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Table of Contents

Chapter 1 Notices / News Releases 6001
1.1 Notices 6001
1.1.1 CSA Staff Notice 45-323 (Revised) Update on Use of the Rights Offering Exemption in National Instrument 45-106 Prospectus Exemptions 6001
1.1.2 Notice of Correction – CSA Staff Notice 45-308 (Revised) Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions 6006
1.1.3 CSA Staff Notice 52-330 Update on CSA Consultation Paper 52-404 Approach to Director and Audit Committee Member Independence 6007
1.2 Notices of Hearing .... (nil)
1.3 Notices of Hearing with Related Statements of Allegations .... (nil)
1.4 News Releases .... (nil)
1.5 Notices from the Office of the Secretary 6013
1.5.1 USI Tech Limited et al. 6013
1.5.2 Natural Bee Works Apiaries Inc. et al. 6013
1.5.3 David Tuan Seng Lim and Michael Mugford 6014
1.5.4 Dennis L. Meharchand and Valt.X Holdings Inc. 6014
1.5.5 Majd Kitmitto et al. 6015
1.6 Notices from the Office of the Secretary with Related Statements of Allegations .... (nil)

Chapter 2 Decisions, Orders and Rulings 6017
2.1 Decisions 6017
2.1.1 Desjardins Global Asset Management Inc... 6017
2.1.2 Caldwell Investment Management Ltd. et al. 6026
2.1.3 Evolve Funds Group Inc. 6029
2.1.4 Knowledge First Financial Inc. et al. 6033
2.1.5 Soundvest Capital Management Ltd. 6035
2.2 Orders 6039
2.2.1 USI Tech Limited et al. – s. 127(8) 6039
2.2.2 Cardiome Pharma Corp. 6039
2.2.3 Natural Bee Works Apiaries Inc. et al. – ss. 127(1), 127.1 6040
2.2.4 David Tuan Seng Lim and Michael Mugford – ss. 127(1), 127(10) 6041
2.2.5 Dennis L. Meharchand and Valt.X Holdings Inc. – s. 127(1) 6042
2.2.6 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 147 6043
2.3 Orders with Related Settlement Agreements .... (nil)
2.4 Rulings .... (nil)

Chapter 3 Reasons: Decisions, Orders and Rulings 6045
3.1 OSC Decisions 6045
3.1.1 David Tuan Seng Lim and Michael Mugford – ss. 127(1), 127(10) 6045
3.2 Director's Decisions 6051
3.2.1 Anna Joanna Knight 6051
3.2.2 Karine Brizard – s. 31 6059
3.3 Court Decisions .... (nil)

Chapter 4 Cease Trading Orders 6063
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 6063
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 6063
4.2.2 Outstanding Management & Insider Cease Trading Orders 6063

Chapter 5 Rules and Policies .... (nil)

Chapter 6 Request for Comments .... (nil)

Chapter 7 Insider Reporting 6065

Chapter 9 Legislation .... (nil)

Chapter 11 IPOs, New Issues and Secondary Financings 6131

Chapter 12 Registrations 6137
12.1.1 Registrants 6137

Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories 6139
13.1 SROs 6139
13.1.1 IIROC – Notice of Proposed Amendments Respecting Order Execution Only Service Eligibility and Adviser Identifiers 6139
13.2 Marketplaces .... (nil)
13.3 Clearing Agencies 6140
13.3.1 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. 6140
13.4 Trade Repositories .... (nil)

Chapter 25 Other Information 6141
25.1 Consents 6141
25.1.1 Rosita Mining Corporation – s. 4(b) of Ont. Reg. 289/00 under the OBCA 6141

25.2 Approvals 6143
25.2.1 Ravenstone Capital Management Inc. – s. 213(3)(b) of the LTCA 6143

Index 6145

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 CSA Staff Notice 45-323 (Revised) Update on Use of the Rights Offering Exemption in National Instrument 45-106 Prospectus Exemptions

CSA Staff Notice 45-323 (revised)
***Update on Use of the Rights Offering Exemption* in**
National Instrument 45-106 *Prospectus Exemptions*

July 26, 2018

Purpose

This notice[1] provides an update by staff of the Canadian Securities Administrators (**staff** or **we**) on use of the streamlined rights offering exemption for reporting issuers (the **rights offering exemption** or **exemption**) effective in all Canadian jurisdictions since December 8, 2015. It also provides guidance based on our reviews of offerings using the exemption.

Background

The Canadian Securities Administrators (the **CSA**) adopted a streamlined rights offering exemption as a way of addressing concerns that issuers seldom used prospectus-exempt rights offerings to raise capital because of the associated time and cost. At the same time, rights offerings can be one of the fairer ways for issuers to raise capital as they provide existing security holders with an opportunity to protect themselves from dilution. We designed the rights offering exemption to make prospectus-exempt rights offerings more attractive to reporting issuers while maintaining investor protection. Key elements of the rights offering exemption include:

- a rights offering notice that reporting issuers must file and send to security holders informing them how to access the rights offering circular electronically,
- a simplified rights offering circular in a question and answer format intended to be easier to prepare and more straightforward for investors to understand – it has to be filed but not sent to security holders,
- a dilution limit of 100%, increased from 25%, and
- statutory secondary market liability.

When we proposed the rights offering exemption, we indicated that staff in certain jurisdictions would conduct reviews of rights offerings for a period of two years after adoption. Staff have now completed those reviews.

Use of rights offering exemption

General

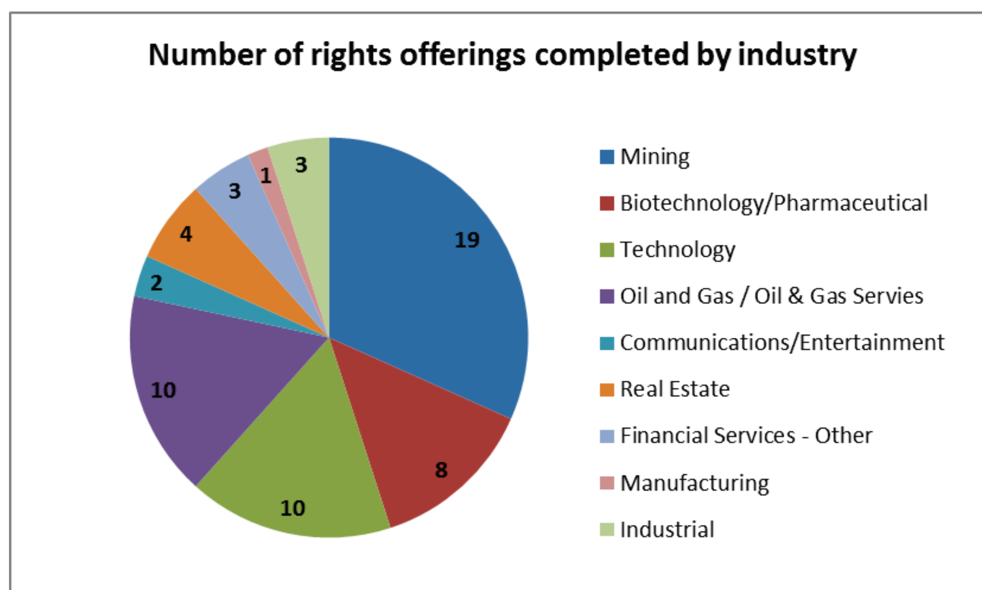
Use of prospectus-exempt rights offerings by reporting issuers has increased significantly Canada-wide since adoption of the exemption. Prior to adoption, there were approximately 13 prospectus-exempt rights offerings by Canadian reporting issuers each year. Between December 8, 2015 and December 31, 2017, 60 issuers used the exemption to raise $535.5 million, as follows:

[1] This notice is a revised version of CSA Staff Notice 45-323, as published on April 20, 2017.

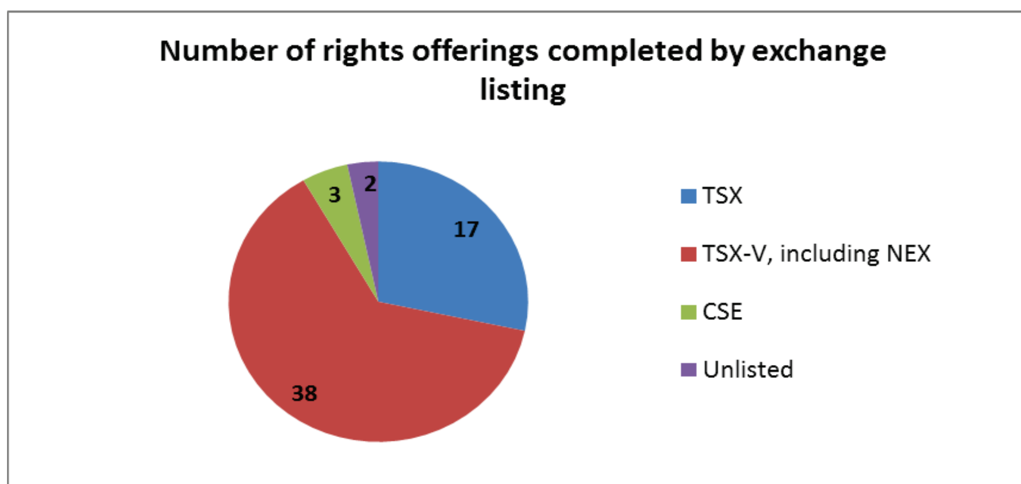
Rights offerings completed and amounts raised		
Principal jurisdiction	Number	Amount Raised
Ontario	16	$ 192,122,322
British Columbia	25	$ 180,759,899
Alberta	16	$ 109,159,080
Manitoba	2	$ 52,432,332
Québec	1	$ 1,000,239
Total	**60**	**$ 535,473,872**

This is an increase of approximately 130% in the use of prospectus-exempt rights offerings by reporting issuers since adoption of the exemption.

As indicated below, the rights offering exemption was used across all industries.



Use of the exemption by exchange listing was as follows:



Time and cost

One of the reasons we adopted the streamlined rights offering exemption was to reduce the time and cost for an issuer to complete a rights offering. Prior to adoption of the streamlined exemption, CSA staff looked at 93 prospectus-exempt rights offerings by reporting issuers over a seven-year time period. During that time, the average length of time to complete a rights offering was 85 days.

Since the adoption of the streamlined exemption, the time to conduct a rights offering has been reduced significantly. Our reviews indicate that the average number of days from filing of the rights offering notice to closing was 41 days.

Dilution and participation by insiders

On average, issuers sought to issue 51% of the outstanding securities of the applicable class through the rights offering and actually issued 40% of the outstanding securities. The percentage of amounts raised from insiders was 47%. In addition, of the 29 rights offerings that had a stand-by commitment, 24 were provided in whole or in part by an insider or related party.

Reviews of rights offerings

We reviewed all 60 rights offerings conducted using the exemption. In general, we found that the offerings met the requirements of the exemption. However, we noted the following areas where compliance and disclosure could be improved:

- stand-by commitments,
- use of available funds, and
- closing news release.

1. Stand-by Commitments

Of the 60 rights offerings that we reviewed, 29 had stand-by commitments. In 14 offerings, the stand-by commitment was provided by multiple parties. We note that the use of multiple stand-by guarantors potentially mitigates any concerns regarding change of control of the issuer provided that the guarantors are not acting jointly or in concert.

When a rights offering has a stand-by commitment, Form 45-106F15 *Rights Offering Circular for Reporting Issuers* (the **Form**) requires additional disclosure including the relationship of the stand-by guarantor with the issuer, the security holdings of the stand-by guarantor before and after the rights offering, and confirmation that the stand-by guarantor has the financial ability to carry out its stand-by commitment.

Item 24 of the Form requires the issuer to explain the nature of its relationship with the stand-by guarantor including whether, and, if applicable, the basis on which the stand-by guarantor is a related party of the issuer. As the stand-by guarantor is often a related party of the issuer, we think this disclosure is important information for security holders to have in considering their investment decision.

In some rights offerings, we noted weakness in the disclosure regarding the nature of the relationship between the issuer and the stand-by guarantors. For instance, one issuer did not disclose the relationship at all, although the relationship was disclosed in a separate continuous disclosure document. We note that prior disclosure of a relationship in the issuer's continuous disclosure record is not sufficient to meet the requirements of the Form.

Issuers are also required to confirm in the rights offering circular that the stand-by guarantor has the financial ability to carry out its stand-by commitment. This statement provides clarity to security holders that the stand-by guarantor will be able to fulfill its obligations. We highlight this requirement because providing this statement in the rights offering circular is a condition of use of the exemption.

2. Use of available funds

Two of the key disclosure items in the Form are the available funds after the rights offering and how the issuer will use them. Most issuers we reviewed provided sufficient disclosure in these areas. However, we did note some recurring deficiencies in the areas set out below.

Working capital

As part of disclosing available funds after the rights offering, an issuer must disclose any working capital deficiency. This includes adding the working capital deficiency as a line item in the table of available funds. This disclosure is important because it gives

security holders a better picture of the issuer's prospects following the rights offering than if the disclosure of the proceeds were provided without taking into account the working capital deficiency.

Issuers are required to disclose the working capital deficiency as of the most recent month end. If there has been a significant change in working capital since the most recently audited annual financial statements, the issuer must explain that change. We found that some issuers did not explain the change in working capital. In the Form, we provide guidance on what we would consider to be a significant change. Examples are changes that result in material uncertainty regarding the issuer's going concern assumption or a change in the working capital balance from positive to negative or vice versa. We remind issuers that even if the change in working capital is from a negative position to a positive position, it must still be explained.

Liquidity

Issuers whose available funds are insufficient to cover short-term liquidity requirements and overhead expenses for the next 12 months are required to:

- discuss how management plans to discharge liabilities as they become due,
- state the minimum amount required to meet short-term liquidity demands, and
- disclose management's assessment of the issuer's ability to continue as a going concern.

This disclosure is critical to investors because it highlights significant risks that the issuer is facing or may face in the short term. We noted a number of issuers that reported a working capital deficiency without providing meaningful disclosure as contemplated in the Form.

Allocation of Available Funds

Issuers are required to provide a detailed breakdown of how they will use the available funds and to describe in reasonable detail each of the principal purposes. We noted some instances where the level of detail in the breakdown of the use of funds could be improved.

In general, allocating funds simply to working capital is not sufficient to meet the requirement for either a detailed breakdown or reasonable detail. We would generally expect issuers with negative cash flow from operating activities to provide a breakdown of their key expenses for at least the next 12 months. For instance, if an issuer is engaged in mineral exploration, we would expect it to break down the available funds so that investors know how much is allocated to each exploration program as well as how much is allocated to general and administrative and other key expenses.

3. Closing news release

Another requirement of the exemption is that the issuer must file a closing news release disclosing certain details about who subscribed to the rights offering, including the amount subscribed for by insiders and stand-by guarantors, distinguishing between the basic and additional subscription privileges. We found some instances where issuers did not include all of the required information.

We also remind issuers that there is a specific SEDAR document type for closing news releases and that closing news releases should be filed under this document type in the same SEDAR project as the rights offering circular.

Conclusion

Since adoption of the streamlined rights offering exemption in December 2015, the exemption is being used more frequently and is allowing issuers to raise more capital in a shorter time frame. In general, issuers have been using the exemption appropriately and complying with the Form requirements.

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Please refer your questions to any of the following:

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1.1.2 Notice of Correction – CSA Staff Notice 45-308 (Revised) Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions

CSA Staff Notice 45-308 (Revised)* Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions *was published at (2018), 41 OSCB 5811. The second paragraph in Question 7 on page 5822 was inadvertently omitted and the third paragraph duplicated. The text should read as follows:

7. How does the filer determine an issuer's North American Industry Classification Standard (NAICS) code?

NAICS was developed to classify the domestic activities of businesses within North America, and also covers a wide range of industries that exist outside of North America.

If the issuer has already identified a NAICS code for its business, and the filer is the issuer, then it should use that previously identified code. For example, Canadian businesses that file tax returns with the Canada Revenue Agency should use the same NAICS code that they report on those forms.

If the issuer has not already identified a NAICS code, or if the filer is an underwriter and has not been able to obtain the NAICS code previously identified by the issuer, the filer should use Statistics Canada's NAICS search tool[9] to find a NAICS code that is appropriate for the issuer. An alternative is the US Census Bureau's NAICS search tool.[10]

The online search tools listed above allow the filer to enter keywords that describe the issuer's business, and generate a list of primary business activities containing that keyword and the corresponding NAICS codes. If more than one NAICS code may apply to an issuer, the filer should use its reasonable judgment to choose the one that most closely describes the issuer's primary business activity. Alternatively, the filer may browse a list of NAICS market sectors to find the more detailed industry level descriptions and the appropriate 6-digit code that, in the filer's reasonable judgment, most closely matches the issuer's primary business activity.

Below are some examples of NAICS codes to consider:

Description of Issuer	Keywords searched	Possible NAICS Codes to consider
ABC-ABS Inc. is structured as a special purpose financial vehicle organized for the securitization of pools of receivables and the issuance of marketable fixed-income securities (asset-backed securities)	"special purpose vehicle" or "securitization"	526981 – Securitization vehicles
ABC Minerals operates as a mining and metals company worldwide. It produces copper, nickel, gold, zinc, platinum-group elements and pyrite.	"zinc" or "copper" or "nickel" or "gold"	212233 – Copper-zinc ore mining 212232 – Nickel-copper ore mining 212220 – Gold and silver ore mining
ABC LP is a private equity fund that invests in a portfolio of private companies. The fund will typically acquire a controlling or substantial minority interest in a portfolio of companies.	"investment firm" or "portfolio companies"	526989 – All other miscellaneous funds and financial vehicles 523920 – Portfolio management

9 http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=380372
10 http://www.census.gov/eos/www/naics/index.html

1.1.3 CSA Staff Notice 52-330 Update on CSA Consultation Paper 52-404 Approach to Director and Audit Committee Member Independence

Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 52-330
Update on CSA Consultation Paper 52-404
Approach to Director and Audit Committee Member Independence

July 26, 2018

Introduction

On October 26, 2017, the Canadian Securities Administrators (**CSA** or **we**) published for comment CSA Consultation Paper 52-404 *Approach to Director and Audit Committee Member Independence* (the **Consultation Paper**).

The purpose of the Consultation Paper was to facilitate a broad discussion on the appropriateness of our current approach to determining director and audit committee member independence. The Consultation Paper was structured as follows:

- key historical developments relating to our corporate governance regime;
- approach to determining independence in Canada;
- comparative overview of the approaches to determining independence in Canada and in other jurisdictions; and
- discussion on the benefits and limitations of the Canadian approach.

In addition to any general feedback, we also invited comments on specific questions.

This notice provides an update on the status of the consultation.

Stakeholder feedback received

The comment period ended on January 25, 2018. We received 27 comment letters from various stakeholders, including:

- investors;
- investor advocacy groups;
- issuers;
- national organisations representing corporate directors and other professionals;
- law firms;
- other stakeholders.

We wish to thank all commenters for contributing to the consultation. A summary of comments presenting the various views expressed in response to the Consultation Paper is attached as Appendix A.

We have reviewed and discussed the comments received, and we note the following:

- Most commenters expressed general support for our current approach. These commenters indicated that our approach is appropriate for all issuers in the Canadian market and that it provides certainty, consistency and predictability in determining independence.
- Most commenters prefer maintaining our current approach on the basis that it is well-understood by market participants and that it is generally aligned with the approach applicable in the United States.

- Some commenters proposed enhancements to our current approach (e.g., additional guidance on the application of the approach).
- A few commenters suggested reassessing certain bright line tests (e.g., thresholds or parameters) to confirm their appropriateness.
- Certain commenters expressed that they were generally not supportive of our current approach. These commenters suggested that the current approach is "one-size-fits-all" and not appropriate for all issuers, creating inflexibility and overly-restrictive parameters in determining independence.
- Certain commenters submitted that our current approach does not recognize the particular circumstances of certain issuers and that it eliminates valid candidates from serving as independent directors or audit committee members.
- Certain commenters proposed replacing the bright line tests with a more principles-based approach providing greater discretion to boards of directors in determining independence. These commenters suggest that independence is a question of fact that should be determined by the board on a case-by-case basis.

Overall, most commenters expressed general support for our current approach and there were no common trends or views in respect of suggested changes.

Determination

Considering the realities of the Canadian market and the comments received, the CSA have concluded that it is appropriate to maintain our current approach to determining director and audit committee member independence.

We recognize that our current approach has benefits and limitations. Upon review, we are satisfied that it strikes an appropriate balance between affording sufficient discretion to the board of directors to determine whether an individual could reasonably be expected to exercise independent judgement, and providing prescriptive elements that preclude an individual from being considered independent in certain circumstances. The certainty, consistency and predictability of maintaining our approach assists boards in making independence determinations and enables stakeholders to evaluate the independence of directors and audit committee members.

Our current approach has been in place since 2004 and we note that stakeholders understand and have adapted accordingly. Making changes to our current approach or replacing it with an alternative approach could result in additional costs for issuers and efforts for investors to adapt to such changes. We are of the view that, in this case, any potential benefits of a change to our approach are outweighed by the potential negative impact of implementing such a change.

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APPENDIX A

SUMMARY OF COMMENTS

GENERAL COMMENTS
Generally supportive of our current approach
17 commenters expressed general support for our current approach. These commenters noted a number of benefits, including that our approach: • is appropriate for all issuers in the Canadian market; • provides certainty, consistency and/or predictability in determining independence; • sets clear, minimum requirements that preclude an individual from being considered independent or serving on an audit committee; • strikes an appropriate balance in terms of discretion and prescriptive elements; • does not unduly limit the pool of qualified candidates who can serve as independent directors or audit committee members, and issuers can expand the pool of qualified candidates by considering more women; • is understood and has been incorporated in board and committee processes; • is useful for investors in making proxy voting decisions; and • is in line with the approach to determining independence in the United States.
Generally not supportive of our current approach

10 commenters did not generally support our current approach. These commenters noted a number of limitations, including that our approach:
 	
• is not appropriate for all issuers in the Canadian market, particularly controlled companies;
• has created inflexibility and overly restrictive parameters in determining independence;
• eliminates valid candidates from serving as independent directors or audit committee members;
• does not recognize the need for directors to have company-specific knowledge and the requisite skills and experience;
• has resulted in negative perceptions, lower governance scores and adverse voting recommendations for holding companies and group companies;
• has resulted in controlled issuers, including family-controlled issuers, being penalized when they appoint an executive officer or employee of the issuer's parent on other committees of the board, as National Policy 58-201 *Corporate Governance Guidelines* (**NP 58-201**) recommends that the committees be composed entirely of independent directors;
• does not recognize the fact that any concerns which may exist in a controlled company relating to conflicts of interest or self-dealing can be resolved directly through a committee of directors who are independent of the controlling shareholder;
• does not recognize the legitimacy of significant shareholders to play an active role in governance, including on the audit committee;
• does not recognize the unique and inherent advantages of family control with respect to long-term sustainable profitability;
• does not recognize the significant presence of family-controlled companies in Canada's economy;
• unnecessarily uses director independence rules to provide additional protection to minority shareholders, given that pursuant to:
    o common law and corporate statutes, directors are subject to a fiduciary duty to the corporation, and not to any single shareholder or shareholder group; and
    o Multilateral Instrument 61-101 *Protection Of Minority Security Holders In Special Transactions*, minority shareholders are already provided with robust protections; and
• is not in line with the CSA's traditional approach on corporate governance which provides greater flexibility to the board.

PROPOSED CHANGES TO OUR CURRENT APPROACH
4 commenters expressed support for our current approach without proposing any changes. While generally supportive of our current approach, 13 commenters have proposed certain changes, including: • removing the venture issuer exceptions in our current regime; • providing additional guidance related to the application of our current approach including:

  - clarifying that the principle underlying the independence test is the board's obligation to determine whether any relationships exist that could interfere with the exercise of independent judgement without relying solely on the enumerated list of those individuals that are not independent; and
  - providing examples of additional relationships for boards to consider when fulfilling the aforementioned principle;
- adding guidance addressing the impact of board tenure on independence;
- adopting a best practices model, similar to the comply or explain model, in addition to our current approach to take into account the particular circumstances of an issuer;
- reviewing whether our current approach continues to be appropriate for controlled companies including:
  - if the exemption in section 3.3 of National Instrument 52-110 *Audit Committees* (**NI 52-110**) should be broadened to permit the controlling shareholder and its representative, who are otherwise independent of the issuer and management, to participate on the audit committee of the controlled subsidiary;
  - that the composition requirements for controlled companies should require every member to be independent of management and a majority, including the chair of the audit committee, to be unrelated to an affiliated entity or significant shareholder of the issuer; and
  - deleting the "deeming rule" that provides that officers and employees of affiliates (other than subsidiaries of the issuer), notably a controlling shareholder are deemed to be not independent. However, in specific contrast, other commenters also generally supportive of our current approach expressly stated that our current approach continues to be appropriate for controlled companies, that the relationships set out in the bright line test comprise a very narrow group and are of such a nature that they should not present merely a rebuttable presumption that they compromise independence, and that the CSA should consider measures to address concerns relating to dual-class share structures and tightly-held corporations by enhancing the independence of these directors;
- revisiting and reassessing the bright line tests to confirm their appropriateness and relevance, or better alignment with the comparable standards applicable in the United States where appropriate including:
  - if certain thresholds (for example, the $75,000 direct compensation threshold) in our current approach should be modernized and better harmonized with those in the U.S., although others took the view that certain thresholds (i.e., the $75,000 threshold) should not be increased;
  - reconsidering the definition of "affiliate" in light of the nature of complex organizations and adding clarity to the meaning of the term "worked on the issuer's audit";
  - reassessing if the bright line test in paragraph 1.4(3)(d) of NI 52-110 (family member employed with internal or external auditor) is still appropriate;
  - reconsidering whether the additional bright line tests for audit committee members continue to be relevant;
  - revisiting the independence criteria prescribed in subsection 1.4(3) to subsection 1.4(7) of NI 52-110 to ensure they are still appropriate; and
  - reassessing if there are other factors that may be relevant in determining independence (for example, where an individual's shareholdings in an issuer is material);
- enhancing director independence for tightly-held and dual-class issuers, while fine-tuning the nuances of our current approach as it relates to widely-held issuers;
- augmenting the definition of "financial literacy" so that it tracks more closely to section 407 of *Sarbanes-Oxley Act of 2002* in the U.S.; and
- requiring all directors or proposed directors to disclose circumstances and relationships applicable to them that could reasonably be perceived as material.

10 commenters who were generally not supportive of our current approach proposed certain changes, including:

- replacing the bright line tests with a more principles-based approach, allowing the board to determine whether or not the individual:
  - is independent from the issuer and its management; and
  - has any other relationship, which in light of the circumstances, could interfere with independent judgement;
- recognizing that a relationship with a control person or a significant shareholder does not, in and of itself, compromise independence;
- recognizing that independence is a question of fact that should be determined by the board on a case-by-case basis;
- if the bright line tests are not eliminated, the corporate governance regime should be updated to distinguish between directors that have a relationship with an issuer's management, and directors that have a relationship with the controlling shareholder, but are independent of the issuer's management;
- replacing the bright line tests with enhanced disclosure of the criteria applied by boards in independence determinations;
- providing more discretion to the board in determining independence;
- the bright line tests of the current approach should be turned into indicative criteria to leave more flexibility to the board;

- distinguishing between non-independent directors and related directors in NP 58-201 and Companion Policy 52-110CP *Audit Committees* to allow greater participation by related directors on the board generally and on board committees;
- providing more flexibility to allow:
  - a director related to a controlling shareholder to serve on the issuer's audit committee; or
  - a non-independent director to serve on the audit committee in circumstances where the board determines that the director is not conflicted and would be a qualified member;
- considering whether an exemption for controlled companies similar to the one available from NYSE requirements is appropriate;
- amending NI 52-110 as follows:
  - deleting the words "and a parent of the issuer" in subsection 1.4(8);
  - revising section 3.3 to provide greater flexibility to include directors related to a controlling shareholder on the issuer subsidiary's audit committee; and
  - deleting paragraph 3.3(2)(e) regarding impartial judgment and best interests concepts; and
- changing the focus from independence to legitimacy and credibility of boards of directors.

ADVANTAGES AND DISADVANTAGES OF MAINTAINING OUR CURRENT APPROACH VERSUS REPLACING IT WITH AN ALTERNATIVE APPROACH

Advantages

17 commenters who expressed general support for our current approach have highlighted a number of advantages of maintaining the current approach, including:

- preserving the consistency and predictability of an approach that is well-understood by market participants;
- maintaining the alignment with the approach applicable in the United States given the high degree of integration of our capital markets and the number of inter-listed issuers;
- avoiding additional costs for issuers and efforts for investors to adapt to an alternative approach;
- allowing investors (including institutional investors) to quickly evaluate the level of independence on a board;
- maintaining a higher standard for determining independence; and
- maintaining investor confidence in the capital markets.

Disadvantages

10 commenters who were generally not supportive of our current approach highlighted a number of disadvantages of maintaining the current approach, including:

- maintaining a one-size-fits-all approach that does not enable issuers to take advantage of their unique strengths for the benefit of all stakeholders;
- placing undue reliance on bright line tests to the detriment of a fuller and more careful assessment of independence; and
- eliminating qualified individuals based on technical points rather than the facts.

1.5 Notices from the Office of the Secretary

1.5.1 USI Tech Limited et al.

FOR IMMEDIATE RELEASE
July 18, 2018

USI TECH LIMITED,
ELEANOR PARKER AND
CASEY COMBDEN,
File No. 2018-8

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

A copy of the Order dated July 18, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.2 Natural Bee Works Apiaries Inc. et al.

FOR IMMEDIATE RELEASE
July 20, 2018

NATURAL BEE WORKS APIARIES INC.,
RINALDO LANDUCCI and
TAWLIA CHICKALO,
File No. 2018-40

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

A copy of the Order dated July 19, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

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1.5.3 David Tuan Seng Lim and Michael Mugford

FOR IMMEDIATE RELEASE
July 20, 2018

DAVID TUAN SENG LIM and
MICHAEL MUGFORD,
File No. 2018-14

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 July 19, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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1-877-785-1555 (Toll Free)

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

FOR IMMEDIATE RELEASE
July 24, 2018

DENNIS L. MEHARCHAND and
VALT.X HOLDINGS INC.

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

A copy of the Order dated July 24, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.5 Majd Kitmitto et al.

FOR IMMEDIATE RELEASE
July 24, 2018

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

TORONTO – Take notice that the hearing in the above-named matter scheduled to be heard on July 25, 2018 at 10:00 a.m. will be heard on July 25, 2018 at 9:00 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For investor inquiries:

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Desjardins Global Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to pooled funds not subject to National Instrument 81-102 Investment Funds(NI 81-102) and to mutual funds subject to NI 81-102, to purchase securities of related entities over a stock exchange and to purchase non-exchange traded debt securities of related entities under primary offerings and in the secondary market – Relief also granted to portfolio manager to permit pooled funds not subject to NI 81-102 to engage in purchases of underlying funds under common management, subject to conditions.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(a), 13.5(2)(b), 15.1.

TRANSLATION

DECISION: 2018-SACD-1020073

July 11, 2018

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

AND

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

AND

**IN THE MATTER OF
DESJARDINS GLOBAL ASSET MANAGEMENT INC.
(the "Filer")**

AND

**THE DESJARDINS FUNDS
(as defined below)**

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a "**Decision Maker**") has received an application from the Filer on behalf of the Desjardins Funds (as defined below) for a decision under the securities legislation of the Jurisdictions (the "**Legislation**"), pursuant to section 15.1 of *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**Regulation 31-103**") exempting the Filer, or an affiliate of the Filer, as the registered adviser of a Desjardins Fund (as defined below), from the restriction contained in section 13.5(2)(a) of Regulation 31-103 prohibiting a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, such as the Desjardins Funds (as defined below), from making an investment in any issuer in which a responsible person (as such term is defined in Regulation 31-103) or an associate of a responsible person (as such term is defined in

Regulation 31-103) is a partner, officer or director unless this fact is disclosed to the client and the written consent of the client is obtained before the investment is made in order to allow the following transactions:

- purchases by the Pooled Funds (as defined below) of exchange-traded securities of *Regulation 31-103 Related Issuers* in the secondary market;
- purchases by the Pooled Funds (as defined below) of securities of the Underlying Funds (as defined below); and
- purchases by the Desjardins Funds (as defined below) of NET Debt Securities (as defined below) in Primary Offerings (as defined below) and in the secondary market.

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

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

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

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

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, Regulation 11-102, *Regulation 81-102 respecting Investment Funds* (**Regulation 81-102**) and *Regulation 81-107 respecting Independent Review Committee for Investment Funds* ("**Regulation 81-107**") have the same meaning if used in this decision, unless otherwise defined. Capitalized terms used in this decision have the following meanings:

"Desjardins Funds" means, collectively, the Regulation 81-102 Funds and the Pooled Funds;

"IRC" means the independent review committee established in accordance with Regulation 81-107;

"NET Debt Securities" means non exchanged-traded debt securities of Regulation 31-103 Related Issuers;

"Pooled Funds" means all existing mutual funds to which neither Regulation 81-102 nor Regulation 81-107 applies and any mutual fund to which neither Regulation 81-102 nor Regulation 81-107 applies subsequently established in the future for which the Filer or an affiliate of the Filer acts, or will act, as investment fund manager and/or portfolio manager;

"Primary Offering" means a primary distribution or treasury offering of NET Debt Securities;

"Regulation 31-103 Related Issuer" means an issuer in which a responsible person (as defined in section 13.5(1) of Regulation 31-103) or an associate of a responsible person (as defined in section 13.5(1) of Regulation 31-103) of the Filer is a partner, officer or director;

"Regulation 81-102 Funds" means all existing investment funds, including mutual funds and exchange traded funds, subject to both Regulation 81-102 and Regulation 81-107 and any investment fund, including mutual funds and exchange traded funds, subject to both Regulation 81-102 and Regulation 81-107 subsequently established in the future for which the Filer or an affiliate of the Filer acts, or will act, as investment fund manager and/or portfolio manager; and

"Underlying Funds" means related Pooled Funds and related Regulation 81-102 Funds in which a Pooled Fund may want to invest.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the *Business Corporation Act* (Québec).

2. The Filer's head office is located at 1 Complexe Desjardins, 20th Floor, South Tower, Montréal, Québec, Canada, H5B 1B3.

3. The Filer is registered as a portfolio manager in all of the provinces and territories of Canada and as an exempt market dealer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec and Nova Scotia. The Filer is also registered as an investment fund manager in Alberta, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland and Labrador. In addition, the Filer is registered as an adviser in Manitoba, commodity trading manager in Ontario and as derivatives portfolio manager in Québec.

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

FCDQ

5. Fédération des Caisses Desjardins du Québec ("**FCDQ**") is a financial services cooperative established under the *Act respecting financial services cooperatives* (Québec).

6. FCDQ, or an affiliate of FCDQ, including, notably, Capital Desjardins Inc. ("**CDI**") issued or may issue listed and non-listed debt securities as well as rated and non-rated debt securities.

7. The Filer intends to obtain the approval of the IRC of each Regulation 81-102 Fund in order to, amongst other things, invest in listed securities of FCDQ, the whole in accordance with Regulation 81-107.

8. FCDQ is not in default of securities legislation in any jurisdiction of Canada.

The Desjardins Funds

9. Each of the Desjardins Funds is or will be a mutual fund established under the laws of Québec.

10. The Filer or an affiliate of the Filer currently acts as investment fund manager and/or portfolio manager of the existing Desjardins Funds.

11. The Filer or an affiliate of the Filer will act as the investment fund manager and/or portfolio manager of each future Desjardins Fund.

12. Each existing Regulation 81-102 Fund is, and each future Regulation 81-102 Fund will be, a reporting issuer under the securities legislation of one or more jurisdiction of Canada whose securities are, or will be, qualified for distribution in accordance with applicable securities legislation.

13. The securities of each of the Pooled Funds are, or will be distributed on an exempt basis pursuant to available exemptions from the prospectus requirement in one or more of the jurisdictions of Canada. None of the Pooled Funds are or will be a reporting issuer in any jurisdiction of Canada.

14. A Desjardins Fund's reliance on the Exemption Sought will be compatible with its investment objective and strategies.

15. None of the Desjardins Funds are in default of securities legislation in any jurisdiction of Canada.

Common Officers and Directors

16. The following persons may also be directors or officers of a Regulation 31-103 Related Issuer of the Filer or an Underlying Fund :

    (a) A partner, director or officer of the Filer; and/or

    (b) an employee or agent of the Filer or an affiliate of the Filer or a partner, director, officer, employee or agent of an affiliate of the Filer having access to or participating in formulating (i) an investment decision made on behalf of a client of the Filer, or (ii) an advice to be given to a client of the Filer.

17. Desjardins Investment Inc. ("**DII**"), who currently acts as investment fund manager for certain of the Desjardins Funds, and the Filer, are members of a group of entities which fall under the FCDQ umbrella and are wholly-owned subsidiaries of FCDQ.

IRC and Related Exemptive Reliefs

18. Each of the Regulation 81-102 Funds has an IRC appointed in a manner consistent with the requirements of Regulation 81-107.

19. Although the Pooled Funds are not, or will not be, subject to Regulation 81-107, each of the Pooled Funds will have an IRC appointed in a manner consistent with the requirements of Regulation 81-107, the mandate of which shall be limited to questions relating to the purchase of NET Debt Securities and the purchase of exchange-traded securities of Regulation 31-103 Related Issuers by the Pooled Funds. The IRC of a Pooled Fund has been, or will be, composed in accordance with section 3.7 of Regulation 81-107 and will comply with the standard of care set out in section 3.9 of Regulation 81-107. The IRC of a Pooled Fund will not approve a purchase of NET Debt Securities or a purchase of exchange-traded securities of Regulation 31-103 Related Issuers subject to its mandate unless the IRC has been made the determination set out in subsection 5.2(2) of Regulation 81-107.

20. If the IRC of a Pooled Fund becomes aware of an instance where the Filer or an affiliate of the Filer, as manager of the Pooled Fund, did not comply with the terms of this decision or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under which the Pooled Fund is organized.

21. As of November 21, 2017, the Decision Makers granted a relief from section 4.1(2) of Regulation 81-102 authorizing the Filer when acting on behalf of all investment funds, including mutual funds and exchange traded funds, and any investment funds subject to Regulation 81-102 subsequently established in the future for which the Filer acts, or will act, as investment fund manager to invest in non-exchange-traded debt securities having a designated rating (as such term is defined in *Regulation 44-101 respecting Short Form Prospectus Distributions*) of an issuer of which a partner, director, officer or employee of the dealer manager of the investment fund, or a partner, director, officer or employee of an affiliate or associate of the dealer manager, is a partner, director or officer, unless the partner, director, officer or employee (i) does not participate in the formulation of investment decisions made on behalf of the dealer managed investment fund; (ii) does not have access before implementation to information concerning investment decisions made on behalf of the dealer managed investment fund; and (iii) does not influence, other than through research, statistical and other reports generally available to clients, the investment decisions made on behalf of the dealer managed investment fund, in a primary distribution or treasury offering and in the secondary market (the "**DGAM Subsection 4.1(2) Regulation 81-102 Relief**").

22. As of May 29, 2018, the Decision Makers granted a relief from section 4.1(2) of Regulation 81-102 authorizing DII when acting on behalf of all existing mutual funds (for which the Filer currently acts as portfolio manager) subject to Regulation 81-102 for which it acts as investment fund manager and any mutual fund subject to Regulation 81-102, subsequently established in the future for which DII will act as investment fund manager to permit the such funds to invest in non-exchange-traded debt securities having a designated rating (as such term is defined in Regulation-81-102) of an issuer of which a partner, director, officer or employee of the dealer manager of the investment fund, or a partner, director, officer or employee of an affiliate or associate of the dealer manager, is a partner, director or officer, unless the partner, director, officer or employee (i) does not participate in the formulation of investment decisions made on behalf of the dealer managed investment fund; (ii) does not have access before implementation to information concerning investment decisions made on behalf of the dealer managed investment fund; and (iii) does not influence, other than through research, statistical and other reports generally available to clients, the investment decisions made on behalf of the dealer managed investment fund, in a primary distribution or treasury offering and in the secondary market (the "**DII Subsection 4.1(2) Regulation 81-102 Relief**". And collectively with the DGAM Subsection 4.1(2) Regulation 81-102 Relief, the "**Section 4.1(2) Regulation 81-102 Decisions**").

23. The Filer and DII follow and/or will follow, as applicable, the conditions and procedures contained in the Section 4.1(2) Regulation 81-102 Decisions when they enter into the above transactions on behalf of the applicable funds.

Regulatory Restriction to Invest in Securities of Regulation 31-103 Related Issuers

24. According to section 13.5(2)(a) of Regulation 31-103, a registered adviser must not cause an investment portfolio managed by it, including an investment fund for which it acts as adviser to purchase a security of a Regulation 31-103 Related Issuer unless this fact is disclosed to its client and the written consent of the client is obtained before the purchase (the "**Section 13.5(2)(a) Regulation 31-103 Restriction**"). Policy Statement to Regulation 31-103 provides that when the client is an investment fund, the disclosure should be provided to, and the consent obtained from, each security holder of the investment fund in order to be meaningful.

25. Section 6.2 of Regulation 81-107 provides the Regulation 81-102 Funds with an exemption from the Section 13.5(2)(a) Regulation 31-103 Restriction in respect of purchasing exchange-traded securities, such as common shares, in the secondary market if, among other, the Regulation 81-102 Fund's IRC has approved the investment under section 5.2(2) of Regulation 81-107. It does not permit the Regulation 81-102 Funds to purchase NET Debt Securities.

26. Section 2.5(7) of Regulation 81-102 provides the Regulation 81-102 Funds with an exemption from the Section 13.5(2)(a) Regulation 31-103 Restriction in respect of investments in other investment funds.

27. Regulation 81-102 and Regulation 81-107 do not apply to the Pooled Funds as they are not reporting issuers.

28. Accordingly, in the absence of the Exemption Sought, the Filer may not cause the Pooled Funds to purchase securities of Regulation 31-103 Related Issuers and/or securities of the Underlying Funds and may not cause the Desjardins Funds to purchase NET Debt Securities, as it is practically impossible to obtain the consent of all security holders of such Desjardins Funds in situation where issuers become Regulation 31-103 Related Issuers after a person has become a security holder of a Desjardins Fund.

Investment in Underlying Funds by the Pooled Funds

29. Investment by the Pooled Funds in the Underlying Funds (the **Fund-on-Fund Structure**) will be in the best interests of the Pooled Funds and help them achieve their investment objective on a diversified basis and obtain broad exposure to the asset classes each proposes to invest in. Investing directly in the securities held by the Underlying Funds is a less desirable option owing to the increased costs and inefficiencies that are associated with such direct investing. Investment by the Pooled Funds in the Underlying Funds will also increase the asset base of the Underlying Funds, enabling the Underlying Funds to further diversify their portfolios and achieve economies of scale.

30. Each Pooled Fund will manage its investments in an Underlying Fund with discretion to buy and sell securities of the Underlying Fund, selected in accordance with the Pooled Fund's investment objective, as well as to alter its holdings in any Underlying Fund in which it invests.

31. An investment by a Pooled Fund in an Underlying Fund will be effected at net asset value (**NAV**) per security of the applicable class or series of the applicable Underlying Fund, as calculated in accordance with part 14 of *Regulation 81-106 respecting Investment Fund Continuous Disclosure*.

32. An Underlying Fund will primarily hold publicly traded securities and will not hold greater than 10% of their assets in "illiquid assets" as defined in Regulation 81-102.

33. The portfolio of assets of a Pooled Fund that invests in an Underlying Fund, and the portfolio assets of an Underlying Fund, will be held by a qualified custodian, as defined under, and in accordance with, Regulation 31-103.

34. No Underlying Fund will be a top fund in a Fund-on-Fund Structure.

35. Securities of a Pooled Fund that is a top fund in a Fund-on-Fund Structure, and the corresponding Underlying Funds have, or will have, matching redemption dates and matching valuation dates.

36. In the absence of relief from Section 13.5(2)(a) of Regulation 31-103, the Filer or an affiliate of the Filer acting as portfolio manager of a Pooled Fund would also be prohibited from knowingly causing the Pooled Fund to invest in Underlying Funds that have officers or directors in common with the Filer or an affiliate of the Filer acting as portfolio manager of the Pooled Fund without prior disclosure and consent.

37. Investors in a Pooled Fund will be entitled to receive from the Filer, on request and free of charge, a copy of any offering memorandum or other disclosure document and, once available, the annual and semi-annual financial statements, for all Underlying Funds in which the Pooled Fund may invest its assets.

38. Investors in a Pooled Fund will also be provided with annual financial statements of the Pooled Fund in accordance with securities legislation, including an auditor's report.

39. As the Pooled Funds are not subject to Regulation 81-102, the exemption from Section 13.5(2)(a) Regulation 31-103 Restriction under Section 2.5(7) of Regulation 81-102 is not available to them.

Investments in NET Debt Securities by the Desjardins Funds

40. The Filer has determined that it would be in the best interests of the Desjardins Funds to be granted the Exemption Sought.

41. Certain Regulation 31-103 Related Issuers of the Filer are significant issuers of securities and they are issuers of debt instruments. The Filer considers that the Desjardins Funds should have access to securities of the Regulation 31-103 Related Issuers for the following reasons:

    (a) there is a limited supply of highly rated corporate debt;

    (b) diversification is reduced to the extent that a Desjardins Fund is limited with respect to investment opportunities; and

    (c) to the extent that a Desjardins Fund seeks to track or outperform a benchmark, it is important for the Desjardins Fund to be able to purchase any securities included in the benchmark. NET Debt Securities of Regulation 31-103 Related Issuers may be included in such Canadian debt indices.

42. Where the NET Debt Security is purchased by a Desjardins Fund in a Primary Offering pursuant to the Exemption Sought, the NET Debt Security will be:

    (a) a non-exchange-traded debt security, other than an asset backed commercial paper security, issued by a Regulation 31-103 Related Issuer, with a term to maturity of 365 days or more, that has been given and continues to have, at the time of purchase, a ‘designated rating’ by a designated rating organization, as such terms are defined in Regulation 81-102; and

    (b) the terms of the Primary Offering, such as the size and the pricing, will be a matter of public record as evidenced in a prospectus, offering memorandum, press release or other public document.

43. Where the NET Debt Security is purchased by a Desjardins Fund in the secondary market pursuant to the Exemption Sought and not in a Primary Offering, the debt security has been given, and continues to have, at the time of purchase, a ‘designated rating’ by a designated rating organization, as such terms are defined in Regulation 81-102.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted to permit:

1. a Pooled Fund to purchase exchange-traded securities of Regulation 31-103 Related Issuers in the secondary market provided that:

    (a) the investment is made in accordance with or is necessary to meet the Pooled Fund's investment objective;

    (b) the Pooled Funds maintain an IRC that is composed in manner consistent with section 3.7 of Regulation 81-107 and conducts itself in a manner that complies with the standard of care set out in section 3.9 of Regulation 81-107 as if Regulation 81-107 applied to the Pooled Fund;

    (c) at the time of the purchase, the IRC of the Pooled Fund has approved the transaction in accordance with Section 5.2(2) of Regulation 81-107;

    (d) the Filer or its affiliate, as manager of the Pooled Fund, complies with section 5.1 of Regulation 81-107, and the Filer or its affiliate, as manager of the Pooled Fund, and the IRC of the Pooled Funds, will comply with section 5.4 of Regulation 81-107 for any standing instructions the IRC provides in connection with the purchase of securities of a Regulation 31-103 Related Issuer;

    (e) the purchase is made on a stock exchange on which such securities are listed and traded;

    (f) the transaction complies with any applicable "market integrity requirements" as defined in Regulation 81-107;

    (g) on or before the 90th day after the end of each financial year of a Pooled Fund, the Filer files with the applicable securities regulatory authorities or regulator the particulars of any such investments; and

    (h) in connection with any instance that the IRC of a Pooled Fund becomes aware that the Pooled Fund has not complied with the conditions of the Exemption Sought, the IRC of the Pooled Fund complies with the reporting obligation in section 4.5 of Regulation 81-107 as if Regulation 81-107 applied to the Pooled Fund;

2. a Pooled Fund to purchase securities of an Underlying Fund provided that:

   (a) securities of each of the Pooled Funds are distributed on an exempt basis pursuant to available exemptions from the prospectus requirement in one or more of the jurisdictions of Canada;

   (b) an investment by a Pooled Fund in an Underlying Fund is consistent with, or is necessary to meet, the investment objective of the Pooled Fund;

   (c) an investment in an Underlying Fund by a Pooled Fund will be effected at a net asset value (**NAV**) per security of the applicable class or series of the applicable Underlying Fund, calculated in accordance with part 14 of Regulation 81-106.

   (d) no Pooled Fund will purchase or hold a security of an Underlying Fund unless, at the time of purchasing securities of the Underlying Fund, the Underlying Fund holds not more than 10% of its NAV in securities of other investment funds unless the Underlying Fund:

      (i) is a clone fund (as defined in Regulation 81-102);

      (ii) purchases of holds securities of a "money market fund" (as defined in Regulation 81-102); or

      (iii) purchases or holds securities that are "index participation units" (as defined in Regulation 81-102) issued by an investment fund;

   (e) no management or incentive fees are payable by the Pooled Funds that, to a reasonable person, would duplicate a fee payable by the Underlying Funds for the same service;

   (f) no sales or redemption fees are payable by the Pooled Funds in relation to its purchases or redemptions of the securities of the Underlying Funds;

   (g) the Filer or its affiliate, as manager of Pooled Fund, does not cause the securities of an Underlying Fund held by a Pooled Fund to be voted at any meeting of the holders of such securities, except that the Filer may arrange for all of the securities that the Pooled Fund holds in an Underlying Funds to be voted by the beneficial owners of units of the Pooled Fund who are not the Filer or an officer, director of the Filer;

   (h) when purchasing and/or redeeming securities of an Underlying Fund, the Filer or its affiliate, as manager of Pooled Fund, shall act honestly, in good faith and in the best interests of the applicable Pooled Fund and Underlying Fund, respectively, and shall exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances;

   (i) the offering memorandum, or other disclosure document of a Pooled Fund, if available, will be provided to investors in a Pooled Fund prior to the time of investment, and will disclose:

      (i) that a Pooled Fund may purchase securities of the applicable Underlying Fund;

      (ii) that the Filer or its affiliate is the investment fund manager and portfolio manager of both the Pooled Fund and the Underlying Fund;

      (iii) that the Pooled Fund may invest all, or substantially all, of its assets in securities of an Underlying Fund;

      (iv) the fees, expenses and any performance or special incentive distributions payable by the Underlying Fund in which a Pooled Fund invests;

      (v) the process or criteria used to select the Underlying Fund, if applicable; and

      (vi) that investors are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure documents of the Underlying Fund, if available, as well as the annual audited financial statements and interim financial reports relating to the Underlying Fund in which the Pooled Fund invests.

3. a Desjardins Fund to purchase NET Debt Securities provided that:

   (a) the investment is made in accordance with, or is necessary to meet, the investment objective of the Desjardins Fund;

   (b) at the time of the purchase, the IRC of the Desjardins Fund has approved the transaction in accordance with Section 5.2(2) of Regulation 81-107;

   (c) the Pooled Funds maintain an IRC that is composed in manner consistent with section 3.7 of Regulation 81-107 and conducts itself in a manner that complies with the standard of care set out in section 3.9 of Regulation 81-107 as if Regulation 81-107 applied to the Pooled Fund;

   (d) the Filer or its affiliate, as manager of the Desjardins Fund, complies with section 5.1 of Regulation 81-107 and the investment fund manager and the IRC of the Desjardins Fund comply with section 5.4 of Regulation 81-107 for any standing instructions the IRC provides in connection with the transactions;

   (e) the security has been given and continues, at the time of the purchase, to have a 'designated rating' by a 'designated rating organization' within the meaning of those terms in Regulation 81-102;

   (f) in the case of NET Debt Securities to be purchased in a Primary Offering:

      (i) the size of the Primary Offering is at least $100 million;

      (ii) at least two purchasers who are independent, arm's length purchasers, which may include "independent underwriters" within the meaning of *Regulation 33-105 respecting Underwriting Conflicts*, collectively purchase at least 20% of the Primary Offering;

      (iii) no Desjardins Fund shall participate in the Primary Offering if following its purchase the Desjardins Fund together with related Desjardins Funds will hold more than 20% of the securities issued in the Primary Offering;

      (iv) no Desjardins Fund shall participate in the Primary Offering if following its purchase the Desjardins Fund would have more than 5% of its net assets invested in NET Debt Securities of a Regulation 31-103 Related Issuer;

      (v) the price paid for the securities by a Desjardins Fund in the Primary Offering shall be no higher than the lowest price paid by any of the arm's length purchasers who participate in the Primary Offering;

   (g) in the case of NET Debt Securities to be purchased in the secondary market:

      (i) the price payable for the security is not more than the ask price of the security;

      (ii) the ask price of the security is determined as follows:

         (A) if the purchase occurs on a marketplace, the price payable is determined in accordance with the requirements of that marketplace; or

         (B) if the purchase does not occur on a marketplace,

            (I) the Desjardins Fund may pay the price for the security at which an independent, arm's length seller is willing to sell the security, or

            (II) if the Desjardins Fund does not purchase the security from an independent, arm's length seller, the Desjardins Fund must pay the price quoted publicly by an independent marketplace or obtain, immediately before the purchase, at least one quote from an independent, arm's length purchaser or seller and not pay more than that quote;

      (iii) the transaction involving the purchase of NET Debt Securities complies with any applicable "market integrity requirements" as defined in Regulation 81-107;

(h) no later than the time a Regulation 81-102 Fund files its annual financial statements, or on or before the 90th day after the end of each financial year of a Pooled Fund, the Filer files with the securities regulatory authority or regulator the particulars of any investments made in reliance on this relief; and

(i) the IRC of the Desjardins Fund complies with section 4.5 of Regulation 81-107 in connection with any instance that it becomes aware that the Filer did not comply with any of the conditions of this decision.

"Frédéric Pérodeau"
Superintendant
Client Services and Distribution Oversight

2.1.2 Caldwell Investment Management Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds for extension of lapse date of their prospectus – Extension of lapse date will not affect the currency or accuracy of the information contained in the current prospectus.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

May 30, 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
CALDWELL INVESTMENT MANAGEMENT LTD.
(the Filer)

AND

IN THE MATTER OF
CALDWELL INCOME FUND,
CALDWELL BALANCED FUND,
CALDWELL CANADIAN VALUE MOMENTUM FUND
(each, a Fund and, collectively, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the simplified prospectus of the Funds dated July 20, 2017 be extended to those time limits that would apply if the lapse date was August 20, 2018 (the **Requested Relief**).

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

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

b) the Filer has provided notice that sub-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 except for Quebec (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. Filer is a corporation existing under the laws of Ontario. The Filer's head office is located in Toronto, Ontario.

2. The Filer is registered as a portfolio manager and investment fund manager in Alberta, British Columbia, Manitoba, Ontario, Quebec and Saskatchewan.

3. Each Fund is a mutual fund trust governed by the laws of the Province of Ontario and is a reporting issuer as defined in the securities legislation of each of the Jurisdictions.

4. Neither the Filer nor any of the Funds are in default of securities legislation in any of the Jurisdictions.

5. Each Fund currently distributes its securities in the Jurisdictions pursuant to a simplified prospectus dated July 20, 2017 as amended in respect of the Caldwell Canadian Value Momentum Fund by amendment no. 1 dated September 29, 2017, an annual information form dated July 20, 2017 as amended in respect of the Caldwell Canadian Value Momentum Fund by amendment no. 1 dated September 29, 2017, fund facts documents dated July 20, 2017 for each series of the Funds except for Series F and Series O of the Caldwell Canadian Value Momentum Fund, and fund facts documents dated September 29, 2017 for Series F and Series O of the Caldwell Canadian Value Momentum Fund (collectively, the **Current Prospectus**).

6. The lapse date of the Current Prospectus under the Legislation is July 20, 2018 (the **Current Lapse Date**). Accordingly, under the Legislation, the distribution of securities of the Fund would have to cease on the Current Lapse Date unless: (i) the Fund files a *pro forma* simplified prospectus at least 30 days prior to the Current Lapse Date, being June 20, 2018 (the "**Current Pro Forma Date**"); (ii) the final simplified prospectus is filed no later than 10 days after the Current Lapse Date, being July 30, 2018 (the "**Current Final Filing Date**"); and (iii) a receipt for the final simplified prospectus is obtained within 20 days after the Current Lapse Date.

7. The Filer is the manager and trustee of the Funds.

8. The Filer intends to call a meeting (the **Meeting**) of unitholders of the Caldwell Income Fund (the **Income Fund**) on or about the second week of July, 2018, to seek unitholder approval for certain proposed changes to the Income Fund including changes to the fundamental investment objective of the Income Fund.

9. The Filer will issue a press release and will file a material change report and an amendment to the Current Prospectus of the Funds (the **Amendment**) at the same time that the notice of the Meeting is sent to unitholders. The Amendment will describe the matters to be considered at the Meeting and will disclose that the Filer has applied for the Requested Relief.

10. The Meeting is scheduled to take place after the Current Pro Forma Date of June 20, 2018. The Requested Relief would allow the Filer to file the 2018 *pro forma* renewal prospectus of the Funds (the **2018 Pro Forma Prospectus**) by July 20, 2018, after the voting results of the Meeting become known.

11. The Requested Relief will enable the Filer to submit a 2018 Pro Forma Prospectus that reflects current information on the Funds, including the results of the Meeting. In the absence of the Requested Relief, the Manager would be required to file the 2018 Pro Forma Prospectus prior to the Meetings, which might require significant changes after the securities regulators had already reviewed and commented on the 2018 Pro Forma Prospectus.

12. As a result, in the absence of the Requested Relief, the Filer would likely have insufficient time to revise the 2018 Pro Forma Prospectus to reflect the outcome of the Meeting and respond to and address all regulatory comments in connection therewith prior to the Current Final Filing Date of July 30, 2018. As a result, in the absence of the Requested Relief, the Filer would likely need to prepare and file an amendment to the 2018 final simplified prospectus, annual information form and fund facts of the Funds (the **2018 Final**) only days after a receipt would have been issued in respect of the 2018 Final. The costs and expenses the Funds would bear in connection with preparing and filing such an amendment would be unreasonable and unduly costly and would offer little if any corresponding benefits to unitholders.

13. There have been no material changes in the affairs of the Funds since the date of the Current Prospectus, other than those for which amendments have been filed. Accordingly, the Current Prospectus and the most recently filed fund facts documents of the Funds represent the current information of the Funds.

14. Given the disclosure obligation of the Funds, should any material changes occur, the Current Prospectus of the Funds will be amended as required under the Legislation.

15. New investors of the Funds will receive delivery of the most recently filed fund facts of the Funds. The Current Prospectus of the Funds will still be available upon request.

16. The Requested Relief will not affect the accuracy of the information contained in the Current Prospectus and therefore will not be prejudicial to the public interest.

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.

"Stephen Paglia"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.3 Evolve Funds Group Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a), (c) and (e) of National Instrument 81-102 Investment Funds to allow mutual funds to invest in ETFs listed on a Canadian exchange, and to allow the top funds to pay brokerage commissions for the purchase and sale of the securities of related underlying ETFs – Underlying ETFs are subject to NI 81-102 – Relief subject to terms and conditions based on investment restrictions of NI 81-102 such that top funds cannot do indirectly via investment in underlying ETFs what they cannot do directly under NI 81-102.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a). 2.5(2)(e), 19.1.

July 23, 2018

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

AND

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

AND

IN THE MATTER OF
EVOLVE FUNDS GROUP INC.
(Evolve)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Evolve, on behalf of existing and future mutual funds, that are, or will be managed by the Filer (as defined below) (the **Funds**), for a decision (the **Exemption Sought**) under the securities legislation of the principal regulator (the **Legislation**) exempting each Fund from the following provisions of National Instrument 81-102 *Investment Funds* (**NI 81-102**) in order to permit the Funds to invest in securities of exchange-traded funds that are not index participation units (the **Underlying ETFs**):

(a) subsection 2.1(1) (the **Concentration Restriction**) to permit each Fund to purchase securities of an Underlying ETF or enter into a specified derivatives transaction with respect to an Underlying ETF even though, immediately after the transaction, more than 10% of the net asset value (**NAV**) of the Fund would be invested, directly or indirectly, in securities of the Underlying ETF (the **Concentration Relief**);

(b) paragraph 2.2(1)(a) (the **Control Restriction**) to permit each Fund to purchase securities of an Underlying ETF even though, immediately after the purchase, the Fund would hold securities representing more than 10% of (i) the votes attaching to the outstanding voting securities of the Underlying ETF, or (ii) the outstanding equity securities of the Underlying ETF (the **Control Relief**);

(c) paragraph 2.5(2)(a) to permit each Fund to invest in securities of Underlying ETFs that do not offer securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**); and

(d) paragraph 2.5(2)(e) of NI 81-102 to permit each Fund to pay brokerage fees in relation to its purchase and sale of securities of Related Underlying ETFs (defined below) (the **Brokerage Fee Relief**).

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

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

(b) Evolve 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 all of the provinces and territories of Canada other than the Jurisdiction (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Filer means Evolve or an affiliate or associate of Evolve.

Related Underlying ETF means an Underlying ETF that is managed by the Filer.

Representations

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

Evolve

1. Evolve is a corporation incorporated under the laws of Canada, with its head office located in Toronto, Ontario.

2. Evolve is the promoter, trustee and manager of the Funds and is registered as: (i) a portfolio manager in Ontario and (ii) an investment fund manager in Newfoundland and Labrador, Ontario and Quebec.

3. Evolve and the existing Funds are not in default of securities legislation in any of the Jurisdictions.

4. The Filer is, or will be, the investment fund manager of the Funds.

The Funds

5. Each Fund is, or will be, a mutual fund organized and governed by the laws of a Jurisdiction of Canada.

6. Each Fund distributes, or will distribute, some or all of its securities pursuant to a simplified prospectus prepared pursuant to NI 81-101 and Form NI 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) or a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**) and is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

7. Each Fund is, or will be, a reporting issuer in one or more Jurisdictions.

8. Each Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

9. The Funds may, from time to time, wish to invest up to 100% in any one or more Underlying ETFs in accordance with their investment objectives.

The Underlying ETFs

10. Each Underlying ETF is, or will be, an open-ended mutual fund subject to NI 81-102, subject to any exemption therefrom that may be granted by the securities regulatory authorities.

11. Securities of each Underlying ETF are, or will be:

    (a) distributed pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 or, if it has received an exemption to do so, a simplified prospectus prepared pursuant to NI 81-101 and Form 81-101F1; and

(b) listed on the Toronto Stock Exchange or another "recognized exchange" in Canada, as that term is defined in securities legislation.

12. Each Underlying ETF is, or will be, a reporting issuer in one or more Jurisdictions.

13. Each Underlying ETF is, or will be, subject to NI 81-107 in respect of conflict of interest matters to which NI 81-107 applies.

14. The securities of an Underlying ETF will not meet the definition of index participation unit (IPU) in NI 81-102 because the only purpose of the Underlying ETF will not be to:

    (a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index; or

    (b) invest in a manner that causes the Underlying ETF to replicate the performance of that index.

15. The securities of an Underlying ETF are, or will be, listed on a recognized exchange in Canada and the market for them is, or will be, liquid because it is, or will be, supported by a designated broker and dealers. As a result, the Filer expects a Fund to be able to dispose of such securities through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.

16. No Underlying ETF will hold more than 10% of its NAV in securities of another investment fund unless (i) the Underlying ETF is a clone fund, as defined in NI 81-102, (ii) the other investment fund is a money market fund, as defined in NI 81-102, (iii) securities of the other investment fund are IPUs.

17. No Fund will pay management or incentive fees which to a reasonable person would duplicate a fee payable by an Underlying ETF for the same service.

18. Absent the Exemption Sought, an investment by a Fund in an Underlying ETF would be prohibited by paragraph 2.5(2)(a) of NI 81-102 because the Underlying ETFs do not offer securities under a simplified prospectus in accordance with NI 81-101. An investment by a Fund in an Underlying ETF would not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the Underlying ETF are not IPUs.

The Concentration Relief and Control Relief

19. An investment in an Underlying ETF by a Fund is an efficient and cost effective alternative to administering one or more investment strategies similar to that of the Underlying ETF and will represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.

20. An investment in an Underlying ETF by a Fund should pose limited investment risk to the Fund because each Underlying ETF will be subject to NI 81-102, subject to any exemption therefrom that may in the future be granted by the securities regulatory authorities.

21. Due to the potential size disparity between the Funds and the Underlying ETFs, it is possible that a relatively small investment, on a percentage of NAV basis, by a relatively larger Fund in securities of an Underlying ETF could result in such Fund holding securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the Underlying ETF; or (ii) the outstanding equity securities of that Underlying ETF, contrary to the Control Restriction.

22. An investment by a Fund in securities of an Underlying ETF will not qualify for the exemptions set out in:

    (a) paragraph 2.1(2)(d) of NI 81-102 from the Concentration Restriction; and

    (b) paragraph 2.2(1.1)(b) of NI 81-102 from the Control Restriction;

    because securities of the Underlying ETFs are not IPUs.

23. The material difference between the securities of an Underlying ETF and the securities of a conventional mutual fund is the method of distribution and disposition.

The Brokerage Fee Relief

24. The trades conducted by a Fund may not be of the size necessary for the Fund to be eligible to purchase or exchange securities of a Related Underlying ETF directly from the Related Underlying ETF at its NAV per security. Trades in securities of a Related Underlying ETF are therefore likely to be conducted by a Fund in the secondary market through the facilities of a recognized exchange. Absent the Brokerage Fee Relief, paragraph 2.5(2)(e) of NI 81-102 would not permit a Fund to pay brokerage fees incurred in connection with a Related Underlying ETF.

25. All brokerage fees related to trades in securities of Related Underlying ETFs will be borne by the Funds in the same manner as any other portfolio transactions made on an exchange.

26. If a Fund trades in securities of a Related Underlying ETF with or through the Filer acting as dealer, the Filer will comply with its obligations under NI 81-107 in respect of any proposed related party transactions. These related party transactions will be disclosed to securityholders of the applicable Fund in its management report of fund performance.

Decision

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

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

(a) the investment by a Fund in securities of an Underlying ETF is in accordance with the investment objectives of the Fund;

(b) a Fund does not short sell securities of an Underlying ETF;

(c) an Underlying ETF is not a commodity pool as defined in National Instrument 81-104 *Commodity Pools*;

(d) the Underlying ETF does not rely on exemptive relief from the requirements of:

(i) section 2.3 of NI 81-102 regarding the purchase of physical commodities;

(ii) sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or

(iii) paragraphs 2.6(a) and 2.6(b) of NI 81-102 with respect to the use of leverage;

(e) securities of each Underlying ETF are listed on a recognized exchange in Canada; and

(f) the prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in Underlying ETFs on the terms described in this decision.

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

2.1.4 Knowledge First Financial Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Relief granted to scholarship plan and mutual fund for extension of prospectus lapse date – additional time requested in order to align lapse date of plan prospectus with filer's existing scholarship plans due to anticipated merger – extension of the lapse date will not impact currency of disclosure relating to the funds.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5 as am., s. 62(5).

July 19, 2018

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

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.
(the Filer)

AND

HERITAGE PLANS AND
IMPRESSION PLAN
(the Plans)

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**) for an exemption that the time limits pertaining to filing the renewal prospectus of the Plans be extended as if the lapse date of each of the Plans' prospectuses dated August 4, 2017 (together, the **Current Prospectuses**) is August 24, 2018 (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions,

(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 (the **Passport Jurisdictions**, and together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning 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 *Canada Business Corporations Act*.

2. The Filer is registered as a scholarship plan dealer under applicable securities legislation in each province and territory of Canada. The Filer is also registered as an investment fund manager under applicable securities legislation in British

Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia. The Filer is a subsidiary of the Knowledge First Foundation.

3. Each of the Plans is sponsored by Heritage Educational Foundation and are currently administered by Heritage Education Funds Inc. which also is currently, the investment fund manager of the Plans. Heritage Education Funds Inc. is registered as an investment fund manager under applicable securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Newfoundland and Nova Scotia.

4. Each of the Plans is a reporting issuer in each of the provinces and territories in Canada.

5. Securities of the Plans are currently qualified for distribution in each of the provinces and territories of Canada under the Current Prospectuses.

6. None of the Plans, Heritage Education Funds Inc. nor the Filer are in default of securities legislation in any of the Jurisdictions.

7. The lapse date of the Current Prospectuses is August 4, 2018. Accordingly, under the Legislation, the distribution of securities of each Plan would have to cease on the Current Lapse Date unless (a) each Plan files a pro forma prospectus at least 30 days prior to the Current Lapse Date; (b) the final prospectus is filed no later than 10 days after the Current Lapse Date; and (c) a receipt for the final prospectus for each Plan is obtained within 20 days of the Current Lapse Date.

8. On May 28, 2018, a pro forma prospectus (the **Pro Forma Prospectus**) was filed for each Plan in connection with the continuous public offering of the securities of each Plan.

9. Since the date of the Current Prospectuses, Heritage Education Funds Inc. and Heritage Educational Foundation were acquired by the Filer on January 2, 2018 (the **Acquisition**) and are wholly owned by the Filer.

10. The Filer intends to amalgamate with Heritage Education Funds Inc. and to legally merge Heritage Education Funds Inc.'s business operations, including the role of the investment fund manager, into the Filer's business by or about August 28, 2018. As such, and as the successor investment fund manager of the Plans, the Filer seeks to have the Current Lapse Date for the Current Prospectuses match the lapse date of the current prospectuses for the Filer's other scholarship plans, which is August 24, 2018.

11. If the Exemption Sought is not granted, each of the Plans will be required to file a final prospectus within 10 days of their Current Lapse Date, however, such prospectuses will not provide disclosure of the anticipated merger. In such case, after the filing of final prospectuses for the Plans and completion of the merger on or about August 28, 2018, the Filer would then be required to amend the Plans' final prospectuses to reflect the merger of Heritage Education Funds Inc. with the Filer. This additional step would add unnecessary cost and time to the prospectus renewal process.

12. Since the date of the Current Prospectuses, there has been no undisclosed material change in the Plans. Accordingly, each Current Prospectus continues to provide accurate information regarding each Plan as appropriate.

13. Should any material changes be proposed in the interim, the prospectus of each Plan will be amended accordingly. Therefore, the Exemption Sought will not affect the currency or accuracy of the information contained in the Current Prospectuses, and there will not be prejudicial to the public interest.

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.

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

2.1.5 Soundvest Capital Management Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval for change of control of manager under s. 5.5(1)(a.1) of National Instrument 81-102 Investment Funds and abridgement of securityholder notice period under s. 5.8(1)(a) of NI 81-102 to 30 days – acquirer has requisite experience and integrity to participate in Canadian capital markets – transaction will not result in any material changes to operations and management of the manager or the funds it manages.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(a.1), 5.7(1)(a), 5.8(1), 19.1.

May 23, 2018

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

AND

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

AND

IN THE MATTER OF
SOUNDVEST CAPITAL MANAGEMENT LTD.
(the Manager or Soundvest)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager and Soundvest Capital Holdings Ltd. (the **Purchaser**, and together with the Manager, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for (i) approval with respect to a proposed change of control of the Manager as described herein pursuant to section 5.5(1)(a.1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**) and (ii) an abridgement to not less than 30 days of the time period prescribed by section 5.8(1)(a) of NI 81-102 for delivering notice to securityholders of the Soundvest Funds (as defined below) of the change of control of the Manager resulting from the Proposed Transaction (as defined below) (the **Abridgement Relief**).

Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**) (for a passport application):

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

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

Interpretation

Terms defined in NI 81-102, National Instrument 14-101 *Definitions*, NP 11-203 and MI 11-102 have the same meaning if used in this decision unless otherwise defined.

Representations

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

Soundvest

1. Soundvest, a corporation existing under the *Canada Business Corporations Act*, with its head office in Ottawa, Ontario, is an asset management company.

2. Soundvest is registered as a portfolio manager in Alberta, British Columbia, Ontario and Quebec and as an investment fund manager and exempt market dealer in Ontario.

3. Soundvest common shares are owned 50% by the Purchaser and 50% by the Vendor. The Vendor owns all of the issued and outstanding preferred shares of Soundvest.

4. Soundvest is not in default of any securities legislation in any of the Jurisdictions.

The Soundvest Funds

5. Soundvest is the manager and investment advisor of Soundvest Split Trust and Soundvest Equity Fund (together, the **Soundvest Funds**), each a non-redeemable investment fund.

6. The Soundvest Funds are reporting issuers in all provinces of Canada. Additional information regarding Soundvest and the Soundvest Funds is available on SEDAR.

7. The Soundvest Funds are not in default of any securities legislation in any of the Jurisdictions.

8. On March 29, 2018, Soundvest announced that it has determined, in accordance with the terms of the Fund's declaration of trust, to wind-up Soundvest Equity Fund on or about June 14, 2018.

The Purchaser

9. The Purchaser is a corporation existing under the *Business Corporations Act* (Ontario) (the **OBCA**), with its head office in Ottawa, Ontario.

10. The Purchaser is registered as a portfolio manager in Alberta, British Columbia, Ontario and Quebec and as an investment fund manager and exempt market dealer in Ontario.

11. The Purchaser currently owns 50% of the common shares of Soundvest and the Charlebois Family (2016) Trust, a trust organized under the laws of Ontario for the benefit of Kevin Charlebois and his family, owns 100% of the issued and outstanding common shares of the Purchaser.

12. Kevin Charlebois is a Director and the current President, Chief Executive Officer, Secretary and Chief Investment Officer of Soundvest.

13. The Purchaser is not in default of securities legislation in any of the Jurisdictions.

Brookfield Asset Management Inc.

14. Brookfield Asset Management Inc. (**Vendor**) is a corporation existing under the OBCA, with its head office in Toronto, Ontario.

15. The Vendor is a reporting issuer in all of the provinces and territories of Canada. Additional information regarding the Vendor is available on SEDAR.

16. The Vendor owns 50% of the common shares of Soundvest (the **Vendor Common Shares**) and 100% of the preferred shares of Soundvest (the **Preferred Shares**).

The Proposed Transaction

17. The Purchaser and Soundvest entered into a share purchase agreement with the Vendor on April 13, 2018 pursuant to which the Purchaser is to acquire the Preferred Shares and Soundvest is to repurchase for cancellation the Vendor Common Shares, with the result that the Purchaser will own all of the outstanding shares of Soundvest (the **Proposed Transaction**), as described in the press release issued by Soundvest announcing the Proposed Transaction.

18. The parties would like to close the Proposed Transaction on or about May 24, 2018 (the **Closing Date**), provided that, among other things, all necessary regulatory notices, non-objections, and approvals have been given and received.

Change of Control of Soundvest

19. As the share ownership of Soundvest will change such that the Purchaser will acquire the Preferred Shares and the Vendor Common Shares will be repurchased for cancellation, and, as a result, the Purchaser will own 100% of the issued and outstanding shares of Soundvest on the Closing Date, the Proposed Transaction will result in a change of control of Soundvest and accordingly regulatory approval is required pursuant to section 5.5(1)(a.1) of NI 81-102.

Impact on Soundvest and the Soundvest Funds

20. Completion of the Proposed Transaction is not expected to result in any material changes to, or impact on, the business, operations or affairs of the Soundvest Funds, the securityholders of the Soundvest Funds or Soundvest.

21. Soundvest will continue to act as the investment fund manager and investment advisor of the Soundvest Funds in the same manner as it has conducted such activities immediately prior to the Closing Date.

22. There are no current plans to change the role of Soundvest as manager or investment advisor of the Soundvest Funds.

23. Mr. Kevin Charlebois, the current President, Chief Executive Officer, Secretary and Chief Investment Officer of Soundvest and Ms. Gabrielle Lenz, the current Chief Financial Officer and Controller of Soundvest, will remain in those senior management roles, and Mr. Kevin Charlebois will continue to serve as a director of Soundvest.

24. The Vendor has not been involved in the day-to-day operations of the Manager other than having one nominee as a director of Soundvest.

25. Effective upon the closing of the Proposed Transaction, the Vendor's director nominee, Mr. Brian Hurley will resign his position as director of Soundvest. Mr. Kevin Charlebois and Mrs. Audrey Charlebois will continue to serve as directors of Soundvest.

26. Except for the previously announced termination of Soundvest Equity Fund, there is no current intention to:

    (a) make any substantive changes as to how Soundvest operates or manages the Soundvest Funds;

    (b) change the structures, investment objectives, investment strategies or valuation procedures of the Soundvest Funds;

    (c) immediately following the Closing Date, or within a foreseeable period of time, change the investment fund manager, or portfolio manager of the Soundvest Funds;

    (d) change the names or branding of Soundvest or the Soundvest Funds;

    (e) change the fees and expenses that are charged to the Soundvest Funds;

    (f) merge the Soundvest Funds;

    (g) rationalize personnel or systems;

    (h) except for the resignations of the Vendor's director nominee, change any of the directors, officers or employees involved in any of the day-to-day business, operations or affairs of Soundvest or the Soundvest Funds;

    (i) make changes to fund accounting and other administrative functions undertaken by the current providers, both internal and external, to Soundvest or the Soundvest Funds; or

    (j) make changes to the trustees or custodians of the Soundvest Funds.

27. The members of the Independent Review Committee (**IRC**) of the Soundvest Funds will cease to be IRC members upon completion of the Proposed Transaction by operation of section 3.10(1)(c) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**). However, it is currently intended that immediately following the completion of the Proposed Transaction, the same members of the IRC will be re-appointed in accordance with NI 81-107.

28. The Proposed Transaction is not expected to impact the financial stability of Soundvest or its ability to fulfill its regulatory obligations.

29. The Proposed Transaction will not have any impact on the securityholders' interest in the Soundvest Funds and securityholders are not required to take any action. The change of control of Soundvest, by itself, will not trigger any other material change to the Soundvest Funds.

Notice Requirement

30. As required by section 5.8(1) of NI 81-102, written notice (the **Notice**) regarding the Proposed Transaction was sent to each securityholder of the Soundvest Funds on April 23, 2018.

31. While the Proposed Transaction is pending, but not closed, there is uncertainty among securityholders of the Soundvest Funds and others regarding Soundvest. It is strongly preferable to close the Proposed Transaction promptly with an abridgement to the 60-day notice period and minimize this period of uncertainty.

32. It is the Filers' view that it would not be prejudicial to the securityholders of the Soundvest Funds to abridge the notice period required under s. 5.8(1)(a) of NI 81-102 from 60 days to not less than 30 days for the following reasons:

    (a) the securityholders of the Soundvest Funds are sufficiently aware of the Proposed Transaction;

    (b) the Proposed Transaction is not expected to result in any change in how the Manager administers or manages the Soundvest Funds;

    (c) the Transaction will not have any impact on the securityholders' interest in the Soundvest Funds and securityholders are not required to take any action; securityholders need only consider whether they wish to dispose of their securities of the Soundvest Funds. The change of control of Soundvest, by itself, will not trigger any other material change to the Soundvest Funds; and

    (d) the Soundvest Funds calculate and publish their net asset values per security on a weekly basis and provide liquidity by having their securities listed on the TSX, allowing securityholders of the Soundvest Funds to dispose of their securities prior to the Closing Date if they so choose.

Decision

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

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

(a) the Approval Sought is granted; and

(b) the Abridgement Relief is granted provided that

    (i) the Notice is given to securityholders of the Soundvest Funds at least 30 days before the Closing Date, and

    (ii) no material changes will be made to the management, operations or portfolio management of the Soundvest Funds for at least 60 days following the date the Notice was delivered.

"Stephen Paglia"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.2 Orders

2.2.1 USI Tech Limited et al. – s. 127(8)

FILE NO.: 2018-8

IN THE MATTER OF
USI TECH LIMITED,
ELEANOR PARKER AND
CASEY COMBDEN

Timothy Moseley, Vice-Chair and Chair of the Panel

July 18, 2018

ORDER
(Subsection 127(8) of the
Securities Act, RSO 1990, c S.5)

WHEREAS on July 18, 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 a motion by Staff of the Commission to extend a temporary order dated February 26, 2018 (the **Temporary Order**);

ON READING the materials filed by Staff, and on hearing the submissions of the representatives for Staff and the respondents,

IT IS ORDERED THAT:

1. Pursuant to subsection 127(8) of the *Securities Act*, RSO 1990 c S.5, paragraphs 1 and 2 of the Temporary Order are extended until January 23, 2019.

"Timothy Moseley"

2.2.2 Cardiome Pharma Corp.

Headnote

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

Applicable Legislative Provisions

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

July 16, 2018

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

AND

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

AND

IN THE MATTER OF
CARDIOME PHARMA CORP.
(the Filer)

ORDER

Background

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

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

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

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

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

of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

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

2.2.3 Natural Bee Works Apiaries Inc. et al. – ss. 127(1), 127.1

FILE NO.: 2018-40

IN THE MATTER OF
NATURAL BEE WORKS APIARIES INC.,
RINALDO LANDUCCI and
TAWLIA CHICKALO

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

July 19, 2018

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

WHEREAS on July 19, 2018, the Ontario Securities Commission (**Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON HEARING the oral submissions of Staff of the Commission (**Staff**), appearing in person, and Tawlia Chickalo on her own behalf participating by telephone, and Rinaldo Landucci (**Landucci**) on his own behalf and on behalf of Natural Bee Works Apiaries Inc., participating by telephone;

IT IS ORDERED THAT:

1. Staff shall disclose to the Respondents non-privileged relevant documents and things in the possession or control of Staff (**Staff's Disclosure**) by no later than August 9, 2018;

2. Landucci shall provide Staff with his mailing address by July 26, 2018, and Staff will use this address to serve Staff's Disclosure on Landucci;

3. the respondents shall serve and file a motion, if any, regarding Staff's Disclosure or seeking disclosure of additional documents by no later than November 2, 2018;

4. Staff shall file and serve a witness list, and serve a summary of each witnesses' anticipated evidence on the respondents, and indicate any intention to call an expert witness by no later than November 9, 2018;

5. Staff shall serve Laura Lavalley's (**Lavalley**) affidavit on the respondents by no later than November 9, 2018, and Lavalley shall:

   a. be present at the hearing on the merits to provide direct evidence orally, if required, and

   b. be available for cross-examination; and

6. the Second Attendance in this matter is scheduled for November 16, 2018 at 1:00 p.m. Toronto time, or on such other date and time as may be agreed by the parties and set by the Office of the Secretary.

"D. Grant Vingoe"

2.2.4 David Tuan Seng Lim and Michael Mugford – ss. 127(1), 127(10)

FILE NO.: 2018-14

IN THE MATTER OF
DAVID TUAN SENG LIM and
MICHAEL MUGFORD

Philip Anisman, Chair of the Panel

July 19, 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 on the application of Staff of the Commission (**Staff**) for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

ON READING the findings of the British Columbia Securities Commission (the **BCSC**) dated June 5, 2017 (the **Findings**) and the decision of the BCSC dated October 23, 2017 (the **BCSC Order** and together with the Findings, the **BCSC Decision**) in the matter of David Tuan Seng Lim (**Lim**) and Michael Mugford (**Mugford**) and on reading the materials filed by Staff, the respondents, Lim and Mugford, not having participated in the hearing, although properly served;

IT IS ORDERED that henceforth:

1. Lim shall not trade in securities or derivatives, except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

2. Lim shall not acquire securities (including a derivative that is a security), except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

3. any exemptions in Ontario securities law shall not apply to Lim;

4. Lim shall not become or act as a director or officer of any issuer or registrant, including an investment fund manager, and shall immediately resign from any such position that he currently holds, except an issuer all of whose securities are owned by Lim and/or his spouse, parent, child, sibling, mother-in-

law, father-in-law, son-in-law, daughter-in-law, brother-in-law and/or sister-in-law;

5. Lim shall not become or act as a registrant, including an investment fund manager, or promoter;

AND IT IS ORDERED that henceforth:

6. Mugford shall not trade in securities or derivatives, except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

7. Mugford shall not acquire securities (including a derivative that is a security), except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

8. any exemptions in Ontario securities law shall not apply to Mugford;

9. Mugford shall not become or act as a director or officer of any issuer or registrant, including an investment fund manager, and shall immediately resign from any such position that he currently holds;

10. Mugford shall not become or act as a registrant, including an investment fund manager, or promoter.

"Philip Anisman"

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

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

Timothy Moseley, Vice-Chair and Chair of the Panel

July 24, 2018

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

WHEREAS on May 24, 2018, the Ontario Securities Commission issued an Order scheduling a hearing date on July 25, 2018 solely for the purpose of permitting the Panel to ask questions of the parties relating to their closing submissions; and

ON READING the closing submissions of Staff of the Commission, the responding closing submissions of Dennis L. Meharchand and Valt.X Holdings Inc. and the reply closing submissions of Staff;

IT IS ORDERED THAT the hearing date on July 25, 2018 is vacated.

"Timothy Moseley"

2.2.6 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 147

Headnote

Application under section 147 of the Securities Act (Ontario) exempting the Canadian Depository for Securities Limited (CDS Ltd.) from complying with a fee review requirement in section 20.1 of Schedule "B" of CDS Ltd.'s recognition order on the term and condition that the fee review requirement will be met by August 1, 2019.

Applicable Legislative Provisions

Section 147 of the Act gives the Commission the authority to issue an exemption order.

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

EXEMPTION ORDER
(Section 147 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated July 4, 2012, as varied and restated on December 21, 2012 and as varied on December 7, 2012, May 1, 2013, June 25, 2013, June 24, 2014, January 27, 2015, March 27, 2015, December 20, 2016 and February 28, 2018 pursuant to section 21.2 of the Act continuing the recognition of The Canadian Depository for Securities Limited (**CDS Ltd.**) and CDS Clearing and Depository Services Inc. (**CDS Clearing**) (CDS Ltd. and CDS Clearing collectively **CDS**) as clearing agencies (the **Clearing Agency Recognition Order**);

AND WHEREAS section 20.1 of Schedule "B" of the Clearing Agency Recognition Order requires that CDS Ltd. shall within three years of the effective date of the Clearing Agency Recognition Order and every three years subsequent to that date, or at other times required by the Commission:

(a) conduct a review of its fees and fee models and the fees and fee models of its affiliated entities that are related to clearing, settlement, depository, data and other services specified by the Commission that includes, among other things, a benchmarking or other comparison of the fees and fee models against the fees and fee models of similar services in other jurisdictions; and

(b) provide a written report on the outcome of such review to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board. (the **Fee Review Requirement**);

AND WHEREAS CDS Ltd. is required to comply with the Fee Review Requirement by August 1, 2018;

AND WHEREAS CDS has applied to the Commission for an exemption pursuant to section 147 of the Act from complying with the Fee Review Requirement (the **Application**) on the term and condition that the said requirement will be met by August 1, 2019;

AND WHEREAS CDS has continuous and ongoing requirements in its Clearing Agency Recognition Order which ensure that proposed amendments to CDS's Fee Schedule receive approval by the Commission prior to implementation;

AND WHEREAS based on the Application and the representations that CDS has made to the Commission, the Commission has determined that it is not prejudicial to the public interest to grant a conditional exemption to CDS Ltd. from complying with the Fee Review Requirement;

IT IS HEREBY ORDERED that, pursuant to section 147 of the Act, CDS Ltd. is exempted from the Fee Review Requirement on the term and condition that the said requirement will be met by August 1, 2019.

DATED at Toronto this 20th day of July, 2018.

"Cecilia Williams"

"Poonam Puri"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 David Tuan Seng Lim and Michael Mugford – ss. 127(1), 127(10)

IN THE MATTER OF
DAVID TUAN SENG LIM and
MICHAEL MUGFORD

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

Citation: *Lim (Re)*, 2018 ONSEC 39
Date: 2018-07-19
File No.: 2018-14

Hearing:	In Writing	
Decision:	July 19, 2018	
Panel:	Philip Anisman	Commissioner
Submissions by:	Christina Galbraith Peter Kott	For Staff of the Commission
		No submissions were made by or on behalf of David Tuan Seng Lim or Michael Mugford

REASONS AND DECISION

I. INTRODUCTION

[1] The operation of our securities markets is premised on prices determined by supply and demand, reflecting investor decisions to purchase and sell securities. Activities that create artificial prices corrode the fairness of these markets and investor confidence in them. Such manipulative conduct, long recognized as fraud,[1] is prohibited under Ontario's securities laws and may disentitle those who engage in it from participation in the securities market.[2]

II. BCSC ORDER

[2] The British Columbia Securities Commission (**BCSC**) found that the respondents, David Tuan Seng Lim (**Lim**) and Michael Mugford (**Mugford**), breached the equivalent prohibition of conduct resulting in an artificial price in the British Columbia *Securities Act* (**BCSA**)[3] by running a "pump and dump" scheme with respect to shares of Urban Barns Foods Inc. (**URBF**).[4] Lim, Mugford and others acquired a dormant public shell corporation through a reverse takeover that resulted in their controlling URBF and its shares (the "**accumulation**").[5] They ensured that they would control the market for URBF shares by depositing the shares under an escrow agreement, which provided the structure for the manipulation.[6]

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1 See, e.g., *Scott v Brown, Doering, McNab & Co.*, [1892] 2 QB 724 (CA).

2 *Securities Act*, RSO 1990, c S.5, ss 126.1(1)(a) and 127(1) (the **Act**).

3 *Securities Act*, RSBC 1996, c 418, s 57(a) (**BCSA**).

4 *Lim (Re)*, 2017 BCSECCOM 196 (**BCSC Findings**); *Lim (Re)*, 2017 BCSECCOM 319, para 24 (**BCSC Sanctions Decision**).

5 BCSC Findings, paras 17-19, 35 and 37-39. The phases of a market manipulation are described in *R v Carter* (1990), 9 CCLS 21 (OCJ-GD), para 43, affirmed 9 CCLS 82 (Ont. CA).

6 BCSC Findings, paras 30-36 and 88(5)-(6).

[3] Lim, who was registered as an investment adviser in British Columbia, coordinated the manipulation in conjunction with Mugford and the others.[7] He orchestrated purchases of URBF shares to establish the price for and create interest in them; he initiated trading in URBF shares by purchasing shares on his own behalf through an offshore account and for his clients, who included corporations owned by Mugford and other participants in the scheme.[8] The shares that were purchased came from accounts that were also controlled by him.[9]

[4] These purchases were accompanied by publication of tout sheets, also orchestrated by Lim with Mugford's help.[10] These tout sheets proclaimed that URBF had "solved the global food crisis" with its "unique technology".[11] They did not disclose that URBF had spent only $12,000 on equipment, had no other material assets or unique proprietary technology and was not carrying on any business other than the promotion of its shares.[12] The BCSC found that the tout sheets were "so grossly promotional that they were completely devoid of reality … fabrications designed to trick the reader into believing" that URBF shares were "worth far more than they really were".[13] Not surprisingly, Lim paid for these publications through a nominee in an attempt to conceal his involvement in their publication.[14]

[5] These activities were the "pump" or "markup" phase of the respondents' manipulation, designed to create a demand for URBF shares and increase their price artificially.[15]

[6] During and following this period, Lim and others sold approximately 4.8 million URBF shares to public investors and received approximately US$4.8 million (the "dump" or "sell-off").[16] The BCSC concluded that Lim and Mugford intentionally created an artificial price for the shares of URBF, contrary to subsection 57(a) of the BCSA.[17]

[7] On the basis of these findings, the BCSC permanently prohibited Lim and Mugford from participating in the securities market; it prohibited them from selling or purchasing securities, denied them the use of any exemption under British Columbia securities law, required them to resign any positions they held as a director or officer of an issuer or registrant and prohibited them from becoming or acting as a registrant or promoter or as a director or officer of an issuer or registrant, from acting in a management or consultative capacity in connection with securities market activities and from engaging in investor relations, with limited carveouts allowing them to sell and purchase securities and exchange contracts for their own account through a registered dealer and allowing Lim to act as a director or officer of an issuer whose securities are owned only by him or his immediate family members. The BCSC also imposed administrative penalties of $800,000 on Lim and $375,000 on Mugford.[18]

III. THIS PROCEEDING

[8] This proceeding was brought by enforcement staff (**Staff**) of the Ontario Securities Commission (the **Commission**) to reciprocate the BCSC's order, following the expedited procedure for interjurisdictional enforcement proceedings in the Commission's *Rules of Procedure*.[19] The purpose of this procedure is to enable Staff efficiently to pursue the interjurisdictional enforcement that subsection 127(10) of the Act is intended to facilitate.[20]

[9] Rule 11(3) permits Staff to adopt an expedited procedure, under which Staff serve their hearing brief and written submissions with the notice of hearing and statement of allegations.[21] A respondent then has twenty-one days to request an oral hearing. If a request is not filed, the hearing proceeds in writing and the respondent may file written submissions within twenty-eight days of service, after which Staff have fourteen days to file written submissions in reply.

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7 BCSC Findings, paras 7-13, 131-142; BCSC Sanctions Decision, para 16.

8 BCSC Findings, paras 68-71, 88(10) and 111.

9 BCSC Findings, paras 76-81 and 123-124.

10 BCSC Findings, paras 21-22, 43-63 and 88(7)-(8).

11 BCSC Findings, paras 45-47.

12 BCSC Findings, para 47.

13 BCSC Findings, paras 118-119.

14 BCSC Findings, paras 132, 146 and 157; BCSC Sanctions Decision, para 25. Needless to say, concealment is a hallmark of such frauds.

15 BCSC Findings, paras 111 and 120-122.

16 BCSC Findings, paras 76-81, 88(6) and (11) and 123-124; BCSC Sanctions Decision, para 18.

17 BCSC Findings, paras 113-125, 131-142 and 152-159.

18 BCSC Sanctions Decision, paras 43-45 and 54-56. Paragraph 56 contains the BCSC order.

19 *Ontario Securities Commission Rules of Procedure and Forms* (2017), 40 OSCB 8988, r 11(3) (***Rules of Procedure***).

20 See *Dhanani (Re)* (2017), 40 OSCB 4457, 2017 ONSEC 15, paras 6-7 and 11 (***Dhanani***); *McClure (Re)* (2017), 40 OSCB 8135, 2017 ONSEC 34, para 1 (***McClure***).

21 See *Nadal (Re)* (2018), 41 OSCB 1863, 2018 ONSEC 9, paras 10-11 (***Nadal***).

[10] Staff served the respondents electronically on March 28, 2018; service was subsequently accepted by counsel for Lim on April 3, 2018.[22] The respondents, Lim and Mugford, did not respond in any manner.[23] As a result, the Commission is entitled to proceed without their participation.[24] Nevertheless, I requested Staff to provide the respondents with an opportunity to make submissions on a draft order.[25]

IV. RECIPROCAL ORDER

[11] Reflecting the fact that provincial borders do not constrain securities market activities, subsection 127(10) authorizes the Commission to make an order under subsection 127(1) on the basis of a sanctions order of another securities regulatory authority.[26] The order of the other securities regulator is a sufficient basis for the Commission to make a parallel order to protect investors and markets in Ontario.[27]

[12] Subsection 127(10) thus implements the Commission's longstanding recognition that the conduct of a person may provide a basis for an order, even if it had no connection with Ontario.[28] In this case, for example, although Lim was registered in Ontario during the period of the manipulation,[29] there is no indication that Mugford had any connection to Ontario, and the manipulation, itself, although orchestrated from British Columbia, appears to have occurred in the United States.[30] Had the conduct occurred in Ontario, it would have contravened the Act, as subsection 126.1(1)(a) of the Act is substantively identical to subsection 57(a) of the BCSA.

[13] When determining the nature of an order under subsection 127(1), the Commission necessarily relies on the findings underlying the order being reciprocated.[31] The effect of subsection 127(10) is thus to require a respondent to adduce evidence relevant to sanctions if a variation from the order being reciprocated is sought.[32] As the respondents did not adduce any evidence, or make any submissions, it is in the public interest to make an order that mirrors the non-monetary sanctions in the BCSC order to the extent available under the Act, subject to any modifications that may be necessary to protect investors and market integrity in Ontario.[33] Accordingly, a few provisions of the order to be made require explanation.

[14] The BCSC order prohibits Lim and Mugford from selling or purchasing securities, but does not refer to derivatives. Staff requested that they be prohibited from trading in both securities and derivatives.[34] In view of the findings concerning their manipulative conduct, neither Lim nor Mugford should be permitted to trade in Ontario in any type of instrument, subject to the carveout in the BCSC order.[35] The order will so provide and will expressly include derivatives that are securities in the prohibition against purchasing.[36]

[15] The carveout in the BCSC order that permits trading by Lim and Mugford for their "own account (including one RRSP account, one TFSA account and one RESP account)" is intended to permit them to trade for their own benefit and in their

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[22] See *Rules of Procedure*, r 6; Exhibit 1, Affidavit of Service of Lee Crann, sworn April 13, 2018.

[23] The procedure in rule 11(3) contemplates a minimum of a month delay before Staff's application can be considered by a Commission panel. In a case like this one, in which a respondent is not likely to respond to the notice of hearing, the proceeding might be further expedited, if Staff elect to serve their materials in the same manner, but with a return date before a panel, and notify the respondent of their intention to seek an order at the oral hearing if the respondent does not appear; see *Dhanani*, para 12; *McClure*, paras 11-15.

[24] *Rules of Procedure*, r 21(3); *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 7.2.

[25] See paragraphs 16 to 20, below.

[26] Act, s 127(10)4.

[27] Orders of a securities regulatory authority in Canada are automatically effective in five provinces; see *Dhanani,* para 11 n 26; *McClure*, para 15 n 22. See also, e.g., *Securities Act, 1988*, SS 1988-89, c S-42.2, s 147.5, as amended (commission may make decision substantially similar to decision of extraprovincial securities commission without giving person affected an opportunity to be heard); *Securities Act*, RSPEI 1988, c S-3.1, s 139, as amended (same).

[28] See, e.g., *Dhanani*, paras 5-8; *Nickford (Re)* (2018), 41 OSCB 3846, 2018 ONSEC 24, para 13 (***Nickford***).

[29] Lim was registered as a representative of an investment dealer from January 1, 2009 to December 31, 2014; Exhibit 2, Hearing Brief of Staff, March 27, 2018, Tab 3 (s. 139 certificate).

[30] URBF was quoted on the over-the-counter Bulletin Board in the US and all funds were in US dollars; BCSC Findings, paras 17-19, 68, 72-75, 77-78 and 120. URBF was a reporting issuer in BC under *Multilateral Instrument 51-105 – Issuers Quoted in the U.S. Over-The-Counter Markets*, s 3; BCSC Findings, para 20.

[31] See, e.g., *JV Raleigh Superior Holdings Inc. (Re)* (2013), 36 OSCB 4639, para 16 (findings are determinations of fact); *Dhanani*, paras 9-10; *Nickford*, paras 26-29. Although such reliance has been analogized to principles of comity, it derives from regulatory considerations; *Dhanani*, para 7.

[32] *Dhanani*, para 9; *Nadal*, paras 26-27.

[33] See *McClure*, para 6.

[34] The Commission may prohibit selling securities and derivatives, but its authority to prohibit purchasing is limited to securities; Act ss 127(1)2-2.1.

[35] See *Inverlake Property Investment Group Inc. (Re)* (2018) 41 OSCB 5309, 2018 ONSEC 35, para 34 (***Inverlake***).

[36] See *Cook (Re)* (2018), 41 OSCB 1497, 2018 ONSEC 6, paras 11-13.

own names, which restriction would preclude concealment of their identities.[37] To avoid any ambiguity, the order will make this intent express.

[16] Although Lim conducted the URBF manipulation through multiple accounts, the BCSC Sanctions Decision does not limit the number of accounts Lim and Mugford may have, presumably because it allows them to trade in tax-based accounts of different types and because of the requirement that accounts be in their own names. As a result, it would not prohibit their opening multiple accounts with different securities firms in their own names, which might permit them to conceal coordinated trading that may affect securities prices. Restricting their trading to one non-tax based account, as the BCSC order does for tax-based accounts, would address this issue.

[17] As this restriction would limit the scope of the carveout in the BCSC order, I requested the Registrar to provide Staff with a draft order that restricted the carveout in this manner and invited submissions on the revised carveout from Staff, if so advised. The draft order prohibited the sale and acquisition of securities, including derivatives, except in accounts in Lim's or Mugford's own name, "which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account," through a registered dealer who has been informed of the BCSC decision.

[18] Although the respondents were not entitled to receive further notice,[38] I also asked Staff to provide Lim and Mugford with a copy of the draft order and my request in order to give them an opportunity to make submissions on the terms of the carveout and present any facts not contained in the BCSC Sanctions Decision that might explain its breadth. Although Staff forwarded my request and draft order to each of them and subsequently served and filed supplementary submissions and authorities,[39] no response has been received from Lim or Mugford.

[19] Characterizing the carveout in my draft order as "slightly more restrictive" than the BCSC order, Staff submitted, correctly, that the Commission has discretion to make an order that is more onerous than the one being reciprocated and more onerous than the order requested by Staff so long as the respondents receive notice and an opportunity to make submissions.[40] Staff, in effect, supported the more limited carveout as a minor modification of their requested prohibition against trading. Staff also relied on the fact that the respondents had the burden of justifying any carveout.[41]

[20] The BCSC Sanctions Decision and order provide a basis for a similar carveout, but they do not suggest a need for a carveout that permits an unlimited number of trading accounts. The order will, therefore, like the draft order, limit the carveout to a single non-tax based account and, following the BCSC order, to one RRSP, one TFSA and one RESP account.

[21] Although the Act does not expressly authorize the Commission to prohibit a person from acting "in a management or consultative capacity" in connection with securities market activities or "from engaging in investor relations", much of the substance of these prohibitions in the BCSC order is caught by prohibiting Lim and Mugford from acting as directors or officers of an issuer or registrant and from acting as a registrant or promoter.[42] The order, therefore, will prohibit them from acting in these capacities.

[22] The BCSC Sanctions Decision states that Lim may be a director and officer of two named corporations, provided that all securities of these corporations "continue to be owned by Lim and his immediate family members".[43] The carveout in the BCSC order defines such family members to include his spouse, parents, siblings, children and in-laws.[44] As the BCSC order presumably reflects the shareholdings in the two corporations or other evidence before the BCSC, the order will include this extended list.

[23] Staff request, as well, that the order prohibit Lim and Mugford from acting as an investment fund manager or as a director or officer of an investment fund manager.[45] Although such a prohibition was necessary prior to 2009, the Act now requires investment fund managers to be registered, unless they are exempted from registration.[46] The prohibition against their acting as a registrant or a director or officer of a registrant would therefore include investment fund managers; as the

[37] BCSC Sanctions Decision, paras 44-45 and 56.

[38] See note 24 above and accompanying text. The Statement of Allegations gave notice that Staff were requesting specified orders mirroring the BCSC order and any other order the Commission considers appropriate; Statement of Allegations (2018), 41 OSCB 2764, para 2(c).

[39] Staff again served the respondents electronically, but did not serve Lim's counsel; Exhibit 3, Affidavit of Service of Lee Crann, sworn July 12, 2018; see also note 22, above, and accompanying text.

[40] See, e.g., *Dhanani*, para 9, n 19; *Nadal*, paras 28-31 and 36-37; *Al-Tar Energy Corp. (Re)* (2011), 34 OSCB 447, 2011 ONSEC 1, paras 44-45.

[41] See, e.g., *Quadrexx Hedge Capital Management Ltd. (Re)* (2018), 41 OSCB 1023, 2018 ONSEC 3, para 103.

[42] See, e.g., *McClure*, paras 9-10; *Inverlake*, paras 35-37.

[43] BCSC Sanctions Decision, para 45.

[44] BCSC Sanctions Decision, para 56(a).

[45] The BCSC Sanctions Decision does not refer to investment fund managers in its order or otherwise.

[46] Act, s 1(1) "registrant" and s 25(4); *Dhanani*, para 14.

order will deny Lim and Mugford all exemptions under Ontario securities law,[47] investment fund managers arguably need not be expressly mentioned.[48] However, because the Act continues to contain separate provisions relating to registrants and investment fund managers and continues expressly to authorize orders with respect to investment fund managers,[49] to avoid any potential ambiguity the order will prohibit Lim and Mugford from acting as a "registrant, including an investment fund manager".[50]

[24] For all of these reasons, I shall make an order in the form attached to these reasons as Schedule "A".

Dated at Toronto this 19th day of July, 2018.

"Philip Anisman"

[47] See *Dancho (Re)* (2017), 40 OSCB 9167, 2017 ONSEC 40, para 10.

[48] See, e.g., *Inverlake*, paras 38-39.

[49] Act, ss 127(1)8.1-8.5.

[50] See *Dhanani*, para 14; *McClure*, para 10.

SCHEDULE "A"

FILE NO.: 2018-14

IN THE MATTER OF
DAVID TUAN SENG LIM and
MICHAEL MUGFORD

Philip Anisman, Chair of the Panel

July 19, 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 on the application of Staff of the Commission (**Staff**) for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

ON READING the findings of the British Columbia Securities Commission (the **BCSC**) dated June 5, 2017 (the **Findings**) and the decision of the BCSC dated October 23, 2017 (the **BCSC Order** and together with the Findings, the **BCSC Decision**) in the matter of David Tuan Seng Lim (**Lim**) and Michael Mugford (**Mugford**) and on reading the materials filed by Staff, the respondents, Lim and Mugford, not having participated in the hearing, although properly served;

IT IS ORDERED that henceforth:

1. Lim shall not trade in securities or derivatives, except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

2. Lim shall not acquire securities (including a derivative that is a security), except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

3. any exemptions in Ontario securities law shall not apply to Lim;

4. Lim shall not become or act as a director or officer of any issuer or registrant, including an investment fund manager, and shall immediately resign from any such position that he currently holds, except an issuer all of whose securities are owned by Lim and/or his spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law and/or sister-in-law;

5. Lim shall not become or act as a registrant, including an investment fund manager, or promoter;

AND IT IS ORDERED that henceforth:

6. Mugford shall not trade in securities or derivatives, except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

7. Mugford shall not acquire securities (including a derivative that is a security), except for his own benefit in accounts in his own name, which accounts may include no more than one RRSP account, one TFSA account, one RESP account and one other account, through a registered dealer who has been given a copy of the BCSC Decision and a copy of this Order;

8. any exemptions in Ontario securities law shall not apply to Mugford;

9. Mugford shall not become or act as a director or officer of any issuer or registrant, including an investment fund manager, and shall immediately resign from any such position that he currently holds;

10. Mugford shall not become or act as a registrant, including an investment fund manager, or promoter.

____
Philip Anisman

3.2 Director's Decisions

3.2.1 Anna Joanna Knight

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

AND

**IN THE MATTER OF
AN APPLICATION FOR REGISTRATION BY
ANNA JOANNA KNIGHT**

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the **Settlement Agreement**) relates to an application (the **Application**) for a reactivation of registration under the *Securities Act* (Ontario) (the **Act**) by Anna Joanna Knight (**Knight**), to be sponsored by Keybase Financial Group Inc. (**Keybase**).

2. In reviewing the Application, staff of the Ontario Securities Commission (**Staff**) became aware of information regarding Knight's conduct as a registrant which could form the basis for a recommendation by Staff to the Director that the Application be refused pursuant to section 27 of the Act.

3. In the event that Staff recommended to the Director that the Application be refused, Knight would be entitled to an opportunity to be heard (an **OTBH**) pursuant to section 31 of the Act in respect of Staff's recommendation.

4. In lieu of pursuing an OTBH, Staff and Knight have agreed to make a joint recommendation to the Director regarding the Application, as more particularly described in this Settlement Agreement.

II. AGREED STATEMENT OF FACTS

5. The parties agree to the facts as stated herein.

A. Knight's Registration History

6. Knight was registered as a dealing representative in the category of mutual fund dealer, (and prior to September 28, 2009, a salesperson in the category of mutual fund dealer) with the following registered firms:

   (a) January 2001 to July 2002: National Bank Securities Inc.

   (b) April 2004 to May 2017: International Capital Management (ICM)

7. Knight was registered as a branch manager with ICM from April 2004 to April 2015.

8. Knight was registered as a dealing representative in the category of exempt market dealer with ICM from April 2004 to May 2017.

9. On May 10, 2017, Knight resigned from her position at ICM.

B. Review of Application

10. In its review of the Application, Staff found the following:

   (a) Knight kept and, in one instance, used pre-signed trading forms after undertaking to her firm that she would not request that a client sign a trade-related document unless the document had been fully completed;

   (b) Knight sold prospectus-exempt products to clients when she was aware of facts giving rise to a serious undisclosed conflict of interest between her firm and her clients;

(c) Knight sold a prospectus-exempt product to two clients who were not qualified to purchase any prospectus-exempt products;

(d) Knight sold a prospectus-exempt product to clients when the product was not suitable, given the clients' income, risk tolerance and life circumstances;

(e) Knight sold the above-noted off-book prospectus-exempt products to clients under circumstances where she knew or ought to have known that the sale of the product was not in accordance with Ontario securities law.

(f) On one occasion Knight provided advice to clients with respect to selling specific securities when she was not registered as an adviser, and where no exemptions from the adviser registration requirement were available to her; and

C. Pre-signed Forms

11. In 2014, Knight used two photocopied and altered forms in order to conduct trades for one client. This conduct was identified during a compliance examination conducted by staff of the Mutual Fund Dealers Association (**MFDA**) in 2015.

12. On February 16, 2016, Knight signed a document entitled "Advisor Undertaking", at ICM's request, wherein she undertook not to request a client to sign a trade related document unless the document had been fully completed prior to the client signing.

13. On February 29, 2016, Knight received a warning letter from the MFDA respecting her use of the two photocopied forms.

14. On November 15, 2016, during a subsequent compliance examination, the MFDA discovered again that Knight was had two incomplete trading documents which had been pre-signed by the client in her possession, one of which was used to effect a transaction.

D. Sale of Prospectus-Exempt Securities Giving Rise to Conflict of Interest

16. Starting in or about 2012, Knight sold promissory notes issued by Invoice Payment Solutions Inc. (**IPS**). The principals and owners of ICM are John Sanchez and Javier Sanchez. Knight reported to John Sanchez. Knight was aware that both John Sanchez and Javier Sanchez had an ownership interest in IPS. As a result, Knight knew or ought to have known that there was a conflict of interest between ICM and any client to whom she recommended purchasing IPS notes, as the sale of these notes was in the personal interest of the principals of her firm.

17. Knight did not disclose the conflict of interest in writing, properly disclose the nature and extent of this conflict of interest to those clients or seek their informed consent to the investments despite the conflict of interest.

E. Sale of Prospectus-Exempt Securities to Unqualified Clients

18. Knight sold a $100,000 IPS promissory note to MR and MBC who were not accredited investors within the meaning of section 73.3 of the Act, and where no other exemptions were available under the Act or National Instrument 45-106 *Prospectus Exemptions*.

19. The information set out in the New Account Application Form (**NAAF**) indicated that the clients did not have the requisite annual income, nor did they have the minimum required financial assets to qualify as accredited investors.

20. Despite the information set out in the NAAF, Knight recommended and sold the prospectus-exempt security to these unqualified clients.

F. Know Your Product and Suitability

22. The IPS notes were high risk prospectus-exempt products and Knight knew or ought to have known that they were high risk products. However, Knight did not treat these securities as high risk products when she recommended and sold the securities.

23. Knight sold the above-noted $100,000 IPS note to MR and MBC for whom it was not suitable, given the clients' income and life circumstances. The clients had a low annual household income. MR and MBC informed Knight that they required income from their investments in the short term, as they were in the process of leaving their jobs to care for parents overseas for approximately one to two years and would be semi-retired.

24. While the IPS Notes were part of an overall retirement plan for MR and MBC that had been prepared by Knight, Knight failed to recognize that that there was a significant risk that these clients could experience hardship if the income from this high risk investment was reduced or lost.

25. In respect of the sale of IPS promissory notes, Knight indicated in a letter to MFDA staff that when she sold these notes to her clients she "understood the business as a whole and any potential business risks." However, while Knight was generally aware of the nature of the business of IPS and its track record in paying interest and principal on the promissory notes when due, at the time when she sold the product she had not:

- reviewed any independent assessment of the product;
- received any disclosure package respecting the product;
- reviewed any documents relating to the operations of the business; or
- ascertained whether the business was profitable or not.

26. As such, contrary to her letter to the MFDA, Knight did not, at the point of sale, fully understand, nor did she fully address, the potential risks and significant suitability concerns involving the sale of this investment to her clients.

G. Provision of Tailored Share Sale Advice to Clients

27. On August 24, 2016 Knight provided advice relating to two specific securities to two of her clients, recommending that they sell a "good" portion of the shares they owned in two companies. The shares of both of the companies are listed on the New York Stock Exchange. Knight was not registered as an advising representative when providing this advice to her clients.

28. At the time of this advice, Knight had intended it to be part of the implementation of a financial plan for her clients, however, she now acknowledges that this advice was not permitted under her registration category at the time.

H. Sale of Off-Book Products

29. Between approximately February 23, 2012, and October 24, 2016 Knight sold IPS notes, including renewals of one-year IPS notes, which were not, from and after early 2014, listed on ICM's books and records. Knight was encouraged to sell these products by her firm and did so with the approval of the principals of ICM, however, Knight did so under circumstances where she knew or ought to have known that the off-book sale of these products was not in compliance with Ontario securities law.

30. In particular, while the IPS notes were transacted through ICM, Knight knew that ICM had stopped listing this product on the ICM statements of account from and after approximately 2014, and that her clients' holdings of IPS notes were listed on an "appendix" to the quarterly ICM statement of account on IPS letterhead. Knight knew, or ought to have known, that all prospectus-exempt products sold through ICM were required to be listed on the quarterly ICM statement of account for each client in accordance with MFDA rule 5.3.2, but Knight continued to sell IPS notes after she became aware that this product was no longer being included on the ICM quarterly statements for her clients.

III. ADMISSIONS AND REPRESENTATIONS BY KNIGHT

30. Knight admits that she used photocopied forms as set out in the MFDA's warning letter dated February 29, 2016, that she signed an undertaking addressed to ICM on February 16, 2016 promising not to use photocopied forms or any forms which were not completed in full before being signed by the client, but that on November 15, 2016 she had in her possession and was working with two incomplete forms that had already been signed by the client, one of which was used to process a transaction.

31. Knight admits that by obtaining two pre-signed forms and using one of those forms to process a transaction, she failed to deal fairly, honestly, and in good faith with her clients, contrary to s. 2.1(2) of National Instrument 31-505 *Conditions of Registration*.

32. Knight admits that she sold prospectus-exempt securities to clients when she was aware that the principals of her firm, John Sanchez and Javier Sanchez, were also major shareholders of the issuer, giving rise to a conflict of interest between her firm and her clients. Furthermore, the clients were not advised of the nature and extent of the conflict of interest, contrary to s. 13.4 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

33. Knight admits that she sold the above-noted prospectus-exempt securities to clients where no exemption to the prospectus requirement was available, contrary to s. 53(1) of the Act.

34 Knight admits that she sold prospectus-exempt securities to clients when the product was not suitable for her clients, given the clients' income and life circumstances, contrary to s. 13.3 of NI 31-103.

35. Knight admits that she provided individual tailored advice to clients with respect to selling specific securities when she was not registered as an adviser, in breach of s. 25(3) of the Act.

36. Knight admits that she sold the above-noted off-book prospectus-exempt securities to clients under circumstances where she knew or ought to have known that the sale of the product was not in accordance with Ontario securities law.

37. Knight represents as follows:

(a) her misconduct with respect to pre-signed forms was not done to defraud her clients or to process transactions that had not been authorized and instructed by those clients, but rather she believed that she was doing so for her clients' convenience;

(b) the client for whom the November 2016 pre-signed form was used had previously signed a limited trading authority and provided instructions for the subject transaction;

(c) she takes full responsibility for her actions and regrets her misconduct;

(d) she has suffered financial and reputational harm as a result of his misconduct;

(e) if she is registered in the future, she will comply with all applicable provisions of Ontario securities law and the rules of any self-regulatory organization to which she may be subject, and will observe high standards of honest and responsible business conduct; and

(f) she recognizes and acknowledges that any additional instance of providing tailored advice, selling prospectus-exempt securities to an unqualified client, failing to comply with know your product and suitability requirements, selling a product which is not listed on the client's quarterly account statement generated by the firm, selling a product where there is an undisclosed conflict of interest, or the further use of pre-signed or photocopied forms could result in the permanent loss of her registration.

IV. JOINT RECOMMENDATION TO THE DIRECTOR

38. In order to resolve the matter of the Application, and on the basis of the Agreed Statement of Facts and the Admissions and Representations by Knight set out in this Settlement Agreement, Staff and Knight make the following joint recommendation to the Director:

(a) Knight will withdraw the Application and will not reapply until both of the following conditions have been met:

(i) a full audit report of Ms. Knight's financial planning business has been completed. The completed audit report must be included with a future registration application. The audit report shall cover a period of at least 12 months, and the audit period shall commence no sooner than September 21, 2017. The audit report shall be prepared at Ms. Knight's expense and shall be conducted by an independent third party. The audit report must provide verification that Ms. Knight's financial planning business has been conducted in full compliance with all relevant legislation, regulations, standards and rules; and

(ii) a full audit report of Ms. Knight's insurance business has been completed. The completed audit report must be included with a future registration application. The audit report shall cover a period of at least 12 months, and the audit period shall commence no sooner than September 21, 2017. The audit report shall be prepared at Ms. Knight's expense and shall be conducted by an independent third party. The audit report must provide verification that Ms. Knight's insurance business has been conducted in full compliance with all relevant legislation, regulations, standards and rules;

(b) before reapplying for registration, Knight shall also successfully complete both of the following courses and any application for registration shall include proof that both courses have been successfully completed:

(i) one of the Canadian Securities Course (Canadian Securities Institute), the Investment Funds in Canada Course (Canadian Securities Institute), or the Canadian Investment Funds Course (IFSE), and

(ii) the Ethics and Professional Conduct Course (IFSE).

(c) if Knight complies with paragraphs 38(a) and (b) above, then upon Knight reapplying for registration in the future as a dealing representative in the category of mutual fund dealer, Staff will not recommend to the Director that her application be refused unless Staff becomes aware after the date of this Settlement Agreement of any additional conduct impugning Knight's suitability for registration or rendering her registration objectionable, and provided she meets all other applicable criteria for registration at the time she applies for registration;

(d) in the event that Knight's registration is reactivated, her registration shall be subject to the terms and conditions set out in Schedule "A" for a period of at least one year; and

(e) Knight shall not be eligible to apply for registration as a dealing representative in the category of exempt market dealer as long as her registration is subject to the terms and conditions set out in Schedule "A".

39. The Parties submit that their joint recommendation is reasonable, having regard to the following factors:

(a) Knight has recognized and acknowledged her misconduct, and has provided assurances to Staff that she will conduct herself appropriately if she is registered again in the future;

(b) The joint recommendation requires Knight to enhance her proficiency through further education relating to her professional responsibilities as a registrant;

(c) The period of time Knight is to be without registration under the Settlement Agreement is consistent with other relevant decisions of the Director;

(d) The terms and conditions proposed by the Settlement Agreement provide a means to detect or prevent future misconduct of a similar nature by Knight;

(e) Knight has suffered financial and reputational harm as a result of her misconduct;

(f) Knight has been co-operative with Staff in its review of the Application; and

(g) By agreeing to this Settlement Agreement, Knight has saved Staff and the Director the time and resources that would have been required for an OTBH.

40. Staff and Knight acknowledge that if the Director does not accept this joint recommendation:

(a) this joint recommendation and all discussions and negotiations between Staff and Knight in relation to this matter shall be without prejudice to the parties; and

(b) Knight will be entitled to an OTBH in accordance with section 31 of the Act in respect of any recommendation that may be made by Staff regarding her registration status.

41. The parties agree that this Settlement Agreement, and any Director's decision approving of it, will be published on the OSC's website and in the OSC Bulletin.

"Marrianne Bridge"
Director
Compliance and Registrant Regulation

July 13, 2018

"Anna Joanna Knight"
June 27, 2018

Schedule "A"

Terms and Conditions

The registration of Anna Joanna Knight (the "**Registrant**") under the *Securities Act* (Ontario) (the "**Act**") is subject to the following terms and conditions, which were imposed by the Director pursuant to section 27 of the Act:

Strict Supervision

1. For a period of at least twelve months from the date of registration these terms and conditions are imposed:

   (a) The registration of the Registrant shall be subject to strict supervision by her sponsoring firm.

   (b) The Registrant's sponsoring firm is to submit written monthly supervision reports (in the form specified in Appendix A) to the Ontario Securities Commission (the "**OSC**"), Attention: Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch, and also to the Mutual Fund Dealers Association ("**MFDA**"), Attention: Manager, Compliance. These reports will be submitted within 15 calendar days after the end of each month.

   (c) The Registrant must immediately report to the OSC's Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch if she is under investigation by the MFDA or is reprimanded in any way by the MFDA.

Delivery of Documents

2. For a period of at least twelve months from the date these terms and conditions are imposed:

   (a) The Registrant may not process any transactions for a client without the client's written authorization, which must be delivered to the Registrant's sponsoring firm at the time the Registrant processes the transaction.

   (b) If the Registrant processes a transaction for a client using a document that is signed or initialed by a client and that is not the original version of the document (a "**Copied Document**"), the Registrant must deliver the original document to her sponsoring firm within one week of the transaction to permit the firm to verify the authenticity of the Copied Document, including whether the Copied Document was created using a pre-signed form.

These terms and condition of registration constitute Ontario securities law, and a failure by the Registrant to comply with these terms and conditions may result in further regulatory action against him, including a suspension of his registration.

Appendix "A"

Strict Supervision Report

This strict supervision report must be completed by the firm's chief compliance officer or his or her designate.

The undersigned certifies that all supervisory activities required by this strict supervision report have been properly performed, and that reasonable steps have been taken to confirm the accuracy of the information provided in this report.

Print name: ___________________________

Sign name: ___________________________

Position: _____________________________

Date: ________________________________

Instructions

1. This is a strict supervision report and is required by the terms and conditions (the "**Terms and Conditions**") on the registration of the individual to which it relates (the "**Registered Individual**").

2. While the Registered Individual is subject to the Terms and Conditions:

   (a) each trade made by the Registered Individual must be pre-approved by their sponsoring firm (excluding trades made through pre-authorized contribution plans implemented prior to the imposition of the Terms and Conditions); and

   (b) on a monthly basis, this report must be completed and a copy must be sent to staff of the Ontario Securities Commission ("**Staff**").

3. For the purpose of this report, "trade" means the purchase, sale, or any other form of transfer of securities.

4. The review of trades undertaken by the firm pursuant to the Terms and Conditions must check for the following:

   (a) no trades have been made in any client account until the full and correct documentation is in place;

   (b) the Registered Individual has not been granted any power of attorney over any client accounts;

   (c) all payments for the purchase of securities were made payable to the dealer or the fund company, and there were no cash payments accepted by the Registered Individual;

   (d) all applicable fees have been appropriately disclosed to the client in writing;

   (e) investment suitability (including the suitability of leveraging, if any);

   (f) the use of pre-signed, forged, or otherwise irregular documents;

   (g) excess trading or switching;

   (h) any additional issues specifically identified in the Terms and Conditions as being subject to trade reviews for the purpose of this strict supervision report; and

   (i) any other issues identified by the firm during the review;

   (collectively, the "**Review Issues**").

5. If a Review Issue has been identified with respect to a proposed trade, the firm must not approve the trade until the Review Issue has been resolved to the firm's satisfaction.

6. The firm must maintain a copy of this report in its records, including following the removal of the Terms and Conditions or the termination of the Registered Individual's employment with the firm.

7. This report and all related documents that the firm is required to deliver to Staff pursuant to the Terms and Conditions shall be delivered using the Electronic Filing portal on the website of the Ontario Securities Commission.

8. If the firm identifies that it has failed to comply with anything in these Instructions, the firm shall immediately deliver to Staff written notice of its non-compliance and its explanation for the non-compliance.

Part A – Trading Information

1. The name of the Registered Individual is: ______________________________.

2. The Registered Individual's sponsoring firm is ___________________________.

3. The Terms and Conditions were imposed on _____________.

4. The period covered by this report is _____________.

5. During the reporting period, the Registered Individual made _____ trades in _____ different client accounts, of which _____ were leveraged trades. These numbers do not include trades made through pre-authorized contribution plans implemented prior to the imposition of the Terms and Conditions.

Part B – Supervision Information

1. Describe the process that was used to review all trades identified in Part A for the existence of the Review Issues:

____

____

____

2. Please complete the following chart for all Review Issues identified by the firm:

Name of client	Proposed trade	Description of Review Issue	If the trade proceeded, how was the Review Issue resolved to the firm's satisfaction?	If the trade did not proceed, what became of the Review Issue?

Part C – Client Complaints

1. Please complete the following chart for all complaints received from clients about the Registered Individual during the review period, regardless of whether or not the complaint relates to a Review Issue.

Name of client making complaint	Date of complaint	Description of complaint	What did the firm do in response to the complaint?	Date Record of complaint sent to Staff

Part D – Additional Information

1. If as a part of its supervision of the Registered Individual during the review period the firm has identified any instance where the Registered Individual may not have complied with securities legislation, the requirements of an applicable self-regulatory organization, or the firm's policies and procedures, please identify those instances below, unless they have already been identified elsewhere in this report.

____

____

____

3.2.2 Karine Brizard – s. 31

IN THE MATTER OF
STAFF'S RECOMMENDATION
TO SUSPEND THE REGISTRATION OF
KARINE BRIZARD

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SECTION 31 OF THE *SECURITIES ACT* (ONTARIO)

Decision

1. For the reasons outlined below, my decision is that the registration of Karine Brizard (**Brizard**) be suspended.

Background

2. By letter dated August 27, 2017, staff (**Staff**) of the Ontario Securities Commission (**Commission**) advised Brizard that it had recommended to the Director that her application to be registered as a mutual fund dealing representative with CIBC Securities Inc. (**CIBC**) be granted subject to terms and conditions. The terms and conditions require: (1) close supervision on Brizard's registration including monthly supervision reports on her sales activities and dealings with clients, and (ii) Brizard must successfully complete the Conduct and Practices Handbook Course (**CPH course**) within six months from the date of her registration. Staff provided two bases for imposing these terms and conditions, primarily solvency and proficiency concerns. Brizard did not comply with these terms and conditions because she did not complete the CPH course within the required timeframe. Staff is recommending that Brizard's registration be suspended.

3. Pursuant to section 31 of the *Securities Act* (Ontario) (**Act**), Brizard is entitled to an opportunity to be heard (**OTBH**) before a Director decides whether to accept Staff's recommendation to suspend registration. The OTBH occurred on June 18, 2018. Staff was represented by Marlene Costa, Legal Counsel in the Compliance and Registrant Regulation Branch of the Commission. Brizard appeared on her own behalf with her branch manager, Marie-Lise Bermingham.

Brief outline of relevant facts

4. The facts of this case are straightforward. Brizard was registered as a mutual fund dealing representative sponsored by CIBC on August 4, 2015. On September 16, 2016, a financial disclosure change was submitted by Brizard through a Form 33-109F5 *Change of Registration Information* (**Form F5**), disclosing a consumer proposal that Brizard had entered into in September 2016. A bankruptcy and insolvency records search was conducted by Staff, which revealed that Brizard had not disclosed a bankruptcy from September 1999 (**1999 bankruptcy**). Staff advised CIBC of Brizard's failure to disclose previous financial information.

5. CIBC terminated Brizard's registration on September 29, 2016 and submitted an application for reactivation of her registration (**Reactivation Application**) through a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (**Form F4**) on November 4, 2016, where the Form F4 was revised to include financial disclosure of the 1999 bankruptcy.

6. Staff had two concerns with the Reactivation Application. The first concern related to Brizard's insolvency and ongoing consumer proposal, and the second concern related to Brizard's nondisclosure of financial information in her Form F4 and subsequent Form F5 filings. The nondisclosure relates to the 1999 bankruptcy that was not reported to the Commission on a timely basis, as required by section 4.1 of National Instrument 33-109 *Registration Information* (**NI 33-109**).

7. Staff conducted a voluntary interview with Brizard on March 9, 2017. Based on the information provided in the voluntary interview, included in Brizard's Reactivation Application and gathered by Staff independently, Staff recommended that Brizard be subject to terms and conditions as follows: (i) close supervision on Brizard's registration including monthly supervision reports on her sales activities and dealings with clients, and (ii) successful completion of the CPH course within six months from the date of Brizard's registration. Close supervision terms and conditions were proposed for an indeterminate period of time until Brizard could provide Staff with an improved update to her financial condition. The CPH course was proposed to address Staff's proficiency concerns, including:

   a. Brizard had been registered, with various firms, for the last 8 years and failed to disclose her bankruptcy on multiple occasions;

   b. Brizard was given an opportunity and reminded by CIBC's compliance staff email to disclose any changes or updates to her registration information, but still failed to disclose her 1999 bankruptcy; and

c. Brizard's answers in the voluntary interview suggested that Brizard did not clearly understand the regulatory requirements that are owed under Ontario securities law on an ongoing basis.

8. Brizard consented to the above noted terms and conditions on August 25, 2017 and signed the schedule attached to Staff's letter, which detailed the specific terms and conditions on registration. Her branch manager also subsequently signed the schedule on August 29, 2017, as did CIBC's Chief Compliance Officer (**CCO**), Jaime Fonseca , on September 5, 2017.

9. The Reactivation Application was granted and the terms and conditions were imposed on September 5, 2017. As a result, the deadline for Brizard to complete the CPH course was March 5, 2018. Brizard failed one attempt prior to the deadline on February 14, 2018. Brizard requested an extension to rewrite the CPH course exam and two extensions were granted. Brizard failed these two additional attempts after the deadline, on March 13, 2018 and April 3, 2018, respectively.

10. Brizard provided evidence of passing another course, the Registered Financial and Retirement Advisor Course Part I, in June 2015. However, this evidence is not considered relevant to this proceeding as it is not the course outlined in the terms and conditions of her registration.

Submissions

Mandate of the Commission

11. The mandate of the Commission includes protecting investors from unfair, improper or fraudulent practices. It is well established that registration is a privilege and not a right. Section 28 of the Act provides that the Director may suspend the registration of an individual if it appears to the Director that the individual is not suitable for registration or has failed to comply with Ontario securities law, or the registration is otherwise objectionable. The factors to be considered by the Director in determining suitability for registration are found in subsection 27(2) of the Act and include proficiency, solvency and integrity, and such other factors as the Director considers relevant. Staff submits that Brizard failed to comply with Ontario securities law, specifically the terms and conditions imposed on her registration by failing on three occasions to successfully complete the CPH course within the required time frame. Also, Staff submits that Brizard is not suitable for registration because she does not possess the required proficiency and solvency for registration, and that her ongoing registration is otherwise objectionable because it would be unfair to other registrants who have worked to expend the time and resources necessary to meet their obligations and comply with Ontario securities law. These obligations include proficiency and solvency requirements, as well as filing requirements, as part of registrants' ongoing registration obligations.

Registrant obligations and suitability for registration

12. The Director will only register an applicant if, among other things, that applicant appears to be suitable for registration and the registration is not otherwise objectionable. Following registration, individuals must maintain high standards of fitness and business conduct to remain registered. Staff use three fundamental criteria to assess whether an individual is or remains suitable for registration: proficiency, integrity and solvency. This suitability assessment will be based on information required to be provided in registration-related forms such as the Form F4 and Form F5. The truthfulness and accuracy of the responses to the questions in these forms provide the information for Staff to make their assessment. The Director will also evaluate the overall financial condition of an individual registrant; an individual that is insolvent or has a history of bankruptcy may not be suitable for registration.

13. The facts were clear on this point and acknowledged by Brizard. She did not file the required disclosure on a timely basis. In fact, the information that was required to be disclosed was independently discovered by Staff, and the requisite disclosures were not provided until this was brought to CIBC's and Brizard's attention.

14. In particular, Brizard has been registered with CIBC since August 2015 and with Scotia Securities Inc. (**Scotia**) and BMO Investments Inc. (**BMO**) before that time. Staff submitted, and Brizard agreed, that she did not disclose the 1999 bankruptcy as required either in her initial application for registration with Scotia or in any other applications following that time, including her application for registration with CIBC, and she did not disclose the 1999 bankruptcy as required by the policies and procedures of CIBC.

Reasons for decision

15. My decision is that the registration of Brizard should be suspended as she did not comply with the terms and conditions of her registration. She was provided two extensions to complete the CPH course, but failed to successfully complete this course. Brizard may re-apply to be registered once she has completed the CPH course.

16. I agree with Staff that Brizard's ongoing registration would be objectionable in this case because it would be unfair to other individual registrants that comply with the terms and conditions of their registration, and the ongoing requirements of registration.

17. It was clear to me that Brizard did not make the required disclosures on a timely basis and, because these disclosures were independently discovered by Staff, the requisite disclosures were not provided until Staff brought this matter to CIBC's and Brizard's attention. Also, Brizard did not comply with the policies and procedures of CIBC, the registered firm that sponsors her registration. Brizard stated that she misunderstood the questions in the application; however failure to make required regulatory filings on multiple occasions is a matter of serious concern. As a result, I find that Brizard failed to comply with Ontario securities law.

18. Staff referred me to the decision *Re Cornerstone Asset Management L.P.* (2015), 38 OSCB 9535 which states, at paragraph 4, that the elements of the test for suspension of registration under section 28 of the Act were present in that case because the registered firm (Cornerstone) was unsuitable for registration in that it lacked the requisite solvency for registration; Cornerstone failed to comply with Ontario securities law by failing to deliver financial information within the required timeframe (among other things); and Cornerstone's ongoing registration would be objectionable because it would be unfair to other registered firms who have worked to expend the time and resources necessary to meet their solvency obligations and filing requirements to comply with Staff's requests.

19. Brizard was forthright in the OTBH regarding her failure to disclose the financial information, took responsibility for her failure to comply with Ontario securities law, and appeared genuinely remorseful. However, Brizard clearly failed to meet her ongoing registration obligations by failing to disclose her 1999 bankruptcy and this information is material to her solvency and suitability for registration.

20. It is important for registrants to know that the Commission takes ongoing registration requirements seriously. As stated in the recent Commission decision *Re Dhillon* (2018), 41 OSCB 3053, at paragraph 33, "[r]egistrants have a very important function in the capital markets and investors place their trust in registrants who advise them." Registrants are responsible for dealing with clients and their investments. In order to assess their ongoing fitness for registration, registrants must disclose financial information that may impact their suitability as a registrant, including the requirement to disclose financial information such as bankruptcy and insolvency and consumer credit proposals. Registrants must update their registration information on a timely basis, and failure to do so will result in regulatory consequences, up to and including suspension or termination of registration.

21. My decision is that the registration of Brizard is suspended. I agree with Staff's recommendations, including its analysis that the facts demonstrate the elements of the test for suspension under section 28 of the Act. Finally, Brizard acknowledged and accepted the suspension recommendation made by Staff.

"Pat Chaukos, CPA, CA, JD"
Deputy Director, Compliance and Registrant Regulation Branch
Ontario Securities Commission

Dated: July 18, 2018

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Future Farm Technologies Inc.	05 July 2018	20 July 2018

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Katanga Mining Limited	15 August 2017	

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Chapter 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:
EHP Advantage Alternative Fund
EHP Advantage International Alternative Fund
EHP Global Arbitrage Alternative Fund
EHP Guardian Alternative Fund
EHP Guardian International Alternative Fund
EHP Select Alternative Fund
Principal Regulator – Ontario
Type and Date:
Amended and Restated to Preliminary Simplified Prospectus dated July 16, 2018
NP 11-202 Preliminary Receipt dated July 18, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
EdgeHill Partners
Project #2786290

Issuer Name:
FBC Active Blockchain Opportunities ETF
Principal Regulator – British Columbia
Type and Date:
Amendment #1 to Long Form Prospectus dated July 18, 2018
Received on July 18, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
First Block Capital Inc.
Project #2758201

Issuer Name:
Fidelity Canadian High Dividend Index ETF
Fidelity International High Dividend Index ETF
Fidelity U.S. Dividend for Rising Rates Currency Neutral Index ETF
Fidelity U.S. Dividend for Rising Rates Index ETF
Fidelity U.S. High Dividend Currency Neutral Index ETF
Fidelity U.S. High Dividend Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 20, 2018
NP 11-202 Preliminary Receipt dated July 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #2797431

Issuer Name:
Scotia European Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated July 19, 2018
Received on July 19, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Scotia Securities Inc.
1832 Asset Management L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2680356

Issuer Name:
BetaPro Canadian Gold Miners -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX Global Gold Bear Plus ETF)
BetaPro Canadian Gold Miners 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF)
BetaPro Canadian Marijuana Companies 2x Daily Bear ETF
BetaPro Canadian Marijuana Companies 2x Daily Bull ETF
BetaPro Canadian Marijuana Companies Inverse ETF
BetaPro NASDAQ-100® -2x Daily Bear ETF (formerly Horizons BetaPro NASDAQ-100® Bear Plus ETF)
BetaPro NASDAQ-100® 2x Daily Bull ETF (formerly Horizons BetaPro NASDAQ-100® Bull Plus ETF)
BetaPro S&P 500® -2x Daily Bear ETF (formerly Horizons BetaPro S&P 500® Bear Plus ETF)
BetaPro S&P 500® 2x Daily Bull ETF (formerly Horizons BetaPro S&P 500® Bull Plus ETF)
BetaPro S&P 500® Daily Inverse ETF (formerly Horizons BetaPro S&P 500® Inverse ETF)
BetaPro S&P/TSX 60 -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX 60 Bear Plus ETF)
BetaPro S&P/TSX 60 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX 60 Bull Plus ETF)
BetaPro S&P/TSX 60 Daily Inverse ETF (formerly Horizons BetaPro S&P/TSX 60 Inverse ETF)
BetaPro S&P/TSX Capped Energy -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX Capped Energy Bear Plus ETF)
BetaPro S&P/TSX Capped Energy 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF)
BetaPro S&P/TSX Capped Financials -2x Daily Bear ETF (formerly Horizons BetaPro S&P/TSX Capped Financials Bear Plus ETF)
BetaPro S&P/TSX Capped Financials 2x Daily Bull ETF (formerly Horizons BetaPro S&P/TSX Capped Financials Bull Plus ETF)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated July 19, 2018
NP 11-202 Receipt dated July 23, 2018
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #2785476

Issuer Name:
BetaPro Crude Oil -2x Daily Bear ETF (formerly Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF)
BetaPro Crude Oil 2x Daily Bull ETF (formerly Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF)
BetaPro Gold Bullion -2x Daily Bear ETF (formerly Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF)
BetaPro Gold Bullion 2x Daily Bull ETF (formerly Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF)
BetaPro Natural Gas -2x Daily Bear ETF (formerly Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF)
BetaPro Natural Gas 2x Daily Bull ETF (formerly Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF)
BetaPro Silver -2x Daily Bear ETF (formerly Horizons BetaPro COMEX® Silver Bear Plus ETF)
BetaPro Silver 2x Daily Bull ETF (formerly Horizons BetaPro COMEX® Silver Bull Plus ETF)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated July 19, 2018
NP 11-202 Receipt dated July 23, 2018
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2785489

Issuer Name:
First Asset Enhanced Government Bond ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated July 20, 2018
NP 11-202 Receipt dated July 20, 2018
Offering Price and Description:
Common Units and US$ Common Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
First Asset Investment Management Inc.
Project #2783694

Issuer Name:
Horizons Crude Oil ETF (formerly Horizons NYMEX® Crude Oil ETF)
Horizons Gold ETF (formerly Horizons COMEX® Gold ETF)
Horizons Natural Gas ETF (formerly Horizons NYMEX® Natural Gas ETF)
Horizons Silver ETF (formerly Horizons COMEX® Silver ETF)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated July 19, 2018
NP 11-202 Receipt dated July 23, 2018
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2785498

Issuer Name:
Mackenzie Cundill Recovery Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated July 16, 2018
NP 11-202 Receipt dated July 20, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
LBC Financial Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2680408

Issuer Name:
Marquest American Dividend Growth Fund
Marquest American Dividend Growth Fund (Corporate Class)
Marquest Canadian Bond Fund
Marquest Canadian Fixed Income Fund
Marquest Canadian Resource Fund
Marquest Canadian Resource Fund (Corporate Class)
Marquest Covered Call Canadian Banks Plus Fund
Marquest Covered Call Canadian Banks Plus Fund (Corporate Class)
Marquest Global Balanced Fund
Marquest Money Market Fund
Marquest Monthly Pay Fund
Marquest Monthly Pay Fund (Corporate Class)
Marquest Short Term Income Fund (Corporate Class)
Marquest Small Companies Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated July 10, 2018
NP 11-202 Receipt dated July 20, 2018
Offering Price and Description:
Series A and F units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2781940

Issuer Name:
Scotia European Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated July 19, 2018
NP 11-202 Receipt dated July 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Scotia Securities Inc.
1832 Asset Management L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2680356

Issuer Name:
Sun Life BlackRock Canadian Balanced Class
Sun Life BlackRock Canadian Composite Equity Class
Sun Life BlackRock Canadian Equity Class
Sun Life Dynamic Energy Fund
Sun Life Dynamic Equity Income Class
Sun Life Dynamic Strategic Yield Class
Sun Life Excel China Fund (formerly, Excel China Fund)
Sun Life Excel Emerging Markets Balanced Fund (formerly, Excel Emerging Markets Balanced Fund)
Sun Life Excel Emerging Markets Fund (formerly, Sun Life Schroder Emerging Markets Fund
Sun Life Excel High Income Fund (formerly, Excel High Income Fund)
Sun Life Excel India Balanced Fund (formerly, Excel India Balanced Fund)
Sun Life Excel India Fund (formerly, Excel India Fund)
Sun Life Excel New India Leaders Fund (formelry, Excel New India Leaders Fund)
Sun Life Granite Balanced Class
Sun Life Granite Balanced Growth Class
Sun Life Granite Conservative Class
Sun Life Granite Growth Class
Sun Life Granite Moderate Class
Sun Life JPMorgan International Equity Fund
Sun Life MFS Canadian Equity Growth Class (formerly, Sun Life MFS Canadian Equity Class)
Sun Life MFS Dividend Income Class
Sun Life MFS Global Growth Class
Sun Life MFS Global Growth Fund
Sun Life MFS Global Total Return Fund
Sun Life MFS Global Value Fund
Sun Life MFS International Growth Class
Sun Life MFS International Growth Fund
Sun Life MFS International Value Fund
Sun Life MFS Monthly Income Fund
Sun Life MFS U.S. Growth Class
Sun Life MFS U.S. Growth Fund
Sun Life MFS U.S. Value Fund
Sun Life Milestone 2020 Fund
Sun Life Milestone 2025 Fund
Sun Life Milestone 2030 Fund
Sun Life Milestone 2035 Fund
Sun Life Money Market Class
Sun Life Money Market Fund
Sun Life Multi-Strategy Bond Fund
Sun Life Sentry Value Class
Sun Life Excel China Fund (formerly, Excel China Fund)
Sun Life Excel Emerging Markets Balanced Fund (formerly, Excel Emerging Markets Balanced Fund)
Sun Life Excel High Income Fund (formerly, Excel High Income Fund)
Sun Life Excel India Balanced Fund (formerly, Excel India Balanced Fund)
Sun Life Excel India Fund (formerly, Excel India Fund)
Sun Life Excel New India Leaders Fund (formelry, Excel New India Leaders Fund)
Sun Life BlackRock Canadian Balanced Class
Sun Life BlackRock Canadian Composite Equity Class
Sun Life BlackRock Canadian Equity Class
Sun Life Dynamic Energy Fund
Sun Life Dynamic Equity Income Class
Sun Life Dynamic Strategic Yield Class
Sun Life Granite Balanced Class
Sun Life Granite Balanced Growth Class
Sun Life Granite Conservative Class
Sun Life Granite Growth Class
Sun Life Granite Moderate Class
Sun Life JPMorgan International Equity Fund
Sun Life MFS Canadian Equity Growth Class (formerly, Sun Life MFS Canadian Equity Class)
Sun Life MFS Dividend Income Class
Sun Life MFS Global Growth Class
Sun Life MFS Global Growth Fund
Sun Life MFS Global Total Return Fund
Sun Life MFS Global Value Fund
Sun Life MFS International Growth Class
Sun Life MFS International Growth Fund
Sun Life MFS International Value Fund
Sun Life MFS Monthly Income Fund
Sun Life MFS U.S. Growth Class
Sun Life MFS U.S. Growth Fund
Sun Life MFS U.S. Value Fund
Sun Life Milestone 2020 Fund
Sun Life Milestone 2025 Fund
Sun Life Milestone 2030 Fund
Sun Life Milestone 2035 Fund
Sun Life Money Market Class
Sun Life Money Market Fund
Sun Life Multi-Strategy Bond Fund
Sun Life Excel Emerging Markets Fund (formerly, Sun Life Schroder Emerging Markets Fund
Sun Life Sentry Value Class
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated July 13, 2018
NP 11-202 Receipt dated July 18, 2018
Offering Price and Description:
Series A, Series AH, Series AT5, Series T5, Series AT8, Series T8, Series D, Series DB, Series F, Series FH, Series F5, Series F8, Series FT5, Series FT8, Series I, Series IH, Series O and Series OH securities
Underwriter(s) or Distributor(s):
Excel Funds Management Inc.
Promoter(s):
Sun Life Global Investments (Canada) Inc.
Project #2795172

NON-INVESTMENT FUNDS

Issuer Name:
Discovery One Investment Corp.
Principal Regulator – British Columbia
Type and Date:
Amendment dated July 18, 2018 to Preliminary CPC Prospectus (TSX-V) dated May 31, 2018
NP 11-202 Preliminary Receipt dated July 18, 2018
Offering Price and Description:
$1,000,000.00
10,000,000 common shares
Price: $0.10 per common share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
–
Project #2782141

Issuer Name:
Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated July 18, 2018
NP 11-202 Preliminary Receipt dated July 18, 2018
Offering Price and Description:
$80,300,000.00
7,300,000 Subordinate Voting Shares
Price: $11.00 per Subordinate Voting Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
GMP Securities L.P.
Beacon Securities Limited
Echelon Wealth Partners Inc.
Eight Capital
Promoter(s):
–
Project #2795333

Issuer Name:
PetroShale Inc.
Principal Regulator – Alberta (ASC)
Type and Date:
Preliminary Short Form Prospectus dated July 18, 2018
NP 11-202 Preliminary Receipt dated July 18, 2018
Offering Price and Description:
$40,000,700.00 – 21,622,000 Subscription Receipts
Price: $1.85 per Subscription Receipt
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
Scotia Capital Inc.
Peters & Co. Limited
Promoter(s):
–
Project #2795165

Issuer Name:
Radial Research Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated July 17, 2018
NP 11-202 Preliminary Receipt dated July 18, 2018
Offering Price and Description:
2,000,000 Common Shares for $200,000.00 (Minimum Offering)
5,000,000 Common Shares for $500,000.00 (Maximum Offering)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Chippingham Financial Group
Promoter(s):
Peter Smith
Project #2796687

Issuer Name:
Cherry Street Capital Inc.
Principal Regulator – Ontario
Type and Date:
Amendment #2 dated July 16, 2018 to Final CPC Prospectus (TSX-V) dated July 10, 2018
NP 11-202 Receipt dated July 20, 2018
Offering Price and Description:
Minimum of $525,000.00 – 1,050,000 Common Shares
Maximum of $750,000.00 – 1,500,000 Common Shares
Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
–
Project #2717719

Issuer Name:
Inner Spirit Holdings Ltd.
Principal Regulator – Alberta (ASC)
Type and Date:
Final Long Form Prospectus dated July 20, 2018
NP 11-202 Receipt dated July 20, 2018
Offering Price and Description:
A minimum of $3,000,000.00 and a maximum of $3,750,000.00
A minimum 20,000,000 and a maximum of 25,000,000 Units
Price: $0.15 per Unit
Underwriter(s) or Distributor(s):
Leede Jones Gable Inc.
Promoter(s):
Darren Bondar
Christopher Gulka
Craig Steinberg
Project #2756259

Issuer Name:
Morneau Shepell Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated July 20, 2018
NP 11-202 Receipt dated July 20, 2018
Offering Price and Description:
$210,010,500.00 – 7,910,000 Subscription Receipts each representing the right to receive one Common Share
Price: $26.55 per Subscription Receipt
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Promoter(s):
–
Project #2794241

Issuer Name:
Parkland Fuel Corporation
Principal Regulator – Alberta (ASC)
Type and Date:
Final Shelf Prospectus dated July 17, 2018
NP 11-202 Receipt dated July 17, 2018
Offering Price and Description:
$1,000,000,000
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2794514

Issuer Name:
SponsorsOne Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated July 13, 2018
NP 11-202 Receipt dated July 17, 2018
Offering Price and Description:
Maximum Offering of $2,717,681.00 (15,098,227 Units)
Minimum Offering of $1,500,000.12 (8,333,334 Units)
AND
1,568,440 Common Shares and 784,220 Warrants issuable Upon exercise of 1,568,440 outstanding Special Warrants
Price: $0.18 per Unit and $0.18 per Special Warrant
Underwriter(s) or Distributor(s):
Emerging Equities Inc.
Promoter(s):
–
Project #2774931

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Pentecostal Securities Corp.	Restricted Dealer	July 17, 2018
New Registration	Canadian Western Financial Ltd.	Mutual Fund Dealer	July 20, 2018
Voluntary Surrender	Frame Global Asset Management Limited	Portfolio Manager	July 20, 2018

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Notice of Proposed Amendments Respecting Order Execution Only Service Eligibility and Adviser Identifiers

NOTICE OF PROPOSED AMENDMENTS
RESPECTING ORDER EXECUTION ONLY SERVICE ELIGIBILITY AND ADVISER IDENTIFIERS

IIROC is publishing for public comment proposed amendments to Dealer Member Rule 3200 *Minimum Requirements for Dealer Members Seeking Approval Under 1300(T) to Offer an Order-Execution Only Service* respecting order execution only services (**Proposed Amendments**). The Proposed Amendments include requirements that would:

- prohibit order execution only dealers from providing order execution only services to registered dealers
- expand the requirement for identifiers by requiring order execution only dealers to assign unique identifiers to registered advisers and foreign adviser equivalents

A copy of the IIROC Notice including the Proposed Amendments is published on our website at www.osc.gov.on.ca. The comment period ends on October 24, 2018.

13.3 Clearing Agencies

13.3.1 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc.

APPLICATION FOR EXEMPTION

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
(CDS Ltd.)

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.
(CDS Clearing)

NOTICE OF EXEMPTION ORDER

On July 20, 2018, the Ontario Securities Commission (Commission) issued an order pursuant to section 147 of the *Securities Act* (Ontario) (Order) exempting CDS Ltd. from complying with a fee review requirement in section 20.1 of Schedule "B" of the recognition order for CDS Ltd. and CDS Clearing (collectively, CDS) on the term and condition that the fee review requirement will be met by August 1, 2019.

CDS has continuous and ongoing requirements in its recognition order which ensure that proposed amendments to CDS' fee schedule receive approval by the Commission prior to implementation.

The Order is published in Chapter 2 of this Bulletin.

Chapter 25

Other Information

25.1 Consents

25.1.1 Rosita Mining Corporation – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the British Columbia Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the REGULATION)
UNDER THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
ROSITA MINING CORPORATION

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Rosita Mining Corporation (the **Applicant**) to the Ontario Securities Commission (the **Commission**) requesting the Commission's consent to the Applicant continuing in another jurisdiction pursuant to section 181 of the OBCA (the **Continuance**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an offering corporation under the OBCA.

2. The Applicant's common shares (the **Common Shares**) are listed and posted for trading on the TSX Venture Exchange (the **TSXV**) under the symbol "RST" and on the over-the-counter markets in the United States of America (together with the TSXV, the **Exchanges**) under the symbol "MDLXF"; as at June 28, 2018 the Applicant had 64,102,282 issued and outstanding Common Shares.

3. The Applicant intends to apply to the Director pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a corporation under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57 (the **BCBCA**).

4. The Application for Continuance is being made to give the Applicant more flexibility under the provisions of the BCBCA in respect of financing opportunities and other corporate transactions which may be effected by the Applicant in the future.

5. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

6. The Applicant is a reporting issuer under the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the **Act**), the *Securities Act* (British Columbia), R.S.B.C. 1996, c.418 (the **BCSA**) and the *Securities Act* (Alberta), R.S.A. 2000, c. S-4 (together with the BCSA, the **Legislation**) and will remain a reporting issuer in these jurisdictions following the Continuance.

7. The Applicant is not in default of any of the provisions of the OBCA, the Act or the Legislation, including the regulations made thereunder.

8. The Applicant is not in default of any provision of the rules, regulations or policies of the Exchanges.

9. The Applicant is not subject to any proceeding under the OBCA, the Act or the Legislation.

10. The Commission is the principal regulator of the Applicant. Following the Continuance, the Applicant's registered office, which is currently located in Ontario, will be relocated to British Columbia, and the Applicant intends to have the British Columbia Securities Commission be its principal regulator.

11. The Applicant's management information circular dated May 16, 2018 for its annual general and special meeting of shareholders on June 28, 2018 (the **Shareholders Meeting**) described the proposed Continuance and disclosed the reasons for it and its implications.

12. The Applicant's shareholders authorized the Continuance at the Shareholders Meeting by a special resolution that was approved by 99.95% of the votes cast; no shareholder exercised dissent rights pursuant to section 185 of the OBCA.

13. Subsection 4(b) of the Regulation requires the Application for Continuance to be accompanied by a consent from the Commission.

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

THE COMMISSION CONSENTS to the continuance of the Applicant under the BCBCA.

DATED at Toronto, Ontario this 17th day of July , 2018.

"Phillip Anisman"
Commissioner
Ontario Securities Commission

"Poonam Puri"
Commissioner
Ontario Securities Commission

25.2 Approvals

25.2.1 Ravenstone Capital Management Inc. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of mutual fund trusts and any future mutual fund trusts to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L. 25, as am., paragraph 213(3)(b).

July 20, 2018

AUM Law Professional Corporation
175 Bloor St E., Suite 303, South Tower
Toronto, Ontario M4W 3R8

Attention: Christopher Tooley

Dear Sirs/Mesdames:

Re: Ravenstone Capital Management Inc. (the "Applicant")

Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee

Application #2018/0352

Further to your application dated June 19, 2018 (the "**Application**") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Ravenstone Equity Trust and any other future mutual fund trusts that the Applicant may establish and manage from time to time, the securities of which will be offered pursuant to prospectus exemptions, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II, or III of the *Bank Act* (Canada), or a qualified affiliate of such bank or trust company, the Ontario Securities Commission (the "**Commission**") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Ravenstone Equity Trust and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

"Cecilia Williams"
Commissioner
Ontario Securities Commission

"Poonam Puri"
Commissioner
Ontario Securities Commission

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Index

Brizard, Karine
Opportunity to be Heard by the Director (Recommendation to Suspend Registration) – s. 31 6059

Caldwell Balanced Fund
Decision 6026

Caldwell Canadian Value Momentum Fund
Decision 6026

Caldwell Income Fund
Decision 6026

Caldwell Investment Management Ltd.
Decision 6026

Canadian Depository for Securities Limited (The)
Order – s. 147 6043
Notice of Exemption Order 6140

Canadian Western Financial Ltd.
New Registration 6137

Candusso, Christopher
Notice from the Office of the Secretary 6015

Candusso, Claudio
Notice from the Office of the Secretary 6015

Cardiome Pharma Corp.
Order 6039

CDS Clearing and Depository Services Inc.
Exemption Order – s. 147 6043
Notice of Exemption Order 6140

Chickalo, Tawlia
Notice from the Office of the Secretary 6013
Order – ss. 127(1), 127.1 6040

Combden, Casey
Notice from the Office of the Secretary 6013
Order – s. 127(8) 6039

CSA Staff Notice 45-308 (Revised) Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions
Notice of Correction 6006

CSA Staff Notice 45-323 (Revised) Update on Use of the Rights Offering Exemption in National Instrument 45-106 Prospectus Exemptions
Notice 6001

CSA Staff Notice 52-330 Update on CSA Consultation Paper 52-404 Approach to Director and Audit Committee Member Independence
Notice 6007

Desjardins Global Asset Management Inc.
Decision 6017

Evolve Funds Group Inc.
Decision 6029

Frame Global Asset Management Limited
Voluntary Surrender 6137

Future Farm Technologies Inc.
Cease Trading Order 6063

Heritage Plans
Decision 6033

IIROC
SROs – Notice of Proposed Amendments Respecting Order Execution Only Service Eligibility and Adviser Identifiers 6139

Impression Plan
Decision 6033

Katanga Mining Limited
Cease Trading Order 6063

Kitmitto, Majd
Notice from the Office of the Secretary 6015

Knight, Anna Joanna
Director's Decision (Application for Registration) 6051

Knowledge First Financial Inc.
Decision 6033

Landucci, Rinaldo
Notice from the Office of the Secretary 6013
Order – ss. 127(1), 127.1 6040

Lim, David Tuan Seng
Notice from the Office of the Secretary 6014
Order – ss. 127(1), 127(10) 6041
Reasons and Decision – ss. 127(1), 127(10) 6045

Meharchand, Dennis L.
Notice from the Office of the Secretary 6014
Order – s. 127(1) 6042

Mugford, Michael
Notice from the Office of the Secretary 6014
Order – ss. 127(1), 127(10)....................................... 6041
Reasons and Decision – ss. 127(1), 127(10) 6045

Natural Bee Works Apiaries Inc.
Notice from the Office of the Secretary 6013
Order – ss. 127(1), 127.1 6040

Parker, Eleanor
Notice from the Office of the Secretary 6013
Order – s. 127(8)... 6039

Pentecostal Securities Corp.
New Registration.. 6137

Performance Sports Group Ltd.
Cease Trading Order 6063

Ravenstone Capital Management Inc.
Approval – s. 213(3)(b) of the LTCA 6143

Rosita Mining Corporation
Consent – s. 4(b) of Ont. Reg. 289/00 under
the OBCA... 6141

Soundvest Capital Management Ltd.
Decision 6035

USI Tech Limited
Notice from the Office of the Secretary 6013
Order – s. 127(8)... 6039

Valt.X Holdings Inc.
Notice from the Office of the Secretary 6014
Order – s. 127(1)... 6042

Vannatta, Steven
Notice from the Office of the Secretary 6015