. 5.1 – the Filer requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises in order to permit the Filer to prepare their financial statements in accordance with U.S. GAAP.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1

March 27, 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
HYDRO ONE LIMITED
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) providing for an exemption from the requirements of section 3.2 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements: (a) be prepared in accordance with accounting principles generally accepted in Canada applicable to publicly accountable enterprises (**CGAAP**), and (b) disclose an unreserved statement of compliance with International Financial Reporting Standards (**IFRS**) in the case of annual financial statements and disclose an unreserved statement of compliance with IAS 34 in the case of an interim financial report (the **Exemption Sought**). The Exemption Sought is similar to the exemption granted by the principal regulator in the Jurisdiction on August 27, 2015 in *Re Hydro One Limited and Hydro One Inc*. (the **Existing Relief**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, MI 11-102 and NI 52-107 have the same meaning if used in this decision, unless otherwise defined, and “activities subject to rate regulation” has the meaning ascribed thereto in the Handbook.

Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Ontario). The head office of the Filer is located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.

2. The Filer is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions and is not in default of securities legislation in any jurisdiction in Canada.

3. Hydro One Inc. (**HOI**) is incorporated under the *Business Corporations Act* (Ontario). The head office of HOI is located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.

4. HOI is a reporting issuer in each of the provinces of Canada and is not in default of securities legislation in any province of Canada.

5. HOI is a wholly-owned subsidiary of the Filer and its financial statements are consolidated into the financial statements of the Filer.

6. HOI is an SEC issuer that prepares and files its financial statements for annual and interim periods in accordance with U.S. generally accepted accounting principles (**US GAAP**) as permitted by section 3.7 of NI 52-107.

7. The Filer currently prepares and files its financial statements for annual and interim periods in accordance with US GAAP, in reliance on the Existing Relief.

8. The Filer has activities subject to rate regulation.

9. The Filer is not an SEC issuer.

10. If the Filer was an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file its financial statements in accordance with US GAAP.

11. The Existing Relief will expire not later than January 1, 2019.

12. The International Accounting Standards Board (**IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

Decision

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

The decision of the principal regulator under the Legislation is that:

(a) the Existing Relief is revoked;

(b) the Exemption Sought is granted to the Filer in respect of the Filer's financial statements required to be filed on or after the date of this order, provided that the Filer prepares those financial statements in accordance with US GAAP; and

(c) the Exemption Sought will terminate in respect of the Filer on the earliest of the following:

  (i) January 1, 2024;

  (ii) if the Filer ceases to have activities subject to rate regulation, the first day of the Filer's financial year that commences after the Filer ceases to have activities subject to rate regulation; and

  (iii) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.5 Kinder Morgan Canada Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted relief from requirement in NI 44-101 to incorporate by reference into a short form prospectus the Non-Incorporated Exhibits (as defined in the Decision) – Non-Incorporated Exhibits typically lengthy and incorporation by reference would therefore impose a disproportionately burdensome translation obligation of the Issuer – the terms of any Non-Incorporated Exhibit that constitute a material fact in respect of the Issuer are or will be set out in one or more of the Issuer's continuous disclosure documents that will be incorporated by reference into a short form prospectus of the Issuer.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, ss. 8.1(1), 8.1(2).
Form 44-101F1 Short Form Prospectus, Items 11.1(1)1 and 11.2.

March 20, 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
KINDER MORGAN CANADA LIMITED
(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**) for an exemption (the **Exemption Sought**) from the requirements under sections 11.1(1)1 and 11.2 of Form 44-101F1 (**Form 44-101F1**) to include in the documents incorporated by reference in any short form prospectus of the Filer the following documents attached or incorporated by reference as exhibits to an Annual Report on Form 10-K of the Filer or an amendment thereto (collectively, a **Form 10-K**) that is incorporated by reference in any such short form prospectus (collectively, the **Specified Exhibits**):

(a) material contracts and agreements, and any amendments thereto;

(b) the articles and by-laws of the Filer, and any amendments thereto;

(c) instruments defining the rights of security holders and holders of long-term debt of the Filer, and any amendments thereto;

(d) indentures and supplemental indentures;

(e) voting trust agreements, and any amendments thereto;

(f) management contracts or compensatory plans, contracts or arrangements in which directors or members of management participate, including stock option plans and other award plans, and any amendments thereto or restatements thereof;

(g) statements regarding the calculation of earnings per share or ratios included in the Form 10-K;

(h) codes of ethics, and any amendments thereto;

(i) the certifications required under (i) Rule 13a-14(a) or 15d-14(a) of the 1934 Act and (ii) Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (Section 906 of the *Sarbanes-Oxley Act of 2002* (United States), as amended from time to time);

(j) opinions and consents of: (i) legal counsel; (ii) independent registered public accountants; and (iii) other experts or "qualified persons";

(k) charters of committees of the Filer which are not otherwise required to be included or incorporated in a short form prospectus under applicable securities laws in Canada; and

(l) financial and related information of the Filer formatted in Extensible Business Reporting Language.

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 section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British

Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the **Passport Jurisdictions**); and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) or National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) have the same meanings if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation existing under the *Business Corporations Act* (Alberta).

2. On May 30, 2017, the Filer completed an initial public offering of its restricted voting shares (the **Restricted Voting Shares**), at which time the Filer became a reporting issuer in each of the jurisdictions of Canada. The Filer continues to be a reporting issuer in each of the jurisdictions of Canada.

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

4. On July 28, 2017, the Filer filed a short form base shelf prospectus pursuant to which the Filer may offer, from time to time and for a period of 25 months, up to $2.5 billion aggregate amount of Restricted Voting Shares, preferred shares, warrants, subscription receipts and units of the Filer (the **Current Base Shelf Prospectus**) in each of the jurisdictions of Canada.

5. The Restricted Voting Shares, cumulative redeemable minimum rate reset Preferred Shares, Series 1 in the capital of the Filer and cumulative redeemable minimum rate reset Preferred Shares, Series 3 in the capital of the Filer are listed and posted for trading on the Toronto Stock Exchange under the symbol "KML".

6. The Filer is an SEC issuer.

7. The Filer is in compliance with the requirements of the 1934 Act.

8. The Filer files an AIF completed on Form 10-K under the 1934 Act, as permitted by NI 51-102.

9. Pursuant to the requirements of the 1934 Act, the Specified Exhibits are attached or incorporated by reference as exhibits to a Form 10-K.

10. As the Specified Exhibits are attached or incorporated by reference as exhibits to a Form 10-K of the Filer that is or will be incorporated by reference in the Base Shelf Prospectus and any subsequent short form prospectus of the Filer, such Specified Exhibits are or will be, absent the granting of the Exemption Sought, required to be incorporated by reference in the Base Shelf Prospectus and such subsequent short form prospectus pursuant to the requirements of sections 11.1(1)1 and 11.2 of Form 44-101F1, and as a result of such requirements, deemed to be so incorporated by virtue of sections 3.1 and 3.2 of NI 44-101.

11. If the Filer completed and filed an AIF pursuant to Form 51-102F2 *Annual Information Form* (a **Canadian AIF**) rather than a Form 10-K, none of the Specified Exhibits would be required to be incorporated by reference in the Base Shelf Prospectus or any subsequent short form prospectus of the Filer, as the 1934 Act requirement to attach or incorporate the Specified Exhibits by reference as exhibits to a Form 10-K has no equivalent under securities laws in Canada, and the Specified Exhibits are not otherwise required to be incorporated by reference into a short form prospectus under securities laws in Canada.

12. The Filer has filed on SEDAR the Specified Exhibits attached or incorporated by reference as exhibits to its Form 10-K for the year ended December 31, 2017, and will file on SEDAR any Specified Exhibits attached or incorporated by reference as exhibits to any subsequent Form 10-K of the Filer (in each case, other than any Specified Exhibits previously filed on SEDAR), as soon as practicable following the filing of such disclosure documents with the SEC and, in any event, prior to the filing of any subsequent short form prospectus or prospectus supplement of the Filer on SEDAR.

13. Information contained in any Specified Exhibit that constitutes a material fact in respect of the Filer is or will be set out in the Base Shelf Prospectus and any subsequent short form prospectus of the Filer or in one or more of the Filer's continuous disclosure documents that is or will be incorporated by reference therein.

14. If the Exemption Sought is not granted, the Filer would be required under section 40.1 of the *Securities Act* (Québec) to file French language translations of each of the Specified Exhibits. This

translation obligation would impose significant costs and delay, which the Filer would not be required to incur if it filed a Canadian AIF rather than a Form 10-K.

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) the Filer complies with all of the other applicable requirements of NI 44-101 and, if applicable, NI 44-102 *Shelf Distributions*, in respect of the Current Base Shelf Prospectus and any subsequent short form prospectus (except as varied by this decision);

(b) the Filer discloses in each prospectus supplement to the Current Base Shelf Prospectus and any subsequent short form prospectus that it has obtained exemptive relief from the requirement to incorporate by reference in such prospectus the Specified Exhibits, and includes a statement identifying the decision and explaining how a copy of this decision can be obtained;

(c) the Filer remains an SEC issuer;

(d) the Filer files its Form 10-K on SEDAR concurrently with or as soon as practicable after the filing of such Form 10-K with the SEC; and

(e) the Filer files on SEDAR the Specified Exhibits attached or incorporated by reference as exhibits to any Form 10-K of the Filer, other than the Specified Exhibits previously filed on SEDAR, as soon as practicable following the filing of such disclosure documents with the SEC and, in any event, prior to the filing of any subsequent short form prospectus or prospectus supplement of the Filer on SEDAR.

Denise Weeres
Manager, Legal
Corporate Finance

2.2 Orders

2.2.1 Lithium X Energy Corp.

Headnote

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

Applicable Legislative Provisions

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

March 19, 2018

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

AND

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

AND

IN THE MATTER OF
LITHIUM X ENERGY CORP.
(the Filer)

ORDER

Background

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

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

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

(c) this order is the order of the principal regulator and evidences the decision of the

securities regulatory authority or regulator in Ontario.

Interpretation

2 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

3 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

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

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

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

2.2.2 Dennis Wing

IN THE MATTER OF
DENNIS WING

Philip Anisman, Commissioner

March 20, 2018

ORDER

WHEREAS the representatives for Staff of the Ontario Securities Commission and for Dennis Wing have agreed to commence the confidential conference scheduled for 10 a.m. on April 10, 2018 at an earlier time;

IT IS ORDERED THAT the confidential conference shall be held at 9:30 a.m. on April 10, 2018 or such other date as may be agreed to by the parties and set by the Office of the Secretary.

"Philip Anisman"

2.2.3 Cascadian Therapeutics, Inc.

Headnote

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

Applicable Legislative Provisions

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

March 16, 2018

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

AND

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

AND

IN THE MATTER OF
CASCADIAN THERAPEUTICS, INC.
(the Filer)

ORDER

Background

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

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

“Denise Weeres”
Manager, Legal
Corporate Finance

2.2.4 Authorization Order – s. 3.5(3)

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

AND

IN THE MATTER OF
AN AUTHORIZATION PURSUANT TO
SUBSECTION 3.5(3) OF THE ACT

AUTHORIZATION ORDER
(Subsection 3.5(3))

WHEREAS a quorum of the Ontario Securities Commission (the "Commission") may, pursuant to subsection 3.5(3) of the Act, in writing authorize any member of the Commission to exercise any of the powers and perform any of the duties of the Commission, including the power to conduct contested hearings on the merits.

AND WHEREAS, by an authorization order made on August 11, 2017, pursuant to subsection 3.5(3) of the Act ("Authorization"), the Commission authorized each of MAUREEN JENSEN, D. GRANT VINGOE, PHILIP ANISMAN, ROBERT P. HUTCHISON, JANET LEIPER, TIMOTHY MOSELEY and MARK J. SANDLER acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 140, 144, 146, and 152 of the Act that the Commission is authorized to make and give, including the power to conduct contested hearings on the merits.

IT IS ORDERED that the Authorization is hereby revoked;

THE COMMISSION HEREBY AUTHORIZES, pursuant to subsection 3.5(3) of the Act, each of MAUREEN JENSEN, D. GRANT VINGOE, TIMOTHY MOSELEY, PHILIP ANISMAN, LAWRENCE P. HABER, ROBERT P. HUTCHISON, JANET LEIPER, POONAM PURI, MARK J. SANDLER, and M. CECILIA WILLIAMS acting alone, to exercise, subject to subsection 3.5(4) of the Act, the powers of the Commission to grant adjournments and set dates for hearings, to hear and determine procedural matters, and to make and give any orders, directions, appointments, applications and consents under sections 5, 11, 12, 17, 19, 20, 122, 126, 127, 128, 129, 140, 144, 146, and 152 of the Act that the Commission is authorized to make and give, including the power to conduct contested hearings on the merits; and

THE COMMISSION FURTHER ORDERS that this Authorization Order shall have full force and effect until revoked or such further amendment may be made.

DATED at Toronto, this 23rd day of March, 2018.

"Philip Anisman"
Commissioner

"Deborah Leckman"
Commissioner

2.2.5 Xenon Pharmaceuticals Inc. – s. 9.1 of MI 61-101 Protection of Minority Security Holders in Special Transactions and s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 and section 9.1 of MI 61-101 **–** Issuer bid **–** relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 and Part 3 of MI 61-101 **–** issuer proposes to acquire its own shares and receive other consideration in connection with an arm's length negotiated commercial settlement agreement **–** selling shareholder not receiving cash in exchange for subject shares **–** shares repurchased at a deemed value below the "market price" prior to announcement and consummation of the transaction **–** repurchase not designed to give preferential treatment to the selling shareholder **–** transaction is in the best interests of the issuer and its shareholders and will not adversely affect the financial position of the issuer or shareholders to whom the bid was not extended **–** share repurchase will not materially affect control of the issuer.

Statutes Cited

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, Part 3 and s. 9.1.

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

AND

IN THE MATTER OF
XENON PHARMACEUTICALS INC.

ORDER

(Section 9.1 of Multilateral Instrument 61-101 and
Section 6.1 of National Instrument 62-104)

UPON the application (the **"Application"**) of Xenon Pharmaceuticals Inc. (the **"Issuer"**) 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"**) and Section 9.1(2) of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**"MI 61-101"**) exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 and Part 3 of MI 61-101 (the **"Issuer Bid Requirements"**) in respect of the proposed acquisition by the Issuer from Teva Canada Limited (**"Teva Canada"**), an **"affiliate"** (as defined in the *Securities Act* (Ontario)) of Teva Pharmaceuticals International GmbH, formerly known as Ivax International GmbH **("Teva GmbH"**, and together with Teva Canada, **"Teva"**), of an aggregate of 1,000,000 of the Issuer's common shares (the **"Subject Shares"**) held by Teva Canada (the **"Proposed Transaction"**) in connection with the termination of a collaborative development and license agreement between the Issuer and Teva GmbH (the **"Collaborative Development and License Agreement"**);

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

AND UPON the Issuer (and Teva in respect of paragraphs 8, 9, 10 and 14 as they relate to Teva) having represented to the Commission that:

1. The Issuer was incorporated under the Company Act (British Columbia) on November 5, 1996 and continued into the federal jurisdiction under the *Canada Business Corporations Act* (the **"CBCA"**) on May 17, 2000.

2. The Issuer's head and registered office is located at 200 - 3650 Gilmore Way, Burnaby, British Columbia.

3. The Issuer completed its initial public offering in November 2014 (the **"IPO"**) and is a reporting issuer in each of the Provinces of British Columbia, Alberta and Ontario (the **"Jurisdictions"**). The Issuer is not in default of any requirement of the securities legislation in any such Jurisdiction.

4. As of the date of this order (the **"Order"**), the Issuer is not a foreign private issuer (as defined under the *Securities Exchange Act of 1934*, as amended (the **"1934 Act"**)) in the United States and therefore is subject to the rules and regulations under the 1934 Act applicable to U.S. domestic issuers. The Issuer is not in default of any requirement of securities laws of the United States.

5. The authorized share capital of the Issuer consists of an unlimited number of common shares (the **"Common Shares"**) and an unlimited number of preferred shares (the **"Preferred Shares"**). As at March 22, 2018, 18,039,301 Common Shares and no Preferred Shares of the Issuer were issued and outstanding.

6. The Common Shares are listed and posted for trading on the NASDAQ Global Market under the symbol "XENE".

7. None of the Issuer's securities are listed, quoted or traded on a "marketplace" in Canada (as defined in National Instrument 21-101 Marketplace Operation).

8. Teva GmbH is a limited liability company formed under the laws of Switzerland and has its headquarters in Rapperswil, Switzerland.

9. Teva Canada is a company amalgamated under the CBCA and has its headquarters in Toronto, Canada.

10. Teva Canada is an affiliate of Teva GmbH.

11. In December 2012, the Issuer entered into the Collaborative Development and License Agreement with Teva GmbH, pursuant to which the Issuer granted to Teva GmbH an exclusive worldwide license to develop and commercialize certain products (the **"Licensed Products"**) and Teva GmbH was responsible for, among other things, funding all development costs with respect to the Licensed Products.

12. Under the Collaborative Development and License Agreement, the Issuer had the right to require Teva GmbH or an affiliate of Teva GmbH to purchase Common Shares issued in the IPO (the **"Option"**).

13. The Issuer exercised the Option and Teva Canada purchased 1,111,111 Common Shares (the **"Teva Shares"**) in the IPO, at a price of US$9.00 per Common Share, pursuant to the terms of the Collaborative Development and License Agreement.

14. Teva Canada is the registered and beneficial owner of the Teva Shares.

15. The Teva Shares represent approximately 6.16% of the issued and outstanding Common Shares as at March 22, 2018.

16. None of Teva GmbH or its affiliates have any representatives on the board of directors of the Issuer, nor do they have the right to appoint any such representatives. The Issuer does not have any representatives on the board of directors of Teva or any of its affiliates, nor does it have the right to appoint any such representatives.

17. None of Teva GmbH nor its affiliates is a "related party" of the Issuer as such term is defined in MI 61-101, and the Proposed Transaction is not a "related party transaction" as such term is defined in MI 61-101.

18. The Issuer and Teva agreed to terminate the Collaborative Development and License Agreement pursuant to the terms and conditions of the Termination Agreement (as defined below) after Teva informed the Issuer that it no longer intends to further develop the Licensed Products.

19. On March 7, 2018, the Issuer, Teva GmbH and Teva Canada executed a termination agreement (the **"Termination Agreement"**) pursuant to which Teva agreed to transfer and assign the Subject Shares to the Issuer for cancellation in connection with the Proposed Transaction and to return or assign to the Issuer certain intellectual property, including certain patent rights (the **"Assigned Patents"**), know-how and related regulatory filings. The Termination Agreement also requires the Issuer to pay a low single-digit percentage royalty to Teva based on net sales of approved products, if any, resulting from any continued development and commercialization by the Issuer of the Licensed Products during the period that (i) the Assigned Patents cover the Licensed Products or (ii) any future patents arising out of the Assigned Patents would be infringed by the commercialization of the Licensed Products in the absence of the licenses granted thereunder.

20. The Termination Agreement, including the Proposed Transaction, was negotiated by the Issuer and Teva at arm's length following extensive negotiations between the Issuer and Teva with the benefit of legal and financial advice in connection therewith.

21. On March 7, 2018, the Issuer issued and filed a press release (the **"Press Release"**) on SEDAR announcing the execution of the Termination Agreement and disclosing, among other things: (i) the material terms and conditions of the Termination Agreement; (ii) that the Issuer made an application to the Commission for exemptive relief from the Issuer Bid Requirements; (iii) that the Proposed Transaction is conditional upon receipt from the Commission of the Order;

and (iv) that, subject to obtaining the Order, the Issuer will not close and give effect to the Termination Agreement and the Proposed Transaction for at least 10 business days from the date of issuance of the Press Release.

22. The Proposed Transaction will constitute an "issuer bid" for the purposes of NI 62-104 and MI 61-101, to which the applicable Issuer Bid Requirements would apply. The Proposed Transaction cannot be made in reliance upon exemptions from the Issuer Bid Requirements contained in Part 4 of NI 62-104 and Part 3 of MI 61-101.

23. No approvals of the NASDAQ Global Market will be required in connection with the transactions contemplated by the Termination Agreement.

24. The Proposed Transaction is an integral part of, and intended to facilitate, the termination of the Collaborative Development and License Agreement for the benefit of the Issuer and its shareholders. The Proposed Transaction was not agreed to for the purpose, or with the intention of, providing preferential treatment to Teva Canada and will not adversely affect the financial position of the Issuer or the shareholders of the Issuer that are not a party to the Proposed Transaction.

25. The shareholders of the Issuer not offered the opportunity to sell their Common Shares to the Issuer under the Proposed Transaction would otherwise be entitled to sell their Common Shares into the market for cash proceeds.

26. No shareholder, including Teva Canada, will receive cash consideration in connection with the Proposed Transaction and it is impossible for the Issuer to offer to acquire Common Shares from all shareholders on the same terms and conditions as contemplated under the Proposed Transaction.

27. The cancellation of the Subject Shares is expected to increase the value of the equity position of the Issuer's other shareholders.

28. For the purposes of the Proposed Transaction, all of the members of the board of directors of the Issuer are independent directors within the meaning of MI 61-101, except for Simon Pimstone, the President and Chief Executive Officer of the Issuer.

29. The board of directors of the Issuer unanimously determined that:

    a. the Proposed Transaction is in the best interests of the Issuer and its shareholders;

    b. the consideration deemed to be paid for the Subject Shares is not greater than the "market price", determined in accordance with subsection 1.11 of NI 62-104;

    c. the Proposed Transaction will not adversely affect the financial position of the Issuer or the shareholders to whom the issuer bid is not extended, and upon cancellation of the Subject Shares, the Proposed Transaction is expected to increase the value of the equity ownership position of the Issuer's other shareholders; and

    d. the Proposed Transaction will not materially affect control of the Issuer.

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 and section 9.1(2) of MI 61-101 that the Issuer be exempt from the Issuer Bid Requirements in respect of the Proposed Transaction, provided that the Issuer issues and files a press release on SEDAR disclosing that the Issuer has been granted exemptive relief from the Issuer Bid Requirements in connection with the Proposed Transaction.

DATED at Toronto, Ontario, this 23rd day of March, 2018.

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

2.2.6 GB Minerals Ltd.

Headnote

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

Applicable Legislative Provisions

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

March 21, 2018

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

AND

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

AND

IN THE MATTER OF
GB MINERALS LTD.
(the Filer)

ORDER

Background

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

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

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

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

Interpretation

2 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

3 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

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

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

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE IS NOTHING TO REPORT THIS WEEK.

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation

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	

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Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 45-102 Resale of Securities, Ontario Securities Commission Rule 72-503 Distributions Outside Canada and Related Instruments

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice of

Amendments to National Instrument 45-102 Resale of Securities

Changes to Companion Policy 45-102CP to National Instrument 45-102 Resale of Securities

Consequential Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

and

Consequential Changes to National Policy 11-206 Process for Cease to be a Reporting Issuer Applications

March 29, 2018

Introduction

The Canadian Securities Administrators (the CSA or we) are adopting amendments to National Instrument 45-102 *Resale of Securities* (NI 45-102) and changes to Companion Policy 45-102CP to National Instrument 45-102 *Resale of Securities* (45-102CP) (collectively, the amendments).

We are also adopting consequential amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and consequential changes to National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206).

Staff of the Alberta Securities Commission has not yet sought approval of the amendments or consequential amendments but intend to do so in April 2018.

Provided all necessary regulatory and ministerial approvals are obtained, these will come into force on June 12, 2018.

The text of the amendments and consequential amendments and changes is contained in Annexes C through F of this notice and will also be available on websites of CSA jurisdictions, including:

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

Substance and Purpose

The amendments introduce a new prospectus exemption in section 2.15 of NI 45-102 (section 2.15) for the resale of securities (and underlying securities) of a foreign issuer that applies in all jurisdictions other than Alberta and Ontario if

- the issuer is not a reporting issuer in any jurisdiction of Canada, and
- the resale is on an exchange, or a market, outside of Canada or to a person or company outside of Canada.

A foreign issuer is an issuer that is not incorporated or organized under the laws in Canada unless certain circumstances suggest that the issuer has more than a minimal connection to Canada (i.e., the issuer has a head office in Canada or the majority of it directors or executive officers ordinarily reside in Canada).

Section 2.15 addresses feedback we received that the ownership conditions in section 2.14 of NI 45-102 (section 2.14) may have become an impediment to participation by certain market participants in prospectus-exempt offerings by foreign issuers.

We have prioritized the amendments in response to this feedback and in response to the number of applications for exemptive relief we received in connection with section 2.14. We are continuing our review of the resale regime in NI 45-102 in its entirety to determine whether the existing regime continues to be relevant in today's markets and to assess the impact of alternative regulatory approaches.

In Alberta and Ontario, the new exemption in section 2.15 and the existing exemption in section 2.14 will be located in the following local instruments:

- in Alberta, Alberta Securities Commission Blanket Order 45-519 *Prospectus Exemptions for Resale Outside Canada* (ASC Blanket Order 45-519);
- in Ontario, Ontario Securities Commission Rule 72-503 *Distributions Outside Canada* (OSC Rule 72-503).

In Ontario, this provides overall consistency to their approach to cross-border trading for both primary distributions outside Canada and the resale of securities outside Canada. In Alberta, this is a step towards providing overall consistency in their contemplated approach to cross-border trading for both primary distributions outside Canada and the resale of securities outside Canada.

For the purposes of this notice, discussions on sections 2.14 and 2.15 also apply to the similar exemptions in Alberta and Ontario, unless the context requires otherwise.

Background

Section 2.14 provides a prospectus exemption for the resale of securities (and underlying securities) where the issuer is not a reporting issuer in any jurisdiction of Canada provided that

- the resale is on an exchange, or a market, outside of Canada or to a person or company outside of Canada, and
- residents of Canada own not more than 10% of the outstanding securities of the issuer and represent not more than 10% of the total number of security holders (the ownership conditions).

The policy rationale for section 2.14 is that it is not necessary to restrict the resale of securities over a foreign market or to a person or company outside Canada if the issuer has a minimal connection to Canada and there is little or no likelihood of a market for the securities to develop in Canada. The purpose of the ownership conditions is to measure whether the issuer has a minimal connection to Canada.

Since the adoption of NI 45-102, there have been a number of changes to securities regulation and information accessibility, and a greater access to securities markets worldwide. Canadian investors, particularly institutional investors, are increasingly acquiring securities of foreign issuers to participate in global market growth by investing in a more diversified global portfolio. Foreign securities are acquired either through private placements or on foreign exchanges.

We recognize that many foreign issuers, without any other connection to Canada, are finding they have exceeded the ownership conditions, including through Canadians purchasing their securities on foreign markets. As a result, Canadian security holders of these foreign issuers would have to hold the securities for an indefinite period. In some cases, foreign issuers decide not to offer their securities in Canada to avoid the work necessary to determine if the ownership conditions will be met and thereby reduce opportunities for Canadian investors to participate in private placements with foreign issuers.

Consequently, we determined that an alternative to the ownership condition is warranted for assessing whether an issuer has a minimal connection to Canada.

Section 2.15 provides this alternative. A security holder is exempted from the prospectus requirement for the resale of securities acquired under a prospectus exemption if the resale is on an exchange, or a market, outside of Canada or to a person or company outside of Canada and if the issuer of the securities is a foreign issuer. A foreign issuer is an issuer that is not incorporated or organized under the laws of Canada, or a jurisdiction of Canada, unless one of the following applies:

- the issuer has its head office in Canada;
- the majority of the executive officers or directors of the issuer ordinarily reside in Canada.

The policy rationale for section 2.15 is consistent with the policy rationale for section 2.14 – to provide an exemption for resales outside of Canada for the securities of an issuer with a minimal connection to Canada.

Summary of Written Comments Received by the CSA

We published for comment the proposed amendments on June 29, 2017. During the comment period that expired on September 27, 2017, we received submissions from 8 commenters. We considered the comments received and thank all of the commenters for their input. The names of commenters are contained in Annex A of this notice and a summary of their comments, together with our responses, are contained in Annex B of this notice.

Summary of Changes

After considering the comments received, we made the following changes:

1. Section 2.14

We retained section 2.14. It continues to provide a limited exemption for those non-reporting Canadian issuers that have a minimal connection to Canada based on the ownership conditions.

To avoid confusion, we renumbered proposed section 2.14.1 to section 2.15.

2. Definition of foreign issuer

We made the following changes to the definition of foreign issuer:

(a) We removed the consolidated asset component of the definition. We believe that the revised definition appropriately reflects whether an issuer has a minimal connection to Canada.

(b) We added guidance in 45-102CP with respect to the interpretation of director and executive officer in the definition of foreign issuer. In particular, the guidance explains the meaning of director and executive officer in the context of non-corporate issuers including limited partnerships and clarifies what is meant by “ordinarily reside”.

3. Definition of executive officer

We revised the definition of executive officer to remove the reference to individuals who have a “policy-making function” because it may be difficult for security holders to determine which individuals perform that function. In line with our objective to simplify an investor’s possible determination of who the executive officers are, we also limited the definition to those individuals in charge of a principal business unit, division or function including sales, finance or production as disclosed in the issuer’s offering document or most recent public disclosure document containing that information.

Security holders can make the determination of whether the issuer is a foreign issuer by using the information available in the offering document or the most recent disclosure document containing that information unless the security holder has reason to believe that the information is not accurate.

4. No unusual effort condition to the exemption

We removed the “no unusual efforts” condition.

We are of the view that the condition is not necessary. A selling security holder who wishes to rely on the exemption must comply with the conditions of the exemption. One of the conditions is that the trade is made through an exchange

or a market outside of Canada, or to a person or company outside of Canada. As a result, any selling security holder engaged in activities to sell or create a demand for the security in Canada would not be able to rely on the exemptions in sections 2.14 and 2.15.

Consequential Amendments

We are adopting a consequential amendment to section 8.16 of NI 31-103 and a consequential change to section 14 of NP 11-206 to include reference to both section 2.14 and new section 2.15 as well as ASC Blanket Order 45-519 and the similar sections of OSC Rule 72-503. We also made a further change to section 14 of NP 11-206 to remove the obligation to ascertain the number of Canadian security holders.

Local Matters

Annex G to this notice outlines the consequential amendments to local securities legislation and includes additional text, as required, to respond to local matters in a local jurisdiction. Each jurisdiction that is proposing local amendments will publish an Annex G.

The Alberta Securities Commission is adopting ASC Blanket Order 45-519 and the Ontario Securities Commission is adopting amendments to OSC Rule 72-503 and changes to Companion Policy 72-503 *Distributions Outside Canada* to introduce corresponding exemptions to those in sections 2.14 and 2.15.

Contents of Annexes

This notice contains the following annexes:

Annex A – List of Commenters

Annex B – Summary of Comments and CSA Responses

Annex C – Amendment to National Instrument 45-102 *Resale of Securities*

Annex D – Changes to Companion Policy 45-102 to National Instrument 45-102 *Resale of Securities*

Annex E – Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

Annex F – Changes to National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*

Annex G – Local Matters

Questions

Please refer your questions to any of the following:

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ANNEX A

LIST OF COMMENTERS

ITEM	COMMENTER	DATE
1	Caisse de dépôt et Placement du Québec	September 27, 2017
2	Blake, Cassels & Graydon LLP	September 27, 2017
3	Canadian Pension Plan Investment Board, OMERS Administration Corporation, Ontario Teachers' Pension Plan Board	September 27, 2017
4	Davies Ward Philips & Vineberg LLP	September 27, 2017
5	Invesco Canada Ltd	September 27, 2017
6	Investment Industry Association of Canada	September 27, 2017
7	Stikeman Elliott LLP	September 27, 2017
8	Osler, Hoskin & Harcourt LLP	September 27, 2017

ANNEX B

Summary of Comments and CSA Responses

The following is a summary of comments and CSA responses in respect of the proposed amendments to section 2.14 of National Instrument 45-102 *Resale of Securities* (NI 45-102) and proposed changes to Companion Policy 45-102 to National Instrument 45-102 *Resale of Securities* (45-102CP) (the "proposed amendments") and proposed consequential amendments published on June 29, 2017.

PART I GENERAL COMMENTS

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
1.	**General support for the proposed amendments**	We received eight comment letters. Five commenters generally support the proposed amendments. Six commenters support the CSA proposal to remove the ownership conditions and the effort to simplify the criteria and process relating to financings undertaken by foreign issuers. The following are examples of the comments received: • Ownership conditions are no longer appropriate and are not the best indicators of whether there is minimal connection to Canada. The ownership conditions create uncertainty, complexity and cost for Canadian investors in determining whether the conditions are met. • The current exemption is impractical because not all foreign issuers are willing to provide assurances with respect of the ownership conditions, leading to a loss of investment opportunities. • The proposed amendments add predictability to the process and much-needed certainty to Canadian investors and reduce impediments to participating in foreign offerings. • The proposed amendments will assist Canadian pension fund managers to achieve diversification through investments in foreign securities. The proposed amendments will also help them become increasingly competitive in foreign markets, allow them to better fulfill their mandates and in turn contribute to the wellbeing of Canadian pensioners. • The proposed amendments strike the correct balance between protecting Canadian investors and facilitating fair and efficient capital markets. One commenter only commented on specific aspects of the proposed amendments.	We acknowledge the comments of support and thank commenters.
2.	**General support for initiative to reform the existing exemption but not for the proposed approach** *Suggested alternatives*	Two commenters are supportive of the initiative to reform the existing resale exemption, but generally oppose the proposed amendments and suggest alternative approaches. One of these commenters submits that while it appreciates the objective the CSA is trying to achieve,	We thank commenters for their support. We considered the suggestions made by the commenters; however, we are of the view that our approach is more consistent with the policy rationale for the exemption and

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
		current section 2.14 and proposed section 2.14.1 establish arbitrary thresholds that fail to identify circumstances where the prospectus requirement should not be applied to an offshore resale of securities. For example, the commenter suggests instead that we consider circumstances where the risk is low that the trade is an indirect distribution into Canada because there is not a meaningful Canadian market into which the traded securities are likely to flow back without first coming to rest outside of Canada. That commenter suggests that listing (in the case of an initial public offering) and/or published trading volume is a much better proxy for flow back risk than the Canadian ownership thresholds or the proposed "foreign issuer" concept and is accessible to all investors. The other of these commenters notes that the proposed amendment applies the "distribution from the jurisdiction is a distribution in the jurisdiction" regulatory framework to resales. The commenter does not agree with the approach. Instead the commenter suggests that if the securities of the issuer are listed in Canada, then the trading volume in Canada and the risk of flow back should be considered to justify Canadian regulation of foreign transactions. If the issuer is not listed in Canada then the proposed definition of “foreign issuer” would only apply if the issuer of the securities is not filing continuous disclosure documents in a "good" disclosure jurisdiction.	provides an appropriate proxy for determining whether an issuer has a minimal connection to Canada. We renumbered proposed section 2.14.1 to section 2.15.

PART II COMMENTS ON SPECIFIC QUESTIONS

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
1.	**Definition of “foreign issuer”** *Support for the definition as proposed*	Three commenters generally agree with the definition as proposed. One commenter submits that the proposed definition provides simplicity and predictability, which in turn makes the process more efficient, and does not discourage issuers from conducting these transactions. There may be circumstances where the definition may capture issuers without a significant connection to Canada, but these situations would not occur frequently, and would be better managed through the issuer obtaining an exemption order rather than by attempting to accommodate such situations in the regulation. One commenter agrees that the proposed elements of the definition of “foreign issuer” are appropriate for purposes of establishing that an issuer has a minimal connection to Canada. Another is of the view that the proposed definition of foreign issuer adequately promotes the policy rationale of section 2.14 and if the elements are satisfied, correctly makes the philosophical presumption that an issuer will not develop anything but a minimal connection to Canada.	We acknowledge the comments of support and thank commenters.

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
2.	**Definition of "foreign issuer"** *Suggested alternative:* *Current definitions of foreign issuer in Canadian securities laws*	One commenter suggests that for the purpose of consistency of interpretation the CSA consider revising the definition of "foreign issuer" to mirror the language used elsewhere in Canadian securities laws, for example in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102) or National Instrument 71-101 *The Multijurisdictional Disclosure System* (NI 71-101), unless there is intended to be a substantive difference between such definitions. Another commenter suggests that consistent with the approach taken in NI 71-102, NI 71-101 and the "foreign private issuer" test under the U.S. Securities Act, the definition of foreign issuer should be based on much more significant connections to Canada, such as having a majority of the issuer's voting securities held in Canada in addition to one of the factors in the proposed definition of foreign issuer.	We considered the current definitions in Canadian securities rules suggested by the commenters but concluded that these were not appropriate for the new exemption. We are of the view that in the context of the foreign issuer definition, which serves as an alternative to the ownership conditions for assessing an issuer's connection to Canada, the inclusion of an ownership condition is unnecessarily burdensome.
3.	**Definition of "foreign issuer"** *Suggested alternative:* *Incorporation outside of Canada only*	One commenter suggests that the CSA consider revising the definition of "foreign issuer" so that any issuer incorporated or organized outside Canada will qualify, and continue to qualify, without regard to any of the elements currently listed in the proposed definition. The commenter recognizes that head office, residence of directors and executive officers and location of assets tests for establishing connections to Canada are used in NI 71-102, NI 71-101 and the test of "foreign private issuer" status used in U.S. Securities and Exchange Commission (SEC) rules. However, the assessment of whether an issuer meets the tests is a matter that is determined by the issuer, in order to assess whether or not some benefit is available to it.	We are of the view that additional factors are necessary to establish whether an issuer has a minimal connection to Canada.
4.	**Definition of "foreign issuer"** *Suggested changes to the proposed definition*	Several commenters suggest that we make changes to the elements of the definition of foreign issuer particularly because of the difficulties in determining whether each can be met. 1. Asset based test Two commenters express concerns that it may not be feasible to determine compliance or convenient to ask the issuer to make representations as to its compliance with the asset-based test. A multinational issuer is not normally required to provide in its disclosure a geographic breakdown of where its assets are located. Identifying the location of the assets held by an issuer's subsidiaries for the purposes of this test may be difficult. One of the commenters suggests that an asset-based test may not be an appropriate proxy to determine whether there is a risk that a market will develop in Canada. The commenter is of the view that the asset-based test can be removed from the definition of foreign issuer, and the remaining	We considered the comments and agree that certain changes to the definition are appropriate. We revised the definition of foreign issuer to remove the asset-based component. In our view, the revised definition appropriately reflects whether an issuer has a minimal connection to Canada. We do not agree with the suggestion that all elements of the definition be satisfied before an issuer is disqualified as a foreign issuer. We are of the view that the revised definition strikes the appropriate balance between determining whether the issuer has a minimal connection to Canada and not being unduly burdensome. If we require that

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
		elements are sufficient to ensure that a market for the securities does not develop in Canada. Alternatively, the commenter suggests that we consider adopting the definition of "eligible foreign security" in National Instrument 45-107 *Listing Representation And Statutory Rights Of Action Disclosure Exemptions*. The other commenter is of the view that an issuer having a majority of its assets located in Canada may establish that there is a Canadian market for its products; however, it is not a meaningful indicator of a market for its securities. 2. Disqualification One commenter suggests that failure to satisfy only one of the proposed elements of the definition of "foreign issuer" is not sufficient to establish a connection with Canada. All of the proposed elements of the definition of foreign issuer should have to be established in order for an issuer to lose the benefit of the exemption.	all elements be satisfied, it could allow an issuer considered to have a significant connection to Canada to use the exemption.
5.	**Definition of foreign issuer** *Interpretive guidance*	One commenter suggests that we provide guidance on how to satisfy the majority of directors component of the definition in the context of a limited partnership. Two commenters suggest that we clarify the term "ordinarily reside" as it applies to the executive officers and directors of an issuer.	We added guidance in 45-102CP to assist investors in their determination of whether paragraph (b) of the definition of foreign issuer applies to an issuer. In particular, guidance is added to explain the meaning of director and executive officer in the context of non-corporate issuers including limited partnerships and to clarify what is meant by "ordinarily reside".
6.	**Definition of executive officer**	Two commenters propose a much narrower definition of the term "executive officer" restricted to those individuals that are named in public disclosure documents and deleting the reference to individuals with a "policy-making function" since an investor may not be able to determine who these individuals are if they are not specifically named in the issuer's disclosure.	We considered the comments received and agree that certain changes are appropriate. We revised the definition of executive officer to remove the reference to individuals who have "a policy-making function". In line with our objective to simplify an investor's obligation to determine who the executive officers are, we have limited the definition to those individuals in charge of a principal business unit, division or function including sales, finance or production as disclosed in the issuer's offering document or most recent public disclosure document containing that information.
7.	**Availability of information to determine foreign issuer status**	Four commenters provide views on whether information is readily available to investors. One commenter is of the view that other than the offering document and the public disclosure	We considered the comments received and added guidance in 45-102CP to assist investors in their determination of whether an issuer is a foreign issuer on the

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
		documents, Canadian investors will not have access to information to apply the proposed test. This commenter believes that a request for information from the issuer may result in no securities being sold to Canadian investors (as happened in some cases when Canadian investors requested certification that ownership conditions were met) and suggests that the information should be based on readily available public information that is likely to be required in the foreign issuer's home country disclosure requirements. Another commenter is of the view that information about the residency of executive officers and directors and location of assets may need representation from the issuer on the distribution date. One commenter is of the view that, except for the geographical distribution of assets, it should be relatively easy for investors to determine whether the issuer meets the definition of foreign issuer. One commenter submits that the jurisdiction of the issuer's incorporation can be easily determined by reference to disclosure documents prepared or filed by the issuer but information regarding the location of the head office may be less easy to obtain. The commenter suggests that the disqualification with respect to head office in Canada could be tied to stating a Canadian head office address in the issuer's disclosure documents.	distribution date. An investor can use the information disclosed in the foreign issuer's offering document or most recent public disclosure document containing that information unless the investor has reason to believe that the information in the document is not accurate.
8.	**Date of determination of whether an issuer is a foreign issuer**	Four commenters agree that the distribution date should be when the determination is made. One of the commenters suggests the date of the last applicable public disclosure document. Two of these commenters as an alternative would support the choice between the distribution date and the date of trade. Another commenter suggests that issuers should be permitted to determine whether they are "foreign issuers" on a yearly basis, either as of year-end or the end of the second fiscal quarter, the latter being when foreign companies are required to make annual determinations regarding "foreign private issuer" status under the SEC rules. This may aid investors (and issuers) in being able to make a more certain determination by providing a specific reference point for which current financial statements and other information will be available.	We continue to believe that the distribution date is the appropriate date because it is at that date that an investor makes an investment decision and having the foreign issuer status change over time would create uncertainty. To respond to comments received, we provided guidance in 45-102CP that investors can use information in the offering document or the most recent public disclosure document containing that information to determine foreign issuer status unless the investor has reason to believe that the information in the document is not accurate.
9.	**Date of determination of non-reporting issuer status**	Two commenters support either the distribution date or the date of trade. Two commenters support the distribution date. The commenters are of the view that investors should be provided with certainty at the time of their	We retained the determination of non-reporting issuer status at either the distribution date or the date of trade because it provides flexibility for investors. For example, the option of using the

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
		investment decision as to whether the proposed exemption will be available for the subsequent resale of the securities.	date of trade accommodates security holders of a foreign issuer that was a reporting issuer on the distribution date but is a no longer a reporting issuer on the date of trade. In that situation, the securities would be subject to an indefinite hold period. With this flexibility, security holders of a foreign issuer would be able to avail themselves of the resale provisions in section 2.15, provided that the other conditions of the exemption are met.
10.	**No unusual efforts condition**	Of the four commenters who commented on this condition, two commenters are of the view that this condition creates practical difficulties as the definition of insider varies in different jurisdictions. One of these commenters suggests that we remove the condition because it is not necessary. It is unlikely that a selling security holder will take steps to prepare the market in Canada for a distribution of securities through an offshore market. The inclusion of anti-avoidance language (similar to what has been proposed in Proposed Ontario Securities Commission Rule 72-503 *Distributions Outside of Canada*) would achieve the same objective. Another commenter asks that, if we keep the condition, the CSA provide further explanation as to the policy rationale for this condition. The proposed exemption does not permit a trade to be made through an exchange or market in Canada or to a person or company in Canada, the commenter does not see how preparing the market or creating a demand in Canada raises a potential policy concern. If we keep the condition, two commenters suggest that we provide guidance as to what is meant by "preparing the market" and "no unusual effort". One commenter believes that condition is appropriate and consistent with the policy objectives. First, it protects Canadian investors by ensuring that investors in Canada are not acquiring securities on a foreign market that they would not have been able to acquire directly from existing Canadian shareholders. It also preserves the integrity of the Canadian and global capital markets by discouraging market participants from exploiting gaps in investor protection mechanisms that may exist between different legal regimes. The commenter believes that unusual efforts to prepare the market in Canada, or to create demand in Canada, would effectively defeat (i) the first objective to the extent that, as a result, Canadian investors are successfully enticed to purchase	We removed the "no unusual efforts" condition. We are of the view that selling security holders who wish to rely on the exemption cannot take active steps to sell or create demand for the security in Canada. Any activity undertaken by a selling security holder to sell or create a demand for the security in Canada would be an act in furtherance of a trade and would therefore be considered a "distribution" occurring in Canada. As a result, even without the condition, any selling security holder engaged in these activities in Canada would not be able to rely on the exemptions in sections 2.14 and 2.15. We added further guidance in 45-102CP to clarify that in the context of a trade to a person outside of Canada, a selling security holder cannot sell securities to a person or company outside of Canada if the selling security holder has reason to believe it is acquiring the securities on behalf of a Canadian investor. While all jurisdictions consider avoidance structures to be contrary to the exemptions in sections 2.14 and 2.15, the Alberta Securities Commission and Ontario Securities Commission have included an anti-avoidance provision in their local rules. Please refer to the local annexes of those jurisdictions for further

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
		securities on an exchange or market outside Canada that they could not lawfully purchase directly from the seller within Canada, and (ii) the second objective to the extent that they undermine the integrity of the capital markets by allowing Canadian resale restrictions to be circumvented through cross-border transactions. The commenter believes that in practice the number of situations in which an insider in Canada could successfully prepare the market in Canada, or create demand in Canada, for a foreign issuer's securities may well be quite limited. Nevertheless, even if a remote concern, the commenter agrees that the restriction is appropriate and notes that it is consistent with the restrictions on directed selling efforts in the United States under the SEC regime regulating offshore resales.	information.
11.	**Repeal of existing 2.14 exemption**	One commenter suggests that we repeal the exemption. The commenter submits that circumstances may exist but they would be extremely rare and could be dealt with by using a specific exemption order. Two commenters suggest that we keep existing section 2.14. One of these commenters suggests modifying the exemption. If we repeal section 2.14, three commenters suggest that we include provisions to grandfather previous transactions that benefitted from the exemption.	We considered the comments received and decided to retain section 2.14. To avoid confusion, we renumbered proposed section 2.14.1 to section 2.15. The policy rationale for section 2.14 is consistent with the policy rationale for section 2.15 – to provide an exemption for resale outside of Canada for the securities of an issuer with a minimal connection to Canada. The definition of "foreign issuer" under section 2.15 serves as an alternative to the ownership conditions under section 2.14 for assessing an issuer's connection to Canada. By retaining section 2.14, it would provide a transition for previous exempt distributions to continue to benefit from the exemption and provide a limited exemption for securities of non-reporting Canadian issuers that have a minimal connection to Canada.
12.	**Exemption for Canadian issuers** *Should we consider a similar exemption*	Four commenters encourage the CSA to provide an exemption for the resale of securities of a Canadian issuer outside of Canada. One of these commenters suggests that the exemption would be helpful to issuers whose only connection to Canada is its organization or formation with no other material connection to Canada.	We thank commenters for their feedback. We will consider the comments and suggestions in our broader review of the resale regime in NI 45-102. In the meantime, we will continue to deal with these circumstances through

ITEM	TOPIC AND SUBTOPIC	SUMMARIZED COMMENT	CSA RESPONSE
		Another of these commenters refers to the circumstance where concurrently with foreign public offering by a Canadian issuer, the issuer will offer securities in Canada under a prospectus exemption. Canadian investors would be at a disadvantage compared with foreign investors who participated in the same distribution, as they would be subject to resale restrictions to which the foreign investors would not be subject. One commenter is not supportive because such an exemption may encourage issuers to list outside of Canada and offer securities to Canadian investors without a hold period. This could be an incentive to circumvent Canadian securities law and sell securities to Canadians outside of the Canadian regulatory system by avoiding the prospectus process and resale provisions.	exemptive relief applications.
13.	**Exemption for Canadian issuers** *Suggested conditions to the exemption*	One commenter suggests that we consider a similar exemption for the resale outside of Canada for a Canadian issuer that distributes securities primarily in a foreign jurisdiction without requiring that the issuer become a reporting issuer in Canada. A condition that there be no unusual effort to prepare the market or to create a demand should be included. One commenter submits that an exemption for the resale of securities of a Canadian issuer outside of Canada should be subject to additional conditions or limitations considered necessary for the protection of Canadian investors, and to avoid potential abuses that could bring the capital markets into disrepute. The commenter suggests that we look at the U.S. model for direction on what conditions we could consider for the exemption. Another commenter suggests that, in the case of a listed security, we apply a trading volume test as trading volume is a better proxy for the existence of a significant Canadian market for the securities. Specifically, the exemption would provide that the first trade of securities of a non-reporting issuer is not a distribution if the trade is to a person outside of Canada or through an exchange, or market, outside of Canada.	We thank commenters for their feedback. We will consider the comments and suggestions in our broader review of the resale regime in NI 45-102. In the meantime, we will continue to deal with these circumstances through exemptive relief applications.

ANNEX C

AMENDMENTS TO
NATIONAL INSTRUMENT 45-102 *RESALE OF SECURITIES*

Text boxes in this Instrument located below sections 2.14 and 2.15 refer to local instruments in Alberta and Ontario. These text boxes do not form part of this Instrument.

1. National Instrument 45-102 Resale of Securities is amended by this Instrument.

2. Section 2.14 is amended by adding the following subsection:

(3) This section does not apply in Alberta and Ontario..

In Ontario, section 2.7 of Ontario Securities Commission Rule 72-503 Distributions Outside Canada provides a similar exemption to the exemption in section 2.14 of this Instrument. In Alberta, Alberta Securities Commission Blanket Order 45-519 Prospectus Exemptions for Resale Outside Canada provides a similar exemption to the exemption in section 2.14 of this Instrument.

3. The Instrument is amended by adding the following section:

2.15 First Trades in Securities of a Non-Reporting Foreign Issuer Distributed under a Prospectus Exemption

(1) In this section

"executive officer" means, for an issuer, an individual who is

(a) a chair, vice-chair or president,

(b) a chief executive officer or a chief financial officer, or

(c) in charge of a principal business unit, division or function including sales, finance or production and that fact is disclosed in any of the following documents:

(i) the issuer's most recent disclosure document containing that information that is publicly available in a foreign jurisdiction where its securities are listed or quoted;

(ii) the offering document provided by the issuer in connection with the distribution of the security that is the subject of the trade;

"foreign issuer" means an issuer that is not incorporated or organized under the laws of Canada, or a jurisdiction of Canada, unless any of the following applies:

(a) the issuer has its head office in Canada;

(b) the majority of the executive officers or directors of the issuer ordinarily reside in Canada.

(2) The prospectus requirement does not apply to the first trade of a security distributed under an exemption from the prospectus requirement if all of the following apply:

(a) the issuer of the security was a foreign issuer on the distribution date;

(b) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of the trade;

(c) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

(3) The prospectus requirement does not apply to the first trade of an underlying security if all of the following apply:

(a) the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was distributed under an exemption from the prospectus requirement;

(b) the issuer of the underlying security was a foreign issuer on the distribution date;

(c) the issuer of the underlying security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of trade;

(d) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

(4) This section does not apply in Alberta and Ontario*.*

In Ontario, section 2.8 of Ontario Securities Commission Rule 72-503 Distributions Outside Canada provides a similar exemption to the exemption in section 2.15 of this Instrument. In Alberta, Alberta Securities Commission Blanket Order 45-519 Prospectus Exemptions for Resale Outside Canada provides a similar exemption to the exemption in section 2.15 of this Instrument.

3. Appendix D is amended by adding the following in section 1 after "as well as the following local exemptions from the prospectus requirement:***":***

- section 2.4 of Ontario Securities Commission Rule 72-503 *Distributions Outside Canada*;***.***

4. This Instrument comes into force on June 12, 2018.

ANNEX D

CHANGES TO
COMPANION POLICY 45-102 TO NATIONAL INSTRUMENT 45-102 *RESALE OF SECURITIES*

1. Companion Policy 45-102CP to National Instrument 45-102 Resale of Securities is changed by this Document.

2. The title of the Companion Policy is simplified to read as follows:

COMPANION POLICY 45-102 *RESALE OF SECURITIES*

3. Section 1.1 is changed:

(a) by replacing subsection (2) with the following:

(2) Except for sections 2.1, 2.8, 2.9 and 2.15, Part 2 of NI 45-102 does not apply in Manitoba.***; and***

(b) by adding the following subsection:

(3) Sections 2.14 and 2.15 do not apply in Alberta and Ontario. In Alberta and Ontario, local measures similar to sections 2.14 and 2.15 apply and are found in Alberta Securities Commission Blanket Order 45-519 *Prospectus Exemptions for Resale Outside Canada* and in sections 2.7 and 2.8 of Ontario Securities Commission Rule 72-503 *Distributions Outside Canada*.**.**

4. Subsection 1.2(3) is changed by replacing the second and third sentences with the following:

This includes the further exemptions found in sections 2.14 and 2.15, and the similar exemptions in Alberta and Ontario. For example, if a person or company obtains a discretionary exemption order or ruling that imposes any of the resale restrictions contained in section 2.5, 2.6 or 2.8 on a security that is the subject of the order or ruling, the person or company may rely on section 2.14 or 2.15, or the similar exemptions in Alberta and Ontario, to resell the security.**.**

5. Section 1.9 is changed by replacing the words "section 4 of the Alberta Securities Commission Rules***" with the words "***section 3.1 of the Alberta Securities Commission Rule 45-511 *Local Prospectus Exemptions and Related Requirements*".***

6. Section 1.15 is changed:

(a) by replacing, in the title, the words "of a Non-Reporting Issuer***" with the words "***under Section 2.14***"; and***

(b) by adding the following subsection:

(4) *Bona fide trades outside of Canada* – The exemptions in subsections 2.14(1) and 2.14(2) permit the resale of securities of an issuer in a bona fide trade outside of Canada. The exemptions are each subject to a condition that the trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

In our view, selling security holders who wish to rely on the exemptions may not take steps to sell in Canada by either (1) pre-arranging with a buyer that is a resident of Canada and settling on an exchange or a market outside of Canada or (2) selling securities to a person or company outside of Canada who the selling security holder has reason to believe is acquiring the securities on behalf of a Canadian investor. A selling security holder engaged in activities to sell or create a demand for the security in Canada would not be able to rely on the exemptions in section 2.14.

As with all prospectus exemptions, a person relying on an exemption has to satisfy itself that the conditions to the exemption are met.**.**

7. The Companion Policy is changed by adding the following section after section 1.15:

1.15.1 Resale of Securities under Section 2.15

(1) *Directors and Executive Officers* – The definition of "foreign issuer" in section 2.15 of NI 45-102 uses the terms "directors" and "executive officers". The term "director" is defined in provincial and territorial securities legislation in

Canada and generally means a director of a company or an individual performing a similar function or acting in a similar capacity for any non-corporate issuer.

For a non-corporate issuer, an executive officer is a person who is acting in a capacity with the non-corporate issuer that is similar to that of an executive officer of a company.

(2) *Definition of foreign issuer* – In order to rely on section 2.15, a selling security holder will have to determine if the issuer is a foreign issuer on the distribution date. In some cases, the issuer will provide that information to investors at the time of the offering, perhaps in representations in subscription agreements or in offering materials. If the issuer doesn't provide that information, we defined "foreign issuer" such that a security holder can determine whether an issuer is a foreign issuer by using the information disclosed in the issuer's most recent disclosure document containing that information that is publicly available in a foreign jurisdiction or the offering document provided by the issuer in connection with the distribution of the security that is the subject of the resale. A security holder may rely on this information unless the security holder has reason to believe that it is not accurate.

The term "ordinarily reside" is used to clarify that when an executive officer or director has a temporary residence outside of Canada, such as a vacation home, the executive officer or director would not generally be considered to reside outside of Canada for the purposes of the definition of foreign issuer.

(3) There is no requirement to place a legend on the securities in order to rely on the exemptions in section 2.15 of NI 45-102.

(4) *Bona fide trades outside of Canada* – The exemptions in subsections 2.15(2) and 2.15(3) permit the resale of securities of an issuer in a bona fide trade outside of Canada. The exemptions are each subject to a condition that the trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

In our view, selling security holders who wish to rely on the exemptions may not take steps to sell in Canada by either (1) pre-arranging with a buyer that is a resident of Canada and settling on an exchange or a market outside of Canada or (2) selling securities to a person or company outside of Canada who the selling security holder has reason to believe is acquiring the securities on behalf of a Canadian investor. A selling security holder engaged in activities to sell or create a demand for the security in Canada would not be able to rely on the exemptions in section 2.15.

As with all prospectus exemptions, a person relying on an exemption has to satisfy itself that the conditions to the exemption are met.

8. Section 1.16 is changed by deleting the words "in the jurisdiction of the issuer's principal regulator under National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions****".***

9. These changes become effective on June 12, 2018.

ANNEX E

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. Subsection 8.16(3) is amended by

(a) deleting at the end of paragraph (a) the word "and***", and***

(b) replacing paragraph (b) with the following:

(b) the conditions of one of the following exemptions are satisfied:

(i) except in Alberta and Ontario, section 2.14 or 2.15 of National Instrument 45-102 *Resale of Securities*,

(ii) in Ontario, section 2.7 or 2.8 of Ontario Securities Commission Rule 72-503 *Distributions Outside Canada*,

(iii) in Alberta, exemptions similar to the exemptions set out in subparagraph (i) as made by the securities regulatory authority in Alberta**.**.

In Alberta, Alberta Securities Commission Blanket Order 45-519 Prospectus Exemptions for Resale Outside Canada provides similar exemptions to the exemptions in section 2.14 and 2.15 of National Instrument 45-102 Resale of Securities.

3. This Instrument comes into force on June 12, 2018.

ANNEX F

CHANGES TO
NATIONAL POLICY 11-206 *PROCESS FOR CEASE TO BE A REPORTING ISSUER APPLICATIONS*

1. National Policy 11-206 Process for Cease to be a Reporting Issuer Applications is changed by this Document.

2. The third paragraph of section 14 is changed:

(a) by replacing the words "the number of Canadian securityholders who purchased securities pursuant to a prospection exemption and***" with the words "***whether Canadian security holders who purchased securities pursuant to a prospectus exemption***"; and***

(b) by replacing the last sentence with the following:

The issuer should provide an analysis of whether those Canadian security holders can rely on section 2.14, section 2.15 or any other provision in National Instrument 45-102 *Resale of Securities* to sell their securities following the issuance of the order that the issuer has ceased to be a reporting issuer. In Ontario, similar exemptions to sections 2.14 and 2.15 are found in sections 2.7 and 2.8 of Ontario Securities Commission Rule 72-503 *Distributions Outside Canada*. In Alberta, similar exemptions to sections 2.14 and 2.15 are found in Alberta Securities Commission Blanket Order 45-519 *Prospectus Exemptions for Resale Outside Canada*.*.*

3. These changes become effective on June 12, 2018.

ANNEX G

LOCAL MATTERS

1. Introduction

The purpose of this Annex is to:

- discuss the substance and purpose of the Ontario-only Revisions (as defined below), and
- discuss, to the extent not already covered elsewhere in the CSA Notice, matters required by sections 143.2, 143.3 and 143.8 of the *Securities Act* (Ontario) (the **Act**).

The CSA have made:

- amendments to NI 45-102, and
- related consequential amendments.

The CSA have also made modifications to 45-102CP and consequential changes to NP 11-206. Together, these amendments and modifications are collectively referred to as the **CSA Revisions**.

Please refer to the CSA Notice for a discussion of the substance and purpose of the CSA Revisions.

The Ontario Securities Commission (**OSC** or the **Commission**) has made:

- certain amendments to OSC Rule 72-503 *Distributions Outside Canada* (**OSC Rule 72-503**), and
- changes to Companion Policy 72-503 *Distributions Outside Canada* (**72-503CP**) (collectively, the **Ontario-only Revisions**).

The Ontario-only Revisions are being made to align with the CSA Revisions.

The Ontario-only Revisions are comprised of:

- the relocation of a prospectus exemption found in section 2.14 of NI 45-102 to section 2.7 of OSC Rule 72-503, which will supersede the corresponding prospectus exemption in NI 45-102,
- the introduction of a new prospectus exemption for resale of foreign issuer securities in section 2.8 of OSC Rule 72-503 which was originally published for comment on June 29, 2017 as section 2.14.1 of NI 45-102, and
- the introduction of an anti-avoidance provision that is applicable to resales from Ontario in section 2.9 of OSC Rule 72-503.

2. Ontario-only Revisions

The Ontario-only Revisions introduce into OSC Rule 72-503:

- a prospectus exemption that is substantially the same as the prospectus exemption found in section 2.14 of NI 45-102 which would be applicable to resales of securities outside Canada from Ontario (section 2.7 of OSC Rule 72-503),
- a prospectus exemption that is substantially the same as the new prospectus exemption that is being introduced in section 2.15 of NI 45-102 which would be applicable to resales of securities outside Canada from Ontario (section 2.8 of OSC Rule 72-503), and
- an anti-avoidance provision (section 2.9 of OSC Rule 72-503) which is similar to section 2.6 of OSC Rule 72-503 for both of these new exemptions.

The Ontario-only Revisions substantially harmonize the exemptions found in sections 2.14 and 2.15 of NI 45-102 across all CSA jurisdictions while benefiting Ontario stakeholders by consolidating all of the primary distribution and resale exemptions applicable in Ontario to cross border activities in one instrument.

The Ontario-only Revisions also introduce an anti-avoidance provision that is applicable to resales from Ontario under sections 2.7 and 2.8 of OSC Rule 72-503.

The anti-avoidance provision reinforces the Commission's view that the prospectus exemptions available in sections 2.7 and 2.8 of OSC Rule 72-503 are intended only for bona fide resales being made in good faith outside Canada, and not as part of a plan or scheme to conduct an indirect trade to a person or company in Canada.

The anti-avoidance provision also ensures overall consistency in Ontario's cross-border regime for both: (i) primary distributions outside Canada, and (ii) resales of securities outside Canada.

The Ontario-only Revisions are attached as Schedules 1 and 2 of this Annex.

3. Substance and Purpose of Changes to 45-102CP, NP 11-206 and 72-503CP

The purpose of the changes to 45-102CP is to update 45-102CP in light of the amendments to NI 45-102.

The changes to NP 11-206 are consequential to the amendments to NI 45-102 and OSC Rule 72-503.

The purpose of the changes to 72-503CP is to update 72-503CP in light of the amendments to OSC Rule 72-503.

4. Ministerial Approval

All the rule amendments and other required materials were delivered to the Minister of Finance on March 28, 2018. The Minister may approve or reject these amendments or return them for further consideration. If the Minister approves these amendments or does not take any further action by May 27, 2018, they will come into force on June 12, 2018.

SCHEDULE 1

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 72-503 *DISTRIBUTIONS OUTSIDE CANADA*

1. Ontario Securities Commission Rule 72-503 Distributions Outside Canada is amended by this Instrument.

2. Section 1.1 is amended

(a) by deleting "and***", and***

(b) by adding the following definitions:

"convertible security" has the same meaning as in National Instrument 45-102 *Resale of Securities*;

"exchangeable security" has the same meaning as in National Instrument 45-102 *Resale of Securities*;

"multiple convertible security" has the same meaning as in National Instrument 45-102 *Resale of Securities*; and

"underlying security" has the same meaning as in National Instrument 45-102 *Resale of Securities*.**.**

3. Part 2 is amended by adding the following sections:

2.7 First Trades in Securities of a Non-Reporting Issuer Distributed under a Prospectus Exemption

(1) The prospectus requirement does not apply to the first trade of a security distributed under an exemption from the prospectus requirement if

(a) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of the trade;

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

(i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and

(ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and

(c) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada;

(2) The prospectus requirement does not apply to the first trade of an underlying security if

(a) the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was distributed under an exemption from the prospectus requirement;

(b) the issuer of the underlying security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date of the convertible security, exchangeable security or multiple convertible security, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of the trade;

(c) the conditions in paragraph (1)(b) would have been satisfied for the underlying security at the time of the initial distribution of the convertible security, exchangeable security or multiple convertible security; and

(d) the condition in paragraph (1)(c) is satisfied.

2.8 First Trades in Securities of a Non-Reporting Foreign Issuer Distributed under a Prospectus Exemption

(1) In this section

"executive officer" means, for an issuer, an individual who is

(a) a chair, vice-chair or president,

(b) a chief executive officer or a chief financial officer, or

(c) in charge of a principal business unit, division or function including sales, finance or production and that fact is disclosed in any of the following documents:

(i) the issuer's most recent disclosure document containing that information that is publicly available in a foreign jurisdiction where its securities are listed or quoted;

(ii) the offering document provided by the issuer in connection with the distribution of the security that is the subject of the trade;

"foreign issuer" means an issuer that is not incorporated or organized under the laws of Canada, or a jurisdiction of Canada, unless any of the following applies:

(a) the issuer has its head office in Canada;

(b) the majority of the executive officers or directors of the issuer ordinarily reside in Canada.

(2) The prospectus requirement does not apply to the first trade of a security distributed under an exemption from the prospectus requirement if all of the following apply:

(a) the issuer of the security was a foreign issuer on the distribution date;

(b) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of the trade;

(c) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

(3) The prospectus requirement does not apply to the first trade of an underlying security if all of the following apply:

(a) the convertible security, exchangeable security or multiple convertible security that, directly or indirectly, entitled or required the holder to acquire the underlying security was distributed under an exemption from the prospectus requirement;

(b) the issuer of the underlying security was a foreign issuer on the distribution date;

(c) the issuer of the underlying security

(i) was not a reporting issuer in any jurisdiction of Canada on the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada on the date of trade;

(d) the trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

2.9 Anti-avoidance

The prospectus exemptions in subsections 2.7(1) and (2) and 2.8(2) and (3) are not available with respect to any transaction or series of transactions that is part of a plan or scheme to avoid the prospectus requirements in connection with a trade to a person or company in Canada..

3. This Instrument comes into force on June 12, 2018.

SCHEDULE 2

CHANGES TO
COMPANION POLICY 72-503 *DISTRIBUTIONS OUTSIDE CANADA*

1. Companion Policy 72-503 Distributions Outside Canada is changed by this Document.

2. Part 2 is changed by

(a) replacing the heading "Resale" with "Resales subject to Restricted Period";

(b) adding the following before the heading "The Multijurisdictional Disclosure System" :

Resales of Securities under Section 2.7 of the Rule

For the purposes of section 2.7 of the Rule, in determining the percentage of the outstanding securities of the class or series that are directly or indirectly owned by residents of Canada and the number of owners directly or indirectly that are residents of Canada, an issuer should use reasonable efforts to

(a) determine securities held of record by a broker, dealer, bank, trust company or nominee for any of them for the accounts of customers resident in Canada;

(b) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership; and

(c) assume that a customer is a resident of the jurisdiction or foreign jurisdiction in which the nominee has its principal place of business if, after reasonable inquiry, information regarding the jurisdiction or foreign jurisdiction of residence of the customer is unavailable.

Lists of beneficial owners of securities maintained by intermediaries under SEC Rule 14a-13 under the *1934 Act* or other securities law analogous to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* may be useful in determining the percentages referred to in the above paragraph.

There is no requirement to place a legend on the securities in order to rely on the exemption in section 2.7 of the Rule.

The exemptions in subsections 2.7(1) and 2.7(2) of the Rule permit the resale of securities of an issuer in a *bona fide* trade outside of Canada. The exemptions are each subject to a condition that the trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

In the Commission's view, selling security holders who wish to rely on the exemption may not take steps to sell in Canada by either (1) pre-arranging with a buyer that is a resident of Canada and settling on an exchange or a market outside of Canada or (2) selling securities to a person or company outside of Canada who the selling security holder has reason to believe is acquiring the securities on behalf of a Canadian investor. A selling security holder engaged in activities to sell or create a demand for the security in Canada would not be able to rely on the exemptions in section 2.7 of the Rule. This view is reinforced by the anti-avoidance provision in section 2.9 of the Rule.

As with all prospectus exemptions, a person relying on an exemption has to satisfy itself that the conditions to the exemption are met.

Resales of Securities under Section 2.8 of the Rule

The definition of "foreign issuer" in section 2.8 of the Rule uses the terms "directors" and "executive officers". The term "director" is defined in the *Securities Act* (Ontario) and generally means a director of a company or an individual performing a similar function or acting in a similar capacity for any non-corporate issuer.

For a non-corporate issuer, an executive officer is a person who is acting in a capacity with the non-corporate issuer that is similar to that of an executive officer of a company.

In order to rely on section 2.8, a selling security holder will have to determine if the issuer is a foreign issuer on the distribution date. In some cases, the issuer will provide that information to investors at the time of the

offering, perhaps in representations in subscription agreements or in offering materials. If the issuer doesn't provide that information, a security holder can determine whether an issuer is a foreign issuer by using the information disclosed in the issuer's most recent disclosure document containing that information that is publicly available in a foreign jurisdiction or the offering document provided by the issuer in connection with the distribution of the security that is the subject of the resale. A security holder may rely on this information unless the security holder has reason to believe that it is not accurate.

The term "ordinarily reside" is used to clarify that when an executive officer or director has a temporary residence outside of Canada, such as a vacation home, the executive officer or director would not generally be considered to reside outside of Canada for the purposes of the definition of foreign issuer.

There is no requirement to place a legend on the securities in order to rely on the exemptions in section 2.8 of the Rule.

The exemptions in subsections 2.8(2) and 2.8(3) of the Rule permit the resale of securities of an issuer in a bona fide trade outside of Canada. The exemptions are each subject to a condition that the trade is made through an exchange or a market outside of Canada, or to a person or company outside of Canada.

In the Commission's view, selling security holders who wish to rely on the exemptions may not take steps to sell in Canada by either (1) pre-arranging with a buyer that is a resident of Canada and settling on an exchange or a market outside of Canada or (2) selling securities to a person or company outside of Canada who the selling security holder has reason to believe is acquiring the securities on behalf of a Canadian investor. A selling security holder engaged in activities to sell or create a demand for the security in Canada would not be able to rely on the exemptions in section 2.8 of the Rule. This view is reinforced by the anti-avoidance rule in section 2.9 of the Rule.

As with all prospectus exemptions, a person relying on an exemption has to satisfy itself that the conditions to the exemption are met..

3. These changes become effective on June 12, 2018.

5.1.2 CSA Notice of Amendments Relating to Designated Rating Organizations - Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, National Instrument 33-109 Registration Information, National Instrument 41-101 General Prospectus Requirements, National Instrument 44-101 Short Form Prospectus Distributions, National Instrument 44-102 Shelf Distributions, National Instrument 45-106 Prospectus Exemptions, National Instrument 51-102 Continuous Disclosure Obligations, National Instrument 81-102 Investment Funds and National Instrument 81-106 Investment Fund Continuous Disclosure and Changes to Companion Policy 21-101CP Marketplace Operation and Companion Policy 81-102CP Investment Funds

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice of Amendments Relating to Designated Rating Organizations

Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, National Instrument 33-109 *Registration Information*, National Instrument 41-101 *General Prospectus Requirements*, National Instrument 44-101 *Short Form Prospectus Distributions*, National Instrument 44-102 *Shelf Distributions*, National Instrument 45-106 *Prospectus Exemptions*, National Instrument 51-102 *Continuous Disclosure Obligations*, National Instrument 81-102 *Investment Funds* and National Instrument 81-106 *Investment Fund Continuous Disclosure*

and

Changes to Companion Policy 21-101CP *Marketplace Operation* and Companion Policy 81-102CP *Investment Funds*

March 29, 2018

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are making amendments (the **Amendments**) to:

- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**),
- National Instrument 33-109 *Registration Information* (**NI 33-109**),
- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**),
- National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**),
- National Instrument 44-102 *Shelf Distributions* (**NI 44-102**),
- National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**),
- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**),
- National Instrument 81-102 *Investment Funds* (**NI 81-102**), and
- National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

We are also making changes (the **Changes**) to:

- Companion Policy 21-101CP *Marketplace Operation* (**21-101CP**), and
- Companion Policy 81-102CP *Investment Funds* (**81-102CP**).

The Amendments and the Changes relate to designated rating organizations (**DROs**) and credit ratings of DROs. The text of the Amendments and the Changes is contained in Annexes C to M of this notice.

The Amendments and the Changes are expected to be made by each member of the CSA. In some jurisdictions, Ministerial approvals are required for the Amendments. Provided all necessary ministerial approvals are obtained, the Amendments and the Changes are effective on June 12, 2018. Where applicable, Annex N provides information about each jurisdiction's approval process.

Substance and Purpose

The Amendments and the Changes relate to an application by Kroll Bond Rating Agency, Inc. (**Kroll**) for designation as a DRO.

We are amending NI 44-101 and NI 44-102 to recognize credit ratings of Kroll, but only for the purposes of the alternative eligibility criteria in section 2.6 of NI 44-101 and section 2.6 of NI 44-102 for issuers of asset-backed securities (**ABS**) to file a short form prospectus or shelf prospectus, respectively (the **ABS Short Form Eligibility Criteria**).

The Amendments and Changes also address the following matters (the **Other Matters**):

- To ensure that Kroll credit ratings are only recognized for purposes of the ABS Short Form Eligibility Criteria, we included clarifying language in provisions of NI 31-103, NI 33-109, NI 41-101, NI 45-106, NI 81-102, NI 81-106 and 21-101CP that refer to DROs or credit ratings of DROs.
- We included certain "housekeeping" revisions in the Amendments and the Changes.

Background

Currently, there are four DROs in Canada: S&P Global Ratings Canada (**S&P**), Moody's Canada Inc. (**Moody's**), Fitch Ratings, Inc. (**Fitch**) and DBRS Limited (**DBRS**).

Kroll has filed an application for designation as a DRO. The Ontario Securities Commission (**OSC**) is the principal regulator for the Kroll application. Kroll mainly operates in the United States.

Subject to confirmation and completion of certain matters by Kroll, staff are recommending that Kroll be designated as a DRO, but only for purposes of the ABS Short Form Eligibility Criteria. We are making the Amendments and Changes so that Kroll credit ratings are only recognized for purposes of the ABS Short Form Eligibility Criteria.

See Annex A for further background on, and explanation of, the Amendments and Changes relating to the Kroll application for designation as a DRO.

Summary of Written Comments Received by the CSA

On July 6, 2017, we published a Notice and Request for Comment relating to the Amendments and the Changes (the **July 2017 Materials**). The comment period for the July 2017 Materials ended on October 4, 2017. We received written submissions from one commenter. We have considered the comments received and thank the commenter for their input. The name of the commenter is contained in Annex B of this notice and a summary of their comments, together with our responses, are contained in Annex B of this notice. The comment letter can be viewed 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.

Summary of Changes

We revised the July 2017 Materials in relation to the Amendments and the Changes to include references to successor credit rating organizations if designated under securities legislation. These revisions will allow for future reorganizations of DROs without having to effect further rule and policy amendments. The revisions are reflected in the Amendments and the Changes we are publishing concurrently with this notice. As these changes are not material, we are not republishing the Amendments and the Changes for a further comment period.

Update on proposed amendments to National Instrument 25-101

The July 2017 materials also included proposed amendments to National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101**). We are still considering the proposed amendments to NI 25-101 as a result of the written submissions we received from four commenters, including three existing DROs.

The proposed amendments to NI 25-101 were intended to reflect new requirements for credit rating organizations (**CROs**) in the European Union (**EU**) that must be included in NI 25-101 by June 1, 2018 in order for:

- the EU to continue to recognize the Canadian regulatory regime as "equivalent" for certain regulatory purposes in the EU (**EU equivalency**), and
- credit ratings of a Canadian office of a DRO to continue to be available for use for certain regulatory purposes in the EU.

The proposed amendments to NI 25-101 were also intended to reflect new provisions in the March 2015 version of the Code of Conduct Fundamentals for Credit Rating Agencies of the International Organization of Securities Commissions.

Recent EU developments

The EU regulation on credit rating agencies (the **EU CRA Regulation**) allows credit ratings issued outside the EU to be used for regulatory purposes in the EU when they are either:

- "endorsed" by CROs established in the EU, or
- issued by "certified" CROs.

After the end of the comment period for the July 2017 Materials, on November 17, 2017, the European Securities and Markets Authority (**ESMA**) published final technical guidance on the application of the EU's methodological framework for assessing third country legal and supervisory frameworks for purposes of the EU endorsement regime and the EU equivalence/certification regime (the **Fall 2017 ESMA Publications**).

- In the Fall 2017 ESMA Publications, ESMA indicated that ESMA is now of the view that it is less onerous for a third country's regulatory regime for CROs to meet the requirements for the EU endorsement regime than the EU equivalence/certification regime.
- This represents a change in ESMA's approach to EU equivalency matters under the EU CRA Regulation.
- We have asked ESMA for a formal decision that the current version of NI 25-101 is sufficient for the Canadian regime for DROs to continue to be recognized for the EU endorsement regime after the EU equivalency deadline of June 1, 2018.
- Since the existing DROs in Canada are only relying on the EU endorsement regime, such a formal decision would mean that the CSA would not have to finalize the proposed amendments to NI 25-101 before the EU equivalency deadline of June 1, 2018.
- Consequently, we plan to delay the proposed amendments to NI 25-101 until a later date in 2018. Those amendments would be required in order for the Canadian regime for DROs to be recognized for the EU equivalence/certification regime. Since the existing DROs in Canada are not relying on the EU equivalence/certification regime, there is no urgency to finalize the proposed amendments to NI 25-101 before the EU equivalency deadline of June 1, 2018.

Contents of Annexes

This notice includes the following annexes:

- Annex A sets out background on the Amendments and Changes relating to the Kroll application for designation as a DRO,
- Annex B sets out the name of the commenter and a summary of their comments, together with our responses,
- Annex C sets out the Amendments to NI 31-103,
- Annex D sets out the Amendments to NI 33-109,
- Annex E sets out the Amendments to NI 41-101,
- Annex F sets out the Amendments to NI 44-101,
- Annex G sets out the Amendments to NI 44-102,
- Annex H sets out the Amendments to NI 45-106,
- Annex I sets out the Amendments to NI 51-102,
- Annex J sets out the Amendments to NI 81-102,
- Annex K sets out the Amendments to NI 81-106,

- Annex L sets out the Change to 21-101CP, and
- Annex M sets out the Change to 81-102CP.

Where applicable, Annex N provides additional information relevant for local jurisdictions.

Questions

Please refer your questions to any of the following:

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Annex A

Background on Amendments and Changes Relating to Kroll Application for Designation as a DRO

Kroll application

Kroll has filed an application for designation as a DRO. The OSC is the principal regulator for the Kroll application.

Kroll's application is significant and novel since it is the first designation application from a credit rating organization whose credit ratings have:

- not previously been referred to in CSA rules and policies, and
- not generally been used in the Canadian marketplace.

Kroll mainly operates in the United States, where it is registered as a "nationally recognized statistical rating organization" with the United States Securities and Exchange Commission.

Regulatory approach to Kroll application

Under applicable securities legislation, the OSC can only make a designation for the purpose of allowing an applicant credit rating organization (a **DRO Applicant**) to satisfy:

- a requirement in securities law that a credit rating be given by a DRO, or
- a condition for an exemption under securities law that a credit rating be given by a DRO, (collectively, **Credit Rating Provisions**).

The Credit Rating Provisions serve a "minimum standards" function by establishing minimum levels of credit quality of securities for certain regulatory purposes (e.g., the availability of an exemption or an alternative process in a rule). The Credit Rating Provisions currently refer to specific credit ratings of the four existing DROs. It is therefore appropriate for the principal regulator to consider whether a DRO Applicant's credit ratings can satisfy this minimum standards function for specific Credit Rating Provisions.

This requires the principal regulator to consider the following as part of its designation decision:

- whether the DRO Applicant has sufficient experience and expertise in rating the particular types of securities and issuers covered by specific Credit Rating Provisions; and
- the appropriate credit rating level for the specific Credit Rating Provisions.

As a result, the principal regulator should only make its final designation order in conjunction with appropriate rule and policy amendments being made to the relevant Credit Rating Provisions.

Analysis of Kroll application

Based on the information provided by Kroll, it appears that Kroll has sufficient expertise and experience in rating ABS for purposes of the ABS Short Form Eligibility Criteria. Consequently, subject to confirmation and completion of certain matters, staff anticipate recommending that Kroll be designated as a DRO, but only:

- for the purposes of the ABS Short Form Eligibility Criteria, and
- following Ministerial approval of the Amendments.

At this time, staff do not anticipate recommending that Kroll be designated as a DRO for purposes of other Credit Rating Provisions.

Appropriate rating categories of Kroll for ABS Short Form Eligibility Criteria

Based on the information provided by Kroll, it appears that a Kroll long term credit rating of "BBB" and a Kroll short term credit rating of "K3" are the appropriate rating categories for purposes of the ABS Short Form Eligibility Criteria.

- Under the ABS Short Form Eligibility Criteria, an ABS issuer must have a "designated rating" from a DRO, which would include a long term credit rating at or above "BBB" (for DBRS, Fitch and S&P) or "Baa" (for Moody's).

- As part of its work in determining the appropriate rating categories of Kroll, staff compared a large number of credit ratings of Kroll for numerous ABS issuers in the United States against those of DBRS, Fitch, S&P and Moody's for the same issuers. This work allowed staff to consider whether Kroll regularly gave higher or lower credit ratings than its competitors.

Staff considered the experience of Kroll in rating ABS issuers in the United States to be relevant in determining the appropriate rating categories of Kroll for purposes of the ABS Short Form Eligibility Criteria.

Annex B

Summary of Comments and CSA Responses

We received written submissions from one commenter (The Canadian Advocacy Council for Canadian CFA Institute Societies) on the Amendments and the Changes.

No.	Subject	Summarized Comment	CSA Response
Specific questions relating to Kroll application for designation as a DRO			
1	Do you agree that a Kroll long term credit rating of "BBB" and a Kroll short term credit rating of "K3" would be the appropriate rating categories for purposes of the ABS Short Form Eligibility Criteria?	The commenter submitted that: • The ratings grid relating to the proposed amendments to the definition of "designated rating" in section 1.1 of NI 44-101 seems to imply that a credit rating from one of the DROs is equivalent to the same credit rating from Kroll. • Nonetheless, we do not have sufficient information with respect to the assumptions used by Kroll and the DROs in their rating methodologies for ABS to comment as to whether a Kroll long term rating of "BBB" and a Kroll short term rating of "K3" is equivalent to the credit ratings from the existing DROs. • However, based on its certifications, standards, experience with ABS and its transparency (for example, it makes available on its web site the methodologies and framework used for rating ABS securities), Kroll would appear to be an appropriate choice to rate ABS in Canada.	We thank the commenter for their input. As noted in the July 2017 Materials, • Based on the information provided by Kroll, it appears that a Kroll long term credit rating of "BBB" and a Kroll short term credit rating of "K3" are the appropriate rating categories for purposes of the ABS Short Form Eligibility Criteria. • Under the ABS Short Form Eligibility Criteria, an ABS issuer must have a "designated rating" from a DRO, which would include a long term credit rating at or above "BBB" (for DBRS, Fitch and S&P) or "Baa" (for Moody's). • As part of its work in determining the appropriate rating categories of Kroll, staff compared a large number of credit ratings of Kroll for numerous ABS issuers in the United States against those of DBRS, Fitch, S&P and Moody's for the same issuers. This work allowed staff to consider if Kroll regularly gave higher or lower credit ratings than its competitors. • Staff considered the experience of Kroll in rating ABS issuers in the United States to be relevant in determining the appropriate rating categories of Kroll for purposes of the ABS Short Form Eligibility Criteria.
2	We have considered the experience of Kroll in rating ABS issuers in the United States in determining the appropriate rating categories of Kroll	The commenter submitted that Kroll's experience in the U.S. is relevant in the Canadian marketplace, especially since the market for ABS securities in the U.S. (particularly residential mortgage backed securities and commercial mortgage backed securities) experienced a more severe turmoil in the financial crisis than its Canadian counterpart (save for the asset-backed commercial paper sub-market).	We thank the commenter for their input.

No.	Subject	Summarized Comment	CSA Response
	for purposes of the ABS Short Form Eligibility Criteria. Do you agree that this U.S. experience is relevant to the Canadian marketplace?		
3	Do you think there is an increased potential for rating shopping by ABS issuers if the Proposed Amendments are implemented? If so, why or why is that a concern?	The commenter does not think there is an increased potential for rating shopping by ABS issuers. On the contrary, the commenter submitted that if Kroll is designated as a DRO, it will offer Canadian investors an additional and alternative credit perspective on ABS securities. The commenter also submitted that: • The commenter released a survey of its members in the Americas region with a primary investment practice of fixed income in June 2014, which indicated that 24% of its members believe that removing regulatory requirements for financial firms to rely on ratings altogether would have the biggest positive impact on the reliability of credit ratings. • In addition, 11% of its members believed that new entrants in the market had the biggest positive impact on the reliability of credit ratings. • Approximately 60% of participants in the survey indicated that all rating agency models have conflicts of interest (resulting in part from the issuer-pay model), and that increased transparency and competition would be the best solution. The commenter noted that: • In the U.S., SEC Rule 17g-5 requires NRSROs and certain “arrangers”, including issuers of structured finance products, to disclose to other rating organizations that the arranger is in the process of determining an initial credit rating, and each arranger must make the same information provided to the credit rating organization it hired available to the other rating organizations. • The SEC rule is intended in part to deal with the issue of rate shopping. • More prescriptive disclosure with respect to ratings under consideration, similar to what is specifically mandated by the SEC rule, could assist with additional transparency to the marketplace.	We thank the commenter for their input. At this time, we do not propose to introduce requirements similar to those in SEC Rule 17g-5.

Annex C

Amendments to
National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of* "designated rating" *with the following:

"designated rating" has the same meaning as in paragraph (b) of the definition of "designated rating" in National Instrument 81-102 *Investment Funds*;**.**

3. Section 1.1 is amended by replacing the definition of* "designated rating organization" *with the following:

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

4. Section 1.1 is amended by adding the following definition:

"successor credit rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

5. Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital is amended by replacing subparagraph (a)(i) with the following:

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America or of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is the same as one of the following corresponding rating categories or that is the same as a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

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6. This Instrument comes into force on June 12, 2018.

Annex D

Amendments to
National Instrument 33-109 *Registration Information*

1. National Instrument 33-109 Registration Information is amended by this Instrument.

2. Schedule C of Form 33-109F6 Firm Registration is amended, under the heading "Schedule 1 of Form 31-103F1 Calculation of Excess Working Capital", by replacing subparagraph (a)(i) with the following:

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America or of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is the same as one of the following corresponding rating categories or that is the same as a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

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3. This Instrument comes into force on June 12, 2018.

Annex E

Amendments to
National Instrument 41-101 *General Prospectus Requirements*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of "designated rating organization" with the following:

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

3. Section 1.1 is amended by adding the following definition:

"successor credit rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

4. Section 7.2 is amended,

(a) in subsection (2), by adding "and subject to subsection (2.1),***" after "***Despite subsection (1),***",***

(b) in subsection (2), by replacing "received a rating***" with "***received a credit rating***", and***

(c) by adding the following subsection after subsection (2):

(2.1) If the only credit ratings of the securities referred to in subsection (2) are from Kroll Bond Rating Agency, Inc., its DRO affiliate, any successor credit rating organization of Kroll Bond Rating Agency, Inc. or any DRO affiliate of any successor credit rating organization of Kroll Bond Rating Agency, Inc., subsection (2) does not apply unless the distribution is of asset-backed securities..

5. Subsection 19.1(3) is amended by adding "Alberta and***" before "***Ontario***".***

6. This Instrument comes into force on June 12, 2018.

Annex F

Amendments to
National Instrument 44-101 *Short Form Prospectus Distributions*

1. National Instrument 44-101 Short Form Prospectus Distributions is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of* "designated rating" *with the following:

"designated rating" means the following:

(a) for the purposes of paragraph 2.6(1)(c), a credit rating from a designated rating organization listed in this paragraph, from a DRO affiliate of an organization listed in this paragraph, from a designated rating organization that is a successor credit rating organization of an organization listed in this paragraph or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch Ratings, Inc.	BBB	F3	BBB
Kroll Bond Rating Agency, Inc.	BBB	K3	BBB
Moody's Canada Inc.	Baa	Prime-3	Baa
S&P Global Ratings Canada	BBB	A-3	P-3

(b) except as described in paragraph (a), a credit rating from a designated rating organization listed in this paragraph, from a DRO affiliate of an organization listed in this paragraph, from a designated rating organization that is a successor credit rating organization of an organization listed in this paragraph or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt	Preferred Shares
DBRS Limited	BBB	R-2	Pfd-3
Fitch Ratings, Inc.	BBB	F3	BBB
Moody's Canada Inc.	Baa	Prime-3	Baa
S&P Global Ratings Canada	BBB	A-3	P-3

3. Section 1.1 is amended by replacing the definition of* "designated rating organization" *with the following:

"designated rating organization" means,

(a) if designated under securities legislation, any of

(i) DBRS Limited, Fitch Ratings, Inc., Kroll Bond Rating Agency, Inc., Moody's Canada Inc. or S&P Global Ratings Canada,

(ii) a successor credit rating organization of a credit rating organization listed in subparagraph (i), or

(b) any other credit rating organization designated under securities legislation;.

4. Section 1.1 is amended by adding the following definition:

"successor credit rating organization" means, with respect to a credit rating organization, any credit rating organization that succeeded to or otherwise acquired all or substantially all of another credit rating organization's business in

Canada, whether through a restructuring transaction or otherwise, if that business was, at any time, owned by the first-mentioned credit rating organization;**.**

5. Subsection 8.1(4) is amended by adding "Alberta and***" before "***Ontario***".***

6. This Instrument comes into force on June 12, 2018.

Annex G

Amendments to
National Instrument 44-102 *Shelf Distributions*

1. National Instrument 44-102 Shelf Distributions is amended by this Instrument.

2. Subsection 1.1(1) is amended by adding the following definition:

"designated rating" has,

(a) for the purposes of section 2.6, the meaning ascribed to that term in paragraph (a) of the definition of "designated rating" in NI 44-101, and

(b) except as described in paragraph (a), the meaning ascribed to that term in paragraph (b) of the definition of "designated rating" in NI 44-101;**.**

3. Subsection 11.1(2.1) is amended by adding "Alberta and***" before "***Ontario***".***

4. This Instrument comes into force on June 12, 2018.

Annex H

Amendments to
National Instrument 45-106 *Prospectus Exemptions*

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

2. Section 1.1 is amended by replacing the definition of* "designated rating" *with the following:

"designated rating" has the same meaning as in paragraph (b) of the definition of "designated rating" in National Instrument 81-102 *Investment Funds*;**.**

3. Section 1.1 is amended by replacing the definition of* "designated rating organization" *with the following:

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

4. Section 1.1 is amended by adding the following definition:

"successor credit rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

5. Subsection 2.35(1) is amended by replacing paragraphs (b) and (c) with the following:

(b) the note or commercial paper has a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

(i) R-1(low) - DBRS Limited;

(ii) F1 - Fitch Ratings, Inc.;

(iii) P-1 - Moody's Canada Inc.;

(iv) A-1(Low) (Canada national scale) - S&P Global Ratings Canada;

(c) the note or commercial paper has no credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is below one of the following corresponding rating categories or that is below a category that replaces one of the following corresponding rating categories:

(i) R-1(low) - DBRS Limited;

(ii) F2 - Fitch Ratings, Inc.;

(iii) P-2 - Moody's Canada Inc.;

(iv) A-1(Low) (Canada national scale) or A-2 (global scale) - S&P Global Ratings Canada**.**.

6. The Instrument is amended by adding the following section immediately before section 2.35.2:

Definition applicable to section 2.35.2

2.35.1.1 For the purposes of paragraph 2.35.2(a), a reference to "designated rating organization" includes the DRO affiliates of the organization, a designated rating organization that is a successor credit rating organization of the designated rating organization and the DRO affiliates of such successor credit rating organization**.**.

7. Section 2.35.2 is amended by replacing subparagraphs (a)(i) and (a)(ii) with the following:

(i) it has a credit rating from not less than two designated rating organizations listed below and at least one of the credit ratings is at or above one of the following corresponding rating categories or is at or above a category that replaces one of the following corresponding rating categories:

(A) R-1(high)(sf) - DBRS Limited;

(B) F1+sf - Fitch Ratings, Inc.;

(C) P-1(sf) - Moody's Canada Inc.;

(D) A-1(High)(sf) (Canada national scale) or A-1+(sf) (global scale) - S&P Global Ratings Canada;

(ii) it has no credit rating from a designated rating organization listed below that is below one of the following corresponding rating categories or that is below a category that replaces one of the following corresponding rating categories:

(A) R-1(low)(sf) - DBRS Limited;

(B) F2sf - Fitch Ratings, Inc.;

(C) P-2(sf) - Moody's Canada Inc.;

(D) A-1(Low)(sf) (Canada national scale) or A-2(sf) (global scale) - S&P Global Ratings Canada;**.**

8. Section 2.35.2 is amended by replacing clause (a)(iv)(C) with the following:

(C) the liquidity provider has a credit rating from each of the designated rating organizations providing a credit rating on the short-term securitized product referred to in subparagraph 2.35.2(a)(i), for its senior, unsecured short-term debt, none of which is dependent upon a guarantee by a third party, and each credit rating from those designated rating organizations is at or above the following corresponding rating categories or is at or above a category that replaces one of the following corresponding rating categories:

1. R-1(low) - DBRS Limited;

2. F2 - Fitch Ratings, Inc.;

3. P-2 - Moody's Canada Inc.;

4. A-1(Low) (Canada national scale) or A-2 (global scale) - S&P Global Ratings Canada;**.**

9. This Instrument comes into force on June 12, 2018.

Annex I

Amendments to
National Instrument 51-102 *Continuous Disclosure Obligations*

1. National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.

2. Section 1.1 is amended by repealing the definitions of* "designated rating organization" *and* "DRO affiliate"*.

3. Subsection 13.1(3) is amended by adding "Alberta and***" before "***Ontario***".***

4. This Instrument comes into force on June 12, 2018.

Annex J

Amendments to
National Instrument 81-102 *Investment Funds*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. Section 1.1 is amended by replacing the definition of* "designated rating" *with the following:

"designated rating" means,

(a) for the purposes of paragraph 4.1(4)(b), a designated rating under paragraph (b) of the definition of "designated rating" in National Instrument 44-101 *Short Form Prospectus Distributions*, or

(b) except as described in paragraph (a), a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories, or that is at or above a category that replaces one of the following corresponding rating categories, if

(i) there has been no announcement from the designated rating organization, from a DRO affiliate of the organization, from a designated rating organization that is a successor credit rating organization or from a DRO affiliate of such successor credit rating organization, of which the investment fund or its manager is or reasonably should be aware that the credit rating of the security or instrument to which the designated rating was given may be down-graded to a rating category that would not be a designated rating, and

(ii) no designated rating organization listed below, no DRO affiliate of an organization listed below, no designated rating organization that is a successor credit rating organization of an organization listed below and no DRO affiliate of such successor credit rating organization, has rated the security or instrument in a rating category that is not a designated rating:

Designated Rating Organization	Commercial Paper/Short Term Debt	Long Term Debt
DBRS Limited	R-1 (low)	A
Fitch Ratings, Inc.	F1	A
Moody's Canada Inc.	P-1	A2
S&P Global Ratings Canada	A-1 (Low)	A

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3. Section 1.1 is amended by replacing the definition of* "designated rating organization" *with the following:

"designated rating organization" means, if designated under securities legislation, any of

(a) DBRS Limited, Fitch Ratings, Inc., Moody's Canada Inc. or S&P Global Ratings Canada, or

(b) a successor credit rating organization of a credit rating organization listed in paragraph (a);.

4. Subsection 1.1 is amended by adding the following definition:

"successor credit rating organization" means, with respect to a credit rating organization, any credit rating organization that succeeded to or otherwise acquired all or substantially all of another credit rating organization's business in Canada, whether through a restructuring transaction or otherwise, if that business was, at any time, owned by the first-mentioned credit rating organization;.

5. Subsection 4.1(4.1) is repealed.

6. This Instrument comes into force on June 12, 2018.

Annex K

Amendments to
National Instrument 81-106 *Investment Fund Continuous Disclosure*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

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

"designated rating" has the same meaning as in paragraph (b) of the definition of "designated rating" in National Instrument 81-102 *Investment Funds*;**.**

3. Subsection 1.3(2) is amended by replacing "Terms defined***" with "***Unless defined in section 1.1 of this Instrument, terms defined***".***

4. This Instrument comes into force on June 12, 2018.

Annex L

Change to
Companion Policy 21-101CP *Marketplace Operation*

1. Companion Policy 21-101CP Marketplace Operation is changed by this Document.

2. Subsection 10.1(6) is replaced with the following:

(6) An "investment grade corporate debt security" is a corporate debt security that has a credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is at or above one of the following corresponding rating categories or that is at or above a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	BBB	R-2
Fitch Ratings, Inc.	BBB	F3
Moody's Canada Inc.	Baa	Prime-3
S&P Global Ratings Canada	BBB	A-3

In this subsection,

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

"DRO affiliate" has the same meaning as in National Instrument 25-101 *Designated Rating Organizations*; and

"successor credit rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*..

3. This change becomes effective on June 12, 2018.

Annex M

Change to
Companion Policy 81-102CP *Investment Funds*

1. Companion Policy 81-102CP Investment Funds is changed by this Document.

2. Section 3.1 is deleted.

3. This change becomes effective on June 12, 2018.

Annex N

Ontario Local Matters

The Ontario Securities Commission:

- made the amendments to NI 31-103, NI 33-109, NI 41-101, NI 44-101, NI 44-102, NI 45-106, NI 51-102, NI 81-102 and NI 81-106 (the **Amendments**) pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**), and

- adopted the changes to 21-101CP and 81-102CP (the **Changes**) pursuant to section 143.8 of the Act.

The Amendments and other required materials were delivered to the Minister of Finance on March 27, 2018. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action by May 28, 2018, the Amendments and the Changes will come into force on June 12, 2018.

5.1.3 OSC Notice of Amendments Relating to Designated Rating Organization – Amendments to OSC Rule 33-506 (Commodity Futures Act) Registration Information

OSC Notice of Amendments Relating to Designated Rating Organizations

Amendments to OSC Rule 33-506 (Commodity Futures Act) *Registration Information*

March 29, 2018

Introduction

The Ontario Securities Commission (the **OSC** or **we**) are making amendments (the **Amendments**) to OSC Rule 33-506 (Commodity Futures Act) *Registration Information* (**OSC Rule 33-506**).

The Amendments:

- relate to designated rating organizations (**DROs**) and credit ratings of DROs,
- are being made in conjunction with amendments (the **33-109 Amendments**) to National Instrument 33-109 *Registration Information* (**NI 33-109**), and
- are consequential to, and consistent with, publication today by the Canadian Securities Administrators of a *Notice of Amendments Relating to Designated Rating Organizations*.

Substance and Purpose

The Amendments are consequential in nature to the 33-109 Amendments and would maintain consistency between the form requirements under OSC Rule 33-506 and the form requirements under NI 33-109.

Comments

On July 6, 2017, we published a Notice and Request for Comment relating to the Amendments (the **July 2017 Materials**). The comment period ended on October 4, 2017. We did not receive any written submissions on the Amendments.

Summary of Changes

We revised the July 2017 Materials to include references to successor credit rating organizations if designated under securities legislation. These revisions will allow for future reorganizations of DROs without having to effect further rule amendments. The revisions are reflected in the Amendments we are publishing concurrently with this notice. As these changes are not material, we are not republishing the Amendments for a further comment period.

Approval of the Amendments

The Ontario Securities Commission made the Amendments to pursuant to section 65 of the *Commodity Futures Act* (Ontario).

The Amendments and other required materials were delivered to the Minister of Finance on March 27, 2018. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action by May 28, 2018, the Amendments will come into force on June 12, 2018.

Contents of Annex

Annex A sets out the Amendments.

Questions

Please refer your questions to:

Michael Bennett
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
(416) 593-8079
mbennett@osc.gov.on.ca

Annex A

Amendments to
Ontario Securities Commission Rule 33-506 (Commodity Futures Act) *Registration Information*

1. Ontario Securities Commission Rule 33-506 (Commodity Futures Act) Registration Information is amended by this Instrument.

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

"designated rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;

"DRO affiliate" has the same meaning as in National Instrument 25-101 *Designated Rating Organizations*;

"successor credit rating organization" has the same meaning as in National Instrument 44-101 *Short Form Prospectus Distributions*;**.**

3. Schedule 1 of Schedule C of Form 33-506F6 Firm Registration is amended by replacing subparagraph (a)(i) with the following:

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America and of any other national foreign government (provided those foreign government securities have a current credit rating described in subparagraph (i.1)) maturing (or called for redemption):

within 1 year:	1% of fair value multiplied by the fraction determined by dividing the number of days to maturing by 365
over 1 year to 3 years:	1% of fair value
over 3 years to 7 years:	2% of fair value
over 7 years to 11 years:	4% of fair value
over 11 years:	4% of fair value

(i.1) A credit rating from a designated rating organization listed below, from a DRO affiliate of an organization listed below, from a designated rating organization that is a successor credit rating organization of an organization listed below or from a DRO affiliate of such successor credit rating organization, that is the same as one of the following corresponding rating categories or that is the same as a category that replaces one of the following corresponding rating categories:

Designated Rating Organization	Long Term Debt	Short Term Debt
DBRS Limited	AAA	R-1(high)
Fitch Ratings, Inc.	AAA	F1+
Moody's Canada Inc.	Aaa	Prime-1
S&P Global Ratings Canada	AAA	A-1+

.

4. This Instrument comes into force on June 12, 2018.

Chapter 7

Insider Reporting

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

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

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

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
BMO Ascent Balanced Portfolio
BMO Ascent Conservative Portfolio
BMO Ascent Equity Growth Portfolio
BMO Ascent Growth Portfolio
BMO Ascent Income Portfolio
BMO Asian Growth and Income Class
BMO Asian Growth and Income Fund
BMO Asset Allocation Fund
BMO Balanced ETF Portfolio
BMO Balanced ETF Portfolio Class
BMO Balanced Yield Plus ETF Portfolio
BMO Bond Fund
BMO Canadian Equity Class
BMO Canadian Equity ETF Fund
BMO Canadian Equity Fund
BMO Canadian Large Cap Equity Fund
BMO Canadian Small Cap Equity Fund
BMO Canadian Stock Selection Fund
BMO Concentrated Global Equity Fund
BMO Conservative ETF Portfolio
BMO Core Bond Fund
BMO Core Plus Bond Fund
BMO Covered Call Canada High Dividend ETF Fund
BMO Covered Call Canadian Banks ETF Fund
BMO Covered Call Europe High Dividend ETF Fund
BMO Covered Call U.S. High Dividend ETF Fund
BMO Crossover Bond Fund
BMO Diversified Income Portfolio
BMO Dividend Class
BMO Dividend Fund
BMO Emerging Markets Bond Fund
BMO Emerging Markets Fund
BMO Equity Growth ETF Portfolio
BMO Equity Growth ETF Portfolio Class
BMO European Fund
BMO Extra Income Global Bond Fund
BMO Fixed Income ETF Portfolio
BMO Fixed Income Yield Plus ETF Portfolio
BMO Floating Rate Income Fund
BMO Fossil Fuel Free Fund
BMO FundSelect Balanced Portfolio
BMO FundSelect Equity Growth Portfolio
BMO FundSelect Growth Portfolio
BMO FundSelect Income Portfolio
BMO Global Balanced Fund
BMO Global Diversified Fund
BMO Global Dividend Class
BMO Global Dividend Fund
BMO Global Energy Class
BMO Global Equity Class
BMO Global Equity Fund
BMO Global Growth & Income Fund
BMO Global Infrastructure Fund
BMO Global Low Volatility ETF Class
BMO Global Monthly Income Fund
BMO Global Small Cap Fund
BMO Global Strategic Bond Fund
BMO Greater China Class
BMO Growth & Income Fund
BMO Growth ETF Portfolio
BMO Growth ETF Portfolio Class
BMO Growth Opportunities Fund
BMO Income ETF Portfolio
BMO Income ETF Portfolio Class
BMO International Equity ETF Fund
BMO International Equity Fund
BMO International Value Class
BMO International Value Fund
BMO Japan Fund
BMO Laddered Corporate Bond Fund
BMO LifeStage Plus 2022 Fund
BMO LifeStage Plus 2025 Fund
BMO LifeStage Plus 2026 Fund
BMO LifeStage Plus 2030 Fund
BMO Money Market Fund
BMO Monthly Dividend Fund Ltd.
BMO Monthly High Income Fund II
BMO Monthly Income Fund
BMO Mortgage and Short-Term Income Fund
BMO Multi-Factor Equity Fund
BMO North American Dividend Fund
BMO Precious Metals Fund
BMO Preferred Share Fund
BMO Resource Fund
BMO Retirement Balanced Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Income Portfolio
BMO Risk Reduction Equity Fund
BMO Risk Reduction Fixed Income Fund
BMO SelectClass Balanced Portfolio
BMO SelectClass Equity Growth Portfolio
BMO SelectClass Growth Portfolio
BMO SelectClass Income Portfolio
BMO SelectTrust Balanced Portfolio
BMO SelectTrust Conservative Portfolio
BMO SelectTrust Equity Growth Portfolio
BMO SelectTrust Fixed Income Portfolio
BMO SelectTrust Growth Portfolio
BMO SelectTrust Income Portfolio
BMO Tactical Balanced ETF Fund
BMO Tactical Dividend ETF Fund
BMO Tactical Global Asset Allocation ETF Fund
BMO Tactical Global Bond ETF Fund
BMO Tactical Global Equity ETF Fund
BMO Tactical Global Growth ETF Fund
BMO Target Education 2020 Portfolio
BMO Target Education 2025 Portfolio

BMO Target Education 2030 Portfolio
BMO Target Education 2035 Portfolio
BMO Target Education Income Portfolio
BMO U.S. Dividend Fund
BMO U.S. Dollar Balanced Fund
BMO U.S. Dollar Dividend Fund
BMO U.S. Dollar Equity Index Fund
BMO U.S. Dollar Money Market Fund
BMO U.S. Dollar Monthly Income Fund
BMO U.S. Equity Class
BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
BMO U.S. Equity Plus Fund
BMO U.S. High Yield Bond Fund
BMO U.S. Small Cap Fund
BMO Women in Leadership Fund
BMO World Bond Fund
Principal Regulator - Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated March 23, 2018
NP 11-202 Preliminary Receipt dated March 27, 2018

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
BMO Investments Inc.

Promoter(s):
BMO Investments Inc.

Project #2744768

Issuer Name:
Guardian Balanced Fund
Guardian Balanced Income Fund
Guardian Canadian Bond Fund
Guardian Canadian Equity Fund
Guardian Canadian Equity Select Fund
Guardian Canadian Focused Equity Fund
Guardian Canadian Growth Equity Fund
Guardian Canadian Short-Term Investment Fund
Guardian Canadian Small/Mid Cap Equity Fund
Guardian Emerging Markets Equity Fund
Guardian Equity Income Fund
Guardian Fixed Income Select Fund (formerly, Guardian Private Wealth Bond Fund)
Guardian Fundamental Global Equity Fund
Guardian Global Dividend Growth Fund
Guardian Global Equity Fund
Guardian Growth & Income Fund
Guardian High Yield Bond Fund
Guardian International Equity Fund
Guardian International Equity Select Fund
Guardian Investment Grade Corporate Bond Fund
Guardian Managed Income & Growth Portfolio
Guardian Managed Income Portfolio
Guardian Private Wealth Equity Fund
Guardian Short Duration Bond Fund
Guardian U.S. Equity All Cap Growth Fund
Guardian U.S. Equity Fund
Guardian U.S. Equity Select Fund
Principal Regulator - Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated March 20, 2018
NP 11-202 Preliminary Receipt dated March 21, 2018

Offering Price and Description:
Series I Units

Underwriter(s) or Distributor(s):
Worldsource Financial Management Inc.
Guardian Capital LP
Worldsource Securities Inc.

Promoter(s):
Guardian Capital LP

Project #2742780

Issuer Name:
IG Mackenzie Emerging Markets Pool
IG Mackenzie Global Inflation-Linked Pool
IG Mackenzie Low Volatility Emerging Markets Equity Pool
Principal Regulator - Manitoba

Type and Date:
Preliminary Simplified Prospectus dated March 16, 2018
NP 11-202 Preliminary Receipt dated March 20, 2018

Offering Price and Description:
Series P Mutual Fund Units

Underwriter(s) or Distributor(s):
Investors Group Financial Inc. and Investors Group Securities Inc.

Promoter(s):
I.G. Investment Management Ltd.

Project #2741796

Issuer Name:
IG FI U.S. Large Cap Equity Fund
IG FI U.S. Large Cap Equity Class
Principal Regulator - Manitoba
Type and Date:
Amendment #1 to Annual Information Form dated March 16, 2018
Received on March 21, 2018
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Investors Group Securities Inc.
Investors Group Financial Services Inc.
Promoter(s):
I.G. Investment Management Ltd.
Project #2636137

Issuer Name:
Russell Investments Multi-Factor International Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 21, 2018
Received on March 26, 2018
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #2634928

Issuer Name:
Ninepoint Concentrated Canadian Equity Fund (formerly, Sprott Concentrated Canadian Equity Fund)
Ninepoint Diversified Bond Class (formerly, Sprott Diversified Bond Class)
Ninepoint Diversified Bond Fund (formerly, Sprott Diversified Bond Fund)
Ninepoint Energy Fund (formerly, Sprott Energy Fund)
Ninepoint Enhanced Balanced Class (Sprott Enhanced Balanced Class)
Ninepoint Enhanced Balanced Fund (formerly Sprott Enhanced Balanced Fund)
Ninepoint Enhanced Equity Class (formerly, Sprott Enhanced Equity Class)
Ninepoint Enhanced U.S. Equity Class (formerly, Sprott Enhanced U.S. Equity Class)
Ninepoint Focused Global Dividend Class (formerly, Sprott Focused Global Dividend Class)
Ninepoint Focused U.S. Dividend Class (formerly, Sprott Focused U.S. Dividend Class)
Ninepoint Global Infrastructure Fund (formerly, Sprott Global Infrastructure Fund)
Ninepoint Global Real Estate Fund (formerly, Sprott Global Real Estate Fund)
Ninepoint Gold and Precious Minerals Fund (formerly, Sprott Gold and Precious Minerals Fund
Ninepoint International Small Cap Fund (formerly, Sprott International Small Cap Fund)
Ninepoint Real Asset Class (formerly, Sprott Real Asset Class)
Ninepoint Resource Class (formerly, Sprott Resource Class)
Ninepoint Short-Term Bond Class (formerly, Sprott Short-Term Bond Class)
Ninepoint Short-Term Bond Fund(formerly, Sprott Short-Term Bond Fund)
Ninepoint Silver Equities Class (formerly, Sportt Silver Equities Class)
UIT Alternative Health Fund (formerly UIT Global REIT Fund)
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated March 22, 2018
NP 11-202 Preliminary Receipt dated March 27, 2018
Offering Price and Description:
Series D and I Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Redwood Asset Management Inc.
Ninepoint Partners LP
Project #2745066

Issuer Name:
Evolve Active Core Fixed Income ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 21, 2018
NP 11-202 Receipt dated March 23, 2018
Offering Price and Description:
units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Evolve Funds Group Inc.
Project #2736084

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 #2 to Final Simplified Prospectus dated March 9, 2018
NP 11-202 Receipt dated March 20, 2018
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
Excel Funds Management Inc.
Project #2671952

Issuer Name:
Purpose Alternative Yield Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated March 13, 2018
NP 11-202 Receipt dated March 20, 2018
Offering Price and Description:
ETF units, Class A units, Class F units and Class D units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Purpose Investments Inc.
Project #2644964

Issuer Name:
Redwood Total Return Fund
Redwood High Income Fund
Redwood Global Resource Fund
Redwood Strategic Yield Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 5, 2018
NP 11-202 Receipt dated March 20, 2018
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Aston Hill Asset Management Inc.
Promoter(s):
Logiq Asset Management Ltd.
Project #2611300

Issuer Name:
Redwood MLP & Infrastructure Income Fund
Redwood Resource Growth & Income Fund
Redwood Balanced Income Fund
Redwood Special Opportunities Fund
Redwood Global Opportunities Fund
Redwood Tactical Equity Fund
Redwood Money Market Fund
Redwood Global Balanced Income Fund
Redwood Tactical Credit Fund
Redwood Tactical Bond Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 5, 2018
NP 11-202 Receipt dated March 20, 2018
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Logiq Capital 2016
Project #2633183

Issuer Name:
Sun Life MFS Global Growth Fund
Sun Life MFS Global Value Fund
Sun Life MFS U.S. Growth Fund
Sun Life MFS U.S. Value Fund
Sun Life MFS International Growth Fund
Sun Life MFS International Value Fund
Sun Life Schroder Emerging Markets Fund
Sun Life MFS Global Total Return Fund
Sun Life Milestone 2020 Fund
Sun Life Milestone 2025 Fund
Sun Life Milestone 2030 Fund
Sun Life Milestone 2035 Fund
Sun Life Multi-Strategy Bond Fund
Sun Life MFS Monthly Income Fund
Sun Life Money Market Fund
Sun Life Dynamic Energy Fund
Sun Life Ryan Labs U.S. Core Fixed Income Fund
Sun Life BlackRock Canadian Balanced Class
Sun Life BlackRock Canadian Composite Equity Class
Sun Life BlackRock Canadian Equity Class
Sun Life Money Market Class
Sun Life Dynamic Equity Income Class
Sun Life Dynamic Strategic Yield Class
Sun Life MFS Dividend Income Class
Sun Life Granite Conservative Class
Sun Life Granite Moderate Class
Sun Life Granite Balanced Class
Sun Life Granite Balanced Growth Class
Sun Life Granite Growth Class
Sun Life MFS Canadian Equity Class
Sun Life Sentry Value Class
Sun Life MFS U.S. Growth Class
Sun Life MFS Global Growth Class
Sun Life MFS International Growth Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 9, 2018
NP 11-202 Receipt dated March 26, 2018
Offering Price and Description:
Series A, AH, D,T5, T8, F, FH, F5, F8, I, IH, O, OH securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Sun Life Global Investments (Canada) Inc.
Project #2639053

Issuer Name:
Sun Life Granite Conservative Portfolio
Sun Life Granite Moderate Portfolio
Sun Life Granite Balanced Portfolio
Sun Life Granite Balanced Growth Portfolio
Sun Life Granite Growth Portfolio
Sun Life Granite Income Portfolio
Sun Life Granite Enhanced Income Portfolio
Sun Life Sentry Value Fund
Sun Life Infrastructure Fund
Sun Life Schroder Global Mid Cap Fund
Sun Life Dynamic American Fund
Sun Life Templeton Global Bond Fund
Sun Life Dynamic Equity Income Fund
Sun Life Dynamic Strategic Yield Fund
Sun Life NWQ Flexible Income Fund
Sun Life BlackRock Canadian Equity Fund
Sun Life BlackRock Canadian Balanced Fund
Sun Life MFS Canadian Bond Fund
Sun Life MFS Canadian Equity Growth Fund
Sun Life MFS Canadian Equity Fund
Sun Life MFS Canadian Equity Value Fund
Sun Life MFS Dividend Income Fund
Sun Life MFS U.S. Equity Fund
Sun Life MFS Low Volatility International Equity Fund
Sun Life MFS Low Volatility Global Equity Fund
Sun Life Franklin Bissett Canadian Equity Class
Sun Life Trimark Canadian Class
Sun Life Sionna Canadian Small Cap Equity Class
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 9, 2018
NP 11-202 Receipt dated March 26, 2018
Offering Price and Description:
Series A, T5, T8, F, F5, F8, I, O Securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2715135

NON-INVESTMENT FUNDS

Issuer Name:
Aquinox Pharmaceuticals, Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated March 20, 2018
NP 11-202 Preliminary Receipt dated March 21, 2018
Offering Price and Description:
US$250,000,000.00 - Common Stock, Preferred Stock, Debt Securities, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2742951

Issuer Name:
CannaRoyalty Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2018
NP 11-202 Preliminary Receipt dated March 21, 2018
Offering Price and Description:
$15,000,000.00
3,750,000 Units
Price: $4.00 per Unit
485,625 Incentive Warrants upon Early Exercise of 2017 Warrants
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Beacon Securities Limited
Sprott Private Wealth LP
Mackie Research Capital Corporation
Altacorp Capital Inc.
Infor Financial Inc.
Promoter(s):
Ajknj Corp.
Project #2741815

Issuer Name:
Cinaport Acquisition Corp. II
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus (TSX-V) dated March 23, 2018
NP 11-202 Preliminary Receipt dated March 23, 2018
Offering Price and Description:
$300,000.00 (3,000,000 Common Shares)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Echelon Wealth Partners Inc.
Promoter(s):
Avininder Grewal
Donald Wright
John O'Sullivan
Project #2744361

Issuer Name:
Cronos Group Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2018
NP 11-202 Preliminary Receipt dated March 22, 2018
Offering Price and Description:
$[*]
[*] Common Shares
Price: $[*] per Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Cormark Securities Inc.
Beacon Securities Limited
PI Financial Corp.
Promoter(s):
Alan Friedman
Project #2743424

Issuer Name:
Cronos Group Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated March 22, 2018 to Preliminary Short Form Prospectus dated March 21, 2018
NP 11-202 Preliminary Receipt dated March 22, 2018
Offering Price and Description:
$100,032,000.00
10,420,000 Common Shares
Price: $9.60 per Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Cormark Securities Inc.
Beacon Securities Limited
PI Financial Corp.
Promoter(s):
Alan Friedman
Project #2743424

Issuer Name:
Franchise Holdings International, Inc.
Type and Date:
Preliminary Long Form Prospectus dated March 22, 2018
(Preliminary) Receipted on March 23, 2018
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
Steven Rossi
Project #2744140

Issuer Name:
Graph Blockchain Limited
Type and Date:
Preliminary Long Form Prospectus dated March 19, 2018
(Preliminary) Receipted on March 20, 2018
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
Datametrex AI Limited
Bitnine Global Inc.
Project #2742498

Issuer Name:
IBC Advanced Alloys Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 20, 2018
NP 11-202 Preliminary Receipt dated March 21, 2018
Offering Price and Description:
Up to $3,500,000.00 9.5% Unsecured Debenture Units
- and –
Up to $2,500,000.00 8.25% Unsecured Convertible Debenture Units
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #2742977

Issuer Name:
Nerds On Site Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 23, 2018
NP 11-202 Preliminary Receipt dated March 23, 2018
Offering Price and Description:
Maximum $4,000,000.00 - 11,428,571 Units
Minimum $2,000,000.00 - 5,714,285 Units
Price: $0.35 per Unit
Underwriter(s) or Distributor(s):
Graham Saunders
Promoter(s):
-
Project #2744451

Issuer Name:
Premium Brands Holdings Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2018
NP 11-202 Preliminary Receipt dated March 21, 2018
Offering Price and Description:
$150,000,000.00
4.65% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Cormark Securities Inc.
Canaccord Genuity Corp.
Industrial Alliance Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #2741498

Issuer Name:
Tidal Royalty Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated March 22, 2018
NP 11-202 Preliminary Receipt dated March 22, 2018
Offering Price and Description:
180,000,000 Common Shares and Warrants
on Exercise of 180,000,000 Special Warrants
Price Per Special Warrant: $0.05
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2743947

Issuer Name:
Auryn Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 20, 2018
NP 11-202 Receipt dated March 21, 2018
Offering Price and Description:
US$6,800,001.00
5,230,770 Common Shares
Price: US$1.30 per Common Share
Underwriter(s) or Distributor(s):
Cantor Fitzgerald Canada Corporation
PI Financial Corp.
Canaccord Genuity Corp.
Echelon Wealth Partners Inc.
Haywood Securities Inc.
Promoter(s):
-
Project #2740070

Issuer Name:
Bell Canada
Principal Regulator - Quebec
Type and Date:
Final Shelf Prospectus dated March 20, 2018
NP 11-202 Receipt dated March 20, 2018
Offering Price and Description:
$4,000,000,000
Debt Securities (Unsecured)
Unconditionally guaranteed as to payment of principal, interest and other payment obligations by BCE Inc.
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2740824

Issuer Name:
InterRent Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 21, 2018
NP 11-202 Receipt dated March 21, 2018
Offering Price and Description:
$85,086,000 (8,700,000 trust units) - Price: $9.78 per Offered Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Industrial Alliance Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
Echelon Wealth Partners Inc.
GMP Securities L.P.
Promoter(s):
-
Project #2739419

Issuer Name:
Rogers Sugar Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 21, 2018
NP 11-202 Receipt dated March 21, 2018
Offering Price and Description:
$85,000,000.00 - Seventh Series 4.75% Convertible Unsecured Subordinated Debentures
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:
Sunniva Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 20, 2018
NP 11-202 Receipt dated March 20, 2018
Offering Price and Description:
$25,018,500.00 - 2,566,000 Units
$9.75 per Unit
Underwriter(s) or Distributor(s):
Beacon Securities Limited
Canaccord Genuity Corp
Bloom Burton Securities Inc.
Promoter(s):
-
Project #2738786

Issuer Name:
TransAlta Corporation
Principal Regulator - Alberta (ASC)
Type and Date:
Final Shelf Prospectus dated March 21, 2018
NP 11-202 Receipt dated March 22, 2018
Offering Price and Description:
$2,000,000,000.00
Common Shares
First Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2740372

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	BDT & Company, LLC	Exempt Market Dealer	March 21, 2018
New Registration	IAM Securities Corp	Exempt Market Dealer	March 21, 2018
Change in Registration Category	Manning & Napier Advisors, LLC	From: Portfolio Manager and Exempt Market Dealer To: Portfolio Manager	March 14, 2018
Change in Registration Category	Bloomberg Tradebook Canada Company	From: Investment Dealer and Futures Commission Merchant To: Investment Dealer	March 20, 2018
Consent to Suspension (Pending Surrender)	Metaform Investments Inc.	Exempt Market Dealer and Portfolio Manager	March 23, 2018
New Registration	Kawartha Asset Management Inc.	Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	March 26, 2018

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Aequitas NEO Exchange Inc. – Amendments to Trading Policies – Request for Comment

Aequitas NEO Exchange Inc. ("NEO Exchange") is publishing proposed amendments (the "Proposed Amendments") to the NEO Exchange trading policies (the "Trading Policies") in accordance with Schedule 5 to its recognition order, as amended.

The Proposed Amendments include:

- Changes to matching priorities across all NEO Exchange trading books so that the market maker volume allocation will no longer have priority over NEO Trader™ Orders, to reduce unnecessary intermediation;
- Amendments to support the implementation of a separate dark book (now referred to as NEO-D) with features slightly revised from those that were originally planned; and
- Removal of references to certain functionality that was originally contemplated but never implemented.

A copy of the NEO Exchange notice including the Proposed Amendments to the Trading Policies is published on our website at www.osc.gov.on.ca.

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