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

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NOTICE OF MINISTERIAL APPROVAL OF MEMORANDUM OF UNDERSTANDING

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

On April 27, 2018, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the Memorandum of Understanding entered into with the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and Deutsche Bundesbank concerning regulatory cooperation related to the supervision and oversight of clearing agencies operating as central counterparties in Ontario and Germany (the "MOU").

The MOU provides a comprehensive framework for consultation, cooperation and information-sharing related to the day-to-day supervision and oversight of clearing agencies operating as central counterparties and enhances the OSC's ability to supervise these entities.

The MoU came into effect on April 27, 2018. The MoU was published in the Bulletin on March 8, 2018 at (2018), 41 OSCB 1806.

Questions may be referred to:

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1.2 Notices of Hearing

1.2.1 Harald Seemann et al. – ss. 127, 127.1

FILE NO.: 2018-19

IN THE MATTER OF
HARALD SEEMANN, JENS BRANDT, and KARL PAWLOWICZ

NOTICE OF HEARING
Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: May 7, 2018 at 10:00 a.m.

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

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated May 3, 2018, between Staff of the Commission and Harald Seemann in respect of the Statement of Allegations filed by Staff of the Commission dated May 3, 2018.

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 3rd day of May, 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.

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Wayne Loderick Bennett – ss. 127(1), 127(10)

FILE NO.: 2018-24

IN THE MATTER OF
WAYNE LODERICK BENNETT

NOTICE OF HEARING
Subsections 127(1) and 127(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 May 1, 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.

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Dated at Toronto this 2nd day of May, 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
WAYNE LODERICK BENNETT

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 Wayne Loderick Bennett (**Bennett** or the **Respondent**) that:

      i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities or derivatives by Bennett cease permanently, except that this order does not preclude Bennett from trading in securities or derivatives through a registrant (who has first been given copies of the Order of the Alberta Securities Commission (the **ASC**) dated November 22, 2017 (the **ASC Order**), the Agreed Statement of Facts and Admissions dated July 21, 2017 (the **Statement**), and a copy of the order in this proceeding, if granted), in one registered retirement savings plan, one registered retirement income fund, one tax-free savings account (as defined in the *Income Tax Act* (Canada)) and one locked-in retirement account, each for the benefit of one or more of Bennett and his spouse;

      ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Bennett cease permanently, except that this order does not preclude Bennett from purchasing securities through a registrant (who has first been given copies of the ASC Order, the Statement, and a copy of the order in this proceeding, if granted), in one registered retirement savings plan, one registered retirement income fund, one tax-free savings account (as defined in the *Income Tax Act* (Canada)) and one locked-in retirement account, each for the benefit of one or more of Bennett and his spouse;

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

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

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

      vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Bennett 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. Bennett is subject to the ASC Order, which imposes sanctions, conditions, restrictions or requirements upon him.

4. In its findings on liability dated November 22, 2017 (the **Findings**) a panel of the ASC (the **ASC Panel**) found that Bennett engaged in an illegal distribution of securities, contrary to section 110 of the Alberta *Securities Act*, RSA 2000 c S-4 (the **Alberta Act**), and made misleading statements and prohibited representations in respect of those securities, contrary to sections 92(4.1) and 92(3)(b) of the Alberta Act.

(i) The ASC Proceedings

Agreed Statement of Facts and Admissions

5. During the course of the ASC proceedings, Bennett and ASC Staff entered into the Statement. Bennett made admissions therein concerning the allegations of illegal distribution, misleading statements and prohibited representations against him by ASC Staff. A summary of the Statement and the ASC Panel's Findings is set out below.

Background

6. The conduct for which Bennett was sanctioned occurred between September 8, 2010 and September 8, 2016 (the **Material Time**).

7. As of the date of the Findings, Bennett was an Alberta resident. Bennett was not registered with the ASC in any capacity during the Material Time.

8. Bennett was the founder, president, sole director, a shareholder and the guiding mind of Environmental Sentry Services Inc., also known as Environmental Sentry Services, Inc. (**ESSI**), from its incorporation until early 2016, when he resigned his positions as director and officer.

9. ESSI was in the business of manufacturing and distributing hydrocarbon remediation products to aid in the recovery of petroleum spills. ESSI, a federally incorporated Canadian company, has never been registered nor filed a prospectus or offering memorandum, with the ASC.

10. During the Material Time, Bennett directly and indirectly raised approximately $3.8 million for ESSI by distributing Class "A" common shares and debentures to at least 100 investors in Alberta and Ontario.

11. Approximately half of the capital raised for ESSI during the Material Time was raised in reliance on the "close-connection" exemption under section 2.5 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**), and the other half raised in reliance on the accredited investor exemption under section 2.3 of NI 45-106. However, most investors did not qualify for the exemptions relied upon.

12. ESSI's most heavily touted products were known as "Smart Crumbs" and "Aqua Fiber," both of which absorbed hydrocarbons from the environment. Bennett admitted to having caused ESSI's promotional material to represent that ESSI held various patents and patents pending for its products. Bennett's representations related to six patents, all but one of which were registered in either Canada or the United States. Pursuant to the Statement, ESSI did not hold any of these patents as of March 2015; three patents had been registered in the name of WLB Holdings Limited (**WLB**), and two other patents were registered in ESSI's name but had been transferred to WLB on February 25, 2015 for nominal consideration. Bennett was the sole director and majority shareholder of WLB, an Alberta-incorporated entity.

13. Bennett admitted that statements in ESSI's promotional materials distributed to prospective investors were misrepresentations and did not disclose that (i) ESSI did not own all of the patents and patents pending, and (ii) ESSI's primary products and intellectual property, being Smart Crumbs and Aqua Fiber, were either not owned by ESSI or not protected by patents.

14. Further, Bennett also admitting to telling prospective investors that ESSI would be going public and would be listed on the Toronto Stock Exchange, when neither he nor ESSI had received permission from the ASC's Executive Director to do so, nor approval or consent from any exchange to list ESSI's securities.

15. The ASC Panel noted that with respect to ESSI investors, there was no indication of potential recovery of their investments as at the time of the ASC proceedings.

ASC Findings – Conclusions

16. In its Findings, the ASC Panel concluded, consistent with the Statement, that:

    (a) Bennett engaged in an illegal distribution of securities, contrary to section 110 of the Alberta Act;

    (b) Bennett made misleading statements to investors in respect of ESSI securities, contrary to section 92(4.1) of the Alberta Act; and

    (c) Bennett made prohibited statements to investors in respect of ESSI securities, contrary to section 92(3)(b) of the Alberta Act.

(ii) The ASC Order

17. The ASC Order imposed the following sanctions, conditions, restrictions or requirements upon Bennett:

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

    ii. with permanent effect:

        a. under ss. 198(1)(b) and (c) of the Alberta Act, he must cease trading in or purchasing securities or derivatives, and all of the exemptions contained in Alberta securities laws do not apply to him, except that these orders do not preclude Bennett from trading in or purchasing securities or derivatives through a registrant (who has first been given a copy of the ASC Order and the Statement) in one registered retirement savings plan, one registered retirement income fund, one tax-free savings account (as defined in the *Income Tax Act* (Canada)) and one locked-in retirement account, each for the benefit of one or more of him and his spouse;

        b. under ss. 198(1)(c.1), (e.1), (e.2) and (e.3) of the Alberta Act, he is prohibited from engaging in investor relations activities, from advising in securities or derivatives, from becoming or acting as a registrant, investment fund manager or promoter, and from acting in a management or consultative capacity in connection with activities in the securities market;

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

    iii. under s. 199 of the Alberta Act, he must pay to the ASC an administrative penalty of $50,000; and

    iv. under s. 202 of the Alberta Act, he must pay to the ASC $30,000 of the costs of the ASC's investigation and hearing.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

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

19. 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.

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

21. 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 1st day of May, 2018.

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1.3.2 Harald Seemann et al. – ss. 127, 127.1

FILE NO.: 2018-19

IN THE MATTER OF
HARALD SEEMANN,
JENS BRANDT, and
KARL PAWLOWICZ

NOTICE OF HEARING
Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Enforcement Proceeding

HEARING DATE AND TIME: At a date to be determined by a Notice from the Office of the Secretary

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

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the orders requested in the Statement of Allegations filed by Staff of the Commission on May 3, 2018.

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

REPRESENTATION

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

FAILURE TO ATTEND

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

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Dated at Toronto this 3rd day of May, 2018

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IN THE MATTER OF
HARALD SEEMANN,
JENS BRANDT AND
KARL PAWLOWICZ

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

A. ORDERS SOUGHT

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

   (a) that trading in any securities or derivatives by Harald Seemann ("Seemann"), Jens Brandt ("Brandt") and Karl Pawlowicz ("Pawlowicz") (collectively the "Respondents"), cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5, as amended (the "Act");

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

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

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

   (e) that each of the Respondents resign any position he holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

   (f) that each of the Respondents be prohibited from being or acting as a director or officer permanently or for such period as is specified by the Commission, pursuant to paragraph 8 of subsection 127(1) of the Act;

   (g) that each of the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

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

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

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

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

B. FACTS

2. Enforcement Staff make the following allegations of fact:

Overview

3. The Respondents engaged in manipulative trading in shares of Big Rock Labs Inc. ("BLA"). In doing so, the Respondents created a misleading appearance of market activity in an attempt to generate interest and create liquidity in BLA shares, and to sell BLA shares at beneficial prices. By engaging in such behaviour, the Respondents interfered with the free and fair operation of the market.

4. Ensuring that market participants do not manipulate the market for the shares of a company is essential in achieving the purposes of the Act of protecting investors from unfair, improper or fraudulent practices and fostering fair and efficient capital markets and confidence in capital markets.

5. The Respondents' manipulative trading of BLA shares occurred between June 2014 and June 2015 (the "Material Time").

6. Seemann, the founder of BLA, was the directing mind of the manipulative trading of BLA shares. Through the use of his own trading accounts and those of others, Seemann employed a number of different strategies to manipulate the market for BLA shares, all of which resulted in or contributed to a misleading appearance of trading activity in, and an artificial price for BLA shares.

7. Pawlowicz was the Chief Executive Officer ("CEO") of BLA during the Material Time. Pawlowicz participated in the manipulative trading of BLA shares by providing Seemann with access to, and allowing him to trade, BLA shares in his Questrade accounts. Pawlowicz also engaged in manipulative trading by placing a bid for BLA shares in his Toronto Dominion Bank ("TD") trading account as directed by Seemann as Seemann did not have access to Pawlowicz's TD account.

8. Brandt also participated in the manipulative trading of BLA shares by engaging in match and pre-arranged trading, as directed by Seemann.

The Respondents

9. BLA is a public company which was incorporated in British Columbia in April 2014. Its shares are listed on the Canadian Securities Exchange ("CSE") and the Frankfurt Stock Exchange ("FSE"). BLA is a reporting issuer in Ontario with its registered address in Toronto. In 2014, BLA was a technology company which specialized in digital product research and development. BLA did not earn any revenue during the Material Time.

10. In 2016 and 2017, BLA tried to change its business numerous times, from technology development to real estate and then to energy resources. In November 2017, BLA changed its name to Blox Labs Inc. In December 2017, it entered into a partnership with an arms-length third party, and commenced development of a blockchain based smart contract supply chain management platform for the legalized cannabis industry.

11. Seemann is a resident of Ontario. During the Material Time, Seemann was the founder, Chief Financial Officer ("CFO") and a director of BLA. Seemann has never been registered with the Commission in any capacity.

12. Pawlowicz is a resident of Ontario. During the Material Time, he was the CEO and a director of BLA. Pawlowicz has never been registered with the Commission in any capacity.

13. Brandt is a resident of Ontario. Brandt met and became an acquaintance of Seemann in 2008. In October 2014, Brandt became a director of BLA. Since August 2016, he has been the CFO of BLA. Brandt has never been registered with the Commission in any capacity.

Seemann – Manipulative Trading in BLA shares

14. Seemann was the directing mind of BLA. Seemann was responsible for having the BLA shares listed on the CSE and the FSE. Seemann solicited the services of Bankhaus Scheich Wertpapierspezialist AG ("Bankhaus Scheich") to assist him with the listing of BLA shares on the FSE. Bankhaus Scheich performed market making activities for BLA on both the CSE and FSE during the Material Time.

15. From June 2014 to June 2015, Seemann engaged in manipulative trading of BLA shares. Specifically, Seemann executed orders and trades in BLA shares using: (i) five accounts under his name and the name of his spouse; and (ii) six accounts of four other insiders of BLA, including Pawlowicz (the "Other Insiders").

16. Seemann encouraged the Other Insiders to open trading accounts at Questrade during the Material Time and each of the Other Insiders did so. Seemann then obtained the log-in information and the verbal consent of the Other Insiders to enter orders and execute trades in these accounts. Seemann used the accounts of the Other Insiders to carry out the manipulative trading described below.

17. During the Material Time, Seemann also engaged in pre-arranged trading with Brandt and with his father-in-law, JR, which resulted in or contributed to a misleading appearance of trading activity in BLA shares.

18. Seemann's trading activities reflected the following:

(a) Dominance

19. In June 2014, by trading through his accounts, his spouse's accounts and the accounts of the Other Insiders, and by co-ordinating pre-arranged trading with Brandt and JR (collectively "the Seemann Trading Group"), Seemann dominated the entire BLA market, accounting for 100% of the buy side volume and 99.7% of the sell side volume. On five of the six days when BLA shares traded in the month of June 2014, accounts owned by members of the Trading

Group were buying or selling the BLA shares among each other at the same price of $0.30. This resulted in a false appearance of trading activity and volume of BLA shares.

20. Between July 1, 2014 and July 16, 2014, trading by the Seemann Trading Group again dominated the entire BLA market, accounting for 63% of the buy side volume and 97% of the sell side volume. On three of the six days when the BLA shares traded between July 1, 2014 and July 16, 2014, accounts owned by members of the Seemann Trading Group were buying and selling the BLA shares among each other at prices between $0.35 and $0.42 through pre-arranged trading. This resulted in a false appearance of trading activity and volume of BLA shares.

(b) Wash and Match Trading

21. In June and July 2014, Seemann orchestrated pre-arranged trading through match trades. On June 9, 2014, Seemann executed one buy order for 128,182 BLA shares in his spouse's Scotia iTrade TFSA and one sell order, also for 128,182 BLA shares in his spouse's Scotia iTrade margin account, at the same time. This resulted in a wash trade which was cancelled by Scotia iTrade.

22. After this trade was cancelled, Seemann pre-arranged for the sale of BLA shares from his spouse to his father-in-law, JR. On June 10, 2014, JR bought 103,300 BLA shares which were sold from Seemann's spouse's iTrade margin account. This match trade was directed by Seemann. On the same day, Seemann was questioned by Scotia iTrade about whether this trade was arranged as the shares were purchased by JR, his father-in-law.

23. In June 2014, Seemann also engaged in match trading with Brandt. On the evening of June 10, 2014, there were two telephone calls between Seemann and Brandt, which were followed by Brandt's purchase of 145,200 BLA shares which were sold from Seemann's spouse's margin account on June 12 and 13, 2014.

24. On June 15, 2014, there was another telephone call between Brandt and Seemann, which was followed by the sale of 128,182 BLA shares from Brandt to Seemann's spouse's Scotia iTrade TFSA account, just after the opening of the market on June 16, 2014. The telephone calls between Seemann and Brandt on June 10 and 15, 2014 were the only three phone calls made between the two of them during the entire month of June.

25. On July 7, 2014, Brandt entered a buy order for 5,000 BLA shares at $0.35 in his Questrade TFSA trading account and established the National Best Bid ("NBB"), which had previously been $0.29. Approximately 19 minutes later, Seemann placed a sell order in his spouse's Scotia iTrade margin account for exactly the same volume of BLA shares and at the same price and traded against Brandt's buy order.

26. On July 11, 2014, Brandt entered a buy order for 8,000 BLA shares at $0.40 in his TFSA trading account and established the NBB, which had previously been $0.36. Just one minute later, Seemann placed a sell order in his spouse's Scotia iTrade margin account for exactly the same volume of BLA shares and at the same price and traded against Brandt's buy order.

27. On July 28, 2014, Brandt entered a buy order for 15,000 BLA shares at $0.55 in his spouse's Questrade TFSA trading account. Less than three minutes later, Seemann placed a sell order in his spouse's Scotia iTrade margin account for exactly the same volume of BLA shares and at the same price and traded against Brandt's buy order. This set the high closing trade, an improvement of $0.01 from the previous trading day.

(c) Seemann's Passive Trading Strategy

28. In addition to making match trades, in June and July 2014, Seemann employed a passive trading strategy with respect to BLA shares which involved multiple entries and amending and cancelling Good Till Cancel ("GTC") orders with a 30 day expiration period on both sides of the market. The majority of these orders were entered by Seemann through his accounts or by him through his spouse's accounts. The GTC orders were entered at different price levels and outside the market spread resulting in:

    (a) multiple orders being placed in the market in the pre-opening and setting the market spread at the opening;

    (b) improving the market spread during the course of the trading day to the price level at which Seemann planned to sell the BLA shares; and

    (c) further improving the market after the trades occurred, to accommodate the execution of the same type of trading the following day at an improved price range.

(d) Seemann's Active Trading Strategy

29. From July 16, 2014 to December 2014, Seemann continued to employ the passive trading strategy to line the market and improve the market spread for BLA shares. In addition, during this time, Seemann engaged in another form of market manipulation, including, but not limited to practices known as intraday spoofing.

30. Intraday spoofing involves the use of non-bona fide orders, or orders that the trader does not intend to have executed, to induce others to buy or sell the security at a price not representative of actual supply or demand. More specifically, a trader places a non-bona fide buy (or sell) order, which, if followed by another market participant, the trader will then enter a number of non-bona fide buy (or sell) orders for the purpose of attracting interest to that side of the order book. These non-bona fide orders are not intended to be executed. The purpose of these non-bona fide orders is to create a false impression of interest on that side of the order book. The trader will then enter an order for execution on the other side of the market at the better price.

31. More specifically, commencing on July 16, 2014, the German market maker, Bankhaus Scheich became active on the buy side on the CSE with respect to BLA shares. Seemann was aware of Bankhaus Scheich's trading strategy, which was to short BLA on the FSE and buy long on the CSE. Seemann took advantage of Bankhaus Scheich by engaging in intraday spoofing. He lined the book on the CSE with buy orders and baited Bankhaus Scheich to join his order on the NBB. Once Bankhaus Scheich joined the NBB, Seemann cancelled or amended his bid and, within a short time period, he would switch sides of the market and place a sell order and trade against Bankhaus Scheich's bid.

32. As a result of Seemann's trading pattern, in July 2014, BLA's share price increased by 54%, from $0.29 to $0.63. Seemann continued to engage in intraday spoofing during the period of August to November 2014. During this time, BLA's share price increased month-to-month from $0.75 to $1.24. In December 2014, BLA's share price continued to rise, closing at $1.50 by the end of the month.

(e) High Closing

33. Seemann also engaged in the high closing of BLA shares. In particular:

    (a) on the 19 trading days in July 2014, Seemann set the high closing trade on five days on up-ticks between $0.01 to $0.06;

    (b) on the 21 trading days in September 2014, Seemann set the high closing trade on two days on up-ticks between $0.01 to $0.04;

    (c) on the 22 trading days in October 2014, Seemann set the high closing trade on two days. The high closing on October 30 was on an up-tick of $0.27;

    (d) on the 20 trading days in November 2014, Seemann set the high closing trade on three days on up-ticks between $0.01 and $0.10; and

    (e) on the 21 trading days in December 2014, Seemann set the high closing trade on two days on up-ticks between $0.06 and $0.09.

Seemann Acted Contrary To the Public Interest

34. As the founder, an officer and a director of BLA, Seemann was ultimately responsible for BLA's compliance with Ontario securities legislation. Seemann's conduct of engaging in manipulative trading of BLA shares, including the use of his spouse's and the Other Insiders' trading accounts, completely failed to meet the standard expected of an officer and director participating in Ontario's capital markets.

Pawlowicz – Manipulative Trading in BLA shares

35. Pawlowicz was directed by Seemann to and did open two trading accounts at Questrade. Pawlowicz then provided Seemann with his log-in information and consent to conduct trading activity in these two trading accounts at Questrade. Seemann used his access to Pawlowicz's trading accounts, as well as his access to the accounts of the Other Insiders, to engage in a course of conduct which manipulated the market for BLA shares. Pawlowicz was aware that Seemann held the log-in information to the accounts of the Other Insiders and was aware that Seemann was trading through the accounts of the Other Insiders, as well as through his own Questrade accounts.

36. Pawlowicz also held a cash trading account at TD. Seemann did not have access to Pawlowicz's TD account. During the Material Time, Seemann instructed Pawlowicz, the CEO of BLA, to place a bid for BLA shares on the market

through his TD account and then to advise Seemann that the bid had been made. As instructed by Seemann, Pawlowicz placed the bid for BLA shares. Seemann told Pawlowicz to place bids in an attempt to show that there was an interest in buying BLA shares. Pawlowicz followed Seemann's instructions.

Pawlowicz Acted Contrary To the Public Interest

37. As the CEO and a director of BLA, Pawlowicz was also responsible for BLA's compliance with Ontario securities legislation. Pawlowicz's conduct of: (i) participating in manipulative trading of BLA shares by providing Seemann with access to and use of his trading accounts; and (ii) placing orders for BLA shares in his TD account at the direction of Seemann, completely failed to meet the standard expected of an officer and director participating in Ontario's capital markets.

Brandt – Manipulative Trading in BLA shares

38. In June and July 2014, Brandt engaged in manipulative trading of BLA shares at the direction of Seemann by making match trades, as described above in paragraphs 23-27.

39. As well as the match trading, in June and July 2014, Brandt also engaged in placing additional GTC sell orders outside the market spread (non-tradable orders) to support Seemann's orders in lining the book which created a false impression of trading activity in BLA shares.

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

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

    (a) By their conduct, each of the Respondents, directly or indirectly, engaged or participated in an act, practice or course of conduct relating to securities that they knew or reasonably ought to know, resulted in or contributed to a misleading appearance of trading activity in, or an artificial price for a security contrary to subsection 126.1(1)(a) of the Act and therefore was conduct contrary to the public interest;

    (b) Seemann engaged in conduct contrary to the public interest by directing the manipulative trading of BLA shares, using the trading accounts of others to engage in manipulative trading and by failing to adhere to the high standard expected of him as an officer or director of an issuer; and

    (c) Pawlowicz engaged in conduct contrary to the public interest by providing access to his trading accounts to Seemann and by failing to adhere to the high standard expected of him as an officer or director of an issuer.

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

DATED at Toronto, Ontario, this 3rd day of May, 2018.

1.5 Notices from the Office of the Secretary

1.5.1 Wayne Loderick Bennett

FOR IMMEDIATE RELEASE
May 2, 2018

WAYNE LODERICK BENNETT,
File No. 2018-24

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 May 2, 2018 and Statement of Allegations dated May 1, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.2 Donna Hutchinson et al.

FOR IMMEDIATE RELEASE
May 3, 2018

DONNA HUTCHINSON,
CAMERON EDWARD CORNISH,
DAVID PAUL GEORGE SIDDERS and
PATRICK JELF CARUSO

TORONTO – The Commission issued its Oral Reasons for Approval of Settlement in the above named matter.

A copy of the Oral Reasons for Approval of Settlement dated April 24, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.3 Harald Seemann et al.

FOR IMMEDIATE RELEASE
May 3, 2018

HARALD SEEMANN,
JENS BRANDT AND
KARL PAWLOWICZ,
File No. 2018-19

TORONTO – The Office of the Secretary issued a Notice of Hearing on May 3, 2018 setting the matter down to be heard on a date to be determined by a Notice from the Office of the Secretary in the above named matter. The hearing will be held on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated May 3, 2018 and Statement of Allegations dated May 3, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.4 Harald Seemann et al.

FOR IMMEDIATE RELEASE
May 3, 2018

HARALD SEEMANN,
JENS BRANDT AND
KARL PAWLOWICZ,
File No. 2018-19

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Harald Seemann in the above named matter.

The hearing will be held on May 7, 2018 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated May 3, 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)

1.5.5 Money Gate Mortgage Investment Corporation et al.

FOR IMMEDIATE RELEASE
May 7, 2018

MONEY GATE MORTGAGE INVESTMENT CORPORATION, MONEY GATE CORP., MORTEZA KATEBIAN and PAYAM KATEBIAN, File No. 2017-79

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on May 9, 2018 at 10:00 a.m. will be heard on May 9, 2018 at 8:30 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.6 Harald Seemann et al.

FOR IMMEDIATE RELEASE
May 7, 2018

HARALD SEEMANN, JENS BRANDT AND KARL PAWLOWICZ, File No. 2018-19

TORONTO – The Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Harald Seemann in the above named matter.

A copy of the Order dated May 7, 2018, Settlement Agreement dated May 3, 2018 and Oral Reasons for Approval of a Settlement dated May 7, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.7 Lynne Rae Nickford (aka Lynne Rae Zlotnik dba Lynne Zlotnik Wealth Management)

FOR IMMEDIATE RELEASE
May 8, 2018

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

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

A copy of the Reasons and Decision and the Order dated May 7, 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 Norrep Capital Management Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval for indirect change of control of manager under s. 5.5(1)(a.1) of National Instrument 81-102 Investment Funds – Proposed Merger will result in an indirect change of control of the investment fund manager.

Applicable Legislative Provisions

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

Citation: *Re Norrep Capital Management Ltd.*, 2018 ABASC 60

April 26, 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
NORREP CAPITAL MANAGEMENT LTD.
(the Manager)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Manager for a decision under the securities legislation (the **Legislation**) of the Jurisdictions for approval for a proposed indirect change of control of the Manager (the **Change of Control**) pursuant to section 5.5(1)(a.1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

(b) the Manager has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island (each of such other provinces, together with the Jurisdictions, the **Offering 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, or NI 81-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Proposed Transaction

1. On February 5, 2018, the Manager announced that a definitive agreement (the **Agreement**) has been entered into to merge (the **Proposed Transaction**) the respective businesses of: (i) the Manager and its related entities (collectively, **NCM**); (ii) Cumberland Private Wealth Management Inc. (**CPWM**), Cumberland Associates Investment Counsel Inc. (**CAIC**), and their related entities (collectively, **Cumberland**); and (iii) Perron & Partners Wealth Management Corp. (**PPWM**), Perron Asset Management Inc. (**PAM**), and their related entities (collectively, **Perron**).

Norrep Capital Management Ltd.

2. The Manager is a corporation incorporated under the laws of Alberta, with its head office in Calgary, Alberta.

3. The Manager is currently registered as an investment fund manager (**IFM**) in Alberta, Newfoundland and Labrador, Ontario, and Québec, and as a portfolio manager in Alberta and Ontario.

4. The Manager acts as IFM in respect of the funds listed in attached **Schedule "A"** (the **Funds**) and adviser in respect of all of the Funds, other than Arcs of Fire Tactical Balanced Fund (**AOF Fund**). The adviser of AOF Fund is CAIC.

5. The Manager is a privately-held corporation and is a direct wholly-owned subsidiary of Norrep Investment Management Group Inc. (**NIMGI**).

6. The Manager is not in default of securities legislation in any jurisdiction of Canada.

Norrep Investment Management Group Inc.

7. NIMGI is a corporation incorporated under the laws of Alberta, with its head office in Calgary, Alberta.

8. NIMGI is a privately-held corporation that is owned by directors, officers, and employees of either or both of the Manager and NIMGI (**NCM Shareholders**). NIMGI is the sole common shareholder of each of Norrep Opportunities Corp. (**NOC**) and Norrep Core Portfolios Ltd. (**NCP**), each of which is a mutual fund corporation formed under the laws of Alberta. Certain of the Funds, as identified in **Schedule "A"** are classes of shares of either NCP or NOC.

9. NIMGI is the sole common shareholder of Norrep 2017 Management Inc. (the **NCM GP**), which is the general partner of Norrep Short Duration 2017 Flow-Through Limited Partnership (**FTLP**).

10. NIMGI is not, and has never been required to be, registered in any capacity under applicable securities legislation. NIMGI is the promoter of the "Norrep Group of Funds" and FTLP.

11. None of NIMGI, NOC, NCP, and the NCM GP is in default of securities legislation in any jurisdiction of Canada.

The Funds

12. Each of the Funds, other than FTLP, is an open-ended public retail mutual fund. FTLP is a non-redeemable investment fund.

13. FTLP is a limited partnership formed under the laws of Alberta. Each other Fund is either organized as: (i) a trust under the laws of Ontario or Alberta; or (ii) a class of shares of either NOC or NCP.

14. Each Fund, other than AOF Fund, is a reporting issuer in each of the provinces of Canada. AOF Fund is a reporting issuer in each province, other than Québec. None of the Funds is in default of securities legislation in any jurisdiction of Canada.

The Cumberland Group of Companies

15. Each of Cumberland Partners Limited (**CPL**), CPWM, and CAIC, is a corporation incorporated under the laws of Ontario, with its head office in Toronto, Ontario.

16. Each of CPWM and CAIC is a direct wholly-owned subsidiary of CPL.

17. CPL is a privately-held corporation that is majority owned by directors, officers, and employees of CPWM and/or CAIC (the **Cumberland Shareholders**).

18. CPWM is currently registered as an investment dealer in each of the Provinces of Canada, an IFM in Ontario, Québec, and Newfoundland and Labrador, and a derivatives dealer in Québec. CPWM is currently a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

19. CAIC is currently registered as a portfolio manager in Alberta, British Columbia, Ontario, and Québec.

20. CPL is not, and has never been required to be, registered in any capacity under applicable securities legislation.

21. None of CPL, CPWM, and CAIC is in default of the securities legislation in any jurisdiction of Canada.

The Perron Group of Companies

22. Each of 1934909 Alberta Ltd. (**Numco**), PPWM, and PAM is a corporation incorporated under the laws of Alberta, with its head office in Calgary, Alberta.

23. Each of PPWM and PAM is a direct or indirect wholly-owned subsidiary of Numco.

24. Numco is a privately-held corporation that is owned, as at the date hereof, by directors, officers, and employees of either or both of PPWM and PAM (the **Perron Shareholders**).

25. PPWM is currently registered as an investment dealer in Alberta, British Columbia, Manitoba, and Ontario, and as an IFM in Alberta. PPWM is currently a dealer member of IIROC.

26. PAM is currently registered as a portfolio manager in Alberta and Ontario.

27. Numco is not, and has never been required to be, registered in any capacity under applicable securities legislation.

28. None of Numco, PPWM, and PAM is in default of the securities legislation in any jurisdiction of Canada.

Continuous Disclosure and Notice Obligations

29. In connection with the Proposed Transaction, the Manager issued a press release and filed a material change report in respect of the Funds. In addition, the Manager filed amendments to the Simplified Prospectuses, Annual Information Forms, and related Fund Facts documents of each of the Funds, other than FTLP.

30. Notice of the Proposed Transaction was delivered to the Registration branch of the applicable principal regulator pursuant to section 11.9 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

The Proposed Transaction and Change in Control

31. Closing of the Proposed Transaction (the **Closing**) will be completed as follows: CPL will acquire all of the issued and outstanding shares of each of NIMGI and Numco from the NCM Shareholders and the Perron Shareholders, respectively, in exchange for common shares of CPL, such that the NCM Shareholders and the Perron Shareholders will become shareholders of CPL, in addition to the Cumberland Shareholders, and each of NIMGI and Numco will become wholly-owned subsidiaries of CPL. For purposes of this decision, post-Closing, CPL is referred to as **ParentCo**.

32. Following Closing, the NCM Shareholders, the Cumberland Shareholders, and the Perron Shareholders (collectively, the **Shareholders**) will own all of the issued and outstanding securities of ParentCo, and all of the persons or companies comprising NCM, Cumberland, and Perron will be direct or indirect wholly-owned subsidiaries of ParentCo.

33. On or after Closing, PPWM and CPWM will amalgamate, with the resulting amalgamated entity being a direct or indirect wholly-owned subsidiary of ParentCo.

34. On or after Closing, PAM and CAIC will amalgamate, with the resulting amalgamated entity being a direct or indirect wholly-owned subsidiary of ParentCo.

35. None of the directors and officers of the Manager is anticipated to change on Closing as a result of the Proposed Transaction.

Indirect Change of Control of Manager

36. As the share ownership of the Manager will change such that on Closing, ParentCo will own, indirectly, all of the issued and outstanding securities of the Manager, the Proposed Transaction will result in an indirect change of control of the Manager and accordingly regulatory approval is required pursuant to section 5.5(1)(a.1) of NI 81-102.

Impact on the Manager and the Funds

37. In respect of how the Change of Control will affect the management and administration of the Funds, the Manager confirms the following:

    (a) There is no current intention to merge the Manager with any other IFM or to change the Manager to another IFM, immediately following the Proposed Transaction, or within a foreseeable period of time following Closing,

    (b) There is no current intention to change the name of the Manager, or the names of the Funds, on Closing, or within a foreseeable period of time following Closing, as a result of the Proposed Transaction. However, as a separate initiative from the Proposed Transaction, the Manager will continue its re-branding strategy that it started in mid-2017,

    (c) The Manager will continue to act as the IFM of the Funds as a discrete, separate, and distinct legal entity in materially the same manner as it has conducted such activities immediately prior to the Closing, and there is no current intention to make any substantive changes as to how the Manager operates or manages the Funds. In particular:

        (i) there is no current intention to change the officers or directors of the Manager, or of any of the GP, NOC, or NCP, on Closing as a result of the Proposed Transaction;

        (ii) no current directors, officers, or employees of Perron or Cumberland are expected to become involved in the day-to-day management of the Funds following the completion of the Proposed Transaction or within a foreseeable period of time following Closing. There are no immediate plans to make changes to the Manager's business model;

        (iii) it is not expected that there will be any change to the fund accounting and other administrative functions undertaken by the current providers, both internal and external;

        (iv) wholesale and client service support for the Funds will continue to be performed by the Manager; and

        (v) it is not expected that there will be any change in how any of the Funds are managed, or the expenses that are charged to any of the Funds as a result of the Proposed Transaction. Therefore, it is expected that the management fees and operating expenses of each of the Funds will remain unchanged,

    (d) the Proposed Transaction is not anticipated to impact the financial stability of the Manager,

    (e) it is not expected that there will be any change to the investment objectives or strategies of any of the Funds, nor is it expected that there will be any material change to the investment mandates, processes, philosophies, and styles relating to any of the Funds. However, the portfolio management and advisory services provided across the entities within ParentCo may be consolidated following Closing, as set out in further detail below,

    (f) it is not expected that there will be any change to the custodian, auditor, or trustee, as applicable, of any of the Funds, and

    (g) the members of the Independent Review Committee (the IRC) of each of the Funds will cease to be IRC members by operation of section 3.10(1)(c) of National Instrument 81-107 *Independent Review Committee for*

Investment Funds (**NI 81-107**). Immediately following Closing, the same members of the IRC will be re-appointed by the Manager.

38. The parties to the Proposed Transaction have proposed to streamline the operations and structure of the portfolio management and advisory services provided by various subsidiaries of ParentCo following Closing. This may involve consolidating all such services under a single legal entity, which may be PM Amalco or the Manager. Therefore, such consolidation may result in a change to the adviser to the Funds or may result in the Manager entering into a sub-advisory relationship; however, the consolidation may also result in no change at all in respect of such service providers to the Funds. The parties have no firm target date and have not finalized any plans for making any such change.

39. In any event, if such consolidation is effected, it is not expected that there will be any change to the investment objectives or strategies of any of the Funds, nor is it expected that there will be any material change to the investment mandates, processes, philosophies, and styles relating to any of the Funds. In addition, any decision to make a change to the adviser or sub-adviser to the Funds shall be made in accordance with the Manager's standard of care, including a consideration of whether such change is appropriate in the circumstances.

40. In connection with the Proposed Transaction, the Manager may become the IFM of certain pooled funds currently managed by CPWM or PPWM. Acting as IFM for such additional pooled funds is not expected to materially affect the Manager's ability to provide IFM services to any of the Funds.

41. To the extent that any change is made after Closing that constitutes a "material change" to any of the Funds within the meaning of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**), the Funds will comply with the continuous disclosure obligations set out in section 11.2 of NI 81-106. Further, any notices that are required to be delivered to, or approvals obtained from, applicable securities regulatory authorities or regulators, or securityholders of one or more Funds in connection with any such material change will be delivered or obtained, as required under applicable securities legislation in the applicable jurisdictions of Canada.

42. The Manager considers the Proposed Transaction to constitute a potential conflict of interest matter within the meaning of NI 81-107 and has referred the matter to the IRC of the Funds for its review and recommendation. The IRC of the Funds has reviewed the Proposed Transaction and the potential conflict of interest matters related to the Proposed Transaction and has provided a positive recommendation to the Manager having determined that the Proposed Transaction, if implemented, would achieve a fair and reasonable result for the applicable Funds.

43. To the extent that any related party issues arise following Closing, the Manager will address such in accordance with applicable securities legislation, including, as applicable, establishing written policies and procedures, if not already established, to address the conflict of interest matter and referring such policies and procedures to the IRC for its review and input, in accordance with its obligations under NI 81-107.

Notice Requirement

44. Written notice (the **Notice**) of the Change of Control was sent to securityholders of the Funds on or around February 8, 2018, which, if Closing occurs on or around April 27, 2018, means that securityholders of the Funds will have received the Notice approximately 78 calendar days before the Closing of the Proposed Transaction.

Decision

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

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

"Denise Weeres"
Manager, Legal
Corporate Finance

SCHEDULE "A"

FUNDS

PUBLIC RETAIL MUTUAL FUNDS

- **NORREP GROUP OF FUNDS**
  - ***Mutual Fund Trusts***

    Norrep Fund
    Norrep High Income Fund
    Norrep Short Term Income Fund

  - ***Classes of Norrep Opportunities Corp.***

    Norrep Income Growth Class
    Norrep II Class
    Norrep US Dividend Plus Class
    Norrep Energy Plus Class (formerly, Norrep Energy Class)
    Norrep Entrepreneurs Class
    Norrep Global Income Growth Class
    Norrep Tactical Opportunities Class

  - ***Classes of Norrep Core Portfolios Ltd.***

    Norrep Premium Growth Class
    Norrep Core Global (formerly, Norrep Core Global Pool)
    Norrep Core Canadian (formerly, Norrep Core Canadian Pool)

- **ARCS OF FIRE GROUP OF FUNDS**
  - ***Mutual Fund Trust***

    Arcs of Fire Tactical Balanced Fund

NON-REDEEMABLE INVESTMENT FUND

Norrep Short Duration 2017 Flow-Through Limited Partnership

2.1.2 Mackenzie Finanacial Corporation and Mackenzie Multi-Strategy Absolute Return Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to a mutual fund subject to National Instrument 81-101 Mutual Fund Prospectus Disclosure that seeks to engage in alternative investment strategies not otherwise permitted by National Instrument 81-102 Investment Funds – Relief to permit fund to invest up to 20% of net assets in securities of a single issuer – Relief to permit fund to invest in precious metals and physical commodities – Relief from cash cover and designated rating requirement in respect of use of derivatives – Relief to permit fund to borrow cash for investment purposes and to grant a security interest over assets in connection with such borrowing – Relief to permit fund to engage in short selling in excess of 20% of the net assets of the fund and to use proceeds from short sales to enter into a long position in a security – Borrowing and short selling subject to a combined maximum limit of 50% of the fund's net asset value – Aggregate gross exposure of the fund (long positions, short positions and notional value of derivatives positions) subject to maximum limit of 3 times the net asset value of the fund – Relief subject to certain limitations on distribution of securities of the fund – Relief subject to the inclusion of certain required disclosures in the simplified prospectus, annual information form, fund facts document and continuous disclosure documents.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.3(d), (e), (f), and (h), 2.7(1), (2) and (3), 2.8, 2.6, 2.6.1(1)(c), 2.6.1(2) and (3), 6.8, 19.1.

April 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
MACKENZIE FINANACIAL CORPORATION
(the Filer)

AND

IN THE MATTER OF
MACKENZIE MULTI-STRATEGY
ABSOLUTE RETURN FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) and section 6.1 of National Instrument 81-101 *Mutual Funds Prospectus Disclosure* (**NI 81-101**), exempting the Fund from the following provisions of NI 81-102 and NI 81-101:

(a) subsection 2.1(1) of NI 81-102, to permit the Fund to invest more than 10% of its net asset value in the securities of a single issuer (**Single Issuer Relief**);

(b) subsections 2.3(d), (e), (f) and (h) of NI 81-102, to permit the Fund to invest in precious metal certificates (other than permitted gold certificates), if, immediately after the purchase, more than 10 percent of its net asset value would be made up of precious metal certificates; to invest in gold certificates, including permitted gold certificates; and to invest in physical commodities other than gold certificates (**Commodities Relief**);

(c) to purchase, sell or use specified derivatives and/or debt-like securities other than in compliance with subsections 2.7(1),(2) and (3) and section 2.8 of NI 81-102 (**Specified Derivatives Relief**);

(d) section 2.6 of NI 81-102, to permit the Fund to borrow cash to use for investment purposes in excess of the limits set out in subsection 2.6(a) of NI 81-102 and to grant a security interest of its assets in connection therewith (**Cash Borrowing Relief**);

(e) subsections 2.6.1(1)(c) and 2.6.1(2) and (3) of NI 81-102, to permit the Fund to borrow securities from a borrowing agent to sell securities short whereby: (i) the aggregate market value of all securities of the issuer of the securities sold short by the Fund may exceed 5% of the net asset value of the Fund; (ii) the aggregate market value of all securities sold short by the Fund may exceed 20% of the net asset value of the Fund; (iii) the Fund is not required to hold cash cover in connection with short sales of securities by the Fund; and (iv) the Fund is permitted to use the cash from a short sale to enter into a long position in a security (**Short Selling Relief**);

(f) section 6.8 of NI 81-102, to permit the Fund to deposit with its lender, assets over which it has granted a security interest in connection with the Cash Borrowing Relief (**Cash Borrowing Custody Relief**);

(the Single Issuer Relief, Commodities Relief, Specified Derivatives Relief, Cash Borrowing Relief, Short Selling Relief, and the Cash Borrowing Custody Relief are, collectively, the **Requested Relief**).

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

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

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

Interpretation

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

Representations

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

Background Facts

1. The Filer will be the trustee, investment fund manager and the portfolio manager of the Fund. The Filer is registered as an investment fund manager, portfolio manager, exempt-market dealer and commodity trading manager in Ontario. The Filer is also registered as a portfolio manager and exempt-market dealer in all other Canadian provinces and territories, as an investment fund manager in Newfoundland and Labrador and Québec, and as an adviser in Manitoba. The head office of the Filer is in Toronto, Ontario.

2. The Fund will be a mutual fund created under the laws of the Province of Ontario and will be governed by the provisions of NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities.

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

4. Units of the Fund will be offered by simplified prospectus filed in all of the provinces and territories in Canada and, accordingly, the Fund will be a reporting issuer in each of the provinces and territories of Canada.

5. The proposed investment objective of the Fund is to provide a positive long-term total return over a market cycle, regardless of market conditions or general market direction, by employing disciplined strategic asset allocation with the flexibility to dynamically tilt the allocations according to the attractiveness of each of the following strategies: Credit Absolute Return, Global Macro, Long/Short Equity and/or Equity Market Neutral (each, a **Strategy**). These Strategies will be used to gain exposure to a broad range of asset classes, including equities, fixed-income securities and/or convertible securities issued by companies anywhere in the world, including emerging markets.

6. The Fund's Global Macro Strategy involves a number of top-down strategies that seek to enhance returns by taking advantage of movement in the prices of securities that are highly sensitive to macro-economic conditions, across a broad spectrum of assets. This Strategy provides long and short exposure to equities, currencies, fixed income securities, interest rates and commodities markets. It aims for significant diversification across risk factors, investment strategies, time horizons and economic exposures where investment decisions will reflect a blend of fundamental and qualitative research, delivering attractive absolute and relative risk characteristics with low correlations to global stock and government bond markets.

7. The Fund's Credit Absolute Return Strategy is a global, flexible and actively managed approach to adding value through the use of multiple sectors, geographies and parts of the capital structure. The Strategy will use a levered long-short and/or a momentum-long approach to corporate investments which is expected to include an allocation to high yield debt securities, loans and investment grade debt securities. The Strategy may also use independent systematic strategies using a long-short currency model and a duration timing model. Investment decisions will be driven by model outputs as well as macro qualitative overlays, including the use of tail risk management strategies.

8. The Fund's Long/Short Equity and Equity Market Neutral Strategies will employ a disciplined, quantitative investment approach. These Strategies will use a sophisticated stock selection process utilizing a multi-factor model to exploit market inefficiencies. The portfolio construction process of these Strategies will use leading edge risk modelling and rules with disciplined, rigorous implementation. Models will be run on a daily basis and portfolio characteristics will be monitored daily.

9. The Fund may also invest in foreign currencies and/or physical commodities.

10. The Fund is expected to invest in a variety of derivatives and may take both long and short positions. The Fund's use of derivatives may include futures (including commodity futures, index futures, equity futures, bond futures and interest rate futures); currency forwards; options and swaps (including commodity swaps, swaps on commodity futures, equity swaps, swaps on index futures, total return swaps, interest rate swaps, and credit default swaps). In its use of derivatives, the Fund will aim to contribute to the target return and the volatility objectives of the Fund.

11. The Fund may use leverage through a combination of one or more of the following: (i) borrowing cash for investment purposes; (ii) physical short sales on equities, fixed-income securities or other portfolio assets; and/or (iii) through the use of specified derivatives.

12. The Filer will determine the Fund's risk rating using the CSA's *Mutual Fund Risk Classification Methodology For Use In Fund Facts and ETF Facts* as set out in Appendix F of NI 81-102 (the **Risk Methodology**). Given that the Fund does not have an established ten-year track record, the Filer will determine the risk rating based on the standard deviation of a reference index selected in accordance with Item 5 of the Risk Methodology (the **Reference Index**). The Filer will assess the reasonableness of using the Reference Index on at least a quarterly basis. This will include monitoring the correlation between the Fund and the Reference Index over time. In conducting this analysis, the Filer will also consider whether it is appropriate to exercise the discretion accorded by the Risk Methodology to increase the risk rating of the Fund.

13. The Filer and its affiliates also manage other mutual funds, and will manage future mutual funds, subject to NI 81-102 (collectively the **Top Funds**). A Top Fund may seek to invest up to 10% of its net assets in the Fund provided that such investment is consistent with the Top Fund's investment objectives.

14. Pursuant to a decision document dated September 30, 2015 (the **Prior Decision**), the Filer has obtained exemptive relief that permits the Top Funds managed by the Filer to invest up to 10% of their respective net assets in Underlying Exchange Traded Funds (as defined in the Prior Decision). Each Top Fund will reduce the maximum permitted exposure to the Fund by the amount of any investment in an Underlying Exchange Traded Fund.

15. Prior to allowing a Top Fund managed by the Filer to invest in the Fund, the Filer will implement policies and procedures to monitor a Top Fund's compliance with the investment limits that will apply to a Top Fund's investment in the Fund (the **Top Fund Policies**). To the extent that a Top Fund is managed by an affiliate of the Filer, the Filer will obtain an undertaking from that affiliate confirming that it has also implemented Top Fund Policies and that the affiliate will monitor and adhere to the restrictions on Top Fund investments that are set out in this decision (the **Undertaking**).

16. The Filer acknowledges that additional guidance regarding proficiency for the distribution of alternative funds has not been finalized at this time and will accompany the final publication of the proposed amendments to NI 81-102 (the **Proposed Alternative Fund Investment Restrictions**) and NI 81-101 (the **Proposed Alternative Fund Disclosure**) (the Proposed Alternative Fund Investment Restrictions and the Proposed Alternative Fund Disclosure, collectively, the **Proposed Alternative Fund Rules**) which were contemplated within the CSA Notice and Request for Comment – *Modernization of Investment Fund Product Regulation – Alternative Funds* (2016), 39 OSCB 8051 dated September 22, 2016. The Filer will take steps to ensure the Fund is only distributed through dealers that are registered with the Investment Industry Regulatory Organization of Canada (**IIROC**) or to Top Funds managed by the Filer or its affiliates. In order to be eligible to distribute the Fund, each dealer will be required to sign an agreement with the Filer confirming its registration status with IIROC.

Fund Disclosure of Alternative Strategies

17. The Filer proposes to file a simplified prospectus that:

    (a) identifies the Fund as an alternative fund;

    (b) discloses within the Fund's investment objectives the asset classes and strategies used which are outside the scope of the existing NI 81-102;

    (c) disclose within the Fund's investment objectives the maximum amount of leverage to be employed;

    (d) disclose within the Fund's strategies the maximum amount the Fund may borrow, together with a description of how borrowing will be used in conjunction with the Fund's other strategies and a summary of the Fund's borrowing arrangements; and

    (e) discloses, in connection with investment strategies that may be used which are outside the scope of the existing NI 81-

102, how such strategies may affect investors' chance of losing money on their investment in the Fund.

18. The Filer proposes to file an annual information form that:

    (a) identifies the Fund as an alternative fund; and

    (b) discloses the name of each person or company that has lent money to the Fund including whether such person or company is an affiliate or associate of the manager of the Fund.

19. The Filer proposes to file a fund facts document that:

    (a) identifies the Fund as an alternative fund; and

    (b) includes cover page text box disclosure to highlight how the Fund differs from other mutual funds in terms of its investment strategies and the assets it is permitted to invest in.

20. The Filer will include within the Fund's financial statements and management reports of fund performance disclosure regarding actual use of leverage within the Fund for the applicable period referenced therein.

21. The Filer submits that the proposed Fund disclosure accurately describes its investment strategies while emphasizing the particular strategies which are outside the scope of the existing NI 81-102.

Single Issuer Relief

22. The Fund's investment strategies will allow it to invest up to 20 percent of its net asset value in securities of an issuer.

23. Subsection 2.1(1) of NI 81-102 does not permit an investment fund to purchase a security of an issuer, enter into a specified derivatives transaction or purchase index participation units if, immediately after the transaction, more than 10 percent of its net asset value would be invested in securities of any one issuer.

24. The Filer believes that it is in the best interests of the Fund to be permitted to invest up to 20 percent of its net assets in one issuer, as such investments will allow the Fund to fully express the convictions of the Fund's portfolio managers.

Specified Derivatives and Debt-Like Security Relief

25. The investment strategies of the Fund contemplate flexible use of specified derivatives for hedging and/or non-hedging purposes. The Fund has the ability to opportunistically use options, swaps, futures and forward contracts and/or other derivatives under different market conditions. For example, depending on prevailing interest rates, the Fund's Credit Absolute Return portfolio manager may use futures to lengthen or shorten duration within this Strategy.

26. Under subsections 2.7(1), (2) and (3) of NI 81-102, a mutual fund cannot purchase an option (other than a clearing corporation option) or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating (the **Designated Rating Requirement**). The policy rationale behind this is to address, at least in part, a mutual fund's counterparty credit risk by ensuring that counterparties that enter into certain types of derivatives with mutual funds meet a minimum credit rating.

27. The Filer is seeking to have the operational flexibility to deal with a variety of over-the-counter derivative counterparties, including scenarios where at the time of the transaction, the specified derivative or equivalent counterparty (or its guarantor) will not have a designated rating. The Filer submits that this flexibility will provide more competitive pricing and give the Fund access to a wider variety of over-the-counter products.

28. The Filer submits that, any increased credit risk which may arise due to an exemption from the Designated Rating Requirements is counterbalanced given the Fund's mark-to-market exposure to any specified derivatives counterparty (other than for positions in cleared specified derivatives) must not exceed 10% of its net asset value for a period of 30 days or more.

29. Under section 2.8 of NI 81-102, a mutual fund must not purchase a debt-like security that has an options component, unless, immediately after the purchase, not more than 10 percent of its net asset value would be made up of those instruments held for purposes other than hedging. Section 2.8 also imposes a series of requirements for mutual funds to cover their specified derivatives positions for purposes other than hedging, using a combination of cash, cash equivalents, the underlying interest of the specified derivative and/or the right to acquire the underlying interest

of the specified derivative (the **Option and Cover Requirements**).

30. Commodity pools, the predecessor to alternative funds, are not subject to the Option and Cover Requirements or to section 2.11 of NI 81-102. The Filer submits that the Fund should also be exempt from the Option and Cover Requirements and from section 2.11 of NI 81-102.

Commodities Relief

31. The investment strategies of the Fund will permit the Fund to purchase precious metal certificates other than permitted gold certificates, to invest in physical commodities either directly or indirectly, and to invest more than 10 percent of the net assets of the Fund in physical commodities or precious metal certificates.

32. Subsections 2.3(d), (e), (f) and (h) of NI 81-102 do not permit an investment fund to:

    (a) purchase a gold certificate, other than a permitted gold certificate,

    (b) purchase gold or a permitted gold certificate if, immediately after the purchase, more than 10 percent of its net asset value would be made up of gold and permitted gold certificates,

    (c) except for the above conditions, to purchase a physical commodity including indirectly through the use of specified derivatives, and

    (d) purchase, sell or use a specified derivative other than in compliance with sections 2.7 to 2.11.

33. The portfolio management team considers investment in commodities other than gold to be an important investment tool that is available to it to properly manage the Fund's portfolio.

34. The Filer believes that it is in the best interests of the Fund for it to be permitted to invest in physical commodities other than gold, including indirect exposure to certain physical commodities through the use of certificates, index participation units and/or specified derivatives.

Cash Borrowing Relief

35. The investment strategies of the Fund will permit the Fund to borrow cash in excess of the limits currently described in section 2.6 of NI 81-102.

36. While each Strategy has the ability to borrow cash in excess of the limits currently described in section 2.6 of NI 81-102, the Filer's current expectation is that the Fund's Credit Absolute Return Strategy may engage in cash borrowing at launch whereas the Filer does not expect the remaining Strategies will do so immediately.

37. Subsection 2.6(a) of NI 81-102 restricts investment funds from borrowing cash or providing a security interest over portfolio assets unless the transaction is a temporary measure to accommodate redemptions, the security interest is required to enable the investment fund to effect a specified derivative transaction or short sale under NI 81-102, the security interest secures a claim for the fees and expenses of the custodian or sub-custodian of the investment fund, or, in the case of an exchange-traded mutual fund, the transaction is to finance acquisition of its portfolio securities and the outstanding amount of all borrowings is repaid on the closing of its initial public offering.

38. The Proposed Alternative Fund Investment Restrictions give investment funds the ability to borrow up to 50 percent of their net asset value to use for investment purposes in order to facilitate a wider array of investment strategies.

39. The Filer believes that it is in the best interests of the Fund to be permitted to borrow cash to meet its investment objectives and strategies.

Short Sale Relief

40. The investment strategies of the Fund will permit the Fund to:

    (a) sell securities short, provided the aggregate market value of securities of any one issuer sold short by the Fund does not exceed 10% of the net asset value of the Fund, and the aggregate market value of all securities sold short by the Fund does not exceed 50% of its net asset value;

    (b) sell a security short without holding cash cover; and

    (c) sell a security short and use the cash from a short sale to enter into a long position in a security, other than a security that qualifies as cash cover.

41. Each Strategy may engage in physical short sales from time to time.

42. Subsection 2.6.1 of NI 81-102 requires that a fund may only sell a security short if, at the time the fund sells the security short, the fund has borrowed or arranged to borrow the security to be sold under the short sale, if the aggregate market value of all securities of the issuer of the securities sold short by the fund does not exceed 5% of the net asset value of the fund, and if the aggregate market value of all securities sold short by the

fund does not exceed 20% of the net asset value of the Fund.

43. The Filer believes that it is in the best interests of the Fund to be permitted to sell securities short in excess of the current limits, in a manner that is consistent with the Proposed Alternative Fund Investment Restrictions.

44. For the reasons provided above, the Filer respectfully submits that it would not be prejudicial to the public interest to grant the Requested Relief.

Decision

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

1. the Filer will file a standalone simplified prospectus, annual information form and fund facts document for the Fund, which will include the following disclosure:

   (a) the simplified prospectus and annual information form will indicate on the cover page that the Fund is an alternative fund;

   (b) within the simplified prospectus, the Filer will include disclosure within the Fund's investment objectives on the asset classes that the Fund may invest in and the investment strategies that the Fund may engage in pursuant to the Requested Relief and which are outside the scope of NI 81-102;

   (c) within the simplified prospectus, the Filer will include disclosure in the Fund's investment objectives describing the maximum amount of leverage to be employed by the Fund;

   (d) within the simplified prospectus, the Filer will include disclosure in the Fund's investment strategies on the maximum amount of borrowing and short selling that the Fund may engage in, together with a description of how borrowing and short selling will be used in conjunction with the Fund's other strategies;

   (e) within the simplified prospectus, the Filer will include disclosure in the Fund's investment strategies explaining how the investment strategies that the Fund may engage in pursuant to the exemptive relief which are outside the scope of may affect investors' chance of losing money on their investment in the Fund;

   (f) the annual information form will disclose under Item 10 of Form 81-101F2 the name of each person or company that has lent money to the Fund including whether such person or company is an affiliate or associate of the Filer; and

   (g) the fund facts document will include text box disclosure above Item 2 of Part I of Form 81-101F3 identifying the Fund as an alternative fund and highlighting how the Fund differs from other mutual funds in terms of its investment strategies and the assets it is permitted to invest in.

2. The Filer will disclose in the Fund's annual and interim financial statements and the Fund's Management Report of Fund Performance:

   (a) the lowest and highest level of leverage experienced by the Fund in the reporting period covered by the financial statements;

   (b) a brief explanation of the sources of leverage used (e.g. borrowing, short selling or use of derivatives);

   (c) a description of how the Fund calculates leverage; and

   (d) the significance to the Fund of the lowest and highest levels of leverage.

3. In the case of the Single Issuer Relief, the Fund must not purchase a security of an issuer, enter into a specified derivatives transaction or purchase an index participation unit if, immediately after the transaction, more than 20% of its net asset value would be invested in securities of any one issuer, provided, however, this limitation shall not apply in respect of (i) a government security; (ii) a security issued by a clearing corporation; (iii) a security issued by an investment fund if the purchase is made in accordance with the requirements of section 2.5 of NI 81-102; or (iv) an index participation unit that is a security of an investment fund.

4. In the case of the Specified Derivatives Relief:

   (a) the Fund's aggregate gross exposure calculated as the sum of the following, must not exceed three times the Fund's net asset value: (i) the aggregate market value of the Fund's long positions; (b) the aggregate market value of securities sold short by the Fund pursuant to the Short Selling Relief; and (c) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for "hedging purposes" as defined in NI 81-102;

(b) in determining the Fund's compliance with the restriction contained in 4(a) above, the Fund must also include in its calculation its proportionate shares of securities of any underlying investment funds for which a similar calculation is required;

(c) the Fund must determine its compliance with the restriction contained in 4(a) above, as of the close of business of each day on which the Fund calculates a net asset value; and

(d) if the Fund's aggregate gross exposure as determined in subsection 4(a) above exceeds three times the Fund's net asset value, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to three times the Fund's net asset value or less.

5. In the case of the Cash Borrowing Relief:

(a) the Fund may only borrow from an entity described in section 6.2 of NI 81-102, except that the requirement set out in subsection 6.2(3)(a) of NI 81-102 will be satisfied if the company has equity, as reported in its most recent audited financial statements that have been made public or that will be made available to the Fund and its custodian upon request, of not less than $10,000,000;

(b) if the lender is an affiliate of the Filer, the independent review committee must approve the applicable borrowing agreement under subsection 5.2(2) of NI 81-107;

(c) the borrowing agreement entered into is in accordance with normal industry practice and on standard commercial terms for the type of transaction; and

(d) the total value of cash borrowed must not exceed 50% of the Fund's net asset value.

6. In the case of Short Selling Relief and the Short Selling Custody Relief:

(a) the aggregate market value of all securities sold short by the Fund does not exceed 50% of the net asset value of the Fund; and

(b) the aggregate market value of all securities of the issuer of the securities sold short by the Fund does not exceed 10% of the net asset value of the Fund.

7. In the case of the Cash Borrowing Relief and the Short Selling Relief:

(a) the Fund must not borrow cash pursuant to the Cash Borrowing Relief or sell securities short pursuant to the Short Selling Relief, if immediately after entering into a cash borrowing or short selling transaction, the aggregate value of cash borrowed combined with the aggregate market value of all securities sold short by the Fund would exceed 50% of the Fund's net asset value; and

(b) if the aggregate value of cash borrowed combined with the aggregate market value of all securities sold short by the Fund exceeds 50% of the Fund's net asset value, the Fund must, as quickly as commercially reasonable take all necessary steps to reduce the aggregate value of cash borrowed combined with the aggregate market value of securities sold short to 50% or less of the Fund's net asset value.

Distribution

8. The Filer will ensure the Fund is only distributed through dealers that are registered with IIROC. In order to be eligible to distribute the Fund, each dealer will be required to sign an agreement with the Filer confirming its IIROC registration status.

9. The Filer will not distribute securities of the Fund to other mutual funds other than the Top Funds.

10. In the case of Top Funds managed by the Filer, the Filer will ensure that such Top Funds will not purchase securities of the Fund if, immediately after the transaction, either:

(a) more than 10% of the net asset value of the Top Fund, taken at market value at the time of the transaction, would consist of securities of the Fund; or

(b) the aggregate value of securities of the Fund and Underlying Exchange Traded Funds, taken at market value at the time of the transaction, would exceed 10% of the net asset value of the Top Fund.

11. For Top Funds managed by an affiliate of the Filer, the Filer will obtain the Undertaking from its affiliate affirming that the affiliate will ensure that the Top Funds it manages will abide by the investment limits set out in condition 10 above.

12. The Filer will provide the Principal Regulator with notification of all affiliates from which it has obtained an Undertaking.

Term

13. This decision shall expire upon the earlier of: (i) the coming into force of the Proposed Alternative Fund Rules or substantially similar rules; and (ii) five years from the date of this decision.

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

2.1.3 Pentair plc

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from prospectus requirements to allow company to spin off shares of a new entity to investors by way of distribution in kind – distribution not covered by legislative exemptions – company is a public company in the U.S. but is not a reporting issuer in Canada – company has a *de minimis* presence in Canada – following the spin-off, new entity will become independent public company based in the U.S. and will not be a reporting issuer in Canada – no investment decision required from Canadian shareholders in order to receive shares of the new entity.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1).

April 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
PENTAIR PLC
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for an exemption (the "**Exemption Sought**") from the prospectus requirements contained in the Legislation in connection with the distribution (the "**Spin-Off**") of the ordinary shares of nVent Electric plc ("**nVent**"), a newly formed independent company, by way of a dividend *in specie* to holders ("**Filer Shareholders**") of ordinary shares of the Filer ("**Filer Shares**") resident in Canada ("**Filer Canadian Shareholders**").

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 each of the other provinces and territories of Canada.

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated in Ireland with its registered principal office in London, United Kingdom. The Filer is a focused diversified industrial manufacturing company. The Filer is principally engaged in the delivery of a range of industry leading products, services and solutions in its two reporting segments: water and electrical. The Filer's water segment designs, manufactures and services innovative products and solutions to meet filtration, separation, flow and water management challenges in agriculture, aquaculture, foodservice, food and beverage processing, swimming pools, water supply and disposal and a variety of industrial applications. The Filer's electrical segment designs, manufactures, markets, installs and services high performance products and solutions that connect and protect some of the world's most sensitive equipment, buildings, and critical processes.

2. The Filer is not a reporting issuer under the securities laws of any jurisdiction of Canada and, currently, has no intention of becoming a reporting issuer under the securities laws of any jurisdiction of Canada.

3. The authorized capital of the Filer consists of 426,000,0000 Filer Shares. As of February 23, 2018, there were 178,278,499 Filer Shares issued and outstanding.

4. Filer Shares are listed on the New York Stock Exchange (the "**NYSE**") and trade under the symbol "PNR". Filer Shares are not listed on any Canadian stock exchange and, currently, the Filer has no intention of listing its securities on any Canadian stock exchange.

5. The Filer is subject to the 1934 Act and the rules, regulations and orders promulgated thereunder.

6. Based on a spreadsheet that breaks down the Filer's shareholders by domicile provided by Computershare Trust Company, N.A. (the Filer's transfer agent), as of February 23, 2018, there were 334 registered Filer Canadian Shareholders holding approximately 4,787 Filer Shares, representing approximately 2.1% of the registered holders of Filer Shares worldwide and holdings of approximately 0.003% of the outstanding Filer Shares as of such date. The Filer does not expect these numbers to have materially changed since that date.

7. Based on a "Geographic Analysis" of beneficial holders provided by Broadridge Financial Solutions, Inc. obtained by the Filer, as of March 5, 2018, there were 3,591 beneficial Filer Canadian Shareholders holding approximately 3,233,000 Filer Shares, representing approximately 1.19% of the beneficial holders of Filer Shares worldwide and holdings of approximately 1.84% of the outstanding Filer Shares as of March 5, 2017. The Filer does not expect these numbers to have materially changed since that date.

8. Based on the information above, the number of Filer Canadian Shareholders and the proportion of Filer Shares held by such shareholders is *de minimis*.

9. The Filer is proposing to spin off its electrical business into a newly formed independent company, nVent, through a series of transactions. The result of these transaction will be that the Filer will transfer all of the shares of nVent Finance S.à r.l., a wholly-owned subsidiary of the Filer that holds the Filer's interests and assets comprising the electrical business, to nVent in consideration for the issuance of nVent Shares to Filer Shareholders on the basis of one nVent Share for each Filer Share.

10. nVent is a corporation incorporated under the laws of Ireland with registered offices in London, United Kingdom. It is currently an independent company that, at the time of the Spin-Off, will hold the Filer's global electrical business.

11. As of the date hereof, all of the issued and outstanding nVent Shares are held beneficially by an Irish corporate services provider, and no other shares or classes of stock of nVent are issued and outstanding.

12. nVent will have no business operations while its shares are held beneficially by an Irish corporate services provider.

13. In connection with these transactions, nVent will acquire by surrender the shares currently held by the Irish corporate services provider for no consideration, following which such shares will be cancelled.

14. Fractional nVent Shares will not be distributed in connection with the Spin-Off. The distribution agent will aggregate the amount of fractional shares that would otherwise have been distributed

and will sell such shares into the public market at the then prevailing market prices and distribute the cash proceeds in U.S. Dollars. The distribution agent will distribute such net proceeds ratably to each Filer Shareholder who would otherwise have been entitled to receive a fractional share of nVent. The Filer will pay all brokers' fees and commissions in connection with the sale of such fractional interests.

15. Filer Shareholders will not be required to pay any consideration for the nVent Shares, or to surrender or exchange Filer Shares or take any other action to be entitled to receive their nVent Shares. The Spin-Off will occur automatically and without any investment decision on the part of Filer Shareholders.

16. nVent received conditional listing approval to list the nVent Shares on the NYSE on April 2, 2018.

17. After the completion of the Spin-Off, the Filer will continue to be listed and traded on the NYSE.

18. nVent is not a reporting issuer in any jurisdiction in Canada nor are its securities listed on any stock exchange in Canada. nVent has no intention to become a reporting issuer in any jurisdiction in Canada or to list its securities on any stock exchange in Canada after the completion of the Spin-Off.

19. The Spin-Off will be effected pursuant to a Separation and Distribution Agreement that is to be entered into prior to the Spin-Off by Filer and nVent which is governed pursuant to the laws of the state of New York.

20. Because the Spin-Off will be treated for the purposes of Irish law as the Filer having made a dividend *in specie* or a non-cash dividend of nVent Shares to Filer Shareholders, no shareholder approval of the proposed transaction is required (or being sought).

21. In connection with the Spin-Off, nVent has filed with the SEC a registration statement on Form 10 (the "**Registration Statement**") under the 1934 Act detailing the proposed Spin-Off. nVent initially filed the Registration Statement with the SEC on October 30, 2017 and subsequently filed amendments to the Registration Statement on December 6, 2017, January 31, 2018, February 27, 2018, March 26, 2018 and April 4, 2018. The Registration Statement was declared effective on April 9, 2018.

22. Filer Shareholders have been sent a copy (through delivery by electronic means) of an information statement (the "**Information Statement**") detailing the terms and conditions of the Spin-Off which forms part of the Registration Statement. All materials relating to the Spin-Off sent by or on behalf of the Filer and nVent in the United States (including the Information Statement) have been sent concurrently to Filer Canadian Shareholders.

23. The Information Statement contains prospectus level disclosure about nVent.

24. Filer Canadian Shareholders who receive nVent Shares pursuant to the Spin-Off will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Spin-Off that are available to Filer Shareholders resident in the United States.

25. Following the completion of the Spin-Off, nVent will send concurrently to nVent Shareholders resident in Canada the same disclosure materials required to be sent under applicable U.S. securities laws to nVent Shareholders resident in the United States.

26. There will be no active trading market for the nVent Shares in Canada following the Spin-Off and none is expected to develop. Consequently, it is expected that any resale of nVent Shares distributed in connection with the Spin-Off will occur through the facilities of the NYSE.

27. The Spin-Off to Filer Canadian Shareholders would be exempt from the prospectus requirements pursuant to subsection 2.31(2) of NI 45-106 but for the fact that nVent is not a reporting issuer under the securities legislation of any jurisdiction of Canada.

28. Neither the Filer nor nVent is in default of any securities legislation in any jurisdiction of Canada.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the first trade in the nVent Shares distributed in reliance on this decision will be deemed to be a distribution that is subject to section 2.6 of National Instrument 45-102 *Resale of Securities*.

"Peter Currie"
Commissioner
Ontario Securities Commission

"Philip Anisman"
Commissioner
Ontario Securities Commission

2.1.4 Vanguard Investments Canada Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from certain specified derivatives and custodial requirements to permit mutual funds to enter into swap transactions that are cleared through a clearing corporation as contemplated under U.S. and European requirements – decision treats cleared swaps similar to other cleared derivatives.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.7(1) and (4), 6.1(1), 19.1.

April 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
VANGUARD INVESTMENTS CANADA INC.
(the Filer),
VANGUARD GLOBAL BALANCED FUND,
VANGUARD GLOBAL DIVIDEND FUND,
VANGUARD WINDSOR U.S. VALUE FUND,
VANGUARD INTERNATIONAL GROWTH FUND
(the Proposed Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) exempting the Proposed Funds and the existing and future mutual funds, including exchange-traded funds, managed, or that will be managed, by the Filer (together with the Proposed Funds, the **Funds**) from the following requirements to permit each Fund to enter into cleared swaps as further described below (the **Requested Relief**):

(a) the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;

(b) the requirement in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and

(c) the requirement in subsection 6.1(1) of NI 81-102 that all portfolio assets of an investment fund be held under the custodianship of one custodian in order to permit each Fund to deposit cash and other portfolio assets as margin directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing

Corporation (as defined below), in connection with entering into the cleared Swaps, as further described below.

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

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

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

Interpretation

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

CFTC means the U.S. Commodity Futures Trading Commission

Clearing Corporation means any clearing organization registered with the CFTC or central counterparty authorized by ESMA, as the case may be, that, in either case, is also permitted to operate in the Jurisdiction (being recognized or exempt from recognition in the Jurisdiction) or the Other Jurisdiction, as the case may be, where the Fund is located

Dodd-Frank means the Dodd-Frank Wall Street Reform and Consumer Protection Act

EMIR means the European Market Infrastructure Regulation

ESMA means the European Securities and Markets Authority

European Economic Area means all of the European Union countries and also Iceland, Liechtenstein and Norway

Futures Commission Merchant means any futures commission merchant that is registered with the CFTC and/or clearing member for purposes of EMIR, as applicable, and is a member of a Clearing Corporation

OTC means over-the-counter

Portfolio Advisor means each of the Filer, each affiliate of the Filer and each third party portfolio manager or sub-adviser retained from time to time by the Filer to manage the investment portfolio of one or more Funds.

SEC means the U.S. Securities and Exchange Commission

Swaps means any OTC derivative transaction that can be entered into on a cleared basis, whether or not such derivative is subject to a clearing determination or a clearing obligation issued by the CFTC or ESMA, as the case may be

U.S. Person has the meaning attributed thereto by the CFTC

VGI means The Vanguard Group, Inc.

Representations

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

The Filer and the Funds

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Toronto. The Filer is a wholly-owned indirect subsidiary of VGI, which is a registered investment adviser in the United States with offices based in Valley Forge, Pennsylvania.

2. The Filer is registered as: (i) an investment fund manager in Ontario, Québec and Newfoundland and Labrador; (ii) an adviser (portfolio manager) and a commodity trading manager in Ontario; and (iii) an exempt market dealer in each of the provinces in Canada.

3. Each of the Funds is or will be an investment fund established as a trust, partnership or corporation under the laws of the Jurisdiction or an Other Jurisdiction and is or will be a reporting issuer in one or more of the Jurisdictions.

4. The Filer acts or will act as the manager, trustee, and portfolio manager for each Fund.

5. Securities of each of the Funds are or will be qualified for distribution in the Jurisdictions pursuant to a simplified prospectus, annual information form and a Fund Facts document, or a prospectus and an ETF Facts document, as applicable. Each of the Funds is or will be subject to NI 81-102.

6. Neither the Filer nor any existing Fund is in default of the requirements of securities legislation in any of the Jurisdictions.

Cleared Swaps

7. The investment objective and investment strategies of each Fund permits or will permit such Fund to enter into derivative transactions, including Swaps. The Portfolio Advisor for the Funds considers Swaps to be an important investment tool to properly manage each Fund's portfolio.

8. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a Clearing Corporation, as recognized by the CFTC. Generally, where one party to a Swap is a U.S. Person, that Swap must be cleared.

9. EMIR also requires that certain OTC derivatives be cleared through a central counterparty authorized to provide clearing services for purposes of EMIR. Generally, where one party to a Swap is a financial counterparty or a non-financial counterparty whose OTC derivative trading activity exceeds a certain threshold, in each case established in a state that is a participant in the European Economic Area, that Swap will be required to be cleared.

10. In addition to clearing swaps that are mandated to be cleared under Dodd-Frank and/or EMIR, many of the Clearing Corporations offer clearing services in respect of other types of derivative transactions. Many global derivative end-users enter into cleared Swaps on both a voluntary and a mandatory basis.

11. In order to benefit from both the pricing benefits and reduced trading costs that a Portfolio Advisor may be able to achieve through its trade execution practices for its advised investment funds and other accounts and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, the Filer wishes to have the Funds enter into cleared Swaps.

12. In the absence of the Cleared Swaps Relief, each Portfolio Advisor will need to structure the Swaps entered into by the Funds so as to avoid the clearing requirements of the CFTC and under EMIR, as applicable. The Filer respectfully submits that this would not be in the best interest of the Funds and their investors for a number of reasons, as set out below.

13. The Filer believes that it is in the best interests of the Funds and their investors to continue to be able to execute OTC derivatives with global counterparties, including U.S. and European swap dealers.

14. In its role as a fiduciary for the Funds, the Filer has determined that central clearing represents the best choice for the investors in the Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.

15. Each Portfolio Advisor may use the same trade execution practices for all of its advised investment funds and other accounts, including the Funds. An example of these trade execution practices is block trading, where large numbers of securities are purchased or sold or large derivative trades are entered into on behalf of a number of investment funds and other accounts advised by one Portfolio Advisor. These practices include the use of cleared Swaps. If the Funds are unable to employ these trade execution practices, then each affected Portfolio Advisor will have to create separate trade execution practices only for the Funds and will have to execute trades for the Funds on a separate basis. This will increase the operational risk for the Funds, as separate execution procedures will need to be established and followed only for the Funds. In addition, the Funds will no longer be able to enjoy the possible price benefits and reduction in trading costs that a Portfolio Advisor may be able to achieve through a common practice for its advised investment funds and other accounts. In the Filer's opinion, best execution and maximum certainty can best be achieved through common trade execution practices, which, in the case of OTC derivatives, involve the execution of Swaps on a cleared basis.

16. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the Funds. The Filer respectfully submits that the Funds should be encouraged to comply with the robust clearing requirements established by the CFTC and under EMIR by granting them the Cleared Swaps Relief.

17. The Cleared Swaps Relief is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, the Cleared Swaps Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.

18. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Cleared Swaps Relief.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision. The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that when any rules applicable to customer clearing of OTC derivatives enter into force, the Clearing Corporation is permitted to offer customer clearing of OTC derivatives in the Jurisdiction or the Other Jurisdiction, as the case may be, where the Fund is located and provided further that, in respect of the deposit of cash and other portfolio assets as margin:

(a) in Canada,

  (i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and

  (ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Fund as at the time of deposit; and

(b) outside of Canada,

  (i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;

  (ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of $50 million; and

  (iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Fund as at the time of deposit.

This decision will terminate on the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives.

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

2.1.5 Alliance Pipeline Limited Partnership

Headnote

National Policy 11-203 Process 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 its financial statements in accordance with U.S. GAAP – revocation or variation of decision – the Filer's existing decision is subject to a sunset clause – the Filer requests to have its existing decision revoked – existing decision revoked – requested relief granted.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, ss. 3.2, 5.1.

Citation: *Re Alliance Pipeline Limited Partnership*, 2018 ABASC 63

May 3, 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
ALLIANCE PIPELINE LIMITED PARTNERSHIP
(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 under the securities legislation (the **Legislation**) of the Jurisdictions seeking an exemption for the Filer (the **Exemption Sought**) from the requirements under 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 Canadian GAAP 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.

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 British Columbia, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (each a **Passport Jurisdiction**); 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

In this decision:

(a) unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 52-107 have the same meaning; and

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

Representations

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

1. The Filer is a limited partnership formed under the laws of the Province of Alberta on February 1, 1996 and is managed by its General Partner, Alliance Pipeline Ltd. The head office of the Filer is in Calgary, Alberta.

2. The Filer is a reporting issuer in each Jurisdiction and Passport Jurisdiction.

3. The Filer has issued non-convertible debt to the public in the form of senior secured and unsecured notes and the holders of these notes are the only public holders of securities of the Filer.

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

5. The Filer has activities subject to rate regulation.

6. The Filer is not an SEC issuer. Were the Filer an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file its financial statements prepared in accordance with U.S. GAAP.

7. By order cited as *Re Alliance Pipeline Limited Partnership*, 2014 ABASC 93, the Filer was granted substantially similar exemptive relief by the Decision Maker on March 14, 2014 (the **Existing Relief**) and continues to prepare its financial statements in accordance with U.S. GAAP on that basis.

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

9. 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

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 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 decision, provided that the Filer prepares those financial statements in accordance with U.S. GAAP; and

(c) the Exemption Sought will terminate 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.

For the Commission:

"Stan Magidson"
Chair & CEO

"Tom Cotter"
Vice-Chair

2.1.6 Banro Corporation and Banro Corporation Ltd

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications and National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – application for full revocation of failure-to-file cease trade order and cease to be reporting issuer applications – issuer cease traded due to failure to file with the Commission interim financial statements, related management's discussion and analysis and related certifications – issuer has applied for a full revocation of the cease trade order as at the effective time of the Recapitalization Plan under the Companies' Creditors Arrangement Act – issuer has also applied to cease to be a reporting issuer in each jurisdiction where it is currently a reporting issuer – a company created as part of the Recapitalization Plan that became a reporting issuer in each jurisdiction where the issuer has been a reporting issuer also applied to cease to be a reporting issuer in each jurisdiction where it is a reporting issuer – full revocation granted as at the effective time of the Recapitalization Plan – cease to be reporting issuer applications granted as at the effective time of the Recapitalization Plan

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(10)(a)(ii), 144.
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.
National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.

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

AND

IN THE MATTER OF
A REVOCATION OF A FAILURE-TO-FILE
CEASE TRADE ORDER

AND

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

AND

IN THE MATTER OF
BANRO CORPORATION

AND

IN THE MATTER OF
BANRO CORPORATION LTD

Background

Banro Corporation (**Issuer**) is subject to a failure-to-file cease trade order (**FFCTO**) issued by the Ontario Securities Commission (**Decision Maker**) on November 20, 2017.

The Issuer has applied to the Decision Maker under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NI 11-207**) for an order (**FFCTO Revocation Order**) pursuant to Section 144 of the *Securities Act* (Ontario) (**Legislation**) revoking the FFCTO to take effect as at the Effective Time (as defined below).

The FFCTO Revocation Order is the order of the principal regulator and evidences the decision of the Decision Maker in the Jurisdiction.

The principal regulator in the Jurisdiction has also received an application (**Cease to be a Reporting Issuer Application**) from the Issuer and Banro Corporation Ltd (**Newco** and together with the Issuer, the **Filers**) for orders pursuant to s.1(10)(a)(ii) of the Legislation that each of the Issuer and Newco cease to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (**Cease to be a Reporting Issuer Order**) to take effect as at the Effective Time.

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application), the Decision Maker is the principal regulator for the Cease to be a Reporting Issuer Application and the Filers have provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied on in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador in respect of the Cease to be a Reporting Issuer Order.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NP 11-206 *Process for Cease to be a Reporting Issuer* (**NP 11-206**) and NP 11-207 have the same meanings if used in this Order, unless otherwise defined.

Representations

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

1. The Issuer is a corporation existing under the *Canada Business Corporations Act* (**CBCA**) and its registered and principal office is in the Province of Ontario.

2. The authorized share capital of the Issuer consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of preference shares issuable in series (**Preferred Shares**).

3. Immediately prior to the Effective Time, there were 109,857,390 issued and outstanding Common Shares and no issued and outstanding Preferred Shares. The Companies (as defined below) have been advised by Baiyin Nonferrous Group Company, Limited (**Baiyin**) and Gramercy Funds Management LLC (**Gramercy**), respectively, that as of December 22, 2017, being the date of the CCAA filing referred to in Representation 11, approximately 30.1% of the outstanding Common Shares were held by Baiyin or affiliates thereof within the direct or indirect control of Baiyin and related parties, and approximately 30% of the issued and outstanding Common Shares were held by Gramercy and related parties. Gramercy is formed under the laws of Delaware and the Baiyin entity which holds the Common Shares is formed under the laws of the British Virgin Islands.

4. Immediately prior to the Effective Time, the Issuer had outstanding U.S. $197.5 million principal amount of 10% Secured Notes due March 1, 2021 (**Notes** and the holders of such Notes the **Noteholders**). Immediately prior to the Effective Time, approximately 28.6% of the outstanding principal amount of the Notes were held by Baiyin and approximately 41.9% of the outstanding principal amount of the Notes were held by Gramercy. The Notes were held in "book entry only form" in the Canadian Depositary for Securities (CDS) and were not convertible into Common Shares.

5. The Notes were issued pursuant to a Plan of Arrangement (**Plan**) completed under the CBCA in April of 2017. As part of the Plan, some holders of U.S.$175,000,000 10% Senior Secured Notes due 2017 (**2012 Notes**) elected to exchange such 2012 Notes for Notes. According to the offering memorandum provided to investors in Canada with respect to the offering of 2012 Notes, the 2012 Notes that were issued in Canada were issued to accredited investors as such term is defined in National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**). The Notes were not, at the Effective Time, and had never been listed on any exchange in Canada or on a marketplace or any other facility for bringing together buyers and sellers of securities where trading is publicly reported in any other country. Immediately prior to the Effective Time, 32 holders had beneficial ownership or control or direction over the Notes.

6. In addition to the Common Shares, there were also outstanding, immediately prior to the Effective Time, warrants that entitled the holders thereof to acquire 1,250,000 Common Shares at a price of U.S.$2.275 per share for a period of 3 years, expiring February 26, 2019 (**Warrants**) and outstanding options to purchase Common Shares that were issued pursuant to the Issuer's stock option plan, all of which were "out of the money" (**Options**).

7. The Issuer had no securities issued and outstanding immediately prior to the Effective Time other than the Common Shares, the Warrants, the Options and the Notes.

8. The Common Shares were previously listed for trading on the Toronto Stock Exchange (**TSX**) and on the NYSE American stock exchange (**NYSE American**). The Common Shares were delisted from the TSX on January 22, 2018. The Common Shares were suspended from trading on the NYSE American on December 22, 2017 and subsequently delisted from the NYSE American.

9. Immediately prior to the Effective Time no securities of the Issuer were traded in Canada on a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**).

10. The FFCTO was issued on November 20, 2017 due to the failure of the Issuer to file its: (i) interim financial statements for the period ended September 30, 2017; (ii) management's discussion and analysis relating to the interim financial statements for the period ended September 30, 2017; and (iii) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

CCAA Proceedings

11. On December 22, 2017, the Issuer and its Barbados-based subsidiaries (**Companies**) commenced restructuring proceedings under the *Companies' Creditors Arrangement Act* (**CCAA**) pursuant to which an initial order (**Initial Order**) was granted by the Ontario Superior Court of Justice (Commercial List) (**Court**). Pursuant to the Initial Order, the Issuer obtained protection from its creditors under the CCAA for an initial period expiring January 19, 2018 (which was extended several times).

12. Also, on December 22, 2017, the Issuer entered into a support agreement with Baiyin and Gramercy for the support of a recapitalization plan (**Recapitalization Plan**) to be implemented in the event that a superior transaction was not identified and implemented under a CCAA court-approved sales and investment solicitation process (**SISP**).

13. The Issuer also received commitments from Baiyin and Gramercy for up to US$20 million in interim financing to support its continued operations during the CCAA proceedings, which interim financing was approved by the Court in the Initial Order (**Interim Facility**).

14. FTI Consulting Canada Inc. was appointed as the monitor in the CCAA proceedings (**Monitor**). The Monitor is an officer of the Court, and its role is to oversee the business of the Issuer and be an impartial observer of the restructuring of the Issuer's business pursuant to the CCAA proceedings.

15. On January 18, 2018, the Issuer obtained approval from the Court to commence the SISP and the SISP was initiated on January 22, 2018. Pursuant to the SISP, interested parties were given an opportunity to acquire the Issuer: (i) for cash proceeds equal to the outstanding amount of the Interim Facility, the priority debt, 75% of the affected parity lien debt of the Issuer, and cash consideration sufficient to repay all amounts due under the stream agreements or treatment of the stream agreements on the same terms as the Recapitalization Plan, or (ii) on other terms superior to the Recapitalization Plan. The deadline for submission of non-binding letters of intent was established as 12:00 pm (Eastern Standard Time) on March 2, 2018, and the deadline for submission of binding bids was established as 12:00 pm (Eastern Standard Time) on April 9, 2018.

16. On February 1, 2018 the consolidated plan of compromise and reorganization reflecting the Recapitalization Plan, was accepted for filing by the Court. The Court also granted orders: (i) authorizing meetings of creditors of the Issuer to be held on March 9, 2018 to consider approval of the Recapitalization Plan (**Meeting Order**); and (ii) establishing a claims procedure to identify and determine certain claims that are to be affected by the Recapitalization Plan and to identify all claims against the directors and officers of the Companies.

17. Pursuant to the Meeting Order, the Court ordered the Issuer to cause CDS to publish a bulletin to its "Participant Holders" of Notes outlining the particulars of the creditors' meetings and the instructions for obtaining and recording (i) the voting instructions of beneficial Noteholders entitled to vote at the creditors' meetings (**Voting Instructions**) which included the principal amount of Notes held by each beneficial Noteholder, and (ii) registration instructions of beneficial Noteholders with respect to registration of the equity of the newly-formed company that is the result of the implementation of the Recapitalization Plan (i.e. Newco), in each case to be furnished via a "Voting Information and Election Form."

18. The Court further ordered that each CDS Participant Holder provide to Kingsdale Advisors (who was retained by the Issuer as the Solicitation Agent for the creditors' meetings) a master list of all Voting Instructions and registration elections received from beneficial Noteholders for whom it was the Participant Holder in advance of the creditors' meetings and ordered that the Solicitation Agent prepare and deliver a full tabulation of votes cast by beneficial Noteholders to the Monitor and the Scrutineer (of the meetings) for the creditors' meetings based on those master lists.

19. Following the creditors' meetings, further CDS bulletins were issued, advising beneficial Noteholders to provide registration instructions and advising beneficial Noteholders of the date for implementation of the Recapitalization Plan. The solicitation agent maintained an updated list of registration instructions received from former beneficial Noteholders. Information concerning the securityholders of Newco in this Order is based on that information.

20. On March 5, 2018 the Issuer announced that it intended to proceed with the Recapitalization Plan as no non-binding letters of intent had been received by the deadline on March 2, 2018 and, therefore, no superior transaction had been identified under the SISP.

21. On March 9, 2018, the Issuer announced that the Recapitalization Plan had been approved by the Issuer's creditors in accordance with the Meeting Order. The resolution approving the Recapitalization Plan was approved by 96.154% of affected secured creditors and 96.296% of affected unsecured creditors in number, who represented 91.112% and 91.114% respectively in value of the eligible voting claims who were present and voted in person or by proxy at the creditors' meetings.

22. On March 27, 2018, the Issuer received an order (**Sanction Order**) from the Court sanctioning the Recapitalization Plan. Based on the CCAA and the applicable case law, the Issuer was required to establish the following in order to obtain the Court's approval of the Recapitalization Plan:

    (a) there has been strict compliance with all statutory requirements of the CCAA and adherence to all previous orders of the Court;

    (b) nothing has been done or purported to be done that is not authorized by the CCAA; and

    (c) the Recapitalization Plan is fair and reasonable.

23. Under the Recapitalization Plan which was approved by and attached to the Sanction Order, the Recapitalization Plan must be implemented by April 30, 2018 unless extended in accordance with the Recapitalization Plan. On April 27, 2018, the

outside date for completion of the Recapitalization Plan was extended to May 4, 2018.

24. The Recapitalization Plan became effective on May 3, 2018 at 12:01am (**Effective Time**).

The CCAA Recapitalization Plan

25. Newco was incorporated as an exempted company with limited liability under the laws of the Cayman Islands.

26. Pursuant to the Recapitalization Plan:

(a) holders of equity interests in the Issuer (including the holders of Common Shares, Warrants and Options) had their interests extinguished for no consideration;

(b) the Issuer issued 100 Common Shares (**Issuer Shares**) to Banro Group (Barbados) Limited (**BGB**), a company organized under the laws of Barbados and a subsidiary of Newco, and thereby became a wholly-owned, indirect subsidiary of Newco;

(c) certain unsecured creditors of the Issuer had their claims compromised in exchange for their share of an unsecured cash pool;

(d) Class A Common Shares and Class B Common Shares of Newco (**Newco Shares**) were distributed to certain of the secured creditors of the Issuer, including the Noteholders, in settlement of their secured claims against the Issuer and its subsidiaries and such creditors hold all of the issued and outstanding shares of Newco;

(e) as consideration for consensual amendments to certain gold stream purchase agreements with first priority secured obligations, the parties to such agreements received warrants (**Stream Warrants**) to purchase additional equity of Newco;

(f) the Interim Facility was replaced by a term credit facility;

(g) as consideration for a credit facility (**Exit Facility**) that replaced the Interim Facility, the lenders under the Exit Facility received warrants to purchase additional equity of Newco (**Exit Facility Warrants**); and

(h) the amendments to certain gold stream purchase agreements as well as certain forward sales agreements continued in effect.

Newco

27. As a result of the implementation of the Recapitalization Plan, under the definition of "reporting issuer" in the securities legislation of certain of the Provinces of Canada, Newco became a reporting issuer as at the Effective Time and became subject to the continuous disclosure requirements under the securities legislation of those jurisdictions.

28. The authorized share capital of Newco consists of Class A Common Shares and Class B Common Shares. Immediately following the Effective Time, the issued and outstanding capital of Newco will consist of 17,278,163 Class A Common Shares, 6,097,143 Class B Common Shares, Stream Warrants that entitled the holders thereof to acquire 2,077,804 Newco Shares and Exit Facility Warrants that entitled the holders thereof to acquire 519,450 Newco Shares.

29. As at the Effective Time, Newco has 41 beneficial security holders worldwide.

30. The Newco Shares that were distributed pursuant to the Recapitalization Plan to persons or companies who are resident in Canada were distributed pursuant to the prospectus exemption in section 2.11 of NI 45-106 and will be subject to the resale restrictions in section 2.6 of National Instrument 45-102 *Resale of Securities* (**NI 45-102**). Newco did not distribute Stream Warrants or Exit Facility Warrants pursuant to the Recapitalization Plan to persons or companies who are resident in Canada.

31. Newco is not an OTC reporting issuer under Multilateral instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (**MI 51-105**).

32. As at the Effective Time, Newco has less than 51 beneficial security holders worldwide and less than 15 beneficial security holders in each of the jurisdictions of Canada, except that there are 18 beneficial holders of Class B Shares of Newco in Ontario, those 18 holding approximately 5.3% of the total equity of Newco.

33. No securities of Newco are traded on a marketplace as defined in NI 21-101 or on a marketplace or any other facility for bringing together buyers and sellers of securities where trading is publicly reported in any other country. Newco does not currently intend to seek financing by way of a public offering of its securities in Canada or elsewhere.

34. Newco is applying to cease to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer.

35. As a consequence of Newco having more than 15 beneficial securityholders in Ontario, Newco is not eligible to use the "simplified procedure" under NP 11-206.

36. Newco is not in default of the Legislation or the rules and regulations made pursuant thereto.

The Issuer

37. The Issuer Shares that were distributed pursuant to the Recapitalization Plan were distributed pursuant to the prospectus exemption in section 2.11 of NI 45-106 and will be subject to the resale restrictions in section 2.6 of NI 45-102.

38. The Issuer is not an OTC reporting issuer under MI 51-105.

39. The Issuer has no outstanding securities other than 100 Common Shares that are held by one beneficial securityholder, BGB, a subsidiary of Newco.

40. No securities of the Issuer are traded on a marketplace as defined in NI 21-101 or on a marketplace or any other facility for bringing together buyers and sellers of securities where trading is publicly reported in any other country. The Issuer does not intend to seek financing by way of a public offering of its securities in Canada or elsewhere.

41. The Issuer is applying to cease to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer

42. To implement the Recapitalization Plan, the Issuer effected certain trades as set out in Representation 26 in securities of the Issuer that are necessary for and in connection with the Recapitalization Plan as at the Effective Time. The purpose of the FFCTO Revocation Order is to permit these trades as at the Effective Time.

43. As a consequence of the Issuer being in default of securities legislation as evidenced by the FFCTO being in effect, the Issuer is not eligible to use the "simplified procedure" under NP 11-206.

44. In acting in compliance with the Meeting Order and the Sanction Order regarding the Recapitalization Plan, the Issuer may have engaged in certain acts in furtherance of trades in securities of the Issuer (**Acts**), which Acts were taken at the direction and with the approval of, and under the supervision of, the Court. Except for any Acts and the outstanding continuous disclosure filings the Issuer is not in default of any of the requirements of the FFCTO, the Legislation or the rules and regulations made pursuant thereto.

45. The Filers each acknowledge that, in granting the relief sought, the principal regulator is not expressing any opinion or approval as to the terms of the Recapitalization Plan.

46. The Recapitalization Plan cannot be completed without the Requested Relief because the Recapitalization Plan contemplates that, immediately following its completion: (i) the Issuer will not be a reporting issuer; (ii) Newco will not be a reporting issuer; and (iii) the Issuer will no longer be subject to the FFCTO.

Orders

The Decision Maker for the FFCTO Revocation Order is satisfied that the test set out in the Legislation for the Decision Maker to make the FFCTO Revocation Order is met.

The decision of the Decision Maker for the FFCTO Revocation Order under the Legislation is that the FFCTO Revocation Order is granted.

The Decision Maker for the Cease to be a Reporting Issuer Order is satisfied that the test set out in the Legislation for the Decision Maker to make the Cease to be a Reporting Issuer Order is met.

The decision of the Decision Maker for the Cease to be a Reporting Issuer Order under the Legislation is that the Cease to be a Reporting Issuer Order is granted.

Dated May 3, 2018.

As to the Cease to be a Reporting Issuer Order:

"Timothy Moseley"
Commissioner
Ontario Securities Commission

"Grant Vingoe"
Commissioner
Ontario Securities Commission

As to the FFCTO Revocation Order:

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

2.1.7 Royal Gold, Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from the prospectus requirement for certain marketing activities not expressly permitted by National Instrument 71-101 The Multijurisdictional Disclosure System so that investment dealers acting as underwriters or selling group members of an issuer are permitted to use standard term sheets and marketing materials and conduct road shows (each as defined under National Instrument 41-101 General Prospectus Requirements) in connection with future offerings under an MJDS base shelf prospectus – NI 71-101 does not contain equivalent provisions to Part 9A of National Instrument 44-102 Shelf Distributions – relief granted, provided that any road shows, standard term sheets and marketing materials would comply with the approval, content, use and other conditions and requirements of Part 9A of NI 44-102, as applicable.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1)2.
National Instrument 71-101 The Multijurisdictional Disclosure System, s. 11.3.

May 4, 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
ROYAL GOLD, INC.
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**), pursuant to paragraph 74(1)2 of the *Securities Act* (Ontario), for an exemption from the prospectus requirement for certain marketing activities not expressly permitted by National Instrument 71-101 *The Multijurisdictional Disclosure System* so that investment dealers acting as underwriters (as defined in the Legislation) or selling group members of (a) the Filer, or (b) a selling securityholder of the Filer are permitted to (i) use Standard Term Sheets (as defined below) and Marketing Materials (as defined below), and (ii) conduct Road Shows (as defined below) in connection with future offerings under a Final Canadian MJDS Shelf Prospectus (as defined below) to be filed by the Filer in each of the provinces and territories of Canada (the **Exemption Sought**),

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Delaware.

2. The principal executive offices of the Filer are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202.

3. As of the date hereof, the Filer is a reporting issuer in each of the Jurisdictions and is a "SEC foreign issuer" as defined under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. The Filer is not in default of securities legislation in any of the Jurisdictions.

4. The Filer has filed a registration statement on Form S-3 with the U.S. Securities and Exchange Commission (the **Registration Statement**). The Registration Statement contains a shelf prospectus (the **U.S. Shelf Prospectus**) and may register for sale in the United States, from time to time, in one or more offerings and pursuant to one or more prospectus supplements, shares of the Filer's common stock, shares of the Filer's preferred stock, debt securities and certain other types of securities.

5. The Filer has also filed a final MJDS prospectus in the Jurisdictions pursuant to National Instrument

71-101 *The Multijurisdictional Disclosure System* (**NI 71-101**) which includes the U.S. Shelf Prospectus (the final MJDS prospectus is referred to in this decision as the **Final Canadian MJDS Shelf Prospectus**) and will qualify the distribution in the Jurisdictions, from time to time, in one or more offerings and pursuant to one or more prospectus supplements, of shares of the Filer's common stock, shares of the Filer's preferred stock, debt securities and certain other types of securities.

6. National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) sets out the requirements for a distribution under a (non-MJDS) shelf prospectus in Canada, including requirements with respect to advertising and marketing activities. In particular, Part 9A of NI 44-102 permits the conduct of "road shows" and the use of "standard term sheets" and "marketing materials" (as such terms are defined in. National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**)) following the issuance of a receipt for a final base shelf prospectus provided the approval, content, use and other applicable conditions and requirements of Part 9A are complied with. NI 71-101 does not contain provisions that are equivalent to those of Part 9A of NI 44-102.

7. In connection with marketing an offering in Canada under the Final Canadian MJDS Shelf Prospectus, investment dealers acting as underwriters or selling group members of (a) the Filer, or (b) a selling securityholder of the Filer may wish to conduct road shows (**Road Shows**) and utilize one or more standard term sheets (**Standard Term Sheets**) and marketing materials (**Marketing Materials**), as such terms are defined in NI 41-101. Any such Road Shows, Standard Term Sheets and Marketing Materials would comply with the approval, content, use and other conditions and requirements of Part 9A of NI 44-102, as applicable.

8. Canadian purchasers, if any, of securities offered under the Final Canadian MJDS Shelf Prospectus will only be able to purchase those securities through an investment dealer registered in the Jurisdiction of residence of the purchaser.

Decision

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

The decision of the principal regulator is that the Exemption Sought is granted, provided that the conditions and requirements set out in Part 9A of NI 44-102 for Standard Term Sheets, Marketing Materials and Road Shows are complied with for any future offering under the Final Canadian MJDS Shelf Prospectus in the manner in which those conditions and requirements would apply if the Final Canadian MJDS Shelf Prospectus were a final base shelf prospectus under NI 44-102.

"Lawrence Haber"
Commissioner
Ontario Securities Commission

"Janet Leiper"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Pine Point Mining Limited – s. 1(6) of the OBCA

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
PINE POINT MINING LIMITED
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is incorporated under the OBCA.

2. The Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA.

3. The Applicant has an authorized capital consisting of an unlimited number of common shares (the **Common Shares**), of which 159,699,558 Common Shares are issued and outstanding as of the date hereof.

4. The head office of the Applicant is located at Suite 3400, One First Canadian Place, Toronto, Ontario, M5X 1A4, Canada.

5. On December 15, 2017, the Applicant entered into an arrangement agreement with Osisko Metals Incorporated (**Osisko Metals**), pursuant to which, among other things, (i) Osisko Metals agreed to acquire all of the issued and outstanding Common Shares, and (ii) a newly-formed company (**Spinco**) would be created to hold all of the assets and liabilities of the Applicant, with the exception of the Pine Point project located in the Northwest Territories, all by way of a court-approved plan of arrangement under the provisions of Section 182 of the OBCA (the **Arrangement**).

6. On February 16, 2018 a special meeting of the shareholders of the Applicant was held where the Arrangement was approved by the shareholders of the Applicant.

7. The Arrangement was approved by a final order of the Ontario Superior Court of Justice (Commercial List) on February 21, 2018.

8. The Arrangement was completed on February 23, 2018. As a result of the Arrangement, each shareholder of the Applicant became entitled to receive, in exchange for each Common Share held immediately prior to the effective time of the Arrangement: (i) 0.2710 of a common share of Osisko Metals; (ii) 0.0677 of a common share purchase warrant of Osisko Metals, with each whole warrant entitling the holder thereof to acquire one common share of Osisko Metals at an exercise price of C$1.50 per share for a period of 12 months; and (iii) one (1) common share of Spinco, which shares were consolidated on a 10:1 basis under the Arrangement.

9. As of the date of this order, all of the issued and outstanding Common Shares are beneficially owned, directly or indirectly, by Osisko Metals and no other securities, including debt securities, of the Applicant are outstanding.

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

11. On April 12, 2018, the Applicant was granted an order pursuant to subclause 1(10)(a)(ii) of the Securities Act (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

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

DATED at Toronto on this 27th day of April, 2018.

"Peter Currie"
Commissioner
Ontario Securities Commission

"Philip Anisman"
Commissioner
Ontario Securities Commission

2.2.2 Lynne Rae Nickford (aka Lynne Rae Zlotnik dba Lynne Zlotnik Wealth Management) – 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)

D. Grant Vingoe, Vice-Chair and Chair of the Panel

May 7, 2018

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

WHEREAS the Ontario Securities Commission held a hearing in writing to consider a request by Staff of the Ontario Securities Commission (**Staff**) for an order imposing sanctions against Lynne Rae Nickford (aka Lynne Rae Zlotnik dba Lynne Zlotnik Wealth Management (**LZMW**)) (**Nickford**) pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

ON READING the findings of the British Columbia Securities Commission (the **BCSC**) dated August 8, 2017 and the decision of the BCSC dated February 2, 2018 with respect to Nickford and on reading the materials filed by Staff, and filed by Nickford;

IT IS ORDERED THAT:

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

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

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

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

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

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

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

8. pursuant to subsection 9(1)(b) of the SPPA, all of Nickford's written submissions shall be kept confidential.

"D. Grant Vingoe"

2.2.3 Nuuvera Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application for an order than the issuer is not a reporting issuer under applicable securities laws – issuer has outstanding warrants exercisable into securities of acquiror – warrant holders no longer require public disclosure in respect of the issuer – relief granted.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 1(10)(a)(ii).

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

AND

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

AND

IN THE MATTER OF
NUUVERA INC.
(THE FILER)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer was incorporated under the *Business Corporations Act* (Ontario) (the **OBCA**) on July 17, 2015 as Mira IX Acquisition Corp. The name of the Filer was changed to Nuuvera Inc. pursuant to certificate and articles of amendment dated December 27, 2017.

2. The Filer's head office is at 135 Devon Road, Unit #11, Brampton, Ontario L6T 5A4.

3. On March 23, 2018 (the **Effective Date**), Aphria Inc. (the **Purchaser**) acquired all of the issued and outstanding common shares of the Filer, not already owned by it, pursuant to a plan of arrangement under section 182 of the OBCA (the **Arrangement**), which became effective at 12:01 a.m. (EST) the (**Effective Time**) on the Effective Date.

4. The Purchaser is a corporation existing under the OBCA. The authorized share capital of the Purchaser consists of an unlimited number of common shares (the **Aphria Shares**). The Aphria Shares are listed on the Toronto Stock Exchange (the **TSX**) under the symbol "APH". The Purchaser is a reporting issuer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador.

5. Immediately prior to the Effective Time, the Filer had the following outstanding securities: (i) 93,360,603 common shares (the **Filer Shares**); (ii) 3,217,500 options to purchase Filer Shares (the **Filer Options**); and (iii) 4,704,545 warrants to purchase Filer Shares (the **Filer Warrants**). The Filer Shares were listed on the TSX Venture Exchange (the **TSXV**) under the symbol "NUU". No other securities of the Filer were listed on any exchange.

6. To the best of the Filer's knowledge and belief and based on the distribution certificate provided by the co-lead underwriter of the offering pursuant to which the Filer Warrants were distributed, there are 99 holders of Filer Warrants, 4 of which are in Alberta (3,500 Filer Warrants representing 0.07% of the total aggregate Filer Warrants), 14 of which are in British Columbia (24,250 Filer Warrants representing 0.52% of the total aggregate Filer Warrants), 1 of which is in Nova Scotia (1,000 Filer Warrants representing 0.02% of the total

aggregate Filer Warrants), 69 of which are in Ontario (3,785,813 Filer Warrants representing 80.47% of the total aggregate Filer Warrants), 2 of which are in the United States (275,000 Filer Warrants representing 5.85% of the total aggregate Filer Warrants) and 9 of which are in other foreign jurisdictions (614,982 Filer Warrants representing 13.07% of the total aggregate Filer Warrants).

7. The notice of special meeting of holders of Filer Shares was delivered to the holders of Filer Shares, Filer Options, and the Filer Warrants in connection with the special meeting of holders of Filer Shares that took place on March 20, 2018 to consider the Arrangement.

8. Pursuant to the Arrangement, among other things, the following occurred as of the Effective Time:

   (a) each Filer Share (other than Filer Shares held by the Purchaser or any affiliates thereof) was deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for $0.62 in cash (the **Cash Consideration**) and 0.3546 of an Aphria Share (the **Share Consideration**, together with the Cash Consideration, the **Consideration**) for each Filer Share; and

   (b) each Filer Option (whether vested or unvested) was exchanged for an option to acquire such number of Aphria Shares as is equal to (A) that number of Filer Shares that were issuable upon exercise of such Filer Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio (as defined below), rounded down to the nearest whole number of Aphria Shares, at an exercise price per Aphria Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Filer Share at which such Filer Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the *Income Tax Act* (Canada). The Exchange Ratio means the sum of (i) 0.3546, plus (ii) the fraction resulting from dividing $0.62 by the volume weighted average trading price of the Aphria Shares on the TSX for the 10 day period immediately preceding the Effective Date.

9. Furthermore, pursuant to the warrant indenture dated February 14, 2018 between the Filer and TSX Trust Company (the **Warrant Indenture**) and the Arrangement, the Purchaser became obligated to provide and each holder of Filer Warrant became obligated to receive, upon the exercise of such holder's Filer Warrant, in lieu of Filer Shares to which such holder was theretofore entitled upon such exercise and for the same aggregate consideration payable theretofore, the number of Aphria Shares and the amount of cash which the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Filer Shares to which such holder would have been entitled if such holder had exercised such holder's Filer Warrants immediately prior to the Effective Time.

10. The Filer is not required to remain a reporting issuer pursuant to the terms of the Warrant Indenture. The terms of the Warrant Indenture contain provisions addressing, amongst others, a corporate merger, amalgamation, arrangement, or business combination, including the Arrangement, and provide for the payment of the Consideration in lieu of the Filer Shares subsequent to such an event. As a result, no consents or approvals were required from the holders of the Filer Warrants.

11. In connection with the Arrangement, additional Aphria Shares were authorized for issuance upon exercise of the Filer Warrants.

12. The Filer Shares were delisted from the TSXV as of the close of business on March 27, 2018.

13. The Filer is not eligible to surrender its status as a reporting issuer pursuant to the simplified procedure in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* because the Filer Warrants are not 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.

14. The Filer is not a reporting issuer in any jurisdiction of Canada other than the jurisdictions identified in this order. The Filer is applying for an order that it has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer.

15. Upon granting of the Order Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

16. The Filer and the Purchaser are not in default of any of their obligations under the Legislation as reporting issuers.

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

18. The Filer has no intention to seek public financing by way of an offering of securities.

19. 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.

Order

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

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

DATED at Toronto on this 27th day of April, 2018.

"Peter Currie"
Commissioner
Ontario Securities Commission

"Philip Anisman"
Commissioner
Ontario Securities Commission

2.3 Orders with Related Settlement Agreements

2.3.1 Harald Seemann et al. – ss. 127(1), 127.1

FILE NO.: 2018-19

IN THE MATTER OF
HARALD SEEMANN,
JENS BRANDT AND
KARL PAWLOWICZ

D. Grant Vingoe, Vice-Chair and Chair of the Panel

May 7, 2018

ORDER
(Subsection 127(1) and 127.1 of
the *Securities Act*, RSO 1990, c S.5)

WHEREAS on May 7, 2018, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, or in writing, to consider the Application made jointly by Harald Seemann (the **Respondent**) and Staff of the Commission for approval of a settlement agreement dated May 3, 2018 (the **Settlement Agreement**);

ON READING the Joint Request for a Settlement Hearing, including the Statement of Allegations dated May 3, 2018, and on hearing the submissions of the representatives of each of the parties;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

3. the Respondent pay an administrative penalty of $100,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

4. trading by the Respondent in any securities cease for a period of 5 years, pursuant to paragraph 2 of subsection 127(1) of the Act;

5. the acquisition by the Respondent of any securities be prohibited for a period of 5 years, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

6. any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 5 years, pursuant to paragraph 3 of subsection 127(1) of the Act;

7. the Respondent be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years commencing on the date of this Order approving the Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act; and

8. the Respondent pay costs in the amount of $25,000, pursuant to section 127.1 of the Act.

“D. Grant Vingoe”

IN THE MATTER OF
HARALD SEEMANN,
JENS BRANDT and
KARL PAWLOWICZ

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
HARALD SEEMANN

PART I – INTRODUCTION

1. This matter is about manipulative trading in shares of Big Rock Labs Inc. ("BLA") by Harald Seemann ("Seemann" or "the Respondent"), the directing mind of the company. Through the use of his own trading accounts and those of others, Seemann employed a number of different strategies to manipulate the market for BLA shares, all of which resulted in or contributed to a misleading appearance of trading activity in, and an artificial price for BLA shares. Ensuring that market participants do not manipulate the market for shares of a company is essential in achieving the purposes of the *Securities Act*, RSO 1990, c S.5 (the "Act") of protecting investors from unfair, improper or fraudulent practices and fostering fair and efficient markets and confidence in capital markets.

2. The parties will jointly file a request that the Ontario Securities Commission (the "Commission") issue a Notice of Hearing (the "Notice of Hearing") to announce that it will hold a hearing (the "Settlement Hearing") to consider whether, pursuant to sections 127 and 127.1 of the Act, it is in the public interest for the Commission to make certain orders against Seemann.

PART II – JOINT SETTLEMENT RECOMMENDATION

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

4. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts set out in Part III of this Settlement Agreement and the conclusion in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

A. Overview

5. From June 2014 to June 2015 (the "Material Time"), Seemann engaged in manipulative trading of BLA shares which created a misleading appearance of market activity in an attempt to generate interest and create liquidity in BLA shares, and to sell BLA shares at beneficial prices. By engaging in such behaviour, Seemann interfered with the free and fair operation of the market.

B. The Respondent

6. Seemann was the founder, Chief Financial Officer and a director of BLA during the Material Time. Seemann has never been registered with the Commission in any capacity.

7. BLA is a public company which was incorporated in British Columbia in April 2014. Its shares are listed on the Canadian Securities Exchange ("CSE") and the Frankfurt Stock Exchange ("FSE"). BLA is a reporting issuer in Ontario with its registered address in Toronto. In 2014, BLA was a technology company which specialized in digital product research and development. BLA did not earn any revenue during the Material Time. Its business model was focused on growing the user base of its smartphone application, Reach.

8. In 2016 and 2017, BLA tried to change its business numerous times, from technology development to real estate and then to energy resources. In November 2017, BLA changed its name to Blox Labs Inc. In December 2017, it entered into a partnership with an arms-length third party, and commenced development of a blockchain based smart contract supply chain management platform for the legalized cannabis industry.

9. Seemann was the directing mind of BLA. Seemann was responsible for having the BLA shares listed on the CSE and the FSE. Seemann solicited the services of Bankhaus Scheich Wertpapierspezialist AG ("Bankhaus Scheich") to assist

him with the listing of BLA shares on the FSE. Bankhaus Scheich performed market making activities for BLA on both the CSE and FSE during the Material Time.

C. Seemann's Manipulative Trading in BLA Shares

10. From June 2014 to June 2015, Seemann engaged in manipulative trading of BLA shares. Specifically, Seemann executed orders and trades in BLA shares using: (i) five accounts under his name and the name of his spouse; and (ii) six accounts of four other insiders of BLA, (the "Other Insiders") which included one of the other respondents, Karl Pawlowicz ("Pawlowicz").

11. Seemann encouraged the Other Insiders to open trading accounts at Questrade during the Material Time and each of the Other Insiders did so. Seemann then obtained the log-in information and the verbal consent of the Other Insiders to enter orders and execute trades in these accounts. Seemann used the accounts of the Other Insiders to carry out the manipulative trading described below.

12. During the Material Time, Seemann also engaged in pre-arranged trading with the respondent, Jens Brandt ("Brandt") and with his father-in-law, JR, which resulted in or contributed to a misleading appearance of trading activity in BLA shares.

13. Seemann's trading activities reflected the following:

(a) Dominance

14. In June 2014, by trading through his accounts, his spouse's accounts and the accounts of the Other Insiders, and by co-ordinating pre-arranged trading with Brandt and JR (collectively "the Seemann Trading Group"), Seemann dominated the entire BLA market, accounting for 100% of the buy side volume and 99.7% of the sell side volume. On five of the six days when BLA shares traded in the month of June 2014, accounts owned by members of the Trading Group were buying or selling the BLA shares among each other at the same price of $0.30. This resulted in a false appearance of trading activity and volume of BLA shares.

15. Between July 1, 2014 and July 16, 2014, trading by the Seemann Trading Group again dominated the entire BLA market, accounting for 63% of the buy side volume and 97% of the sell side volume. On three of the six days when the BLA shares traded between July 1, 2014 and July 16, 2014, accounts owned by members of the Seemann Trading Group were buying and selling the BLA shares among each other at prices between $0.35 and $0.42 through pre-arranged trading. This resulted in a false appearance of trading activity and volume of BLA shares.

(b) Wash and Match Trading

16. In June and July 2014, Seemann orchestrated pre-arranged trading through match trades. On June 9, 2014, Seemann executed one buy order for 128,182 BLA shares in his spouse's Scotia iTrade TFSA and one sell order, also for 128,182 BLA shares in his spouse's Scotia iTrade margin account, at the same time. This resulted in a wash trade which was cancelled by Scotia iTrade.

17. After this trade was cancelled, Seemann pre-arranged for the sale of BLA shares from his spouse to his father-in-law, JR. On June 10, 2014, JR bought 103,300 BLA shares which were sold from Seemann's spouse's iTrade margin account. This match trade was directed by Seemann. On the same day, Seemann was questioned by Scotia iTrade about whether this trade was arranged as the shares were purchased by JR, his father-in-law.

18. In June 2014, Seemann also engaged in match trading with Brandt. On the evening of June 10, 2014, there were two telephone calls between Seemann and Brandt, which were followed by Brandt's purchase of 145,200 BLA shares which were sold from Seemann's spouse's margin account on June 12 and 13, 2014.

19. On June 15, 2014, there was another telephone call between Brandt and Seemann, which was followed by the sale of 128,182 BLA shares from Brandt to Seemann's spouse's Scotia iTrade TFSA account, just after the opening of the market on June 16, 2014. The telephone calls between Seemann and Brandt on June 10 and 15, 2014 were the only three phone calls made between the two of them during the entire month of June.

20. On July 7 2014, Brandt entered a buy order for 5,000 BLA shares at $0.35 in his Questrade TFSA trading account and established the National Best Bid ("NBB"), which had previously been $0.29. Approximately 19 minutes later, Seemann placed a sell order in his spouse's Scotia iTrade margin account for exactly the same volume of BLA shares and at the same price and traded against Brandt's buy order.

21. On July 11 2014, Brandt entered a buy order for 8,000 BLA shares at $0.40 in his TFSA trading account and established the NBB, which had previously been $0.36. Just one minute later, Seemann placed a sell order in his spouse's Scotia iTrade margin account for exactly the same volume of BLA shares and at the same price and traded against Brandt's buy order.

22. On July 28 2014, Brandt entered a buy order for 15,000 BLA shares at $0.55 in his spouse's Questrade TFSA trading account. Less than three minutes later, Seemann placed a sell order in his spouse's Scotia iTrade margin account for exactly the same volume of BLA shares and at the same price and traded against Brandt's buy order. This set the high closing trade, an improvement of $0.01 from the previous trading day.

(c) Seemann's Passive Trading Strategy

23. In addition to making match trades, in June and July 2014, Seemann employed a passive trading strategy with respect to BLA shares which involved multiple entries and amending and cancelling Good Till Cancel ("GTC") orders with a 30 day expiration period on both sides of the market. The majority of these orders were entered by Seemann through his accounts or by him through his spouse's accounts. The GTC orders were entered at different price levels and outside the market spread resulting in:

    (a) multiple orders being placed in the market in the pre-opening and setting the market spread at the opening;

    (b) improving the market spread during the course of the trading day to the price level at which Seemann planned to sell the BLA shares; and

    (c) further improving the market after the trades occurred, to accommodate the execution of the same type of trading the following day at an improved price range.

(d) Seemann's Active Trading Strategy

24. From July 16, 2014 to December 2014, Seemann continued to employ the passive trading strategy to line the market and improve the market spread for BLA shares. In addition, during this time, Seemann engaged in another form of market manipulation, including, but not limited to practices known as intraday spoofing.

25. Intraday spoofing involves the use of non-bona fide orders, or orders that the trader does not intend to have executed, to induce others to buy or sell the security at a price not representative of actual supply or demand. More specifically, a trader places a non-bona fide buy (or sell) order, which, if followed by another market participant, the trader will then enter a number of non-bona fide buy (or sell) orders for the purpose of attracting interest to that side of the order book. These non-bona fide orders are not intended to be executed. The purpose of these non-bona fide orders is to create a false impression of interest on that side of the order book. The trader will then enter an order for execution on the other side of the market at the better price.

26. More specifically, commencing on July 16, 2014, the German market maker, Bankhaus Scheich became active on the buy side on the CSE with respect to BLA shares. Seemann was aware of Bankhaus Scheich's trading strategy, which was to short BLA on the FSE and buy long on the CSE. Seemann took advantage of Bankhaus Scheich by engaging in intraday spoofing. He lined the book on the CSE with buy orders and baited Bankhaus Scheich to join his order on the NBB. Once Bankhaus Scheich joined the NBB, Seemann cancelled or amended his bid and, within a short time period, he would switch sides of the market and place a sell order and trade against Bankhaus Scheich's bid.

27. As a result of Seemann's trading pattern, in July 2014, BLA's share price increased by 54%, from $0.29 to $0.63. Seemann continued to engage in intraday spoofing during the period of August to November 2014. During this time, BLA's share price increased month-to- month from $0.75 to $1.24. In December 2014, BLA's share price continued to rise, closing at $1.50 by the end of the month.

(e) High Closing

28. Seemann also engaged in the high closing of BLA shares. In particular:

    (a) on the 19 trading days in July 2014, Seemann set the high closing trade on five days on up-ticks between $0.01 to $0.06;

    (b) on the 21 trading days in September 2014, Seemann set the high closing trade on two days on up-ticks between $0.01 to $0.04;

(c) on the 22 trading days in October 2014, Seemann set the high closing trade on two days. The high closing on October 30 was on an up-tick of $0.27;

(d) on the 20 trading days in November 2014, Seemann set the high closing trade on three days on up-ticks between $0.01 and $0.10; and

(e) on the 21 trading days in December 2014, Seemann set the high closing trade on two days on up-ticks between $0.06 and $0.09.

Seemann Directed the Trading of Others

29. During the Material Time, Seemann instructed Pawlowicz, the CEO of BLA, to place a bid for BLA shares on the market through his TD account and then to advise Seemann that the bid had been made. As instructed by Seemann, Pawlowicz placed the bid for BLA shares. Seemann told Pawlowicz to place bids in an attempt to show that there was an interest in buying BLA shares. Pawlowicz followed Seemann's instructions.

Seemann Acted Contrary To the Public Interest

30. As the founder, an officer and a director of BLA, Seemann was ultimately responsible for BLA's compliance with Ontario securities legislation. Seemann's conduct of engaging in manipulative trading of BLA shares, including the use of his spouse's and the Other Insiders' trading accounts, completely failed to meet the standard expected of an officer and director participating in Ontario's capital markets.

31. Staff do not allege that the Respondent earned a profit as a result of his manipulative activity described in paragraphs 10 to 29 of this Settlement Agreement.

Mitigating Factors

32. Seemann has not previously been the subject of OSC disciplinary proceedings.

33. Seemann has cooperated with Staff throughout the course of Staff's investigation and these proceedings.

34. By admitting the facts and contraventions described above, Seemann has:

(a) expressed remorse for his actions; and

(b) saved the OSC significant time and resources associated with conducting a fully contested hearing on the merits.

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

35. By engaging in the conduct described above, Seemann admits and acknowledges that he has breached Ontario securities law by contravening subsection 126.1(1)(a) of the Act and engaged in conduct contrary to the public interest.

PART V – TERMS OF SETTLEMENT

36. The Respondent agrees to the terms of settlement set out below.

37. The Respondent consents to the Order, pursuant to which it is ordered that:

(a) this Settlement Agreement be approved;

(b) the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

(c) the Respondent pay an administrative penalty of $100,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

(d) trading by the Respondent in any securities cease for a period of 5 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 2 of subsection 127(1) of the Act;

(e) the acquisition by the Respondent of any securities be prohibited for a period of 5 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(f) any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 5 years, commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 3 of subsection 127(1) of the Act;

(g) the Respondent be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act; and

(h) the Respondent pay costs of the Commission's investigation, in the amount of $25,000, pursuant to section 127.1 of the Act.

38. The amounts set out in sub-paragraphs 37(c) and (h) shall be paid by the Respondent by the date of the Commission's Order approving this Settlement Agreement, in separate certified cheques payable to "the Ontario Securities Commission".

39. Seemann will cooperate with Staff in its investigation including testifying as a witness for Staff in any proceedings commenced or continued by Staff or the Commission relating to the matters set out herein and meeting with Staff in advance of that proceeding to prepare for that testimony.

40. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities – or derivatives – related activities, prior to undertaking such activities.

41. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub paragraphs 37(d), (e), (f) and (g) above. These sanctions may be modified to reflect the provisions of the relevant provincial or territorial law.

PART VI – FURTHER PROCEEDINGS

42. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, in which case Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

43. The Respondent acknowledges that, if the Commission approves this Settlement Agreement and the Respondent fails to comply with any term in it, the Commission is entitled to bring any proceedings necessary.

44. The Respondent waives any defences to a proceeding that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

45. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Commission, which shall be held on a date determined by the Secretary to the Commission in accordance with this Settlement Agreement and the Commission's Rules of Procedure, adopted October 31, 2017.

46. The Respondent will attend the Settlement Hearing in person.

47. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

48. If the Commission approves this Settlement Agreement:

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

(b) the parties will not make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

49. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

50. If the Commission does not make the Order:

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

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

51. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED at Toronto, this 3rd day of May, 2018.

"Dana Carson"
Witness: (print name):

"Harald Seemann"
Harald Seemann

DATED at Toronto, Ontario, this 3rd day of May, 2018.

STAFF OF THE ONTARIO SECURITIES COMMISSION

By: *"Johanna Superina, Deputy Director, Enforcement Branch for Jeff Kehoe"*
Jeff Kehoe
Director, Enforcement Branch

Schedule "A"

IN THE MATTER OF
HARALD SEEMANN,
JENS BRANDT and
KARL PAWLOWICZ

[INSERT COMMISSIONERS OF THE PANEL]

___, 2018

ORDER
Sections 127 and 127.1 of
the *Securities Act*, RSO 1990, c S.5

WHEREAS on ___, 2018, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the approval of a settlement agreement dated ____, 2018 (the **Settlement Agreement**) between Harald Seemann (the **Respondent**) and Staff of the Commission (**Staff**);

ON READING the Statement of Allegations dated ____, 2018 and the Settlement Agreement and on hearing the submissions of representatives of Staff and the Respondent;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

3. the Respondent pay an administrative penalty of $100,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

4. trading by the Respondent in any securities cease for a period of 5 years, pursuant to paragraph 2 of subsection 127(1) of the Act;

5. the acquisition by the Respondent of any securities be prohibited for a period of 5 years, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

6. any exemptions contained in Ontario securities law do not apply to the Respondent for a period of 5 years, pursuant to paragraph 3 of subsection 127(1) of the Act;

7. the Respondent be prohibited from becoming or acting as a director or officer of any issuer for a period of 5 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act; and

8. the Respondent pay costs in the amount of $25,000, pursuant to section 127.1 of the Act.

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Donna Hutchinson et al. – s. 127(1)

IN THE MATTER OF
DONNA HUTCHINSON,
CAMERON EDWARD CORNISH,
DAVID PAUL GEORGE SIDDERS and
PATRICK JELF CARUSO

ORAL REASONS FOR APPROVAL OF SETTLEMENT
Subsection 127(1) of the *Securities Act*, RSO 1990, c S.5

Citation: *Hutchinson (Re)*, 2018 ONSEC 22
Date: 2018-05-02
File No.: 2017-54

Hearing:	April 24, 2018	
Decision:	April 24, 2018	
Panel:	Janet Leiper	Commissioner and Chair of the Panel
	Deborah Leckman	Commissioner
	Robert P. Hutchison	Commissioner
Appearances:	Matthew H. Britton	For Staff of the Commission
	Amy Ohler	For Donna Hutchinson

ORAL REASONS AND DECISION

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the transcript of the reasons delivered orally at the hearing, and as edited and approved by the Panel, to provide a public record.

[1] The respondent, Donna Hutchinson, has entered into a settlement agreement (the **Settlement Agreement**) with Staff of the Commission. In this hearing, the parties submit jointly that it would be in the public interest for us to approve the Settlement Agreement and to issue the requested order. After considering the submissions of the parties, we agree that the requested order is in the public interest and we approve the Settlement Agreement.

[2] The Settlement Agreement includes a summary of facts with which Ms. Hutchinson agrees, but which remain unproven against the remaining three respondents. The allegations against the non-settling respondents remain the subject of ongoing proceedings and must be proven at a merits hearing.

[3] The Settlement Agreement is publicly available. It is unnecessary to set out Ms. Hutchinson's actions in detail here. Ms. Hutchinson was employed as a legal assistant by a large Toronto law firm, where she provided assistance with merger and acquisition transactions. Ms. Hutchinson admits that she knowingly provided non-public, confidential information in respect of six merger and acquisition transactions to one of the respondents, Cameron Edward Cornish, during a period of over four years. Ms. Hutchinson admits that, by engaging in this conduct, she breached Ontario securities law by contravening subsection 76(2) of the *Securities Act*, RSO 1990, c S.5 (the **Act**).

[4] These breaches are serious. The improper use of material non-public information leads to unfair advantages for those who engage in insider tipping and insider trading. It also contributes to a lack of confidence in and cynicism towards the fairness of the public markets. Though Ms. Hutchinson did not engage in any insider trading herself, insider tipping contributes to the erosion of public confidence in the capital markets.

[5] The Settlement Agreement and the submissions of counsel describe the following mitigating factors:

a. Ms. Hutchinson acknowledges her involvement in the matter, which means the Commission will not have to expend further resources to establish her liability. This is some evidence of remorse;

b. As a result of her conduct, Ms. Hutchinson lost her position as a legal assistant. She is unemployed and without resources to pay monetary sanctions. It is unlikely she will be able to find future employment in her field;

c. Ms. Hutchinson received relatively small sums of money as a result of her misconduct, when compared to the larger profits made by the respondents who conducted the insider trading;

d. Ms. Hutchinson has no prior record of breaching Ontario securities law;

e. Ms. Hutchinson is not and has never been a registrant; and

f. Ms. Hutchinson was manipulated by an experienced trader.

[6] Further, Ms. Hutchinson has agreed to cooperate with Staff in its investigation of the non-settling respondents. That cooperation includes testifying as a witness for Staff in any proceedings relating to the misconduct described in the Settlement Agreement and meeting with Staff to prepare for that testimony.

[7] Staff took Ms. Hutchinson's cooperation into account as a significant mitigating factor, resulting in the reduced sanctions proposed in the Settlement Agreement. In 2014, the Commission published Staff Notice 15-702 – *Revised Credit for Cooperation Program*, which recognizes that a respondent's cooperation may play a role in reducing the sanctions recommended by Staff in enforcement proceedings. The program is meant to encourage market participants to self-police, self-report and self-correct potential breaches of Ontario securities laws or conduct that is otherwise contrary to the public interest.

[8] As the Commission has noted previously, some aspects of insider trading and tipping cases are "very difficult to prove as, generally, the only persons who have direct knowledge of relevant communications are the wrongdoers themselves".[1] As a result, insider trading and tipping cases often rely on circumstantial evidence and inferences drawn from indirect evidence, a manner of proof that is significantly more difficult than presenting direct evidence. Through her testimony, Ms. Hutchinson will provide otherwise unavailable direct evidence against one of the respondents – Mr. Cornish – and will assist in Staff's case against the other two respondents.

[9] Generally, sanctions for insider tipping include the disgorgement of profits, administrative penalties, market participation bans, and orders to resign director and officer positions. Notably, no disgorgement of profits or administrative penalty against Ms. Hutchinson is proposed in the Settlement Agreement, despite her receipt of several thousand dollars from Mr. Cornish as a result of her misconduct. Staff submits that these reduced sanctions are in the public interest because of the considerable importance of Ms. Hutchinson's testimony and because of the general deterrence that will be communicated to market participants who may consider insider trading. Staff has noted that its submissions rest on the specific circumstances of this case.

[10] The joint submission, the mitigating factors listed above and Ms. Hutchinson's cooperation and contribution to Staff's case, satisfies us that the proposed sanctions in this case are reasonable. We agree with Staff that reduced sanctions are warranted, due in large part to the policy aims of the Revised Credit for Cooperation Program. These aims can only be attained if settling respondents receive meaningful credit for providing valuable cooperation with Staff. Taken together, the sanctions reflect the seriousness of Ms. Hutchinson's misconduct, the mitigating factors identified in the Settlement Agreement, and the significant credit given to Ms. Hutchinson for her cooperation with Staff's investigation. In these specific circumstances, we approve the Settlement Agreement as being reasonable and in the public interest.

[11] We note that the agreed sanctions in the Settlement Agreement include a reprimand. The Commission has previously stated that, in some cases, "a reprimand can reflect recognition and acceptance of responsibility by the parties who receive it."[2] This is such a case. Ms. Hutchinson's agreement to attend this hearing today and to be publicly reprimanded demonstrates an acknowledgment of her responsibility for her conduct.

[12] Taking into consideration the seriousness of Ms. Hutchinson's conduct and the relevant mitigating factors, we find that the Settlement Agreement is reasonable and its approval is in the public interest. We approve the settlement agreement, including substantially the same terms contained in the proposed order, as follows:

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1 *Azeff (Re)* (2015), 38 OSCB 2983, 2015 ONSEC 11 at para 43.

2 *Sentry Investments Inc. (Re)* (2017), 40 OSCB 3435, 2017 ONSEC 7 at para 14.

a. the Respondent will be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

b. trading by the Respondent in any securities and derivatives shall cease for a period of two years, pursuant to paragraph 2 of subsection 127(1) of the Act commencing on the date of the Order, except that trading shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, tax-free savings accounts and self-directed retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which the Respondent has legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom she must give a copy of our Order at the time she opens or modifies these accounts;

c. the acquisition of any securities by the Respondent is prohibited for a period of two years, pursuant to paragraph 2.1 of subsection 127(1) of the Act commencing on the date of the Order, except that the acquisition of securities shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, tax-free savings accounts and self-directed retirement savings plans (as defined by the *Income Tax Act* (Canada)) in which the Respondent has sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom she must give a copy of our Order at the time she opens or modifies these accounts;

d. any exemptions contained in Ontario securities law do not apply to the Respondent for a period of two years, pursuant to paragraph 3 of subsection 127(1) of the Act;

e. the Respondent shall resign any position she holds as a director or officer of an issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1, and 8.3 of subsection 127(1) of the Act;

f. the Respondent is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of two years, pursuant to paragraph 8, 8.2 and 8.4 of subsection 127(1) of the Act commencing on the date of the Order; and

g. the Respondent is prohibited from becoming or acting as a registrant, investment fund manager or a promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act commencing on the date of the Order.

Dated at Toronto this 24th day of April, 2018.

“Janet Leiper”

“Deborah Leckman”

“Robert P. Hutchison”

3.1.2 Harald Seemann et al. – ss. 127(1), 127.1

IN THE MATTER OF
HARALD SEEMANN,
JENS BRANDT AND
KARL PAWLOWICZ

ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and 127.1 of the *Securities Act*, RSO 1990, c S.5)

Citation: *Seemann (Re)*, 2018 ONSEC 23
Date: 2018-05-07
File No.: 2018-19

Hearing:	May 7, 2018	
Decision:	May 7, 2018	
Panel:	D. Grant Vingoe	Vice-Chair and Chair of the Panel
Appearances:	Matthew H. Britton	For Staff of the Commission
	Bruce O'Toole Dana Carson	For Harald Seemann

ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and 127.1 of the Securities Act, RSO 1990, c S.5)

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on reasons delivered orally in the hearing, and as edited and approved by the Panel, to provide a public record.

[1] This hearing concerns a settlement agreement (the **Settlement Agreement**) between Staff of the Ontario Securities Commission and Harald Seemann. After considering the submissions of the parties, and for the following reasons, I agree that the requested order is in the public interest.

[2] The Settlement Agreement includes a summary of facts with which Mr. Seemann agrees, but which remain unproven against the remaining two respondents. The allegations against the non-settling respondents remain the subject of on-going proceedings and must be proven at a merits hearing.

[3] A detailed description of the facts is provided in the Settlement Agreement, which is publicly available, so I will be brief in describing the background of the conduct at issue.

[4] Mr. Seemann was the founder, officer and director, and directing mind of Big Rock Labs Inc. From June 2014 to June 2015, Mr. Seemann engaged in manipulative trading of Big Rock Labs Inc. shares, which created a misleading appearance of market activity in an attempt to generate interest and create liquidity in the shares, and to sell the shares at beneficial prices.

[5] Specifically, Mr. Seeman executed orders and trades in the shares using five accounts under his name and the name of his spouse, and six accounts of four other insiders of Big Rock Labs Inc. He encouraged the other insiders to open trading accounts and then obtained the log-in information and the verbal consent of the other insiders to enter orders and execute trades in these accounts. Mr. Seemann also engaged in pre-arranged trading which resulted in, or contributed to, a misleading appearance of trading activity in Big Rock Labs Inc. shares.

[6] Mr. Seemann's conduct of engaging in manipulative trading of Big Rock Labs Inc. shares, including the use of his spouse's and other insiders' trading accounts, completely failed to meet the standard of an officer and director participating in Ontario's capital markets.

[7] Staff does not allege that Mr. Seemann profited from this activity.

[8] Mr. Seemann admits and acknowledges that he has breached Ontario securities law by contravening subsection 126.1(1)(a) of the Act and engaged in conduct contrary to the public interest.

[9] As part of the Settlement Agreement, Mr. Seemann and Staff jointly propose the following sanctions and costs against Mr. Seemann:

a. an administrative penalty in the amount of $100,000;

b. a payment of Staff's costs in the amount of $25,000;

c. a five-year ban on trading or acquiring any securities;

d. a five-year prohibition from relying on exemptions contained in Ontario securities law;

e. a five-year prohibition from becoming or acting as a director or officer of an issuer; and

f. a reprimand.

[10] The role of the Panel is to decide whether the proposed Settlement Agreement, as presented and agreed to, falls within an acceptable range and should be approved in the public interest.

[11] In determining that the approval of the Settlement Agreement is in the public interest, I take note of the following mitigating factors:

a. Mr. Seemann has not previously been the subject of OSC disciplinary proceedings;

b. Mr. Seemann has cooperated throughout the course of these proceedings and with Staff; and

c. by admitting the facts and contraventions, Mr. Seemann has expressed remorse for his actions and saved the OSC significant time and resources associated with conducting a fully contested hearing on the merits.

[12] I find that it is in the public interest to approve this Settlement Agreement. The sanctions proposed by the parties take into consideration the seriousness of the misconduct and the appropriate mitigating factors. The settlement is reasonable and its approval is in the public interest. Mr. Seemann, you are hereby reprimanded. An order will be issued following the hearing in substantially the form proposed by the parties.

Approved by the Panel on this 7th day of May, 2018.

"D. Grant Vingoe"

3.1.3 Lynne Rae Nickford (aka Lynne Rae Zlotnik dba Lynne Zlotnik Wealth Management) – ss. 127(1), 127(10)

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

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

Citation: *Lynne Rae Nickford (Re)*, 2018 ONSEC 24
Date: 2018-05-07
File No.: 2018-13

Hearing:	In Writing	
Decision:	May 7, 2018	
Panel:	D. Grant Vingoe	Vice-Chair
Appearances:	Christina Galbraith	For Staff of the Commission
	Lynne Rae Nickford	For herself

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REASONS AND DECISION

I. INTRODUCTION AND BACKGROUND

[1] The British Columbia Securities Commission (the **BCSC**) found that Lynne Rae Nickford, also known as Lynne Rae Zlotnik, doing business as Lynne Zlotnik Wealth Management (**Nickford** or the **Respondent**), perpetrated a fraud on 13 investors in the aggregate amount of at least $318,141, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the **BC Act**).

[2] The BCSC issued its Findings of Liability on August 18, 2017 (*Re Nickford*, 2017 BCSECCOM 272 (the **Findings**)) and issued its Decision with respect to its order on February 2, 2018 (*Re Nickford*, 2018 BCSECCOM 57 (the **BCSC Order**)).

[3] Staff of the Ontario Securities Commission (**Staff** or the **Commission**) rely on the inter-jurisdictional enforcement provisions found in subsection 127(10) of the Ontario *Securities Act*, RSO 1990, s S.5 (the **Act**) to request that a protective order be issued in the public interest under subsection 127(1) of the Act.

[4] The issues for me to consider are:

1. whether one of the circumstances under subsection 127(10) of the Act applies to the Respondent (namely whether the Respondent is subject to an order made by a securities regulatory authority imposing sanctions, conditions, restrictions or requirements (s. 127(10)4)); and if so,

2. whether this Commission should exercise its jurisdiction to make a protective order in the public interest in respect of the Respondent pursuant to subsection 127(1) of the Act.

II. THE RESPONDENT'S PARTICIPATION

[5] Staff elected to use the expedited procedure for a written hearing set out in Rule 11(3) of the Commission's *Rules of Procedure and Forms* (2017), 40 OSCB 8988 (the **Rules of Procedure**).

[6] The Respondent was served with a Notice of Hearing issued on March 26, 2018, a Statement of Allegations dated March 23, 2018 and Staff's factum, hearing brief and book of authorities.

[7] On April 3, 2018, the Respondent provided the Commission with two documents. The first document contained two letters: a letter dated April 3, 2018 to Commission Staff and a letter dated February 27, 2018 to Staff of the BCSC (**BCSC Staff**). These letters set out mitigating factors that the Respondent would like to bring the Commission's attention relating to her health and financial situation. The second document was a copy of the Respondent's written submissions provided to the BCSC sanctions panel, which also referenced her health condition and personal family circumstances. As these documents contain intimate financial and personal information, I am ordering that these documents be kept confidential pursuant to subsection 9(1)(b) of the *Statutory Powers Procedure Act*, RSO 1990 c S.22 (**SPPA**).

[8] Correspondence was sent to the Respondent confirming that these documents would be considered as Nickford's written submissions in this proceeding and that pursuant to Rule 11(3)(g) of the Rules of Procedure, any additional materials from Nickford, or any counsel she may retain, must be filed by April 23, 2018. The Respondent did not file any further materials.

III. STATUTORY AUTHORITY TO MAKE PUBLIC INTEREST ORDERS

[9] The Act provides for inter-jurisdictional enforcement where a person or company is subject to an order made by a securities regulatory authority in any jurisdiction that imposes sanctions, conditions or requirements on the person or company (s. 127(10)4 of the Act). Subsection 127(10) of the Act does not itself empower the Commission to make an order; rather, it provides a basis for an order under subsection 127(1). On receiving evidence that a respondent is subject to such an order, the Commission must determine whether an order under subsection 127(1) of the Act should be made.

[10] Subsection 127(1) empowers the Commission to make orders where, in its opinion, it is in the public interest to do so. The Commission has regard to the purposes of the Act under section 1.1, which are to provide protection to investors from unfair, improper and 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.

[11] Orders made under subsection 127(1) of the Act are protective, preventive and prospective and are made to restrain potential conduct which could be detrimental to the public interest in fair and efficient capital markets (*Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 SCR 132 at paras 42-45).

[12] While the Commission must make its own determination of what is in the public interest, it is also important that the Commission be aware of and responsive to an interconnected, inter-provincial securities industry. Subsection 127(10) of the Act facilitates cross-jurisdictional enforcement of findings for breaches of securities law by providing the Commission with the ability to issue protective, preventive and prospective orders to ensure that misconduct which has taken place in other jurisdictions will not be repeated in Ontario's capital markets.

[13] In exercising its jurisdiction under subsection 127(10), the Commission does not require a pre-existing connection to Ontario (*Re Biller* (2005), 28 OSCB 10131, 2005 ONSEC 15 at paras 32-35).

IV. THE BRITISH COLUMBIA PROCEEDING AND FINDINGS

A. The Findings – Breach of Section 57(b) of the BC Act

[14] Nickford's misconduct took place between January 1, 2009 and March 31, 2010 (the **Material Time**). She was previously a registrant, but during the Material Time she was not registered under the BC Act but was licensed as a life and accident and sickness insurance agent.

[15] During the Material Time, Nickford was the sole proprietor of Lynne Zlotnik Wealth Management (**LZWM**). Through LZWM, Nickford offered a variety of investment and insurance services, which she promoted using seminars, YouTube videos and promotional materials.

[16] The BCSC 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 solicited investments to be used for LZWM's business operations and for growing the business. She offered investors varying rates of return, ranging from 12% to 16%.

[17] LZWM issued either promissory notes or "private investment" documents to investors, which set out the particulars relating to the investment. The promissory notes included the amount, interest rate and term of the loan, and specified that the funds were to be used for Nickford's business operations. The "private investment" documents did not specify what the funds were to be used for. However, some investors holding such documents stated that their investments were for the expansion of LZWM's business.

[18] The BCSC found that the investors' funds were not used for the purposes of the Respondent's business, LZWM. The BCSC 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.

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

[20] The BCSC concluded that the Respondent contravened section 57(b) of the BC Act.

B. The BCSC Order

[21] The BCSC imposed the following sanctions, conditions, restrictions and requirements on the Respondent:

1. 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;

2. 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;

3. 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;

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

5. that Nickford pay to the BCSC an administrative penalty of $300,000 under section 162 of the BC Act.

[22] Staff seek an order imposing trading and market conduct bans similar to those imposed by the BCSC to the extent possible under the Act, in order to protect the capital markets in Ontario. Staff request an additional sanction prohibiting the Respondent from becoming or acting as an investment fund manager. This sanction is not available under the BC Act.

V. THE RESPONDENT'S POSITION

[23] In her written submissions, Nickford requested that her current health and financial situation be taken into account as mitigating factors. Nickford submitted that she "… would never go back into the capital or financial markets. Nor would I attempt to work".

VI. ANALYSIS AND DECISION

[24] The threshold has been met under paragraph 4 of subsection 127(10) of the Act as Nickford is subject to the BCSC Order, which imposes sanctions, conditions, restrictions or requirements upon her. I must now determine what sanctions, if any, should be ordered against her.

[25] The Commission may consider a number of factors in determining the nature and scope of sanctions, including:

- the seriousness of the allegations proved;
- the respondent's experience in the marketplace;
- the level of a respondent's activity in the marketplace;
- whether or not there has been a recognition of the seriousness of the improprieties;
- the need to deter a respondent, and other like-minded individuals, from engaging in similar abuses of the capital markets in the future;
- whether the violations are isolated or recurrent;
- any size of the profit gained or loss avoided from the illegal conduct;
- any mitigating factors, including the remorse of the respondent;
- the effect any sanction might have on the livelihood of the respondent;
- the effect any sanction might have on the ability of the respondent to participate without check in the capital markets;
- in light of the reputation and prestige of the respondent, whether a particular sanction will have an impact on the respondent and be effective; and
- the size of any financial sanctions or voluntary payment when considering other factors.

(*Belteco Holdings Inc (Re)* (1998), 21 OSCB 7743 at paras 7746-7747; *MCJC Holdings* (2002), 25 OSCB 1133 at 1134)

[26] In this case, the seriousness of the misconduct and quantum of investor losses are important factors to consider. The BCSC found the misconduct to be egregious. The BCSC noted that fraud is "the most serious misconduct prohibited by the [BC] Act" (BCSC Order at para 9). Specifically, the BCSC found that:

> Nickford's misconduct was particularly egregious. In the guise of supporting investors and providing investor education and empowerment, she preyed on clients of her financial services firm, her friends and members of her religious community, many of them in or nearing retirement, to raise $1,818,750 […] for her financial services business. She then diverted at least $318,141 of the investors' funds for personal uses, including gambling.
>
> (BCSC Order at para 10)

[27] In addition, the BCSC found that Nickford co-mingled investor funds and failed to maintain or produce credible records with respect to the use of those funds (Findings, at paras 26 to 28).

[28] The Respondent's experience is also a relevant factor. Nickford is a former registrant and long-time industry professional. The BCSC found that she is not fit to participate in the capital markets as she perpetrated a fraud.

[29] In her written submissions, Nickford expressed sorrow, regret and grief over the financial losses of her investors. She also requested that her mental health, personal circumstances and financial situation be taken into account as mitigating factors. These are only submissions and there is insufficient evidence to support these assertions made in her written submissions. Furthermore, these same mitigating factors were argued before the BCSC. The BCSC found that there was insufficient evidence to demonstrate that these were mitigating factors during the Material Time when the misconduct was taking place (BCSC Order, at paras 16 -24). Based on the information before me and the Findings of the BCSC, I find that there are no applicable mitigating factors in the circumstances.

[30] Nickford has also submitted that she has no intention to work in the capital markets in the future. In my view, an order against Nickford in Ontario is still necessary to protect the public. Nickford's submission falls short of an actual undertaking and considering that she engaged in fraud and that if that same conduct had occurred in Ontario it would have been considered a breach of our Act, there is a need to ensure that such misconduct be prevented in Ontario. This is achieved through imposing trading and market participation bans in Ontario similar to those imposed by the BCSC.

[31] As a result, I find it appropriate to grant an order as requested by Staff. In this way, the Ontario markets will be protected from this Respondent. It is a reasonable regulatory response to make orders that aim to prevent similar conduct from taking place in this province. Given the nature of the misconduct, an additional term prohibiting the Respondent from becoming or acting as an investment fund manager will be added.

VII. CONCLUSION

[32] For the reasons provided above, the following Order will be made:

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

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

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

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

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

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

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

8. pursuant to subsection 9(1)(b) of the SPPA, all of Nickford's written submissions shall be kept confidential.

Dated at Toronto this 7th day of May, 2018.

"D. Grant Vingoe"

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

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
AlkaLi3 Resources Inc.	04 May 2018	
Annidis Corporation	04 May 2018	
Banro Corporation	11 November 2017	03 May 2018
Berkley Renewables Inc.	04 May 2018	07 May 2018
Cerro Grande Mining Corporation	02 February 2018	04 May 2018
Discovery Air Inc.	07 May 2018	
Distinct Infrastructure Group Inc.	04 May 2018	
First Global Data Limited	04 May 2018	
Gimini Corporation	04 May 2018	
Imaging Dynamics Company	04 May 2018	
Imex Systems Inc.	04 May 2018	
Loon Energy Corporation	04 May 2018	
Manitok Energy Inc.	04 May 2018	
Montana Exploration Corp.	04 May 2018	
Nevado Resources Corporation	07 May 2018	
North Sea Energy Inc.	04 May 2018	
Orbite Technologies Inc.	07 May 2018	
Premier Health Group Inc.	04 May 2018	
Robix Environmental Technologies, Inc.	04 May 2018	
Tribute Resources Inc.	04 May 2018	
Verisante Technology, Inc.	04 May 2018	
Vivione Biosciences Inc.	04 May 2018	
Walton Westphalia Development Corporation	04 May 2018	
Woodfine Professional Centres Limited Partnership	04 May 2018	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Agility Heath, Inc.	01 May 2018	
Blockchain Power Trust	01 May 2018	
Sage Gold Inc.	01 May 2018	

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
Agility Health, Inc.	01 May 2018	
Blockchain Power Trust	01 May 2018	
Katanga Mining Limited	15 August 2017	
Sage Gold Inc.	01 May 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:
ACTIVEnergy Income Fund
Global Healthcare Dividend Fund
INDEXPLUS Income Fund
Middlefield Canadian Dividend Growers Class (formerly Middlefield Canadian Dividend Growth Class)
Middlefield Global Agriculture Class
Middlefield Global Dividend Growers Class
Middlefield Global Energy Class (formerly Middlefield Groppe Tactical Energy Class)
Middlefield Global Infrastructure Fund
Middlefield Global Innovation Class
Middlefield High Yield Class
Middlefield Income Plus Class
Middlefield Real Estate Class
Middlefield Short-Term Income Class
Middlefield U.S. Dividend Growers Class (formerly Middlefield US Dividend Growth Class)
Principal Regulator – Alberta (ASC)
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 3, 2018
NP 11-202 Preliminary Receipt dated May 4, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
Middlefield Mutual Funds Limited
Project #2766900

Issuer Name:
Distinction Balanced Class
Distinction Bold Class
Distinction Conservative Class
Distinction Growth Class
Distinction Prudent Class
Forstrong Global Strategist Balanced Fund
Forstrong Global Strategist Growth Fund
Forstrong Global Strategist Income Fund
IA Clarington Balanced Portfolio
IA Clarington Bond Fund
IA Clarington Canadian Balanced Class
IA Clarington Canadian Balanced Fund
IA Clarington Canadian Conservative Equity Class
IA Clarington Canadian Conservative Equity Fund
IA Clarington Canadian Dividend Fund
IA Clarington Canadian Growth Class
IA Clarington Canadian Leaders Class
IA Clarington Canadian Small Cap Class
IA Clarington Canadian Small Cap Fund
IA Clarington Conservative Portfolio
IA Clarington Core Plus Bond Fund
IA Clarington Dividend Growth Class
IA Clarington Emerging Markets Bond Fund
IA Clarington Floating Rate Income Fund
IA Clarington Focused Balanced Class
IA Clarington Focused Balanced Fund
IA Clarington Focused Canadian Equity Class
IA Clarington Focused U.S. Equity Class
IA Clarington Global Allocation Class (formerly IA Clarington Global Tactical Income Class)
IA Clarington Global Allocation Fund (formerly IA Clarington Global Tactical Income Fund)
IA Clarington Global Bond Fund
IA Clarington Global Equity Fund
IA Clarington Global Growth & Income Fund
IA Clarington Global Opportunities Class
IA Clarington Global Opportunities Fund
IA Clarington Global Value Fund
IA Clarington Global Yield Opportunities Fund
IA Clarington Growth & Income Fund
IA Clarington Growth Portfolio
IA Clarington Inhance Balanced SRI Portfolio
IA Clarington Inhance Bond SRI Fund
IA Clarington Inhance Canadian Equity SRI Class
IA Clarington Inhance Conservative SRI Portfolio
IA Clarington Inhance Global Equity SRI Class
IA Clarington Inhance Growth SRI Portfolio
IA Clarington Inhance Monthly Income SRI Fund
IA Clarington Maximum Growth Portfolio
IA Clarington Moderate Portfolio
IA Clarington Money Market Fund
IA Clarington Monthly Income Balanced Fund
IA Clarington North American Opportunities Class

IA Clarington Real Return Bond Fund
IA Clarington Sarbit Activist Opportunities Class
IA Clarington Sarbit U.S. Equity Class (Unhedged)
IA Clarington Sarbit U.S. Equity Fund
IA Clarington Short-Term Bond Fund
IA Clarington Short-Term Income Class
IA Clarington Strategic Corporate Bond Class
IA Clarington Strategic Corporate Bond Fund
IA Clarington Strategic Equity Income Class
IA Clarington Strategic Equity Income Fund
IA Clarington Strategic Income Class
IA Clarington Strategic Income Fund
IA Clarington Strategic U.S. Growth & Income Fund
IA Clarington Tactical Bond Class
IA Clarington Tactical Bond Fund
IA Clarington Tactical Income Class
IA Clarington Tactical Income Fund
IA Clarington U.S. Dividend Growth Fund
IA Clarington U.S. Dividend Growth Registered Fund
IA Clarington U.S. Dollar Floating Rate Income Fund
IA Clarington Yield Opportunities Fund
Principal Regulator – Quebec
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated April 30, 2018
NP 11-202 Preliminary Receipt dated May 4, 2018
Offering Price and Description:
Series W and Series I
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
IA Clarington Investments Inc
Project #2766675

Issuer Name:
IA Clarington Global Growth & Income Fund
Principal Regulator – Quebec
Type and Date:
Amendment #3 to Final Simplified Prospectus dated April 27, 2018
Received on May 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
IA Clarington Investments Inc.
Project #2613900

Issuer Name:
Dynamic Global Equity Private Pool Class
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus and Amendment #4 to AIF dated May 4, 2018
Received on May 4, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2609787

Issuer Name:
Fidelity Canadian Money Market Investment Trust
Fidelity Core Global Equity Class
Fidelity Core Global Equity Currency Neutral Class
Fidelity Core Global Equity Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 4, 2018
NP 11-202 Preliminary Receipt dated May 7, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #2767463

Issuer Name:
First Asset Health Care Giants Covered Call ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 30, 2018
NP 11-202 Preliminary Receipt dated May 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
First Asset Investment Management Inc.
Project #2764081

Issuer Name:
Horizons Robotics and Automation Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated May 1, 2018
Received on May 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #2732348

Issuer Name:
MLD Global Income Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 4, 2018
NP 11-202 Preliminary Receipt dated May 7, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Purpose Investments Inc.
Project #2767455

Issuer Name:
NEI Canadian Bond Fund
NEI Conservative Yield Portfolio
NEI Environmental Leaders Fund
NEI Ethical Balanced Fund
NEI Ethical Canadian Equity Fund
NEI Ethical Global Dividend Fund
NEI Ethical Global Equity Fund
NEI Ethical International Equity Fund
NEI Ethical Select Balanced Portfolio
NEI Ethical Select Conservative Portfolio
NEI Ethical Select Growth Portfolio
NEI Ethical Select Income Portfolio
NEI Ethical Special Equity Fund
NEI Ethical U.S. Equity Fund (formerly NEI Ethical American Multi-Strategy Fund)
NEI Generational Leaders Fund
NEI Global Strategic Yield Fund
NEI Global Total Return Bond Fund
NEI Global Value Fund
NEI Money Market Fund
NEI Northwest Canadian Dividend Fund
NEI Northwest Canadian Equity Fund
NEI Northwest Emerging Markets Fund
NEI Northwest Global Equity Fund
NEI Northwest Growth and Income Fund
NEI Northwest Specialty Equity Fund
NEI Northwest Specialty Global High Yield Bond Fund
NEI Northwest Tactical Yield Fund
NEI Northwest U.S. Dividend Fund
NEI Select Balanced Portfolio
NEI Select Conservative Portfolio
NEI Select Global Maximum Growth Portfolio
NEI Select Growth Portfolio
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 4, 2018
Received on May 7, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
N/A
Project #2767696

Issuer Name:
First Trust International Capital Strength ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated May 4, 2018
NP 11-202 Receipt dated May 7, 2018
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
FT Portfolios Canada Co.
Project #2740252

Issuer Name:
Manulife Canadian Dividend Growth Class
Manulife U.S. Dividend Income Class
Manulife Global Dividend Growth Class
Manulife Global Dividend Growth Fund
Manulife Global Equity Unconstrained Class
Manulife Global Equity Unconstrained Fund
Manulife Tactical Income Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus and Amendment #4 to AIF dated April 24, 2018
NP 11-202 Receipt dated May 3, 2018
Offering Price and Description:
Advisor Series, Series D, Series F, Series FT6, Series FT8, Series T6 and Series T8 Securities
Underwriter(s) or Distributor(s):
Manulife Securities Incorporated.
Manulife Securities Investment Services Inc.
Manulife Asset Management Investments Inc.
Promoter(s):
Manulife Asset Management Limited.
Project #2638012

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, Sprott Silver Equities Class)
UIT Alternative Health Fund (formerly UIT Global REIT Fund)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated April 23, 2018
NP 11-202 Receipt dated May 1, 2018
Offering Price and Description:
Series A, Series F and Series I, Series T, Series FT, Series P, Series PT, Series PF, Series PFT, Series Q, Series QT, Series QF, Series QFT and Series D Units/Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Ninepoint Partners LP
Project #2745066

Issuer Name:
Ninepoint Silver Bullion Fund (formerly, Sprott Silver Bullion Fund)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated April 23, 2018
NP 11-202 Receipt dated May 1, 2018
Offering Price and Description:
Series A, F and I Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Ninepoint Partners LP
Project #2745096

Issuer Name:
RBC U.S. Equity Index ETF
RBC International Equity Index ETF
RBC Emerging Markets Equity Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated April 25, 2018
NP 11-202 Receipt dated May 4, 2018
Offering Price and Description:
USD units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2628151

Issuer Name:
Silver Bullion Trust
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated May 4, 2018
NP 11-202 Receipt dated May 7, 2018
Offering Price and Description:
ETF Non-Currency Hedged Units and ETF Currency Hedged Units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2754404

Issuer Name:
Vanguard Global Balanced Fund
Vanguard Global Dividend Fund
Vanguard International Growth Fund
Vanguard Windsor US Value Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 1, 2018
NP 11-202 Receipt dated May 4, 2018
Offering Price and Description:
Series F and Series I units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Vanguard Investments Canada Inc.
Project #2731117

Issuer Name:
Veritas Canadian Equity Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated May 1, 2018
NP 11-202 Receipt dated May 2, 2018
Offering Price and Description:
Class F and Class I Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Veritas Asset Management Inc.
Project #2738107

NON-INVESTMENT FUNDS

Issuer Name:
Brookfield Property Finance ULC
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 7, 2018
NP 11-202 Preliminary Receipt dated May 7, 2018
Offering Price and Description:
US$1,500,000,000.00
Limited Partnership Units
Preferred Limited Partnership Units
Debt Securities
Class A Preference Shares
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2767736

Issuer Name:
Brookfield Property Partners L.P.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 7, 2018
NP 11-202 Preliminary Receipt dated May 7, 2018
Offering Price and Description:
US$1,500,000,000.00
Limited Partnership Units
Preferred Limited Partnership Units
Debt Securities
Class A Preference Shares
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2767732

Issuer Name:
Brookfield Property Preferred Equity Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 7, 2018
NP 11-202 Preliminary Receipt dated May 7, 2018
Offering Price and Description:
US$1,500,000,000.00
Limited Partnership Units
Preferred Limited Partnership Units
Debt Securities
Class A Preference Shares
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2767738

Issuer Name:
Capital Power Corporation
Principal Regulator – Alberta (ASC)
Type and Date:
Preliminary Shelf Prospectus dated May 4, 2018
NP 11-202 Preliminary Receipt dated May 4, 2018
Offering Price and Description:
$3,000,000,000.00 – Common Shares, Preference Shares, Subscription Receipts, Debt Securities,
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2767346

Issuer Name:
IPL Plastics Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Long Form Prospectus dated May 4, 2018
NP 11-202 Preliminary Receipt dated May 4, 2018
Offering Price and Description:
C$ *
* Offered Shares
Price: C$ * per Offered Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Promoter(s):
–
Project #2767366

Issuer Name:
Royal Gold, Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Prospectus – MJDS dated May 3, 2018
NP 11-202 Preliminary Receipt dated May 3, 2018
Offering Price and Description:
Debt Securities
Preferred Stock
Common Stock
Warrants
Depositary Shares
Purchase Contracts
Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2760683

Issuer Name:
Sherritt International Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated April 30, 2018
NP 11-202 Preliminary Receipt dated May 1, 2018
Offering Price and Description:
$500,000,000.00
Debt Securities
Common Shares
Subscription Receipts
Warrants
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2763634

Issuer Name:
SRG Graphite Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 1, 2018
NP 11-202 Preliminary Receipt dated May 1, 2018
Offering Price and Description:
Minimum of $[*]
[*] Units
Price: $[*] per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securites Inc.
Macquarie Capital Markets Canada Ltd.
Beacon Securities Limited
Promoter(s):
Marc-Antoine Audet
Project #2765592

Issuer Name:
SRG Graphite Inc.
Principal Regulator – Quebec
Type and Date:
Amendment dated May 2, 2018 to Preliminary Short Form Prospectus dated May 1, 2018
NP 11-202 Preliminary Receipt dated May 2, 2018
Offering Price and Description:
Minimum of $8,001,000.00
5,334,000 Units
Price: $1.50 per Unit
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securites Inc.
Macquarie Capital Markets Canada Ltd.
Beacon Securities Limited
Promoter(s):
Marc-Antoine Audet
Project #2765592

Issuer Name:
Stingray Digital Group Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2018
NP 11-202 Preliminary Receipt dated May 7, 2018
Offering Price and Description:
$83,002,400.00
7,981,000 Subscription Receipts, each representing the right to receive one Subordinate Voting Share or one Variable Subordinate Voting Share
(depending on whether the purchaser is a "Canadian" under the Broadcasting Act (Canada))
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
GMP Securities L.P.
Desjardins Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
–
Project #2766209

Issuer Name:
Zymeworks Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated May 2, 2018
NP 11-202 Preliminary Receipt dated May 2, 2018
Offering Price and Description:
US$250,000,000.00 – Preferred Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2766170

Issuer Name:
Acasti Pharma Inc.
Principal Regulator – Quebec
Type and Date:
Final Short Form Prospectus dated May 2, 2018
NP 11-202 Receipt dated May 2, 2018
Offering Price and Description:
$10,006,500.00 – 9,530,000 UNITS
Price: $1.05 per Unit
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
–
Project #2759533

Issuer Name:
Goodfood Market Corp. (formerly Mira VII Acquisition Corp.)
Principal Regulator – Quebec
Type and Date:
Final Short Form Prospectus dated May 2, 2018
NP 11-202 Receipt dated May 2, 2018
Offering Price and Description:
$10,000,000.00 – 4,000,000 Common Shares
Price: $2.50 per Offered Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
National Bank Financial Inc.
Canaccord Genuity Corp.
Scotia Capital Inc.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
–
Project #2759823

Issuer Name:
High Mountain Capital Corporation
Principal Regulator – Alberta (ASC)
Type and Date:
Final CPC Prospectus (TSX-V) dated May 3, 2018
NP 11-202 Receipt dated May 7, 2018
Offering Price and Description:
Minimum Offering: $240,000.00 (2,400,000 Common Shares)
Maximum Offering: $350,000.00 (3,500,000 Common Shares)
Price: $0.10 per common share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
William A. Kanters
Project #2741569

Issuer Name:
Kinross Gold Corporation
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated April 30, 2018
NP 11-202 Receipt dated May 1, 2018
Offering Price and Description:
$1,000,000,000.00 – Debt Securities, Common Shares, Warrants, Subscription Receipts, Units, Share Purchase Contracts
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2737618

Issuer Name:
Liberty Health Sciences Inc. (formerly, SecureCom Mobile Inc.)
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated May 3, 2018
NP 11-202 Receipt dated May 3, 2018
Offering Price and Description:
$20,000,250.00
22,222,500 Units
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Haywood Securities Inc.
Infor Financial Inc.
Promoter(s):
–
Project #2757312

Issuer Name:
Royal Gold, Inc.
Principal Regulator – Ontario
Type and Date:
Final Prospectus – MJDS dated May 3, 2018
NP 11-202 Receipt dated May 3, 2018
Offering Price and Description:
Debt Securities, Preferred Stock, Common Stock, Warrants, Depositary Shares, Purchase Contracts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2760683

Issuer Name:
Steppe Gold Ltd.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated May 2, 2018
NP 11-202 Receipt dated May 3, 2018
Offering Price and Description:
Price: $2.00 per Unit – 10,569,185 Units
1,930,815 Units Issuable on the Exercise of 1,287,210 Special Warrants
$21,138,370.00
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
PI Financial Corp.
Promoter(s):
Matthew Wood
Project #2689951

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Fidelity Management & Research (Canada) ULC	From: Portfolio Manager To: Commodity Trading Manager and Portfolio Manager	May 2, 2018
New Registration	De Luca Veale Investment Counsel Inc.	Portfolio Manager and Exempt Market Dealer	April 27, 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 Listing Manual – Notice of Approval

AEQUITAS NEO EXCHANGE INC.

AMENDMENTS TO LISTING MANUAL

NOTICE OF APPROVAL

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, Aequitas NEO Exchange Inc. ("NEO Exchange") has adopted and the Ontario Securities Commission has approved amendments to NEO Exchange's Listing Manual (the "Amendments"). The Amendments comprise the following changes relating to emerging markets issuers:

- Definitions added under section 1.01
  - "Emerging Market",
  - "Emerging Market Issuer",
  - "OSC Staff Notice 51-720"
  - "Other Listed EMI" and
  - "Senior Management";
- Section 2.10 has been deleted and replaced with new initial listing requirements for EMIs;
- Section 4.09 has been added to set out ongoing requirements for EMIs;
- New subsection 10.03(2) has been inserted to set out audit committee requirements for EMIs; and
- New subsections 10.16 (2), (3) and (4) have been inserted to set out additional related party transaction requirements for EMIs.

A notice of the Amendments and a request for comments was published on November 2, 2017. One comment was received. As a result of the comments, one non-material change was made to section 2.10(11), as follows:

(11) Corporate and Capital Structure

Where an EMI intends to employ a non-traditional corporate or share capital structure, including a variable interest entity or a special-purpose entity, the EMI's public disclosure should describe the proposed non-traditional corporate or share capital structure and provide an explanation as to why the structure is necessary in the given circumstances, and the risks associated with the structure.

A summary of the comments received and NEO Exchange's response, as well as a copy of the approved Amendments, can be found at www.osc.gov.on.ca.

The Amendments are effective as of the date hereof.

13.2.2 TriAct Canada Marketplace LP – Change to the MATCHNow Trading System – Notice of Proposed Change and Request for Comment

TRIACT CANADA MARKETPLACE LP

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

CHANGE TO THE MATCHNOW TRADING SYSTEM

TriAct Canada Marketplace LP (**TriAct** also known as **MATCHNow**) has announced plans to implement the change described below 90 days following approval by the Ontario Securities Commission (the **OSC**). MATCHNow is publishing this Notice of Proposed Change and Request for Comment in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto". Market participants are invited to provide the OSC with comments on the proposed change.

Feedback on the proposed change should be in writing and submitted by **June 11, 2018** to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Bryan Blake
Chief Executive Officer
MATCHNow
The Exchange Tower
130 King Street West, Suite 1050
Toronto, Ontario M5X 1B1
Fax: (416) 874-0690
e-mail: bryan.blake@matchnow.ca

Feedback received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of OSC staff's review and to specify the intended implementation date of the change.

If you have any questions concerning the information below, please contact Bryan Blake, Chief Executive Officer of MATCHNow, at (416) 874-0919.

Conditional Orders

A. Detailed description of the proposed change to the MATCHNow trading system

Conditional orders or "Conditionals" will be a new way to interact with MATCHNow that will allow Subscribers to send a potential order that will sit uncommitted until the sender is invited – and actually accepts – to "firm up" that order. This invitation to "firm up" will only be transmitted to the Subscriber when contra liquidity is found in the Conditionals book or among orders that opt in to trade with Conditionals from the regular MATCHNow liquidity pool, and in that circumstance, invitations will be sent for all conditional orders that are tradeable (i.e. meeting price and "minimum quantity" criteria) in the book at that time, without regard to broker preferencing. The Subscriber will then have a defined, limited period of time (namely, 1 second[1]) to "firm up" the conditional order, after which the conditional order will automatically be cancelled where it has not been firmed up (what is known as a "fall down" of the conditional order); in the event that the conditional order is "firmed up" (i.e. where a "firm up" message has been sent back by the Subscriber in time), it will be executed in accordance with existing MATCHNow matching logic, which includes execution at the mid-point, with broker preferencing, and on a pro rata basis.

Conditional orders will be made available through the creation of a new Conditionals engine to handle invitations and firmed-up orders. Currently, MATCHNow operates through two main components: a "FIX" (or "Financial Information eXchange") server,

[1] The limited time period for firming up a conditional order (1 second) is configurable by MATCHNow. As a result, that time period could be changed pursuant to a future amendment to MATCHNow's Form 21-101F2 (Form F2) if our Subscribers' user experiences warrant such a change.

which enables message routing; and a proprietary matching engine. The proposed Conditionals destination will be implemented by adding a Conditionals engine as a new layer between the existing FIX engine and matching engine, with a new Conditionals book set up within that matching engine, along with the optionality to allow standing MATCHNow liquidity to interact with Conditionals. See the attached Appendix. MATCHNow will ensure transparent reporting of all executed conditional orders (i.e. performance per Subscriber, and in relation to the pool).

For greater certainty, we note that the proposed Conditionals engine will be separate from the existing standard MATCHNow matching engine; however, the two engines will communicate with each other. As a result, a regular standing order that opts in to trade with conditional orders will be shielded or "locked in" for the amount of time (i.e. milliseconds, but up to 1 second maximum) necessary to communicate with tradeable conditional orders on the book. As such, there is a small risk that a standard order that opts to trade with conditional orders could miss out on matching with a contra order in the standard matching engine during that small amount of time (1 second or less) necessary to carry out the conditional matching process. This is because any given standard order cannot run in two separate pools at one time.

This new Conditionals destination will be electronic only, i.e. it will function without any human interaction, and it will be subject to minimum size requirements (i.e. greater than 50 standard trading units or greater than $100,000 in value, in accordance with the "large order" parameters derived from IIROC's Universal Market Integrity Rules). Size corrections will be supported. Conditional orders, which will be an optional feature, will only be available through MATCHNow to MATCHNow Subscribers.

As part of this proposed change, we will be adopting a compliance mechanism, which is intended to combat information leakage by ensuring that conditional firm-up rates remain at or above an appropriate level. This compliance mechanism will be based on a temporary restriction on a Subscriber's ability to send new conditional orders for the duration of the day in the event that the Subscriber's firm-up rate drops below 70% for the day, provided that no less than 10 conditional orders have been sent. The restriction will be imposed manually, following an automated notice that the firm-up rate has dropped below the 70% threshold. At the start of each trading day, the restriction will be lifted, and thus a Subscriber's ability to place new conditional orders will be restored, unless and until its firm-up rate drops below 70% for the day once again. The restriction will therefore either be on or off at any point in time; there will be no tiering of Subscribers based on firm-up rates. MATCHNow will track each Subscriber's firm-up rate and deliver periodic reports of that rate to the Subscriber. In addition, MATCHNow will track fall-down rates, including the reason for each fall-down, such as where the quote moved during the firm-up process; we will include this information in the above-mentioned Subscriber reports. Fall-downs related to a quote change during the permitted firm-up time period will not be viewed as negative behavior by a Subscriber for the purposes of determining whether a Conditionals restriction should be imposed. Even if a Subscriber's Conditionals privileges are restricted, it will continue to have the ability to trade with new conditional orders as contra liquidity in the standard MATCHNow liquidity pool. We believe this compliance mechanism is specific, transparent, and reasonable, as it strikes an appropriate balance by encouraging higher firm-up rates, and thus greater liquidity, without undermining fair access to the Conditionals destination (as explained in greater detail in Section E below).

At this time, MATCHNow has not determined what new fee(s), if any, will be applicable to conditional orders. If, in the future, one or more new fees are determined to be appropriate, we will file a Fee Change amendment to our Form F2 at such future time.

B. Expected implementation date

The proposed change is expected to be implemented 90 days after approval by the OSC.

C. Rationale for the proposed change and any relevant supporting analysis

The proposed change will allow MATCHNow to add liquidity and value to the street by improving MATCHNow's current order offerings within the existing MATCHNow FIX system, namely, by allowing algorithms to search for liquidity in multiple venues without the risk of overcommitting the order.

This type of conditional order is already in use on marketplaces in the United States and Europe, where conditional trading represents approximately 3% and 2.5% of market share, respectively, and where it is expected to continue growing due to the continued need to source block liquidity.

For a diagram and examples of how conditional orders will function, please see the attached Appendix.

D. The expected impact of the proposed change on market structure, subscribers, and, if applicable, investors and capital markets

This change is not expected to have any adverse impact on market structure, Subscribers, other market participants, or the capital markets more generally

E. Expected impact of the proposed change on MATCHNow's compliance with Ontario securities law and, in particular, the requirements of fair access and the maintenance of fair and orderly markets

The impact of the proposed change will be to maintain MATCHNow's compliance with Ontario securities law, including fair access and the maintenance of fair and orderly markets. In particular, the proposed Conditionals feature will be optional, and once approved and implemented, it will be made available on an equal basis to all MATCHNow Subscribers, in accordance with the "fair access" requirements set out in section 5.1 of National Instrument 21-101 (*Marketplace Operation*) (**NI 21-101**).

We also note that the Conditionals engine is separate from the standard MATCHNow engine, which reduces the risk of any undue informational advantage for Subscribers that utilize the Conditionals destination. In theory, a Subscriber that sends a conditional order that is not immediately filled may infer information from that, which information would not be available to a Subscriber sending a standard (firm) order. However, it is arguable that Immediate-or-Cancel (**IOC**) orders, which are an approved MATCHNow order type, may present the same potential informational advantage, insofar as they allow a Subscriber to infer something about the standard MATCHNow book whenever an IOC order is entered and not filled. In any event, to the extent that Conditionals do create a risk of information leakage, we have proposed a compliance mechanism to combat this, as noted above in Section A. This compliance mechanism will prevent informational advantages derived from fall-down abuse by restricting the conditional order privileges of Subscribers whose firm-up rates fall below the specified threshold (70% after at least 10 conditional orders sent). We believe this mechanism ensures compliance with the "fair access" requirements, in particular, because it establishes "reasonable standards for access" to the Conditionals destination and does not "unreasonably create barriers to access to the services" of MATCHNow. (See s. 7.1 of 21-101CP.)

More generally, MATCHNow will take reasonable steps to monitor order entry and trading activity through the proposed Conditionals destination for compliance with MATCHNow's operational policies and procedures, as well as to encourage compliance with securities laws and the rules of MATCHNow's regulatory services provider (IIROC), just as it does for all order types, in accordance with the "fair and orderly markets" requirements set out in section 5.7 of NI 21-101 and subsections 7.6(2) and (3) of 21-101CP.

Lastly, it bears noting that the pre-trade transparency requirements set forth in Part 7 of NI 21-101 are not applicable to Conditionals. In fact, a conditional order is not an "order" for the purposes of section 1.1 of NI 21-101, as interpreted in the light of section 5.1 of 21-101CP, because a conditional order it is not "actionable," i.e. it cannot be "executed without further discussion between the person or company entering [it] … and the counterparty". (See s. 5.1(2) of 21-101CP.) By design, a conditional order only becomes capable of execution when a Subscriber takes the additional step of sending a firm-up message, following an invitation to do so from the Conditionals engine, which only occurs when contra liquidity is available. Thus, by definition, a conditional order is not an "order" under NI 21-101 and, therefore, it is not subject to the pre-trade transparency requirements which, pursuant to Part 7 of NI 21-101, only apply to orders.

F. Details of any consultations undertaken in formulating the proposed change

With respect to the proposed new feature, MATCHNow consulted with its User Advisory Committee on two occasions and, in addition, met one-on-one with numerous Subscribers on multiple occasions. We received a generally positive response from all Subscribers, including several that said they were certain that they would use the new feature. The consensus was that a new MATCHNow conditional order type would not take away from Subscribers' existing cash desk blocks; instead, it will simply provide another way to source liquidity. The following considerations were raised in our consultations:

- Compliance: to ensure that conditional firm-up rates remain at an appropriate level, some Subscribers were in favor of a scoring or compliance mechanism, while others were not, and those that supported a scoring or compliance mechanism also supported liquidity segregation based on that mechanism;
- Cancellation: some Subscribers suggested that conditional orders should be canceled back if an indication is ignored;
- Size corrections: some Subscribers requested the ability to do size corrections so that a cancel/re-submit feature is not necessary;
- Quote change: some Subscribers were concerned about quote change during firm-up.

As reflected in Section A above, with respect to each of these considerations, we have incorporated into our proposal the solution favoured by a majority of those consulted.

In addition, some Subscribers were in favour of an option for non-Conditional day orders and Immediate-or-Cancel (IOC) orders to interact with Conditionals on an opt-in basis. As explained in Section A above, we have determined to incorporate day order (standing liquidity) optionality in the proposal, but not IOC order optionality; this is because holding an IOC order for any period of time is at odds with the very nature of that order type.

G. If the proposed change will require subscribers or service vendors to modify their systems after implementation of the change, the expected impact of the change on the systems of subscribers and service vendors together with a reasonable estimate of the amount of time needed to perform the necessary work, or an explanation as to why a reasonable estimate was not provided

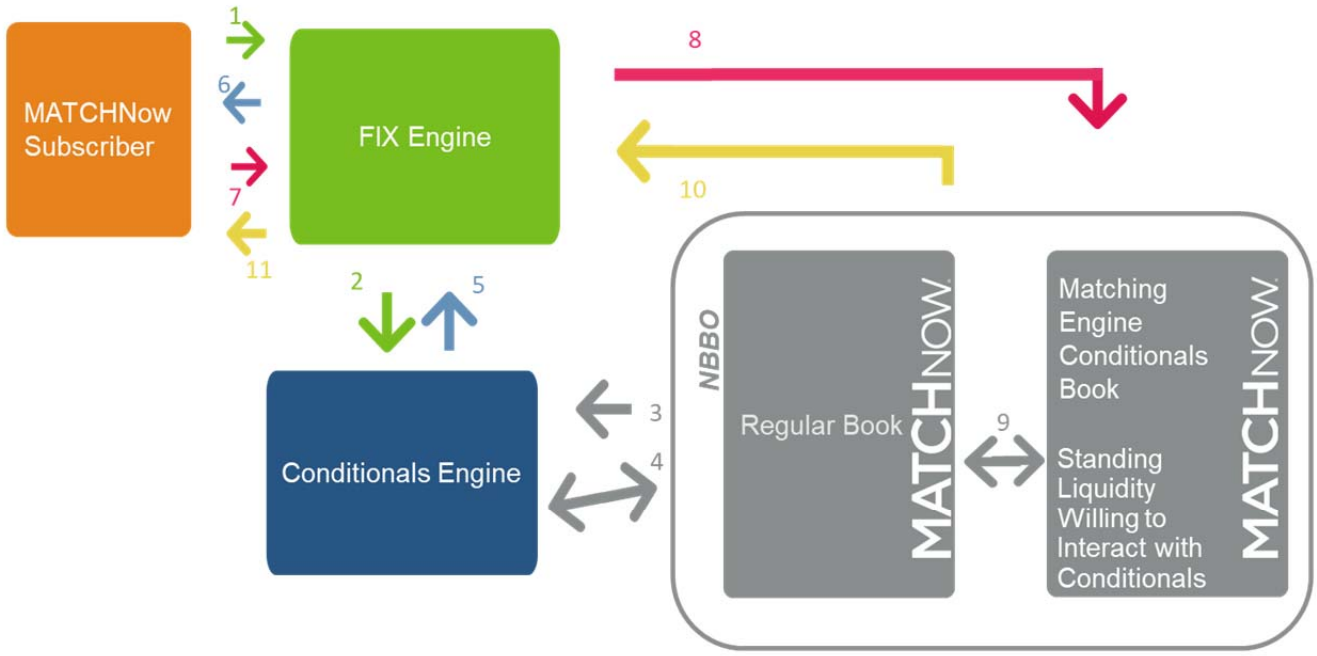
This proposed change will require some work by Subscribers or vendors to modify their own systems, but only insofar as they wish to utilize the new conditional order functionality. We will provide a spec a minimum of 90 days prior to launch to enable Subscribers or vendors to do the necessary work to test this new functionality, should they wish to have the option of sending conditional orders to MATCHNow. A reasonable estimate of the amount of time needed to complete this work is 30 days.

H. If applicable, whether the proposed change would introduce a feature that currently exists in other markets or jurisdictions

This feature is not novel. It is similar to a conditional order type for Canadian equities available through Liquidnet Canada to certain IIROC-approved securities dealers (as explained in Liquidnet Canada's Notice, published on April 6, 2017, see proposed change #2, "Expansion of conditional order functionality for Canadian equities"), which was given final approval on June 23, 2017.

Moreover, as noted above, marketplaces in the United States and Europe have already implemented conditional order functionalities similar to the one that MATCHNow is proposing.

Appendix – Conditional Orders: Diagram and Examples



Steps 1 and 2: MATCHNow Subscriber places a conditional order by sending a FIX order to a separate Conditionals destination; this potential order flows through the existing FIX engine into the new Conditionals engine.
Step 3: Conditionals engine is continuously being fed NBBO data from the same source used by the regular matching engine.
Step 4: In real time, the Conditionals engine is made aware of orders in the regular book that have chosen to mark their liquidity as "Willing To Trade" with Conditionals (WTT).
Steps 5 and 6: once tradable contra is found by the Conditionals engine, invitations to firm up are sent via FIX to the Subscriber.
Steps 7 and 8: Within 1 second, the firm-up message (and thus a firm order) is sent by the Subscriber to the FIX engine and routed directly to the matching engine in the Conditionals book.
Step 9: Any standing liquidity order marked WTT that needs to be involved in a Conditionals match is moved to the Conditionals book and shielded from running any matches (IOC or call auction) until the Conditionals match is complete.
Steps 10 and 11: A fill message and/or "Done For Day" message (for untraded residuals) is sent back to the Subscriber via the FIX engine.

Example 1(a): no fall down, no changes in quantity

Order	Quantity	Side	Time	Broker
Order 1, Conditional	50,000	SELL	10:00 AM	Broker A
Order 2, Conditional	100,000	SELL	11:00 AM	Broker B
Order 3, Conditional	75,000	BUY	11:15 AM	Broker C

Result, step i:

Orders 1 and 2 obtain invitations/firm-up messages to sell
Order 3 obtains an invitation/firm-up message to buy

Result, step ii:

Order 1 sends a committed order back to sell 50,000 shares
Order 2 sends a committed order back to sell 100,000 shares
Order 3 sends a committed order back to buy 75,000 shares

Result, step iii:

Orders 1, 2, and 3 go to MATCHNow and follow our regular matching logic as follows:
Order 1 gets a partial fill for 25,000 shares at mid-point
Order 2 gets a partial fill for 50,000 shares at mid-point
Order 3 gets fully filled for 75,000 shares at mid-point
Orders 1 and 2 receive "Done For Day" messages[2] for untraded residuals

Example 1(b): no fall down, no changes in quantity, smaller contra liquidity

Order	Quantity	Side	Time	Broker
Order 1, Conditional	50,000	SELL	10:00 AM	Broker A
Order 2, Conditional	100,000	SELL	11:00 AM	Broker B
Order 3, Conditional	45,000	BUY	11:15 AM	Broker C

Result, step i:

Orders 1 and 2 obtain invitations/firm-up messages to sell
Order 3 obtains an invitation/firm-up message to buy

Result, step ii:

Order 1 sends a committed order back to sell 50,000 shares
Order 2 sends a committed order back to sell 100,000 shares
Order 3 sends a committed order back to buy 45,000 shares

Result, step iii:

Orders 1, 2, and 3 go to MATCHNow and follow our regular matching logic as follows:
Order 1 gets a partial fill for 15,000 shares at mid-point
Order 2 gets a partial fill for 30,000 shares at mid-point
Order 3 gets fully filled for 45,000 shares at mid-point
Orders 1 and 2 receive "Done For Day" messages for untraded residuals

Example 1(c): fall down and change in quantity

Order	Quantity	Side	Time	Broker
Order 1, Conditional	50,000	SELL	10:00 AM	Broker A
Order 2, Conditional	100,000	SELL	11:00 AM	Broker B
Order 3, Conditional	75,000	BUY	11:15 AM	Broker C

Result, step i:

Orders 1 and 2 obtain invitations/firm-up messages to sell
Order 3 obtains an invitation/firm-up message to buy

Result, step ii:

Order 1 sends a committed order back to sell 20,000 shares
Order 2 does not send back an order
Order 3 sends a committed order back to buy 45,000 shares

[2] In this example and those that follow, a "Done For Day" FIX message indicates that the unfilled portion of the order has effectively been cancelled, thereby returning the residual shares to the Subscriber that placed the order. In that circumstance, the Subscriber would need to send a new conditional order to trade the residual.

Result, step iii:

Orders 1 and 3 go to MATCHNow and follow our regular matching logic as follows:
Order 1 gets fully filled for 20,000 shares at mid-point
Order 3 gets a partial fill for 20,000 shares at mid-point
Order 3 receives "Done For Day" message for untraded residuals

Example 2: Invitations with minimum quantity (MinQty)

Order	Quantity	Side	Time	Broker	MinQty (tag 110)
Order 1, Conditional	20,000	SELL	10:00 AM	Broker A	None
Order 2, Conditional	10,000	SELL	11:00 AM	Broker B	None
Order 3, Conditional	100,000	BUY	12:10 PM	Broker E	MinQty 50,000

Result:

No invitation sent to Order 1, 2, or 3 because combined sell quantity (30,000 shares) does not meet Order 3 MinQty restriction (50,000 shares)

Example 3: Invitations and standing liquidity

Order	Quantity	Side	Time	Broker	MinQty (tag 110)
Order 1, Conditional	50,000	SELL	10:00 AM	Broker A	None
Order 2, Conditional	50,000	SELL	11:00 AM	Broker C	None
Order 3, Standing liquidity in MATCHNow pool	100,000	BUY	9:40 AM	Broker B	MinQty 100,000

Result, step i:

Orders 1 and 2 obtain invitations/firm-up messages to sell

Result, step ii:

Order 1 sends a committed order back to sell 50,000 shares
Order 2 sends a committed order back to sell 50,000 shares
Order 3 has standing liquidity in the MATCHNow pool which has been marked as "willing to trade'" with Conditionals – no invitation required (but this order is shielded from matching with other orders in the standard liquidity pool for 1 second or less – i.e. the time it takes for the Conditionals matching process to be carried out – because it cannot run in two separate pools at once)

Result, step iii:

Order 1 gets fully filled for 50,000 shares at mid-point
Order 2 gets fully filled for 50,000 shares at mid-point
Order 3 gets fully filled for 100,000 shares at mid-point

13.2.3 Liquidnet Canada Inc. – Significant Changes to Bond Trading Functionality – Notice of Approval

LIQUIDNET CANADA INC.

NOTICE OF APPROVAL – SIGNIFICANT CHANGES TO BOND TRADING FUNCTIONALITY

On May 4, 2018 the OSC has approved Liquidnet Canada Inc.'s (Liquidnet) proposed amendments to Form 21-101F2 (the Proposed Amendments) related to proposals that will introduce:

1) Trading of Canadian corporate bonds; and

2) A new workflow functionality for trading bonds.

The Proposed Amendments were published for comment on March 8, 2018 in accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto* (the ATS Protocol). No comments were received.

Liquidnet is expected to communicate to all its participants the intended implementation date of the approved changes.

13.3 Clearing Agencies

13.3.1 CDS – Technical Amendments to CDS Procedures – Canadian Securities Exchange Buy-Ins – Notice of Effective Date

NOTICE OF EFFECTIVE DATE

TECHNICAL AMENDMENTS TO CDS PROCEDURES

CANADIAN SECURITIES EXCHANGE (CSE) BUY-INS

The Ontario Securities Commission is publishing Notice of Effective Date – Technical Amendments to CDS Procedures – Canadian Securities Exchange (CSE) Buy-Ins. The CDS Depository and Clearing Services ("CDS") procedure amendments were reviewed and non-disapproved by CDS's strategic development review committee (SDRC) on April 26, 2018. CDS has determined that these amendments will become effective on June 1, 2018.

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

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