The Ontario Securities Commission

OSC Bulletin

October 4, 2018

Volume 41, Issue 40

(2018), 41 OSCB

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

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

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

Contact Centre – Inquiries, Complaints:

Office of the Secretary:

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

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

Fax: 416-593-8122
TTY: 1-866-827-1295

Fax: 416-593-2318

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

ISSN 0226-9325

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

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

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Notice of Coming into Force of Amendments to National Instrument 45-106 Prospectus Exemptions and Consequential Amendments to Ontario Securities Commission Rule 72-503 Distributions Outside Canada

NOTICE OF COMING INTO FORCE OF
AMENDMENTS TO NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*
AND CONSEQUENTIAL AMENDMENTS TO ONTARIO SECURITIES COMMISSION RULE 72-503 *DISTRIBUTIONS OUTSIDE CANADA*

Amendments to National Instrument 45-106 *Prospectus Exemptions* (the **Rule Amendments**) and consequential amendments (the **Consequential Amendments**) to Ontario Securities Commission Rule 72-503 *Distributions Outside Canada* will come into force on October 5, 2018 pursuant to section 143.4 of the *Securities Act* (Ontario).

In connection with the Rule Amendments and Consequential Amendments, the Commission also adopted changes (the **Policy Changes**) to Companion Policy 45-106CP *Prospectus Exemptions* and Companion Policy 72-503 *Distributions Outside Canada.* The Policy Changes will come into effect on October 5, 2018.

The Rule Amendments and Consequential Amendments, along with the Policy Changes, were published in the Bulletin on July 19, 2018. The text of the Rule Amendments and Consequential Amendments are reproduced in Chapter 5 of this Bulletin.

1.1.2 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* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the CSA Staff Notice.

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

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

First Published April 26, 2012;
Revised June 25, 2015, April 7, 2016, September 29, 2016, July 19, 2018 and October 4, 2018

October 4, 2018

Purpose

Issuers and underwriters that rely on certain prospectus exemptions to distribute securities are required to file a report of exempt distribution on Form 45-106F1 *Report of Exempt Distribution* (the **report**) within a prescribed timeframe set out in National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**).

Staff (**staff** or **we**) of the Canadian Securities Administrators (**CSA**) have prepared this revised Staff Notice (this **Notice**) to assist issuers, underwriters and their advisors in preparing and filing reports.

This Notice replaces a prior version of this notice issued on July 19, 2018.

This Notice includes the following documents:

- Annex 1 – Tips for Completing and Filing the Report
- Annex 2 – Checklist of Certain Information Requirements in the Report
- Annex 3 – Frequently Asked Questions
- Annex 4 – Transition to the 2016 Report
- Annex 5 – Contact Information of Public Officials regarding Indirect Collection of Personal Information

Background to this Notice

We may from time to time reissue this Notice to respond to additional questions or concerns raised about the completion and filing of reports. The following table sets out the history of this Notice.

Date	Development
October 4, 2018	The Alberta Securities Commission (**ASC**) repealed and replaced ASC Rule 72-501 *Distributions to Purchasers Outside Alberta* effective August 31, 2018, which included moving ASC Policy 45-601 *Distributions Outside Alberta* into Companion Policy 72-501 *Distributions to Purchasers Outside Alberta*. The response in Question 1 of Annex 3 of this Notice was revised to reflect this change.
July 19, 2018	To further address concerns expressed by foreign dealers conducting offerings into Canada and Canadian institutional investors, on July 19, 2018, the CSA made

Date	Development
	amendments to the report to provide greater clarity and flexibility regarding the certification requirement and to streamline certain information requirements. We are reissuing this Notice in light of these amendments and to provide further clarity on certain existing requirements. Provided all necessary ministerial approvals are obtained, the amendments will come into force on October 5, 2018.
September 29, 2016	In spring and summer 2016, staff became aware of concerns expressed by foreign dealers conducting offerings into Canada, as well as Canadian institutional investors, about the certification requirements in the report and other related issues. In certain instances, Canadian institutional investors were being excluded from participating in foreign offerings into Canada through certain foreign dealers as a result of a perceived change in the risk of personal liability in the report, as well as the more extensive information required in the report. We reissued this Notice in September 2016 to provide: • clarification regarding the certification of the report, • guidance on the reasonable steps the underwriter filing the report should undertake to obtain and confirm the required information regarding the issuer, • guidance on the procedures that an issuer or underwriter could implement in order to reasonably confirm that a purchaser meets the conditions for a particular exemption, • guidance on the increased flexibility for completing Schedule 1 for purchasers in certain circumstances who may qualify under more than one paragraph of the definition of "accredited investor", and • guidance on disclosure of an issuer's North American Industry Classification Standard (**NAICS**) code that corresponds to the issuer's primary business activity where there is ambiguity on the appropriate code.
April 7, 2016	In June 2016, the CSA introduced a new harmonized version of the report set out in Form 45-106F1 *Report of Exempt Distribution* (i.e. the report, or also referred to in Annex 4 as the **2016 Report**). Both investment fund issuers and non-investment fund issuers that distribute securities under certain prospectus exemptions are required to file the report, which replaced both the prior version of Form 45-106F1 *Report of Exempt Distribution* and Form 45-106F6 *British Columbia Report of Exempt Distribution* (together, the **Prior Reports**). We reissued this Notice in April 2016 to reflect the adoption of the report, to provide guidance on the new information requirements set out in the report, and to assist filers to transition to the report.
June 25, 2015	This Notice was revised in June 2015 primarily to reflect the introduction of certain new prospectus exemptions in Ontario.
April 26, 2012	Staff first published this Notice in April 2012 to highlight compliance issues identified in some reports filed. This Notice provided guidance to issuers, underwriters and their advisors for preparing and filing reports.

Annexes to Notice

Annex 1 – Tips for Completing and Filing the Report

Annex 2 – Checklist of Certain Information Requirements in the Report

Annex 3 – Frequently Asked Questions

Annex 4 – Transition to the 2016 Report

Annex 5 – Contact Information of Public Officials regarding Indirect Collection of Personal Information

Questions

Please refer your questions to any of the following:

Jo-Anne Matear
Manager, Corporate Finance Branch
Ontario Securities Commission
416-593-2323
jmatear@osc.gov.on.ca

David Mendicino
Senior Legal Counsel, Office of Mergers & Acquisitions
Ontario Securities Commission
416-263-3795
dmendicino@osc.gov.on.ca

Kevin Yang
Senior Research Analyst, Strategy and Operations
Ontario Securities Commission
416-204-8983
kyang@osc.gov.on.ca

Frederick Gerra
Legal Counsel, Investment Funds and Structured Products
Ontario Securities Commission
416-204-4956
fgerra@osc.gov.on.ca

Gloria Tsang
Senior Legal Counsel, Compliance and Registrant Regulation Branch
Ontario Securities Commission
416-593-8263
gtsang@osc.gov.on.ca

Yan Kiu Chan
Legal Counsel, Corporate Finance Branch
Ontario Securities Commission
416-204-8971
ychan@osc.gov.on.ca

Victoria Steeves
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
604-899-6791
vsteeves@bcsc.bc.ca

Jody-Ann Edman
Assistant Manager, Financial Reporting
British Columbia Securities Commission
604-899-6698
jedman@bcsc.bc.ca

Christopher Peng
Legal Counsel, Corporate Finance
Alberta Securities Commission
403-297-4230
christopher.peng@asc.ca

Steven Weimer
Team Lead, Compliance, Data & Risk
Alberta Securities Commission
403-355-9035
steven.weimer@asc.ca

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

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

Kristina Beauclair
Securities Analyst, Corporate Finance
Autorité des marchés financiers
514-395-0337 ext: 4397
kristina.beauclair@lautorite.qc.ca

Suzanne Boucher
Senior Analyst, Investment Funds
Autorité des marchés financiers
514-395-0337 ext: 4477
suzanne.boucher@lautorite.qc.ca

Ella-Jane Loomis
Senior Legal Counsel, Securities
Financial and Consumer Services Commission (New Brunswick)
506-658-2602
ella-jane.loomis@fcnb.ca

Jack Jiang
Securities Analyst, Corporate Finance
Nova Scotia Securities Commission
902-424-7059
jack.jiang@novascotia.ca

Steven D. Dowling
Acting Director
Consumer, Labour and Financial Services Division
Department of Justice and Public Safety
Government of Prince Edward Island
902-368-4551
sddowling@gov.pe.ca

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

Rhonda Horte
Securities Officer
Office of the Yukon Superintendent of Securities
Government of Yukon
867-667-5466
rhonda.horte@gov.yk.ca

Thomas W. Hall
Superintendent of Securities
Department of Justice
Government of the Northwest Territories
867-767-9305
tom_hall@gov.nt.ca

Jeff Mason
Superintendent of Securities
Department of Justice
Government of Nunavut
867-975-6591
jmason@gov.nu.ca

ANNEX 1
Tips for Completing and Filing the Report

The following are tips to assist issuers, underwriters and advisors in completing and filing the report.

1. File the report on time

If the issuer is relying on an exemption from the prospectus requirement that requires a report to be filed, the filers must file the report in each jurisdiction of Canada where the distribution occurred. The deadline for filing the report is generally 10 days after the distribution. If filing a report for distributions occurring on multiple dates, such distributions must occur within a 10-day period and the filer must file the report no later than 10 days after the first distribution date.

Pursuant to section 6.2(2) of NI 45-106, investment fund issuers relying on certain prospectus exemptions have the option of filing the report on an annual basis, within 30 days of the end of the calendar year. This option is only available for investment fund issuers distributing securities in reliance on the following prospectus exemptions in NI 45-106:

- section 2.3 [*Accredited investor*][1]
- section 2.10 [*Minimum amount investment*]
- section 2.19 [*Additional investment in investment funds*]

2. Pay the required fees

Filers must pay the applicable fee in each jurisdiction of Canada in which the report is filed. In order to determine the applicable fee in a particular jurisdiction of Canada, consult the securities legislation of that jurisdiction.

Filing fees payable in a particular jurisdiction are not affected by identifying all purchasers in a single report.

3. Complete the issuer information

Item 5 requires certain information about the issuer distributing the securities, where the issuer is not an investment fund.

Where an underwriter is filing the report, the underwriter should take reasonable steps to obtain and confirm the information regarding the issuer set out in Item 5. These reasonable steps may include:

- reviewing the offering document prepared in connection with the distribution of securities,
- reviewing the issuer's public continuous disclosure record, where available,
- reviewing information provided by the issuer's or the underwriter's legal counsel, and
- making inquiries of the issuer.

4. Include a complete list of purchasers in the report

Filers must ensure that Item 7(f) and Schedule 1 include all purchasers that participated in the distribution.

[1] This option is also available for investment fund issuers distributing securities in reliance on section 73.3 of the *Securities Act* (Ontario) [*Accredited investor*].

If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, the filer is required to provide information in the report about purchasers resident in that jurisdiction of Canada only. See Question 12 in Annex 3 for further guidance on issuers located outside of Canada.

If an issuer makes a distribution in more than one jurisdiction of Canada, the filer may complete a single report identifying all purchasers, and file that report in each jurisdiction of Canada in which the distribution occurs.

5. Ensure the information provided in the report and schedules is true and complete

Filers should verify that the information included in the report and schedules is true and, to the extent required, complete. In particular, filers should verify the following:

- The information provided in Item 7 about the distribution date, number and type of securities distributed, total dollar amount of securities distributed, number of unique purchasers in each jurisdiction and prospectus exemptions relied on, must reconcile with the information provided in Schedule 1.

- The identities of persons compensated provided in Item 8 must reconcile with the information provided in Schedule 1 about the persons compensated for each purchaser.

- Ensure that all appropriate columns in Schedule 1 that relate to use of the following prospectus exemptions are completed:
    - section 2.3 [*Accredited investor*],[2]
    - section 2.5 [*Friends, family and business associates*], or
    - subsection 2.9(2) or 2.9(2.1) [*Offering memorandum*] and the purchaser is an "eligible investor".

- The information about directors, executive officers and promoters provided in Item 9 must reconcile with the information provided in Schedule 2.

6. Correctly identify the total number of unique purchasers

The table in Item 7(f) requires the total number of unique purchasers to which the issuer distributed securities. To determine the total number of unique purchasers, the filer should count each purchaser only once, regardless of whether the issuer distributed different types of securities to that purchaser, on different dates, and/or relied on multiple prospectus exemptions for such distributions. See Question 15 in Annex 3 for further guidance on counting unique purchasers.

However, filers must list a purchaser multiple times on Schedule 1 if the issuer has distributed different types of securities to that purchaser, or has distributed securities to that purchaser on different dates.

7. Ensure the purchase price of the securities distributed is correct

If an issuer is relying on the prospectus exemption in section 2.10 [*Minimum amount investment*] of NI 45-106 for distributions to a purchaser, the purchase price paid by that purchaser must be at least $150,000 (among other conditions), and the purchase price provided in Item 7 and Schedule 1 must be at least that minimum amount. An issuer is not permitted to distribute securities under this

[2] In Ontario, the accredited investor exemption is set out under subsection 73.3(2) of the *Securities Act* (Ontario).

prospectus exemption to a purchaser that is an individual, or to multiple purchasers acting in concert or as a "syndicate" in order to pool separate purchases and reach the $150,000 minimum.

8. Ensure that a valid prospectus exemption is available

Not all prospectus exemptions are available in all jurisdictions. An issuer should ensure that a valid prospectus exemption is available for a distribution to each purchaser.

Section 1.9 of Companion Policy 45-106CP *Prospectus Exemptions* (**45-106CP**) describes procedures that an issuer (or seller) could implement in order to reasonably confirm that the purchaser meets the conditions for a particular exemption. Some examples of these steps include:

- establishing policies and procedures to confirm that all parties acting on behalf of the issuer (or seller) understand the conditions that must be satisfied to rely on the exemption, and
- obtaining information that confirms the purchaser meets the criteria in the exemption.

Whether the steps taken are reasonable will depend on the particular facts and circumstances of the purchaser, the offering and the exemption being relied on. For certain purchasers, such as Canadian financial institutions, Schedule III banks and pension funds, it may not be necessary for the issuer (or seller) to reconfirm the purchaser's status for each distribution to that purchaser.

9. Disclose all compensation paid in connection with the distribution

A filer must complete Item 8 for each person to whom the issuer directly provides, or will provide, any compensation in connection with the distribution. Compensation includes cash commissions, securities-based compensation, gifts, discounts or other compensation of a similar nature, paid in connection with a distribution of securities, regardless of the term used to describe the payment. For example, we consider a brokerage fee or finance fee to be compensation in connection with a distribution.

Compensation does not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

Item 8 and Schedule 1 do not require details about internal allocation arrangements with the directors, officers or employees of an entity compensated by the issuer.

In completing Item 8, where the person compensated is a non-individual with an NRD number, the filer should report the entity's NRD number. A filer may refer to the CSA's National Registration Search tool to determine if the entity has an NRD number. Registered firms and firms relying on the "international dealer exemption" or the "international adviser exemption" (as set out in section 8.18 and in section 8.26, respectively, of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*) have been assigned an NRD number.

In completing Schedule 1, where the person compensated is an individual and is not associated with an entity that has an NRD number, the filer should report the individual by the 'family name'; 'first given name' and 'secondary given names' (*i.e.*, Smith; John Allen). A semi-colon should be used to separate the 'family name' from the 'first given name'.

10. Date and certify the report

The report must be certified by the issuer or the underwriter, or by an agent that has been authorized

by an officer or director of the issuer or underwriter to do so on behalf of the issuer or underwriter. Item 10 of the report must include the date of the report and the name and signature of the individual signing the report for and on behalf of the issuer or underwriter.

If the report is certified by an issuer or underwriter, this individual must be a director or officer of a corporate issuer or underwriter or, in other cases, an individual who performs functions similar to that of a director or officer (as determined by the issuer or underwriter). For example, if the issuer is a trust, the report may be signed by the issuer's trustee on behalf of the trust. If the issuer is an investment fund, a director or officer of the investment fund manager (or, if the investment fund manager is not a company, an individual who performs similar functions) may sign the report on behalf of the investment fund if the director or officer has been authorized to do so by the investment fund.

The certification date should be recorded at the top of Schedule 1 and, if applicable, Schedule 2.

See Question 22 in Annex 3 for further guidance on the certification of the report.

ANNEX 2
Checklist of Certain Information Requirements in the Report

The checklist below is designed to assist filers in gathering certain of the required information to complete the report.

All issuers	☐ Most recent previous legal name (if issuer's name has changed in last 12 months) ☐ Website of issuer (if issuer has one) and underwriter (if underwriter has one and is not a registrant) ☐ Legal entity identifier (if issuer has one) ☐ Firm NRD number for underwriter ☐ CUSIP numbers of securities distributed (if applicable) ☐ Details about the distribution (number of purchasers and total amount raised) by jurisdiction and prospectus exemption relied on ☐ List of (and if required to be filed with or delivered to the Ontario Securities Commission, electronic copies of) all offering materials required to be filed with or delivered to the securities regulatory authority or regulator for distributions in Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia ☐ NRD number of registrant compensated (if applicable) ☐ Whether person compensated facilitated distribution through funding portal or internet-based portal ☐ Description of terms of any deferred compensation ☐ Relationship of person compensated to issuer or investment fund manager (connected with issuer or investment fund manager/insider/director or officer/employee/none of the above) **Schedule 1 (non-public)** ☐ Email address of purchaser (if provided by purchaser) ☐ Specific prospectus exemption relied on to distribute securities to each purchaser[3] ☐ Identification of whether purchaser is a registrant or insider[4] ☐ Name of person compensated for the distribution for each purchaser

[3] Refer to question 21.1 in Annex 3 for additional guidance.
[4] Filers are not required to disclose whether a purchaser is a registrant or an insider of the issuer if any of the following apply:
(a) the issuer is a foreign public issuer;
(b) the issuer is a wholly owned subsidiary of a foreign public issuer;
(c) the issuer is distributing only eligible foreign securities and the distribution is to permitted clients only.

Non-investment fund issuers	☐ NAICS industry code[5] ☐ Stage of operations for issuers in mining industry (exploration/development/production) ☐ Areas of asset holdings for issuers involved in investment activities (mortgages/real estate/commercial/business debt/ consumer debt/private companies/cryptoassets) ☐ Number of employees (within a range) ☐ SEDAR profile number (if issuer has one) If issuer does not have a SEDAR profile number: ☐ Date of formation ☐ Financial year-end ☐ Jurisdictions of Canada where reporting ☐ CUSIP number (if issuer has one) ☐ Name of the exchange on which the issuer's equity securities primarily trade ☐ Size of assets (within a range)
Investment fund issuers	☐ NRD number of investment fund manager ☐ Website of investment fund manager (if investment fund manager does not have a firm NRD number and has a website) ☐ Type of investment fund (money market/equity/fixed income/balanced/alternative strategies/cryptoasset/other) ☐ Date of formation ☐ Financial year-end ☐ Jurisdictions of Canada where reporting ☐ CUSIP number (if issuer has one) ☐ Name of the exchange on which the investment fund's securities primarily trade ☐ Net asset value (within a range) and date of calculation ☐ Net proceeds by jurisdiction
Issuers that are not any of the following: • **investment fund issuers** • **reporting issuers and their wholly owned subsidiaries** • **foreign public issuers and their wholly owned subsidiaries** • **issuers distributing only eligible foreign securities and the distribution is to permitted clients only**	☐ Names, titles and locations of directors, executive officers and promoters ☐ If a promoter is not an individual, this information is also required for the directors and executive officers of the promoter **Schedule 2 (non-public)** ☐ Business email address and telephone number of issuer's CEO ☐ Residential addresses of directors, executive officers, promoters and control persons that are individuals ☐ If a promoter or control person is not an individual, this information is required for the directors and executive officers of the promoter and control person. ☐ If control person is not an individual:

[5] Refer to question 7 in Annex 3 for additional guidance.

	Organization or company name Province or country of business location

ANNEX 3
Frequently Asked Questions

Filing the report

1. An issuer whose head office is in Alberta distributes securities to a purchaser resident in Saskatchewan. Where is the issuer required to file the report?

The issuer must file a report with the Alberta Securities Commission and with the Financial and Consumer Affairs Authority of Saskatchewan.

The issuer must file a report in each jurisdiction where the distribution occurred. To determine if a distribution has occurred in one or more jurisdictions of Canada, consult applicable securities legislation, securities directions and case law.

For example:

- In Alberta, an issuer should consult Companion Policy 72-501 *Distributions to Purchasers Outside Alberta*.
- In British Columbia, an issuer should consult BC Interpretation Note 72-702 *Distribution of Securities to Persons Outside British Columbia*.
- In New Brunswick, an issuer should consult Companion Policy to Local Rule 72-501 *Distributions of Securities to Persons Outside New Brunswick.*
- In Québec, an issuer should consult *Avis du personnel de l'Autorité des marchés financiers – Règlement 45-106 sur les dispenses de prospectus et d'inscription: Questions fréquemment posées.*

In all cases, a distribution occurs when a distribution is made to a purchaser resident in that jurisdiction. In most cases, a distribution includes a distribution made by an issuer whose head office is in that jurisdiction (or, in the case of an investment fund, an investment fund whose manager's head office is in that jurisdiction), to purchasers resident outside that jurisdiction. A distribution may also occur in a jurisdiction of Canada if the issuer has a significant connection to that jurisdiction.

If an issuer is uncertain as to whether a distribution has occurred in a jurisdiction of Canada, the issuer should file the report in that jurisdiction.

2. How does a filer file a report for a distribution to purchasers in every CSA jurisdiction?

Filers are required to file the report electronically in all CSA jurisdictions, except certain foreign issuers when filing on SEDAR. The British Columbia Securities Commission (**BCSC**) has developed a web-based filing system on eServices to accommodate the structured data format of the report. Filers filing in British Columbia and Ontario will file the report with the BCSC and Ontario Securities Commission (**OSC**) by completing an electronic form on the BCSC's eServices and the OSC's Electronic Filing Portal, respectively.

In all CSA jurisdictions other than British Columbia and Ontario, filers, except certain foreign issuers, must file the report on SEDAR in accordance with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*. Both the BCSC's eServices and the OSC's Electronic Filing Portal will generate an electronic copy of the completed report, which filers can then file on SEDAR, if required.

Schedule 1 and Schedule 2 of the report must be filed in .xlsx format using the Excel templates adopted and published by the CSA. The Excel templates are available on the website of each CSA member and at the links below.

- Schedule 1 template[6]
- Schedule 2 template[7]

Filers must not manipulate, rename or delete the tabs in the templates, and must not modify the content, formatting or columns of the templates. We may reject modified templates and require them to be refiled using the approved templates.

3. [intentionally deleted]

4. Is there a transition period available for investment fund issuers that file reports annually?

Yes, there is a transition period which allows an investment fund issuer filing annually to file either the Prior Report or the report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the report.

Investment funds that file annually are no longer required to file annual reports within 30 days of their financial year-end. Beginning on June 30, 2016, all investment fund issuers filing annually must file within 30 days after the end of the calendar year. This means that all investment funds filing annually will be required to file by January 30, 2017 for distributions that occur before January 1, 2017 (that have not been previously reported).

To provide further clarity on the transition period, please see the examples in Table 2 in Annex 4.

4.1 The section in the report under the heading "Notice – Collection and use of personal information" requires the filer to confirm that each individual listed in Schedules 1 and 2 was notified about certain information, including the title of the public official in the local jurisdiction who can answer questions about the security regulatory authority's or regulator's indirect collection of personal information. Where can I find the titles of these public officials?

Please see Annex 5 for the contact information and title of the public official in each local jurisdiction who can answer questions regarding the indirect collection of personal information. This information can also be found in the report and on the CSA's website.

4.2 How do I report co-issuer distributions?

If two or more issuers distributed a single security, only one report of exempt distribution is required to be filed for the distribution. The report may be completed and filed by any one of the co-issuers.

Provide the full legal name of the co-issuer completing and filing the report in the 'Full legal name' field at the top of Item 3.

[6] http://www.securities-administrators.ca/uploadedFiles/Schedule_1_Form_45-106F1_En.xlsx
[7] http://www.securities-administrators.ca/uploadedFiles/Schedule_2_Form_45-106F1_En.xlsx

The full legal name(s) of the *other* co-issuer(s) should be provided in the 'Full legal name(s) of co-issuer(s)' field at the end of Item 3.

Names and identifiers

5. What information should be provided for individuals under family name, first given name and secondary given names in the report?[8]

Family name refers to the individual's last name or surname.

First given name refers to the first name of an individual, used to identify the person from other members of a family, all of whom usually share the same family name.

Secondary given names, often referred to as middle names, refer to all given names of an individual, other than their first given name and family name.

The ordering of family and given names can vary among cultures. Indicate the 'family name', 'first given name' and 'secondary given names' in the appropriate field in the report regardless of the order in which they may be given or traditionally used.

If an individual has only a single legal name, this name should be recorded as the 'family name' and "N/A" should be entered for 'first given name' and 'secondary given names'.

Do not include aliases, nicknames, preferred names, initials or short forms of full names in the name fields of the report.

Avoid entering account numbers, account types, "in trust" references or other unnecessary information within the name fields. Enter only the legal name of the beneficial owner. See Question 20 below for further details.

If two or more individuals have purchased a security as joint purchasers, complete the Schedule 1 Excel template by providing information for each purchaser under the columns for family name, first given name and secondary given names, if applicable, and separating the individuals' names with an ampersand. For example, if Jane Jones and Robert Smith are joint purchasers, indicate "Jones & Smith" in the family name column, and "Jane & Robert" in the first given name column of the Schedule 1 Excel template. Joint purchasers may be counted as one purchaser for the purposes of Item 7(f).

6. What is a legal entity identifier (LEI)? Is it necessary to obtain an LEI to complete Item 3 of the report?

An LEI is a globally recognized 20-character alphanumeric code used to identify entities that enter into financial transactions. If an issuer already has an LEI, the filer must provide the LEI in Item 3. If an issuer does not have an LEI, it is not necessary to obtain one to complete the report.

[8] Names of individuals are required to be provided in Item 8(a), Items 9(a) and (b), Item 10, Item 11, Schedule 1 and Schedule 2.

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

Issuer information

8. The issuer distributing securities was formed in 2002 by the completion of a plan of arrangement. Does Item 5(e) of the report require the date(s) of incorporation of the companies that completed the plan of arrangement, or the date of the completion of the plan of arrangement?

In this example, the filer is not required to provide the incorporation dates of any predecessor entities in Item 5(e), only the date that the issuer was formed by the completion of the plan of arrangement in 2002.

9. How does a filer determine the number of employees for Item 5(b) of the report?

Employees are individuals that are employed directly by the issuer and on the issuer's payroll, including full and part-time employees.

9.1 What steps should be taken by an underwriter filing a report to obtain the information in Item 5 of the report?

Where an underwriter is filing the report, the underwriter should take reasonable steps to obtain and confirm the information regarding the issuer set out in Item 5. These reasonable steps may include:

- reviewing the offering document prepared in connection with the distribution of securities,
- reviewing the issuer's public continuous disclosure record, where available,
- reviewing information provided by the issuer's or the underwriter's legal counsel, and
- making inquiries of the issuer.

9.2 What is meant by the term "cryptoassets" in Item 5(a) of the report?

Cryptoassets include, for example, cryptocurrencies, digital coins or tokens, derivatives linked to cryptoassets and operations to mine cryptoassets. An issuer whose primary business is to invest all or substantially all of its assets in the above noted cryptoassets should check off the corresponding checkbox in item 5(a) of the report.

Investment fund issuer information

10. What do the different investment fund types in Item 6(b) of the report refer to?

In Item 6(b), an investment fund issuer must select the investment fund type that most accurately describes the issuer based on the following:

- Money Market – An investment fund that invests in cash, cash equivalents and/or short term debt securities, such as government bonds and treasury bills.
- Equity – An investment fund that invests primarily in equity securities of other issuers.
- Fixed Income – An investment fund that invests primarily in fixed income (debt) securities.
- Balanced – An investment fund that invests primarily in a balanced combination of fixed income and equity securities.
- Alternative Strategies – An investment fund that primarily adopts alternative investment strategies, such as short selling, leverage or the use of derivatives, or that invests primarily in alternative asset classes, such as real estate or commodities.

- Cryptoasset – An investment fund that invests primarily in cryptoassets, which include for example, cryptocurrencies, digital coins or tokens, or derivatives linked to cryptoassets.
- Other – An investment fund that cannot be classified under one of the above investment fund types. Include a short description of the type of investment fund in the box provided.

11. When would an investment fund issuer be considered to be primarily invested in other investment funds under Item 6(b) of the report?

An investment fund is generally considered a 'fund of funds' if a majority of its assets are invested in other funds, under normal market conditions. One factor to consider in determining whether an investment fund issuer is a 'fund of funds' is whether its investment objectives specifically state this as a strategy.

Distribution details

12. What does "located outside of Canada" mean in Item 7 of the report?

The onus is on an issuer and its counsel to determine where the issuer is located for the purposes of determining where a distribution has occurred, including whether an issuer is located in a jurisdiction of Canada.

The determination is based on the facts and circumstances of each particular distribution. The issuer should consider the following factors:

- where the issuer's mind and management are primarily located, which may be determined by the location of the issuer's head office or the residences of the issuer's key officers and directors,
- where the issuer's operations are conducted,
- where the issuer administers its business,
- whether any acts in furtherance of a distribution have occurred in a jurisdiction, including active advertisements or solicitations, negotiations, underwriting activities or investor relations activities, and
- where the issuer is incorporated or organized.

The above are examples of the types of factors that an issuer should consider in determining whether it is making a distribution from a jurisdiction, but it is not an exhaustive list.

13. What dates should be provided as the distribution date under Item 7(b) of the report?

If the report is being filed for securities distributed only on a single distribution date, provide this distribution date in Item 7(b) as both the start date and end date. For example, if the report is being filed for securities distributed only on July 1, 2016, provide July 1, 2016 as both the start date and end date.

If the report is being filed for securities distributed on more than one distribution date, in Item 7(b) provide the date of the earliest distribution as the start date and provide the date of the last distribution as the end date. A single report can be filed for distributions occurring on multiple dates only if such distributions occur within a 10-day period and the report is filed no later than 10 days after the first distribution date (other than investment funds that file reports on an annual basis).

For example:

- If the report is being filed for securities distributed on July 1, July 4, July 5 and July 7, 2016, in Item 7(b) provide July 1, 2016 as the start date and July 7, 2016 as the end date.
- If the report is being filed for an investment fund issuer that files annually and has distributed securities on a continuous basis from January 1, 2017 to December 31, 2017, in Item 7(b) provide January 1, 2017 as the start date and December 31, 2017 as the end date.

14. The type of security distributed by the issuer is not on the list of security codes in Instruction 12 of the report. What security code should the filer provide in Item 7(d) of the report?

The list of security codes in Instruction 12 of the report captures most types of securities distributed under a prospectus exemption triggering the filing of a report in Canada. If the security being distributed is not listed, enter "OTH" (for other) as the security code in Item 7(d) and include a description of the security in the box provided. Examples are provided below.

Security code			CUSIP number (if applicable)	Description of security
N	O	T	555555555	6.26% medium term notes
C	E	R	555555556	Commercial mortgage pass-through certificates
U	B	S		Units comprised of one common share and one-half of one non-transferrable share purchase warrant
O	T	H		Managed joint venture interest

14.1 When should the "DCT" security code be used?

Businesses that distribute digital coins or tokens, either directly or indirectly through a convertible or exercisable feature in any instrument, should first consider whether they are distributing securities. One way of determining whether they are distributing securities is to consider the four-prong investment contract test and the guidance outlined in CSA Staff Notice 46-307 *Cryptocurrency Offerings* (**CSA Staff Notice 46-307**) and CSA Staff Notice 46-308 *Securities Law Implications for Offerings of Tokens* (**CSA Staff Notice 46-308**). CSA Staff Notice 46-307 indicates that many initial coin offerings (ICOs) and initial token offerings (ITOs) involve distributions of securities, including because they are investment contracts and CSA Staff Notice 46-308 provides examples of situations and their possible implications on one or more of the elements of an investment contract. Filers should consider CSA Staff Notice 46-307, CSA Staff Notice 46-308 and any other relevant guidance published by the CSA.

15. How does a filer determine the number of unique purchasers for Item 7(f) of the report?

For the total number of unique purchasers, each purchaser should only be counted once, regardless of whether the issuer distributed different types of securities to that purchaser, distributed securities

on different dates to that purchaser and/or relied on multiple prospectus exemptions for such distributions.

As an example, an issuer located in Alberta distributes (at $10/debenture, $10/common share):

- 100 debentures to Purchaser A in Alberta in reliance on the accredited investor prospectus exemption
- 100 common shares to Purchaser A in Alberta in reliance on the offering memorandum prospectus exemption
- 100 common shares to Purchaser B in Alberta in reliance on the accredited investor prospectus exemption
- 100 common shares to Purchaser C in Ontario in reliance on the family, friends and business associates prospectus exemption
- 100 debentures to Purchaser D in France in reliance on the accredited investor prospectus exemption

In this example, there are a total of 4 unique purchasers.

The table in Item 7(f) requires a separate line item for:

- each jurisdiction where a purchaser resides,
- each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and
- each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction.

Complete the table as follows:

Province or country	Exemption relied on	Number of unique purchasers[2a]	Total amount (Canadian $)
Alberta	Accredited investor (NI 45-106 s.2.3)	2	2,000
Alberta	Offering memorandum (NI 45-106 s.2.9(2.1))	1	1,000
Ontario	Family, friends and business associates (NI 45-106 s.2.5)	1	1,000
France	Accredited investor (NI 45-106 s.2.3)	1	1,000
	Total dollar amount of securities distributed		5,000
	Total number of unique purchasers[2b]	4	

In Schedule 1, create a separate entry for each distribution date, security type and exemption relied on for the distribution to each purchaser. In the example above, this means there must be two separate entries for Purchaser A in Schedule 1: one entry for the distribution of 100 debentures in reliance on the accredited investor prospectus exemption, and a second entry for the distribution of 100 common shares in reliance on the offering memorandum prospectus exemption.

16. Are marketing materials required to be listed under Item 7(h) of the report?

Yes, if the securities legislation of Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia requires marketing materials to be filed with or delivered to the securities regulatory authority or regulator in connection with the distribution under the exemption relied on.

Item 7(h) requires filers to list and provide certain details about offering materials that are required under the exemption relied on to be filed with or delivered to the securities regulatory authority or

regulator in connection with the distribution in these jurisdictions. This is a reporting requirement only; the report does not impose any new requirement to deliver or file offering materials.

If marketing materials are required to be filed or delivered under the prospectus exemption relied on for the distribution, the filer must list such materials in Item 7(h). For example, if an issuer makes a distribution to purchasers in Ontario in reliance on the offering memorandum exemption under section 2.9 of NI 45-106, the filer must list marketing materials that are required to be incorporated or deemed to be incorporated by reference into the offering memorandum.

In Ontario only, if the offering materials listed in Item 7(h) are required to be filed with or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the report on the OSC's Electronic Filing Portal (if not previously filed with or delivered to the OSC).

Compensation information

17. How does an issuer report compensation paid to two dealers in connection with the distribution?

Item 8 of the report must be completed separately for each dealer to whom the issuer provides compensation in connection with the distribution. In completing Schedule 1, where the person compensated is an individual, the filer should report the individual by the 'family name'; 'first given name' and 'secondary given names' (*i.e.*, Smith; John Allen). A semi-colon should be used to separate the 'family name' from the 'first given name'. Where the person compensated is an entity, the full legal name of the entity should be reported.

In section f(3) of Schedule 1, the filer must indicate which of the two dealers received compensation in connection with the distribution to each purchaser by indicating the firm NRD number of the dealer, or the dealer's full legal name if not a registered firm. The firm NRD number or name must be consistent with the information provided in Item 8. If neither of the two dealers received compensation in connection with the distribution to a particular purchaser, then section f(3) of Schedule 1 should be left blank for that purchaser.

As noted in the instructions to Item 8(d), the report does not require disclosure of details about internal allocation arrangements with the directors, officers or employees of entities compensated by the issuer. This information is also not required in Schedule 1.

17.1 How do I find out whether a person compensated has an NRD number?

A filer may refer to the CSA's National Registration Search tool to check whether an entity to which the issuer is paying compensation in connection with a distribution has a Firm NRD number.

Registered firms and firms relying on the "international dealer exemption" or the "international adviser exemption" (as set out in section 8.18 and in section 8.26, respectively, of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*) have been assigned a Firm NRD number.

18. The issuer entered into a referral arrangement pursuant to which it pays an ongoing annual referral fee in cash to a third party for so long as the purchaser holds the securities

distributed. Is the issuer required to disclose the ongoing referral fee in the report? Is the issuer required to do so each year for so long as it pays the referral fee?

If the referral fee is paid in cash in connection with a distribution, the filer must report the referral fee in Item 8(d) of the report, by checking the box that indicates a person is receiving deferred compensation in connection with the distribution and describing the terms of the referral arrangement in the box provided.

The filer is not required to report the referral fee every year. If no distributions were made in a particular year that give rise to referral fees being paid, then the referral fee is not required to be reported that year.

18.1 How should an issuer report deferred compensation shares?

Where an issuer agrees to distribute deferred shares to a person as compensation, the filer should not include the deferred compensation in the "Total Compensation Paid" section of item 8(d). However, the filer should check the box at the end of item 8(d) indicating a person will or may receive deferred compensation in connection with the distribution, and should describe the terms of deferred compensation in the box provided.

For example, if an issuer issues securities and agrees to pay a person the following compensation:

- 100 shares on the distribution date, and
- 300 shares to be issued over the course of 3 months following the distribution date, with 100 shares issued each month.

The filer should report the 100 shares issued on the distribution date by completing the "Value of all securities distributed as compensation" and "Security codes" boxes in item 8(d) of the report. The filer should also check the box at the bottom of item 8(d) indicating that a person is receiving deferred compensation and should describe that a total of 300 shares will or may be issued over the course of the 3 months following the distribution, with 100 shares issued each month.

Each time that the issuer distributes 100 deferred bonus shares to the person following the distribution (that is, 100 shares per month), the issuer must ensure that it has a prospectus exemption for that distribution and consider whether relying on that exemption triggers the requirement to file a new report.

19. What do the terms "funding portal" and "internet-based portal" refer to in Item 8(a) of the report?

These terms generally refer to an intermediary that provides an online platform for issuers to offer and sell securities to investors. These include funding portals as defined under Multilateral Instrument 45-108 *Crowdfunding*.

Purchaser information

20. The issuer sold shares to a purchaser that instructed that the shares be registered in the name of its investment adviser. What name is the filer required to disclose in Schedule 1 of the report?

All references to a purchaser in the report are to the beneficial owner of the securities (with the exception of fully managed accounts described below). In this example, the filer should provide the name of the beneficial owner as the purchaser in Schedule 1. The investment adviser in this

example is the registered, not the beneficial, owner.

Similarly, if a trust or personal holding corporation purchases securities from an issuer, the trust or corporation is the beneficial owner. The names of the trust beneficiaries or shareholders of the holding corporation are not required.

Beneficial owner information is not required in Schedule 1 where a trust company, trust corporation, or registered adviser is deemed to be purchasing the securities as principal on behalf of a fully managed account and the issuer is relying on the exemption described in paragraph (p) or (q) of the definition of "accredited investor" in section 1.1 of NI 45-106 to issue the securities. In that case, only the name of the trust company, trust corporation or registered adviser should be provided in Schedule 1.

21. The filer does not have a purchaser's email address. What is the filer required to disclose in section c(7) of Schedule 1 of the report?

If the purchaser has not provided an email address to the filer, or the purchaser does not have an email address, the filer may leave section c(7) of Schedule 1 blank for that purchaser.

21.1 Certain purchasers may qualify as an accredited investor under more than one paragraph of the definition of "accredited investor". It may not always be clear to the filer which paragraph the purchaser qualifies under for the purpose of a particular distribution. For example, trust companies, trust corporations, registered advisers and registered dealers may be purchasing securities as principal for their own account, and/or may be deemed to be purchasing securities as principal on behalf of a fully managed account. In these circumstances, which paragraph of the definition of "accredited investor" should the filer select when completing Schedule 1?

If a purchaser is a trust company or a trust corporation, the filer can select paragraphs "(a) and/or (p)" of the definition of "accredited investor" for that purchaser when completing Schedule 1 if the trust company or trust corporation is:

- purchasing as principal for its own account and qualifies as an accredited investor under paragraph (a) of that definition, and/or
- deemed to be purchasing as principal on behalf of a fully managed account and qualifies as an accredited investor under paragraph (p) of that definition.

If a purchaser is a registered adviser or registered dealer, the filer can select paragraphs "(d) and/or (q)" for that purchaser when completing Schedule 1 if the registered adviser or registered dealer is:

- purchasing as principal for its own account and qualifies as an accredited investor under paragraph (d) of that definition, and/or
- deemed to be purchasing as principal on behalf of a fully managed account and qualifies as an accredited investor under paragraph (q) of that definition.

The Schedule 1 Excel template includes these options for filers to select.

21.2 What steps are sellers expected to take to verify a purchaser's status?

The seller of securities is responsible for determining whether the terms and conditions of the prospectus exemption are met. Sellers are reminded of the guidance set out in section 1.9 of 45-

106CP regarding their responsibility for compliance and verifying purchaser status. In particular, paragraph 1.9(4) of 45-106CP describes procedures that a seller could implement in order to reasonably confirm that the purchaser meets the conditions for a particular exemption. Some examples of these steps include:

- establishing policies and procedures to confirm that all parties acting on behalf of the seller understand the conditions that must be satisfied to rely on the exemption, and
- obtaining information that confirms the purchaser meets the criteria in the exemption.

Whether the types of steps are reasonable will depend on the particular facts and circumstances of the purchaser, the offering and the exemption being relied on. For certain purchasers, such as Canadian financial institutions, Schedule III banks and pension funds, it may not be necessary for the seller to reconfirm the purchaser's status for each distribution to that purchaser.

Certification

22. Who must certify the report?

The certification in item 10 of the report must be provided by a director or officer of the issuer or underwriter filing the report, or by an agent that has been authorized by an officer or director of the issuer or underwriter to prepare and certify the report on behalf of the issuer or underwriter. Refer to item 10 in Annex 1 for guidance on how to date and certify the report.

In signing the certification, the director, officer or agent certifying the report is doing so on behalf of the issuer or underwriter.

Securities legislation of a jurisdiction in which the report is filed may impose liability on any person that makes a statement in the report that, in a material respect and at the time and in light of the circumstances under which it is made, is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading. Securities legislation may also impose liability on any director or officer of an issuer or underwriter who authorizes, permits or acquiesces in the filing of such a report, including the individual signing the report for and on behalf of the filer. Such legislation may also provide a defence to liability based on the person or company's knowledge after exercising reasonable diligence. The potential personal liability of directors and officers of the filer is determined by applicable securities legislation and case law.

ANNEX 4
Transition to the 2016 Report

This Annex provides further guidance on whether the Prior Report or the 2016 Report should be filed.

Issuers other than investment funds filing annually

All issuers and underwriters, other than investment fund issuers filing reports annually, must use the 2016 Report for distributions that occur on or after June 30, 2016. If an issuer completes a distribution before June 30, 2016, and the deadline to file the report occurs after June 30, 2016, the filer must file the Prior Report. If an issuer completes multiple distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the filer may file either the Prior Report or the 2016 Report to report such distributions.

Please see the examples in Table 1 below for further clarity on the report that should be filed.

TABLE 1: FILING THE 2016 REPORT

	Distribution period covered by report	**Filing deadline**[11]	**Report required**
Issuer 1	June 20, 2016 to June 29, 2016	June 30, 2016	Prior Report
Issuer 2	June 21, 2016 to June 30, 2016	July 1, 2016	Prior Report or 2016 Report
Issuer 3	June 27, 2016	July 7, 2016	Prior Report
Issuer 4	June 28, 2016 to July 1, 2016	July 8, 2016	Prior Report or 2016 Report
Issuer 5	June 30, 2016 to July 8, 2016	July 10, 2016[12]	2016 Report
Issuer 6	July 4, 2016	July 14, 2016	2016 Report
Issuer 7	July 5, 2016 to July 14, 2016	July 15, 2016	2016 Report

[11] The report must be filed no later than 10 days after the first distribution in the report.
[12] If the filing deadline falls on a Saturday, Sunday or another day when the CSA member with which the report being filed is closed, the deadline is the next day on which the CSA member is open.

Investment fund issuers that file annually

Investment funds relying on certain prospectus exemptions may file reports of exempt distribution annually, within 30 days after the end of the calendar year. We have provided a transition period to allow investment fund issuers that file annually to file either the Prior Report or the 2016 Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the 2016 Report.

Please see the examples in Table 2 for further clarity on the report that should be filed.

TABLE 2: TRANSITION PERIOD FOR INVESTMENT FUND ISSUERS THAT REPORT ANNUALLY

	Financial year-end	2016		2017		2018	
		Filing deadline	**Report required**	**Filing deadline**	**Report required**	**Filing deadline**	**Report required**
Investment Fund Issuer 1	Dec 31	Jan 30, 2016	Prior Report - For distributions completed between Jan 1, 2015 and Dec 31, 2015	Jan 30, 2017	Prior Report or 2016 Report - For distributions completed between Jan 1, 2016 and Dec 31, 2016	Jan 30, 2018	2016 Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 2	Apr 30	May 30, 2016	Prior Report - For distributions completed between May 1, 2015 and Apr 30, 2016	Jan 30, 2017	Prior Report or 2016 Report - For distributions completed between May 1, 2016 and Dec 31, 2016	Jan 30, 2018	2016 Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 3	May 31	Jun 30, 2016	Prior Report - For distributions completed between Jun 1, 2015 and May 31, 2016	Jan 30, 2017	Prior Report or 2016 Report - For distributions completed between Jun 1, 2016 and Dec 31, 2016	Jan 30, 2018	2016 Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017

TABLE 2: TRANSITION PERIOD FOR INVESTMENT FUND ISSUERS THAT REPORT ANNUALLY							
	Financial year-end	**2016**		**2017**		**2018**	
		Filing deadline	**Report required**	**Filing deadline**	**Report required**	**Filing deadline**	**Report required**
Investment Fund Issuer 4	Jun 30	N/A	N/A	Jan 30, 2017	Prior Report or 2016 Report - For distributions completed between Jul, 1 2015 and Dec 31, 2016	Jan 30, 2018	2016 Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 5	Sept 30	N/A	N/A	Jan 30, 2017	Prior Report or 2016 Report - For distributions completed between Oct 1, 2015 and Dec 31, 2016	Jan 30, 2018	2016 Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017

ANNEX 5
Contact Information of Public Officials regarding Indirect Collection of Personal Information

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: 403-297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: 403-297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: 604-899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: 604-899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: 204-945-2561
Toll free in Manitoba: 1-800-655-5244
Facsimile: 204-945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: 506-658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: 506-658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: 709-729-4189
Facsimile: 709-729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: 867-767-9305
Facsimile: 867-873-0243

Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: 902-424-7768
Facsimile: 902-424-4625
Public official contact regarding indirect collection of information: Executive Director

Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: 867-975-6590
Facsimile: 867-975-6594
Public official contact regarding indirect collection of information: Superintendent of Securities

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: 416-593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: 416-593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: 902-368-4569
Facsimile: 902-368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, rue du Square-Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: 514-395-0337 or 1-877-525-0337
Facsimile: 514-873-6155 (For filing purposes only)
Facsimile: 514-864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers);
fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: 306-787-5842
Facsimile: 306-787-5899
Public official contact regarding indirect collection of information: Director

Office of the Superintendent of Securities
Government of Yukon
Department of Community Services
307 Black Street, 1st Floor
P.O. Box 2703, C-6
Whitehorse, Yukon Y1A 2C6
Telephone: 867-667-5466
Facsimile: 867-393-6251
Email: securities@gov.yk.ca
Public official contact regarding indirect collection of information: Superintendent of Securities

This page intentionally left blank

1.1.3 OSC Staff Notice 51-729 Corporate Finance Branch 2017-2018 Annual Report

OSC Staff Notice 51-729 *Corporate Finance Branch 2017-2018 Annual Report* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the OSC Staff Notice.

This page intentionally left blank

OSC Staff Notice 51-729

Corporate Finance Branch

2017-2018 Annual Report

October 4, 2018

OSC ONTARIO SECURITIES COMMISSION

Director's Message

As Director of the Corporate Finance Branch (the Branch or we), I am pleased to share our 2017-2018 Annual Report (the Report) outlining the operational and policy work of the Branch during the fiscal year ended March 31, 2018 (fiscal 2018).

This Report provides detail on how the Branch carried out its regulatory work in fiscal 2018 in a manner consistent with the Ontario Securities Commission's (the OSC) mandate to protect investors, to foster fair and efficient capital markets, and to contribute to the stability of the financial system and the reduction of systemic risk.

A key component of the Branch's work is issuer regulation and oversight of approximately 1,100 reporting issuers where the OSC is the principal regulator. The Ontario capital markets are constantly evolving as new sectors and products are being created and financed, novel approaches to obtaining financing are being tested, and social media platforms are increasingly being used by issuers to communicate with stakeholders.

Disclosure requirements are a cornerstone of investor protection and are essential for fair and efficient markets. This Report serves as a tool to support issuers and their advisors in meeting their disclosure obligations by discussing novel issues as well as areas where we have seen material deficiencies. We also highlight when the Branch will take remedial action, such as requiring refilings of disclosure documents, and referring matters to the Enforcement branch at the OSC to address deficient disclosure and other regulatory non-compliance concerns.

Every year we design and carry out targeted reviews of reporting issuers with the objective of upholding high standards of disclosure through our continuous disclosure (CD) review program. For example, recently we noted an increase in the potentially misleading use of non-GAAP financial measures. To improve disclosure in this area, the Canadian Securities Administrators (CSA) has recently published for comment Proposed National Instrument 52-112 *Non-GAAP and other Financial Measures Disclosure.*

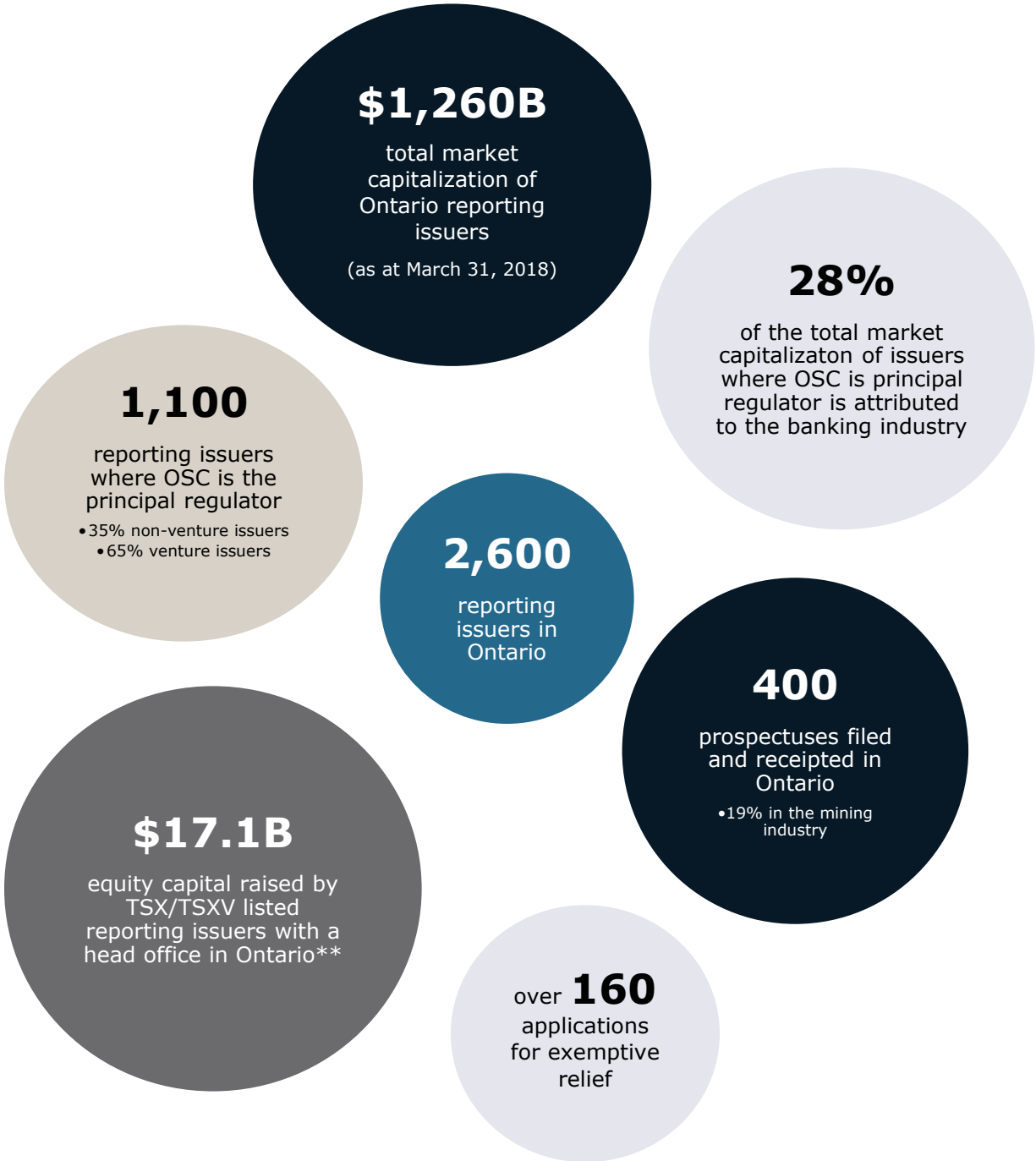
The Branch also continually considers new trends and potential areas of concern that may benefit from rule making, rule amendments or staff guidance. Among other key policy projects that are ongoing, the Report highlights a significant number of initiatives that will continue to be of focus in fiscal 2019 to reduce the regulatory burden on reporting issuers, including removing or modifying the criteria for reporting issuers to file a business acquisition report, facilitating at-the-market offerings, revisiting the primary business requirements, considering an alternative prospectus model, reducing certain CD requirements, and enhancing electronic document distribution for investors. We believe that initiatives such as these can reduce costs for issuers while maintaining essential investor protection measures.

Open communication and regular dialogue with issuers, their advisors, and those making investment decisions is an essential element of our policymaking and a critical component of our work. This Report is one aspect of our ongoing communication regarding compliance, trends, and market observations and we welcome your feedback or questions at any time.

Kind regards,

Huston Loke
Director, Corporate Finance
Ontario Securities Commission

Fiscal 2018 Snapshot*



** Note: all figures are approximate or rounded.*
*** Includes listed convertible debt.*

ONTARIO SECURITIES COMMISSION

Table of Contents

Part A: Introduction

Objectives

Branch Mandate

Objectives

This report provides an overview of the Branch's operational and policy work during fiscal 2018, discusses future policy initiatives, and sets out how we interpret and apply our rules in certain areas. The report is intended for individuals and entities we regulate, their advisors, as well as investors.

This report aims to:

- reinforce the importance of compliance with regulatory obligations
- improve disclosure in regulatory filings
- provide insights on trends
- provide guidance on novel issues
- inform on key policy initiatives

Branch Mandate

As a regulatory agency, the OSC administers and enforces the *Securities Act* (*Ontario*) (the Act) and the *Commodity Futures Act (Ontario)*. Specifically, the OSC works to:

Investor protection	• Provide protection to investors from unfair, improper or fraudulent practices.
Efficient capital markets	• Foster fair and efficient capital markets and confidence in capital markets.
Stability and reduction of systemic risk	• Contribute to the stability of the financial system and the reduction of systemic risk.

A key part of the mandate of the Branch is issuer regulation. Regulation in this area is broad and takes many forms, including the following

Issuer regulation	• review of public distributions of securities, • review of exempt market activities and related policy development, • continuous disclosure reviews of reporting issuers, • review and consideration of applications for relief from regulatory requirements, and • issue related policy initiatives.

Other areas covered by our mandate include

Insider reporting	• review of insider reporting,
Designated rating organizations (DROs)	• review of credit rating agencies designated as DROs,
Listed issuer regulation	• oversight of the listed issuer function for OSC recognized exchanges, and • policy initiatives for listed issuer requirements.

We regularly consult and partner with other branches across the OSC in executing our functions. For example, we partner with the Market Regulation branch for oversight of the listed issuer function and the Compliance and Registrant Regulation branch (CRR Branch) for oversight of the exempt market. We also regularly consult with the Enforcement branch regarding matters of non-compliance.

Part B: Compliance

- Continuous Disclosure Review Program
- Offerings - Public
- Offerings - Exempt Market
- Exemptive Relief Applications
- Insider Reporting
- Designated Rating Organizations

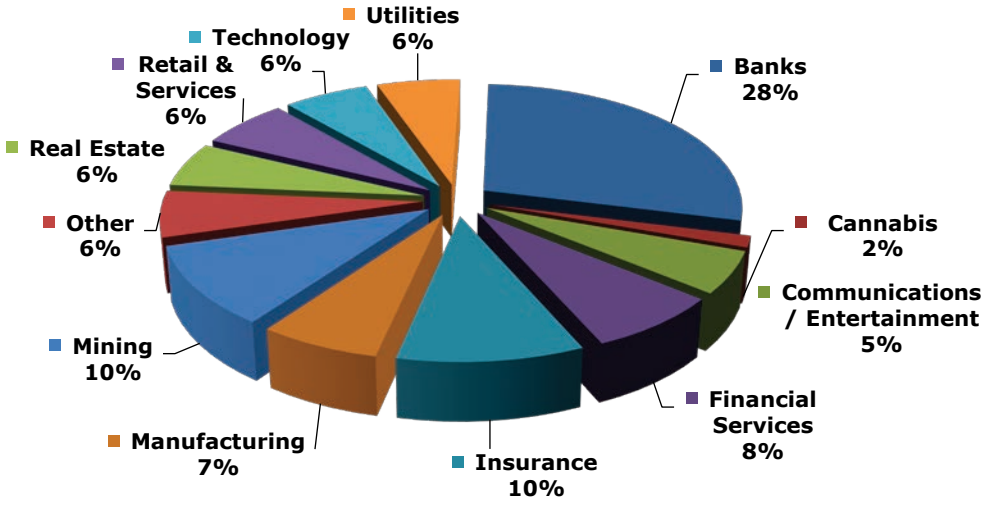
Continuous Disclosure Review Program

Under Canadian securities laws, reporting issuers must provide timely and periodic CD about their business and affairs. Where an issuer has a head office in Ontario, or has a significant connection to Ontario, the OSC has primary responsibility as principal regulator for reviewing that issuer's CD. Disclosure documents include periodic filings such as

- interim and annual financial statements,
- management's discussion and analysis (MD&A),
- certifications of annual and interim filings,
- management information circulars,
- annual information forms (AIF), and
- technical reports.

The market capitalization of Ontario reporting issuers was approximately $1,260 billion as at March 31, 2018 ($1,239 billion as at March 31, 2017). The three largest industries by market capitalization were banks, mining, and insurance.

Market capitalization of reporting issuers, broken down by industry as at March 31, 2018



Overview of the program

Our CD review program is risk-based and outcome focused. It includes planned reviews based on risk criteria as well as ongoing issuer monitoring through news releases, media articles, complaints and other sources. The CD review program is conducted pursuant to the powers in section 20.1 of the Act and is part of a harmonized CD review program conducted by the CSA.

For more information see CSA Staff Notice (Revised) 51-312 *Harmonized Continuous Disclosure Review Program.*

Objectives

The CD review program has two main objectives

Compliance	to assess whether reporting issuers are complying with their disclosure obligations, and
Issuer education and outreach	to help reporting issuers better understand their disclosure obligations.

We assess issuer compliance with CD requirements through a review of an issuer's filed documents, websites and social media. This review function is critical to facilitating fair and efficient markets, investor protection, and informed investment decision making and trading. CD reviews also support the raising of new capital, as many issuers raise funds through short form prospectuses which incorporate CD documents by reference.

Types of CD reviews

In general, we conduct either a "full" review or an "issue-oriented" review (IOR) of an issuer's CD.

Full review	Broad in scope and generally covering an issuer's most recent annual and interim financial statements and MD&A, AIF, annual reports, information circulars, news releases, material change reports, website, social media disclosure, investors' presentation, and SEDI filings.
IOR	An in-depth review focusing on a specific accounting, legal or regulatory issue that we believe warrants regulatory scrutiny.

In planning our full reviews, we draw on our knowledge of issuers and their industries and use risk-based criteria to identify issuers with a higher risk of non-compliant disclosure. We may also select an issuer for review based on a complaint. The criteria are designed to identify issuers whose disclosure is likely to be materially improved or brought into compliance with securities laws or accounting standards as a result of our intervention. Our risk-based procedures incorporate both qualitative and quantitative criteria which we review regularly to keep current with market changes. We also monitor novel and high growth areas of financing activity when developing our review program.

IORs can be focused on a specific issue related to an individual issuer or on an emerging area of risk related to a broad number of issuers (in some cases, industry specific). Conducting IORs broadly allows us to

- monitor compliance with requirements and provide a basis for communicating interpretations, staff disclosure expectations and areas of concern,
- quickly address specific areas where there is heightened risk of investor harm,
- identify common deficiencies,
- provide industry specific disclosure examples to assist preparers in complying with requirements, and
- assess compliance with new accounting standards.

Outcomes for fiscal 2018

For each issuer, we measure outcomes of a CD review by tracking the following

- prospective disclosure enhancements,
- refilings,
- education and awareness, and
- other outcomes, such as enforcement referrals.

We had at least one outcome in 97% of our full CD reviews and in 67% of our IORs (fiscal 2017: 95% and 90%, respectively. Given our risk-based criteria to identify issuers, the outcomes on a year-over-year basis should not be interpreted as trends since the issues and issuers reviewed each year are generally different).

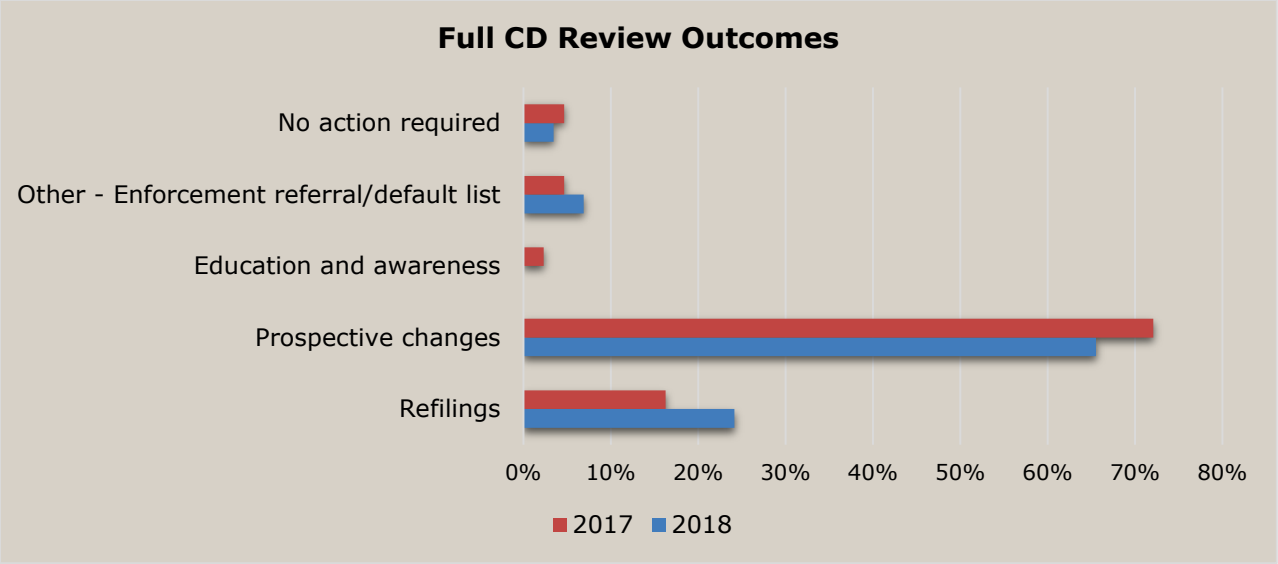
Prospective disclosure enhancements address disclosures that were either not presented or not sufficiently detailed to allow for an informed investment decision but did not reach a level of materiality where a refiling would be necessary.

Refilings

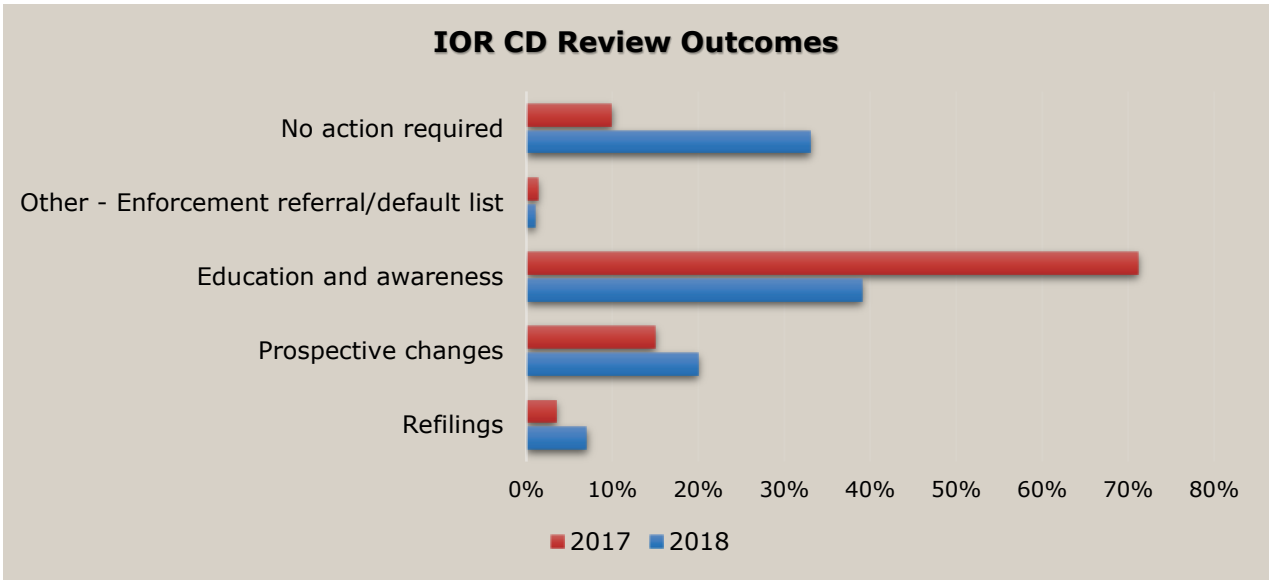
Examples of instances where staff have requested refilings include

- refiling of an MD&A to remove misleading non-GAAP financial measures and to give greater prominence to GAAP measures,
- filing of a clarifying news release when an issuer failed to update the market on material business developments,
- filing of a clarifying news release when an issuer failed to include sufficient disclosure on material assumptions, milestones and risk factors pertaining to forward-looking information (FLI) or failing to update the market on FLI, and
- refiling of a technical report where the report filed was not in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101).

24% of outcomes for full reviews and **7%** of IORs resulted in an issuer refiling a document



Significant fluctuations in outcomes from year to year are anticipated due to the differing nature of IORs conducted in a given fiscal year. For example, in fiscal 2018 we reviewed (i) the climate change-related disclosure of issuers and (ii) the distribution disclosures and non-GAAP financial measures in the real estate industry, while in fiscal 2017 we reviewed (i) social media disclosures by reporting issuers and (ii) disclosure of cyber security risks and incidents of all Ontario-based S&P/TSX Composite Index issuers. Specifically, the climate change-related disclosure reviews and the cyber security reviews were "research oriented" for which few letters were sent out; however, these reviews resulted in the publication of a staff notice and the outcomes were categorized as "education and awareness". These reviews raise market awareness through the publication of staff notices discussing review findings, staff disclosure expectations and providing examples of better industry specific disclosure.



Generally, MD&A and mining technical reports (and related news releases) continue to be the documents we most often request issuers to refile or file (in instances when documents were not filed in the first place). We encourage issuers to continue to review and improve their disclosure, including in those areas noted below which we frequently comment on as part of our reviews.

Trends and guidance

Management's Discussion and Analysis (MD&A)

MD&A is the cornerstone of a reporting issuer's overall financial disclosure that provides an analytical and balanced discussion of the issuer's results of operations and financial condition through the eyes of management. MD&A disclosure must be specific, useful and understandable.

The following table presents a summary of certain key issues, observations and best practices identified in our reviews.

Issue	Observations	Best practices
Liquidity and capital resources	Issuers disclose that "management believes the issuer has adequate working capital to fund operations" or "has adequate cash resources to finance future foreseeable capacity expansions".	Provide insight beyond the numbers by • discussing material cash requirements, • explaining how liquidity obligations have been settled or will be settled, and • quantifying working capital needs and how these needs relate to future business plans or milestones. Be specific about the period(s) to which the discussion applies and when additional financing is relied upon.
Discussion of operations	The variances in financial statement line items are stated without additional discussion.	The discussion should • include a detailed, analytical and quantified discussion of the various factors that affect revenues and expenses beyond the percentage change or amount, • provide insight into the issuer's past and future performance, and • be clear and transparent to be informative. Be specific and disclose information that readers need to make informed investment decisions.

Issue	Observations	Best practices
Risks and uncertainties	Itemized lists of risks are provided that are general in nature.	Be specific about • the material risks and uncertainties applicable to the issuer, and • the anticipated significance and impact those risks may have on the issuer's financial position, operations and cash flows. Explain how the issuer is mitigating the risk and update risk disclosures when circumstances change.
Changes in accounting policies including initial adoption	There is no discussion or analysis of the impact resulting from a change in accounting standards.	Include disclosure of • methods of adoption that the issuer expects to use, • the expected effect on the issuer's financial statements, and • the potential effect on the issuer's business including changes in business practices. Provide increasingly detailed qualitative and quantitative information about the expected impact of the new standards as the effective dates approach.
Summary of quarterly results	Changes in accounting policies are not explained when presenting quarterly results.	If the financial data presented for the eight most recently completed quarters has not been prepared in accordance with the same accounting principles (for example as a result of the adoption of a new accounting standard such as IFRS 15 *Revenue from Contracts with Customers*), disclose this and include the impact of the adoption of the new standard.

Reminder: Issuers must include a comparison in tabular form of disclosure an issuer has previously made about how the company was going to use proceeds (other than working capital) from any financing and include an explanation of variances and the impact of the variances, if any, on the issuer's ability to achieve its business objectives and milestones.

Mining disclosures

Disclosure of mineral resource estimates should provide adequate information on how the qualified person determined that a mineralized body has "reasonable prospects for eventual economic extraction", and therefore meets the 2014 Canadian Institute of Mining, Metallurgy and Petroleum definition of a "mineral resource".

Information provided should include

- the technical and economic factors used to determine the cut-off grade and geological continuity at the selected cut-off,
- metallurgical recovery,
- smelter payments,
- commodity price or product value,
- mining and processing method, and
- mining, processing, and general and administrative costs.

Issuers that disclose economic projections on a mineral project should be aware that forecasts of cash flows, operating costs, capital costs, production rates, or mine life are all considered to be the results of a preliminary economic assessment (PEA). Such disclosure triggers the requirement to file a technical report supporting this information.

Reminder: Issuers that disclose a PEA on an advanced property containing mineral reserves should follow the guidance outlined in CSA Staff Notice 43-307 *Mining Technical Reports – Preliminary Economic Assessments*.

We continue to see non-compliant disclosure of PEAs in technical reports which incorporate the economic analyses, production schedules, and cash flow models based on inferred mineral resources with economic studies based on mineral reserves. Issuers that make such non-compliant disclosure may be required to amend and refile their technical report.

In addition, issuers with mineral reserves on undeveloped mineral projects should regularly determine whether that mineral reserve is still economic, typically by applying a discounted cash flow analysis with updated assumptions.

Non-GAAP financial measures

Non-GAAP financial measures continue to be included by many issuers in news releases, MD&A, prospectus filings, marketing materials, investor presentations and on issuers' websites, as issuers believe this information provides additional insight into their overall performance.

As in past years, we continue to be concerned by the prominence of disclosure given to non-GAAP financial measures, the lack of transparency about the various adjustments made in arriving at non-GAAP financial measures, and the appropriateness of the adjustments themselves (e.g. excluding loan loss provisions from the calculation of net income and earnings per share (EPS) measures,

defining an adjustment such as acquisition costs as "one-time" when these are recurring every year). While the presentation of non-GAAP financial measures may be useful, we are concerned that the issues noted in our reviews have the potential to render such measures to be irrelevant, confusing or misleading.

Issuers should consider the guidance in CSA Staff Notice 52-306 (Revised) *Non-GAAP Financial Measures* (SN 52-306).

Summary of staff expectations regarding non-GAAP financial measures

1. state explicitly that the non-GAAP financial measure does not have any standardized meaning
2. name the non-GAAP financial measure in a way that distinguishes it from disclosure items specified, defined or determined under an issuer's GAAP and in a way that is not misleading
3. explain why the non-GAAP financial measure provides useful information to investors and the additional purposes, if any, for which management uses the non-GAAP financial measure
4. present with equal or greater prominence to that of the non-GAAP financial measure, the most directly comparable measure specified, defined or determined under the issuer's GAAP
5. provide a clear quantitative reconciliation from the non-GAAP financial measure to the most directly comparable measure specified, defined or determined under the issuer's GAAP
6. ensure that the non-GAAP financial measure does not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years
7. present the non-GAAP financial measure on a consistent basis from period to period

As the volume and nature of non-GAAP financial measures vary by industry and issuer, we note below a few examples and reminders of staff's expectations on an industry basis.

Examples: production costs, free cash flow

- *disclosure applies to results of economic analyses, production results and production guidance*
- *apply that measure consistently from period to period*
- *provide a clear explanation of how the measure is calculated*
- *investor presentations should be consistent with CD documents*

Mining

Example: AFFO

- *be transparent and disclose adjustments made in arriving at non-GAAP financial measures*
- *clarify how management uses each measure*
- *clearly identify the most directly comparable GAAP measure*
- *present GAAP information with greater or more prominence than non-GAAP financial information*

Real Estate

Examples: EBITDA, adjusted EBITDA

- *Do not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years*
- *When presenting EBITDA, it is misleading to exclude amounts for items other than interest, taxes, depreciation and amortization*

Technology

We caution issuers that the OSC may take regulatory action if an issuer discloses information in a manner that is considered misleading or otherwise contrary to the public interest. While we have reminded issuers of staff disclosure expectations in prior Corporate Finance Branch Annual Reports and as outlined in SN 52-306, we continue to see potentially misleading disclosures which have resulted in issuers having to file clarifying news releases and/or refile CD documents.

Regulatory Developments

To improve the disclosure surrounding non-GAAP financial measures and certain other financial measures, the CSA is intending to replace SN 52-306 with a Proposed National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* and a related proposed Companion Policy (Proposed Instrument).

The Proposed Instrument, published on September 6, 2018 for a 90-day comment period sets out disclosure requirements for non-GAAP financial measures and other financial measures (i.e., segment measures, capital management measures, and supplementary financial measures as defined in the Proposed Instrument). Comments should be submitted in writing by December 5, 2018.

Forward looking information (FLI)

Many issuers disclose FLI in news releases, MD&A, prospectus filings, marketing materials, investor presentations or on their website. FLI should provide valuable insight about the issuer's business and how the issuer intends to attain its corporate objectives and targets.

FLI Best Practices

- ✓ Clearly identify FLI so that readers are not confused and treat it as historical information.
- ✓ Adequately describe the key assumptions used and how primary risks may impact future performance.
- ✓ Disclose assumptions specific to the issuer.
- ✓ Issuers presenting FLI for multiple years should ensure FLI is supported by reasonable qualitative and quantitative assumptions that are disclosed. For example, an issuer projecting aggressive growth targets without the benefit of historical experience should be able to show:
  - a reasonable basis for those targets, including the key drivers behind the projected growth with reference to specific plans and objectives that support the projected growth, and
  - why management believes that each of the targets/FLI are reasonable.
- ✓ Include a discussion of the events and circumstances that occurred during the period and the **IMPACT** on the original target.
- ✓ A comparison of the actual results to the FOFI or financial outlook originally disclosed in previous documents allows investors the opportunity to assess the reasonableness of previous disclosure and adjust their expectations.

Presentation Tips

- ✓ Consider having a separate section dedicated to FLI.
- ✓ Present FLI though the use of tables and charts.
  - A table that sets out objectives, key specific assumptions and risks will clarify the relationship between the underlying key components and the FLI.
  - A discussion (including qualitative and quantitative explanation of the material differences) comparing actual results to previously disclosed financial outlook is very effectively communicated in disclosure by using a table format.

Reminder: When **cannabis issuers** make announcements about anticipated production capacity in a new facility under construction, such announcements should be supported by reasonable qualitative and quantitative assumptions not limited to, for example, a discussion of the size of the new facility and the historical output at the entity's other facilities of comparable size. Assumptions for financial projections should be specific and comprehensive, particularly with respect to quantitative details, such that an investor is able to clearly understand how each assumption used to develop the FLI contributes to the projections.

Investment entities

We continue to see new issuers that have determined they meet the criteria to be an "investment entity" under IFRS 10 *Consolidated Financial Statements* (IFRS 10) and measure substantially all of their investments at fair value through profit and loss, including their investments in subsidiaries. While disclosures have improved since the publication of staff guidance on disclosure expectations, we have observed additional instances where investee specific financial information and operational disclosure that was necessary to inform an investment decision was not provided.

For example, where a significant concentration exists in the issuer's investment portfolio, we expect issuers to provide sufficient disclosure about the investment to enable investors to evaluate the performance, operations and risks of the investee and the industry it operates in. This disclosure about an investee is particularly important when the investee is private and disclosure is not otherwise available to investors. At a minimum, we may request issuers to provide summary financial information about the investee company in the MD&A with a discussion of those results.

In addition, the investment portfolio should be presented with sufficient disaggregation and transparency to allow an investor to understand the key characteristics of the portfolio composition including the associated risks and the drivers of any change in fair value.

Given the nature of an investment entity's business and the importance of understanding the investment portfolio, we believe this objective is best met by disclosing a statement of investment portfolio. We note that these issues may also be raised at the time of filing the issuer's prospectus. As such, we encourage issuers to submit a pre-file and consult with staff in these circumstances.

For more information and guidance on disclosure considerations for investment entities and other entities that record investments at fair value see CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements*.

Crypto-asset sector disclosure

In fiscal 2018, there was significant growth in the blockchain and crypto-asset sector and several issuers announced plans to change or expand their business to include blockchain technology and/or crypto-assets.

National Policy 51-201 *Disclosure Standards* (NP 51-201) contains guidance on the importance of providing balanced disclosure to investors in disclosure documents, including news releases. The policy also notes that an issuer's news release should contain enough detail to enable investors to understand the substance and importance of the change it is disclosing.

Given that many issuers entering the crypto-asset sector in fiscal 2018 originated as issuers operating in unrelated industries and are in the early stages of development, staff are concerned that investors are not being provided with sufficient information to understand the business changes being proposed by these issuers.

When an issuer materially changes the focus of its business, it should ensure it communicates key information about its intended plans. Issuers should consider the level of disclosure to be included in a news release or material change report, which should include among other things, information about the time and resources required for the change in business as well as the barriers and obligations involved in realizing the change.

Reminder: Disclosure may be misleading where the information is not sufficient to provide a complete picture or is inconsistent with information already disclosed on SEDAR. We continue to monitor disclosure in this area closely and will request re-filings where disclosure appears to be unbalanced or misleading.

Refilings of corrections and errors

Any changes made by an issuer to its CD record, website or social media to comply with CD requirements should be communicated to the market in a transparent manner. On March 8, 2018, we published OSC Staff Notice 51-711 (Revised) *Refilings and Corrections of Errors*, to clarify and expand on our expectations when, during the course of a staff review, an issuer amends its CD record. This includes disclosure made on the issuer's website or on social media.

Reminder: Issuers should consider whether restating previously issued financial statements to reflect the correction of a material misstatement indicates that a deficiency in internal control over financial reporting (ICFR) exists and may represent a material weakness as described in section 9.4 of the Companion Policy to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

For more information on recent outcomes from recent fiscal CD reviews across the CSA, see CSA Staff Notice 51-355 *Continuous Disclosure Review Program Activities for the fiscal years ended March 31, 2018 and March 31, 2017.*

Issue-oriented review staff notices published in fiscal 2018

During fiscal 2018, 91% of our reviews were issue-oriented (fiscal 2017: 86%). We published staff notices summarizing the findings from three IORs covering a broad range of issues. Below is a summary of some of the findings and guidance provided in these staff notices.

Distribution Disclosures and Non-GAAP Financial Measures in the Real Estate Industry

Real estate issuers need to be transparent about the various adjustments made in arriving at non-GAAP financial measures (such as AFFO) particularly maintenance capital expenditures and working capital. They should also provide appropriate disclosures when they are distributing more cash than they are generating from their operations, including the sources of cash used to fund the excess.

For more information see CSA Staff Notice 52-329 *Distribution Disclosures and Non-GAAP Financial Measures in the Real Estate Industry.*

Disclosure Regarding Women on Boards and in Executive Officer Positions

We note disclosure deficiencies where the disclosure is often vague or boilerplate in nature or is not provided at all. The disclosure requirements are intended to increase transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions, and the approach that specific TSX-listed issuers take in respect of such representation. This objective is most effectively achieved if the disclosure provides a clear description of the corporate governance practices that an issuer has adopted in relation to women on boards and in executive officer positions, or the reasons for not adopting such practices as the case may be.

For more information see CSA Multilateral Staff Notice 58-309 *Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices*.

Report on Climate-change Related Disclosure Project

Reporting issuers need to disclose in their AIF risk factors relating to their business that would be most likely to influence an investor's decision to purchase the issuers' securities. This includes disclosure of any climate change-related risks that are determined to be material to the reporting issuer. Further, reporting issuers need to discuss in their MD&A, an analysis of their operations for the most recently completed financial year, including commitments, events, risks or uncertainties that they reasonably believe will materially affect their future performance, including those related to climate-change, as applicable.

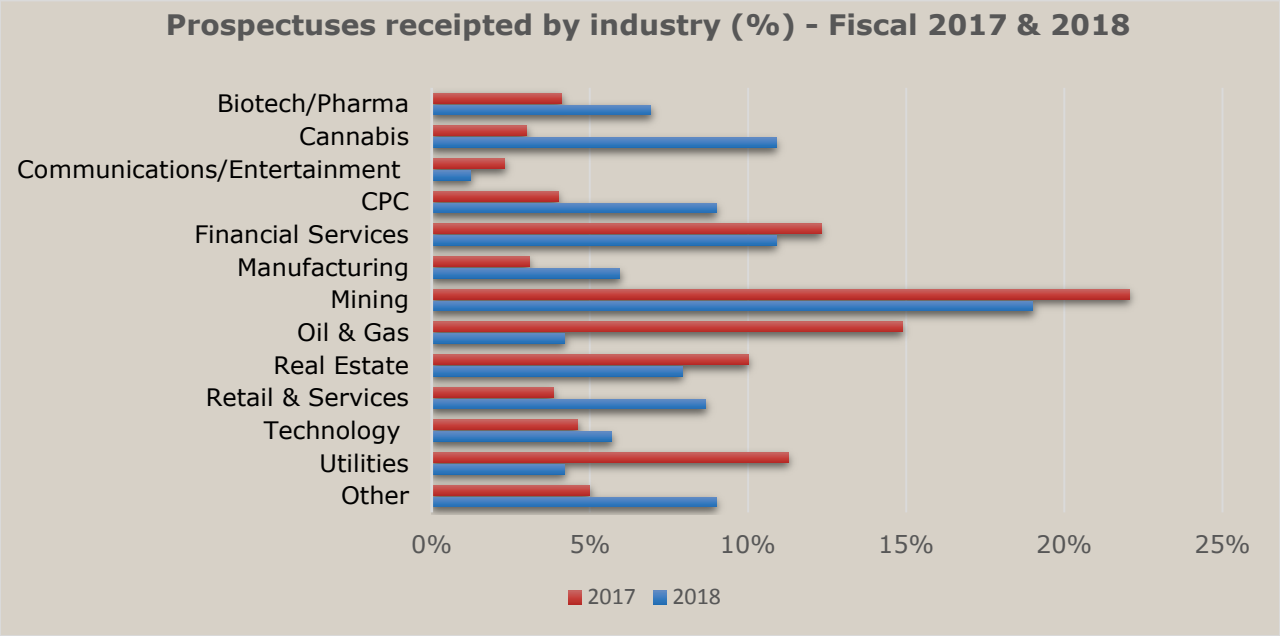
For more information see CSA Staff Notice 51-354 *Report on Climate change-related Disclosure Project.*

We continue to monitor the issues identified in the IORs noted above as well as issues identified in full reviews. This includes reviewing disclosure to confirm that issuers have provided prospective disclosure enhancements as requested by staff. Where an issuer fails to make an agreed prospective disclosure enhancement, staff will consider whether an alternative action such as a refiling is necessary.

Offerings - Public

Statistics

Another key component of our compliance work stream is the review of offering documents. In fiscal 2018, approximately 400 prospectuses that were filed in Ontario were receipted, similar to fiscal 2017. These filings covered a wide range of industries with mining, financial services and cannabis being the most active sectors based on the number of offerings.



Trends and guidance

In fiscal 2018, the number of prospectuses we reviewed where Ontario was the principal regulator was higher than the prior fiscal year. While the resource industries (mining, oil and gas) and the financial services industry performed strongly in the Canadian capital markets in fiscal 2018, another key factor for the increase in volume was the interest in the cannabis sector. Given the legalization of cannabis for recreational use in October 2018, we expect that the growth of the Canadian cannabis industry will continue.

Tip: The guidance in this section also applies to prospectus-level disclosure included in an information circular in connection with a proposed significant acquisition or a restructuring transaction as required by Item 14.2 of Form 51-102F5 *Information Circular* (Form 51-102F5).

Key takeaways from our work reviewing offering documents in fiscal 2018 are set out below. Many of the matters highlighted could benefit from pre-file discussions between issuers and staff to avoid delays at the time of the prospectus filing.

Reminder: The process to submit a pre-file to staff is outlined in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*. For any relief sought in connection with an offering where the relief will be evidenced by receipt, issuers should provide written submissions explaining why relief is required. See OSC Staff Notice 41-703 *Corporate Finance Prospectus Practice Directive #2 – Exemption from Certain Prospectus Requirements to be Evidenced by a Receipt*.

Primary business in an initial public offering (IPO)

The requirements for an issuer's primary business are one of the areas currently under consideration as part of the policy initiative *Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (see Part C for further details). Until this project is completed, the guidance issued for primary business in OSC Staff Notice 51-728 *Corporate Finance Branch 2016-2017 Annual Report* continues to apply.

Disclosure improvements

Disclosure outcomes, where we required material disclosure changes to a prospectus, remained our most consistent outcome. Highlighted below are areas where we frequently find deficiencies.

Description of the business and regulatory environment	Issues may arise in circumstances where an issuer • appears to have no business or the offering is a blind pool, • has a complex corporate structure, • has a significant change in business or operations, • is in the cannabis industry or cryptocurrency sector and lacks disclosure about its specific regulatory environment, or • has recently completed a significant acquisition or capital restructuring where a securities regulatory review has not been carried out.
Risk factors relating to the business and/or offering	Avoid boilerplate language and tailor the disclosure to the issuer's situation (e.g. assess political/regulatory risk, discuss factors that may affect the issuer's title to its assets). • Be specific about any new risks affecting the issuer's business. • Discuss any steps the issuer has taken to mitigate the risk. • Do not include risk factors that do not apply to the issuer just because another issuer in the same industry does.

MD&A disclosure in a long form prospectus	• Include relevant information and provide sufficient detail, especially regarding those items highlighted in this report under the heading "Compliance – Continuous Disclosure Review Program – Trends and Guidance". • MD&A included in a long form prospectus should be just as comprehensive as a stand-alone MD&A.
Use of proceeds	• Provide sufficient detail and be comprehensive. Generic phrases such as "for general corporate purposes" are insufficient disclosure. • Provide an itemized description of how the proceeds will be used. • If proceeds are being raised to take advantage of favourable market conditions, state so clearly in the prospectus. • Use a table format to explain and disclose variances between the intended and actual uses of proceeds from prior financings, if not already disclosed in the MD&A.

Sufficiency of proceeds and financial condition of an issuer

The Act sets out specific circumstances under which a receipt for a prospectus shall not be issued. One example is where the aggregate of the proceeds being raised under the prospectus together with the other resources of the issuer are insufficient to accomplish the purpose of the offering as stated in the issuer's prospectus. The same considerations apply for a non-offering prospectus.

As such, a critical part of every prospectus review is considering the issuer's financial condition and intended use of proceeds (or available funds for a non-offering prospectus). A prospectus must contain clear disclosure of how the issuer intends to use the proceeds raised in the offering as well as disclosure of the issuer's financial condition, including any liquidity concerns. Information we may request issuers to include in describing an issuer's financial condition are disclosure regarding negative cash flows from operating activities, working capital deficiencies, net losses and significant going concern risks. This disclosure is important to investors because it provides appropriate warnings about significant risks that the issuer is facing or may face in the short term and may help investors avoid or minimize negative consequences when making investment decisions.

In some instances, an issuer's representations about its ability to continue as a going concern and the period during which it expects to be able to continue operations may be inconsistent with the issuer's historical statements of cash flows (in particular, its cash flows from operating activities). In these cases, we may request that the issuer provide a cash flow forecast or financial outlook-type disclosure to support its expected period of liquidity (i.e., ability to continue operations). However, disclosure on its own may not be sufficient to satisfy our receipt refusal concerns in certain circumstances, particularly where the issuers' assumptions on future changes in operations are not objective and supportable.

Reminder: A principal purpose of the sufficiency of proceeds receipt refusal provision is to protect the integrity of the capital markets, which would be harmed if an issuer ceased operations on account of insufficient funds shortly after completing a public offering.

An issuer may need to change the structure of an offering to address concerns regarding the issuer's financial condition (e.g. minimum subscription, find additional sources of financing). This could also apply to a non-offering prospectus.

For issuers filing a base shelf prospectus, we may take the view that the structure of a base shelf prospectus is not appropriate given the issuer's financial condition and uncertainty of financing. Typically, receipt refusal concerns on financial condition arise if the issuer does not appear to have sufficient cash resources to continue operations for the next 12 months or to meet concrete developmental milestones expected to be completed in the next 12 months given the business plan and intention of the issuer. In these cases, to address our concern that incremental drawdowns may be insufficient to satisfy the issuer's short term liquidity requirements, we may request that the issuer

- withdraw the base shelf and file a short form prospectus with a minimum subscription amount,
- withdraw the base shelf and file a short form prospectus with a fully underwritten commitment, or
- arrange for additional committed sources of financing.

For more information and guidance, issuers, including those filing a base shelf or non-offering prospectus, should review CSA Staff Notice 41-307 *Corporate Finance Prospectus Guidance - Concerns regarding an issuer's financial condition and the sufficiency of proceeds from a prospectus offering*.

Audit committees in place in IPOs

Where an issuer files an IPO prospectus, it must have an audit committee in place that meets the composition requirements prescribed in National Instrument 52-110 *Audit Committees* (NI 52-110) no later than the date of the receipt for the final prospectus.

- *Non-venture issuers*: must have an audit committee in place that is composed of at least three members, all of whom are independent and financially literate as defined in NI 52-110 (subject to exemptions set out in NI 52-110).
- *Venture issuers*: must have an audit committee in place that is composed of at least three members, a majority of whom are not executive officers, employees or control persons of the issuer or of an affiliate of the issuer.

Material contracts

We encourage issuers to review all contracts entered into within the last financial year, or before the last financial year if the contract is still in effect, to determine whether the contract is a "material contract" that must be filed on SEDAR. While material contracts entered into in the ordinary course of business are generally exempt, we remind issuers that any material contract on which the issuer's business is substantially dependent must be filed (for issuers operating in the Canadian medical cannabis industry, see below).

Reverse takeover transactions (RTO)

Issuers conducting their first public offering following an RTO should be mindful of the requirements in Item 10A.1 of Form 44-101F1 *Short Form Prospectus*. If the RTO was completed after the end of the financial year in respect of which the issuer's current AIF is incorporated by reference into the short form prospectus, the prospectus is required to include the same disclosure about the RTO acquirer that would be contained in Form 41-101F1 *Information Required in a Prospectus* if the RTO acquirer were the issuer of the securities being distributed.

Issuers should consider whether their current CD and documents incorporated by reference into the prospectus satisfy the disclosure requirements in National Instrument 41-101 *General Prospectus Requirements* in respect of the RTO acquirer, including financial statements for the required period. Some of the most common deficiencies we note include

- predecessor entity financial statements or primary business financial statements are omitted,
- missing MD&A for the relevant periods (annual and interim periods) for the RTO acquirer,
- missing comparative years auditor's report incorporated by reference (if a change of auditors has occurred), and
- auditors are not named as experts.

Cannabis industry

We note that issuers in the cannabis industry may operate in several different jurisdictions and the regulatory uncertainty, differences in legal and regulatory frameworks across jurisdictions, and other novel considerations should be disclosed to investors. We have included specific guidance by jurisdiction for issuers operating in the cannabis industry as noted below.

Jurisdiction	Guidance
Canada	We expect that the growth of the Canadian cannabis industry will continue given the legalization of cannabis for recreational use in October 2018. Canadian licensed medical cannabis producers have conducted significant public equity financings over the last few years and are investing heavily in production capacity expansion projects. If issuers publicly state that they are funding construction projects to expand their current production growth facilities (in anticipation of the legalized recreational cannabis market in Canada), such disclosure should be qualified, as appropriate, by specific risk factor disclosure. As issuers in the Canadian medical cannabis industry operate in a complex legal and regulatory framework, these issuers should file on SEDAR as material contracts their Health Canada licenses, and leases for facilities associated with those licenses, on which their business is substantially dependent.
United States of America (U.S.)	Issuers that have, or are in the process of developing, cannabis-related activities in the U.S. should also review the specific disclosure expectations set out in CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities.* Issuers with cannabis-related activities in the U.S. assume certain risks due to conflicting state and federal laws. While some U.S. states have authorized the use and sale of cannabis, it remains illegal under U.S. federal law. The federal law relating to cannabis could be enforced at any time, and this would put issuers with U.S. cannabis-related activities at risk of being prosecuted and having their assets seized. We expect issuers with cannabis-related activities in the U.S. to address the current legal and regulatory environment in their disclosures, including any related risks that result from government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. Staff's specific disclosure expectations apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. Staff expect these disclosures to be clearly and prominently disclosed in prospectus filings and other required documents such as an issuer's AIF, marketing materials, and MD&A. In the context of a prospectus, such disclosure should include bold boxed cover page disclosure about the illegal nature of cannabis under U.S. federal law and the potential associated risks. We also expect issuers with U.S. cannabis-related activities who enter our capital markets through an RTO or spinoff transaction to include these disclosures in their listing statement, or other documents, as applicable.

Jurisdiction	Guidance
Other Foreign Jurisdictions	The growing trend towards legalization of cannabis laws has created opportunities for Canadian reporting issuers to engage, directly or indirectly (through investments or otherwise), in foreign cannabis operations that operate legally within the confines of a foreign regulatory framework. We encourage issuers and their advisors to consult with staff on a pre-file basis in these circumstances to discuss the appropriate level of disclosure and potential risks and other novel considerations that may arise. Issuers involved in cannabis activities in foreign jurisdictions should specifically describe the regulatory and legal framework of cannabis in these foreign jurisdictions including details about the nature of their involvement in such foreign jurisdictions. Licenses, leases for facilities associated with those licenses and agreements on which the issuer's business is substantially dependent on in the foreign jurisdiction should be filed as material contracts on SEDAR.

For more information:
CSA Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities*

CSA Staff Notice 51-342 *Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities*

Prospectus filings - timing

Reminder: A preliminary prospectus, together with all accompanying materials in acceptable form, should be filed before 12:00 p.m. on the day that the receipt is required. If materials are filed after 12:00 p.m., the receipt will normally be issued before 12:00 p.m. on the next business day and dated as of that day.

If issuers anticipate filing a preliminary prospectus within a reasonable period of time after 12:00 p.m. (or 3:00 p.m. for a bought deal prospectus) and need a receipt issued that day, they should advise the prospectus review officer by email at prospectusreviewofficer@osc.gov.on.ca and explain the reason for not filing before the applicable deadline. We will attempt to accommodate these requests, but there is no assurance that a receipt will be issued on the same day.

Where an issuer plans to conduct an overnight marketed deal, the issuer should (a) advise the prospectus review officer by email no later than the morning of the day on which the receipt is required (but prior to filing the materials), and (b) file all materials in acceptable form before 12:00 p.m. that day. In such cases, we will make reasonable efforts to issue a receipt for the preliminary prospectus at or just after 4:00 p.m. on the day of the filing.

Each year, we receive requests to issue a receipt for a preliminary prospectus at a specific time of the day. In rare circumstances, staff may consider this request where the issuer can demonstrate that there would be a material adverse consequence to an issuer if a preliminary receipt is not issued at the specific time. The issuer should make such a request along with reasons in its cover letter accompanying the filing of the preliminary prospectus. The issuer should acknowledge that it bears the risk of the receipt being issued at a time other than the requested time. Issuers should note that we cannot guarantee that the request will be satisfied and there is a practical risk that the receipt will be issued at a time other than the requested time.

Offerings – Exempt Market

Recent changes to increase access to the exempt market have expanded investment opportunities for all investors, including retail investors. The OSC recognizes the need to be vigilant in its oversight of these markets as they evolve under the new regulatory framework. Our program for overseeing distributions in the exempt market, including those under the new prospectus exemptions, has three main elements

- to assess whether issuers are complying with their disclosure obligations,
- to help issuers better understand their disclosure obligations, and
- to be able to analyze and report on the use of prospectus exemptions.

Our Branch and the CRR Branch have primary responsibility for oversight of compliance in the exempt market. Both branches are working to coordinate and conduct the compliance reviews of issuers and registrants.

Assessing Compliance

As part of the compliance and oversight program, the OSC oversees issuers and registrants that distribute securities under prospectus exemptions to confirm whether they are complying with their respective obligations.

We use a risk-based approach to select issuers for review. As part of our reviews, we look at offering materials that are distributed to investors. In reviewing the offering materials, we look to identify misuse of the exemptions and conduct that may be contrary to the public interest. Where warranted, we will take appropriate compliance and cross-branch referral action, including recommendations on enforcement action.

Oversight activities for fiscal 2018 focused primarily on increasing coordination and joint reviews with staff of the CRR Branch and a continued emphasis on the use of the offering memorandum exemption (OM Exemption) under section 2.9 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106), which came into force on January 13, 2016.

Enhancing Awareness

We issued comment letters to issuers in connection with reviews primarily for the following reasons

- repeated offerings to retail investors by issuers not using a registered dealer,
- failure to comply with the disclosure requirements of the OM Exemption, including financial statement requirements,
- failure to file marketing materials,

- insufficient disclosure regarding the business of the issuer, such as operating history and information regarding the issuer's mortgage portfolio (if applicable),
- use of the OM Exemption to distribute structured finance products, and
- out of date disclosure.

Frequent market activity without involvement of a registered dealer

We conducted a joint review with CRR staff of issuers that accessed the exempt market repeatedly without using a dealer. Our focus in these reviews was to ascertain whether these issuers were complying with the terms of the prospectus exemptions relied upon.

We found several issues with exemption compliance, including

- Reliance on the family, friends and business associates (FFBA) exemption where the purchaser lacked the requisite relationship with a principal of the issuer. In particular, we remind issuers, that a relationship between the purchaser and an officer of the related dealer is not sufficient to satisfy the requirements of the exemption.

- Reliance on the accredited investor exemption without taking reasonable steps to verify that the purchaser meets the definition of an accredited investor. Issuers are required to maintain adequate records to demonstrate compliance with securities law and in several cases it appears that inadequate steps were taken to verify the accredited investor status and inadequate documentation was maintained.

- Non-compliance with the investment limits under the OM Exemption:

    - Issuers are required to take reasonable steps to determine whether an investor is an eligible investor and to confirm compliance with the appropriate investment limit for purchases under the exemption.
    - A positive suitability assessment by a registrant is required for an eligible investor to exceed the $30,000 annual limit for purchases under the exemption. Issuers that are offering securities directly, without the involvement of a registered dealer, cannot sell securities to an eligible investment in excess of the $30,000 annual limit.

- Failure to provide or correctly complete the required risk acknowledgement forms under the accredited investor, OM and FFBA exemptions.

- Discrepancies between the reporting of trades under the report of exempt distribution and the issuer's records of the securities actually issued.

We remind issuers that offer their own securities to continually assess whether they are trading in, or advising on, securities for a business purpose and, therefore, subject to the dealer or adviser registration requirements. A discussion of the factors relevant to that determination is included in section 1.3 of the Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103CP).

Disclosure requirements

Issuers relying on the OM Exemption frequently have complex structures with funds being raised by one issuer that are loaned or otherwise invested in another entity that conducts the business activities intended to produce a return on investment. We note that where such a structure is used, it is the issuer's responsibility to ensure that the offering memorandum contains sufficient information to allow a potential purchaser to make an informed investment decision in relation to the securities being distributed.

Ongoing disclosure requirements

Issuers are required to make their audited annual financial statements reasonably available to each purchaser of securities distributed under the offering memorandum and to deliver the financial statements to the OSC.

These financial statements must be accompanied by a notice detailing the use of funds raised under the exemption in accordance with Form 45-106F16 *Notice of Use of Proceeds*. The audited financial statements must be prepared in accordance with International Financial Reporting Standards.

Reminder: When filing audited annual financial statements and notices of use of proceeds, issuers should do so on the OSC Electronic Filing Portal by selecting "Annual financial statements required to be delivered pursuant to s. 2.9 (17.5) of NI 45-106*, including 45-106F16 Notice of Use of Proceeds*." Alternatively, the audited annual financial statements can be attached to the issuer's latest offering memorandum if an updated offering memorandum is being filed concurrently.

As indicated in Appendix D of OSC Rule 13-502 *Fees* (the Fee Rule), we remind issuers that a fee for the late delivery of annual financial statements to the OSC will be levied.

Marketing materials

Any marketing materials used in connection with a distribution under the OM Exemption must be incorporated by reference into the prescribed form of offering memorandum and filed with the OSC (either as an attachment to a report of exempt distribution or through the OSC electronic filing portal) within 10 days of the first use of the materials. This requirement is subject to a limited exception that allows the use of an "OM standard term sheet". We found in several instances where issuers have delivered or made available materials to prospective investors without filing those materials.

Reminder: Issuers that use exemptions other than the OM Exemption, such as the accredited investor exemption, FFBA exemption, private issuer exemption or minimum amount exemption, should consider the requirements of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (OSC Rule 45-501) regarding disclosure provided in connection with the distribution of securities.

Material purporting to describe the business and affairs of an issuer that are prepared primarily for prospective investors will generally fall within the definition of "offering memorandum" in section 1(1) of the Act. While the use of such documents is voluntary and not subject to specific form requirements, Part 5 of OSC Rule 45-501 provides that statutory rights of action in favour of a purchaser of securities will apply if the material contains a misrepresentation. Furthermore, an issuer is required to include a description of these statutory rights and deliver the material to the OSC within 10 days. These requirements may apply to materials such as investor presentations, letters or brochures.

Distributions outside of Ontario

OSC Rule 72-503 *Distributions Outside Canada* (OSC Rule 72-503) became effective on March 31, 2018. The rule (and related companion policy) modernizes and replaces Interpretation Note 1 *Distributions of Securities outside Ontario*, bringing greater certainty to cross-border activities in Ontario by providing explicit exemptions from prospectus and registration requirements for distributions of securities outside Canada.

Priorities

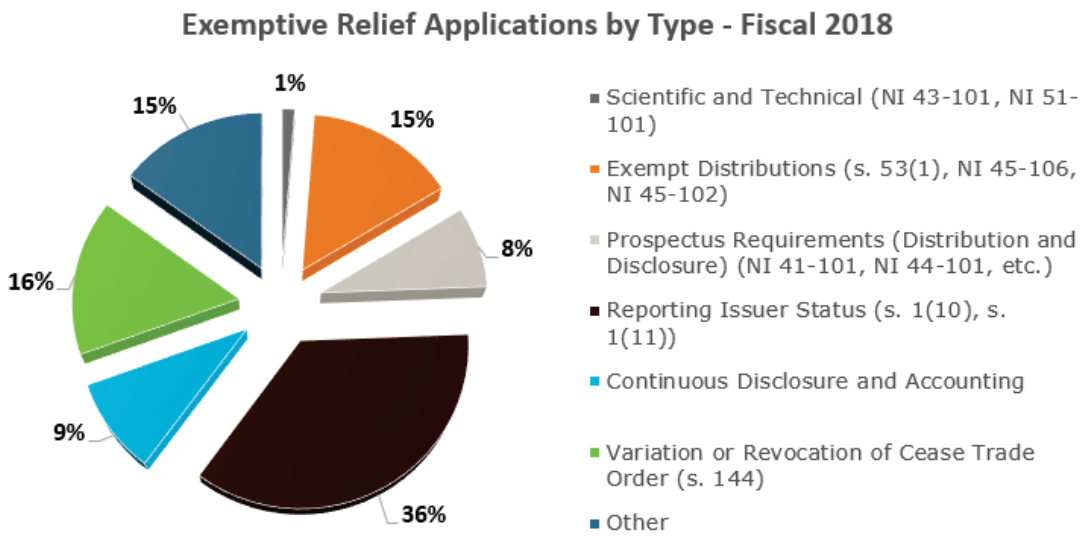
We expect to continue to focus on integrating our compliance reviews with the CRR Branch registrant reviews in the next fiscal year. In addition, we will prioritize reviews of distributions in the real estate and mortgage sector as we consider issues related to the updated regulation of syndicated mortgage investments. Refer to "Part C - Responsive Regulation - Syndicated Mortgages" for additional details.

Exemptive Relief Applications

Staff review and make recommendations to appropriate decision makers on applications for exemptive relief. The review standard for granting relief varies, but it generally requires a decision maker to determine that granting the requested relief would not be prejudicial to the public interest.

Statistics

In fiscal 2018, we reviewed over 160 applications for exemptive relief from various securities law requirements (fiscal 2017: over 170).



Trends and guidance

While the number of applications received in fiscal 2018 was slightly lower than fiscal 2017, the proportion of the various types of applications has been generally consistent over the last few fiscal years. Applications for relief in connection with reporting issuer status remained the predominant type of application, followed by partial or full revocations of cease trade orders and exempt distributions.

We will continue to monitor the types of applications we receive and the exemptive relief granted to determine whether we should consider changes to our rules or policies.

Key takeaways from our exemptive relief work in fiscal 2018 are set out below.

Tip: Prior OSC orders and exemptive relief decisions can be found on the OSC website or on CanLII at https://canlii.org/en/on/onsec/.

Revocation of failure-to-file cease trade orders

Under Multilateral Instrument 11-103 *Failure-to-file Cease Trade Orders in Multiple Jurisdictions* and local statutory provisions adopted by certain CSA jurisdictions: (i) a failure-to-file cease trade order will generally result in the same prohibition or restriction in other participating jurisdictions; and (ii) a reporting issuer will generally deal only with the regulator that issued the failure-to-file cease trade order if it is seeking a revocation or variation of this order that has the same result in multiple jurisdictions.

National Policy 11-207 *Failure-to-file Cease Trade Orders and Revocations in Multiple Jurisdictions* outlines the interface process for Ontario to opt into decisions to issue and revoke failure-to-file cease trade orders made by other CSA regulators. We remind issuers that in Ontario, as a result of amendments to the Act and the Fee Rule, the OSC can treat the filing of the CD document referred to in a failure-to-file cease trade order that has been in effect for 90 days or less as an application for the revocation of the cease trade order. An application and related fee is not required in this circumstance.

Revocation of a cease trade order that has been breached

If an issuer has breached the terms of a cease trade order, it can still seek a revocation. However, we will ask for disclosure of the circumstances surrounding the breach in the draft decision document which staff will consider in making a recommendation in connection with the issuer's application. In some cases, staff will not recommend granting a revocation order in the face of one or more breaches of the cease trade order and may also consider whether breaches of a cease trade order warrant enforcement action.

Reminder: The definition of "trade" in the Act includes acts in furtherance of a trade such as advertising or soliciting investors, directly or indirectly, to promote a trade.

Revocation of a long-standing cease trade order

Where an issuer with a long standing cease trade order seeks a revocation, the review process may take longer than usual as staff will review the issuer's updated CD record to consider whether it is in compliance with applicable securities laws. We remind issuers and their advisors that this includes compliance with applicable audit committee composition requirements under NI 52-110. As well, we may require an issuer to provide a written undertaking that it will not execute an RTO of, a restructuring transaction involving, or a significant acquisition of a business outside of Canada unless

the issuer files with the OSC and obtains a receipt for a final prospectus containing the disclosure required for the transaction.

Applications for a decision that an issuer is not a reporting issuer

We receive a significant number of these applications each fiscal year and our process for reviewing them is currently set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*. The process for Ontario-only applications for such a decision is set out in OSC Staff Notice 12-703 *Applications for a Decision that an Issuer is not a Reporting Issuer.*

Foreign issuers who seek a decision that they are no longer a reporting issuer should review the "modified procedure" to consider details that help support such an application. Staff will generally ask issuers to describe the due diligence that was conducted in order to make the representations that residents of Canada do not own more than 2% of each class of outstanding securities and do not comprise more than 2% of the total number of securityholders.

Reminder: There should be sufficient time between the news release and the date of the order to provide securityholders with the opportunity to object to the order.

Business acquisition report (BAR)

The number of applications seeking relief from the BAR requirements in Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) has decreased in the last two fiscal years. Notwithstanding this, the criteria to file a BAR is one of the areas currently under consideration as part of the policy initiative *Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (see Part C for further details).

Tip: Issuers should file their BAR relief applications early to avoid going into default. The cost or time involved in preparing and auditing the financial statements required to be included in the BAR are not generally viewed by staff as relevant factors when considering whether to recommend relief.

Requests for confidentiality

A filer requesting that an application and supporting materials be held in confidence during the application review process should provide substantive reasons for the confidentiality request in its application. If a filer is also requesting that the decision be held in confidence after the effective date of the decision, the filer should explain why the confidentiality request is reasonable in the circumstances, not prejudicial to the public interest, and when the decision granting confidentiality could expire. Generally, staff is of the view that a decision should not be held in confidence for a period of greater than 90 days following the date of the decision.

Reverse takeover transactions – relief from financial statements

If an issuer prepares an information circular in respect of a significant acquisition or a restructuring transaction, including an RTO, under which securities are to be changed, exchanged, issued or distributed, the information circular is required to include prospectus level disclosure (including financial statements) for the entities referred to in Item 14.2 of Form 51-102F5.

While exchanges can waive certain listing requirements, they cannot waive financial statement requirements in respect of information circulars. In these circumstances, issuers must obtain exemptive relief prior to mailing their information circular.

Tip: Issuers and their advisors may wish to consider whether a pre-file is appropriate for novel applications. See National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Insider Reporting

We review compliance of reporting insiders and issuers with insider reporting requirements through a risk-based compliance program. We actively and regularly assist filers and their agents by providing guidance on filing matters.

The objective of our insider reporting oversight work is twofold

- compliance
- education and outreach

Insider reporting serves a number of functions, including deterring improper insider trading based on material undisclosed information and increasing market efficiency by providing investors with information concerning the trading activities of insiders, and, by inference, the insiders' views of the respective issuer's future prospects. Non-compliance affects the integrity, reliability and effectiveness of the insider reporting regime, which in turn has a negative impact on market efficiency. Where we identify non-compliance, we reach out to filers and request remedial filings. Filers should make remedial filings as soon as they become aware of an error to accurately inform investors of their activities and to avoid any further late filing fees.

We educate filers through our compliance reviews and we also reach out to new reporting issuers directly to inform them of insider reporting obligations. We encourage issuers to implement insider trading policies and monitor insider trading to meet best practice standards in NP 51-201.

Reminder: the definition of "reporting insider" can be found in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104).

We remind issuers and their insiders that they should also refer to the definition of "significant shareholder" and the interpretation of "control" in NI 55-104 as well as the interpretation of "beneficial ownership" in the Act when determining who is required to file on SEDI. Understanding these definitions and interpretations will help filers identify and comply with their obligations.

For more information and guidance issuers and insiders should also review guidance provided in OSC Staff Notice 51-726 *Report on Staff's Review of Insider Reporting and User Guides for Insiders and Issuers*.

We also encourage issuers and insiders to refer to the filing tips provided below to avoid some of the common errors we observed during the most recent fiscal year.

Tips for issuers

- ✓ Check your issuer profile supplement to ensure your insider affairs contact is up to date.
- ✓ Ensure that your issuer profile supplement shows all your security designations.
- ✓ If you have engaged in a normal course issuer bid recently, set up an insider profile on SEDI to report acquisitions.
- ✓ The exemption in Part 5 of NI 55-104 does not apply to the acquisition of options or similar securities or related financial instruments (e.g. deferred share units, restricted share awards or stock appreciation rights) granted to a director or an officer. Rather, you must comply with Part 6 of NI 55-104 and file an issuer grant report within five days of the grant date if you want insiders to have the benefit of the delayed reporting exemption available for these transactions.
- ✓ In filing an issuer grant report, disclose all of the details required by NI 55-104. If you have not, your reporting insiders cannot rely on the exemption in Part 6 of NI 55-104 and may be subject to late filing fees.
- ✓ Create deferred share units, restricted share awards and other similar securities under the security category of "issuer derivative" on SEDI. Creating these under the category of "equity" is incorrect.

Tips for insiders

- ✓ Check your insider profile to ensure the contact information is correct.
- ✓ File an amended insider profile within ten days of any change in your name, your relationship to an issuer or if you have ceased to be a reporting insider of an issuer.
- ✓ File insider reports on SEDI to reflect all of your securities holdings and related transactions for an issuer. For example, if you have recently received a grant of stock options or other form of compensation under a reporting issuer's compensation plan, you are required to file an insider report disclosing those holdings.
- ✓ For securities exchangeable, exercisable or convertible into other securities of the issuer, disclose all of the details required by 55-102F2 *Insider Report*, including the exercise price and expiry date.
- ✓ File reports on transactions in securities over which you have control or direction or beneficial ownership.
- ✓ Consider whether you can rely on any of the exemptions in Part 9 of NI 55-104. For example, the "corporate group" reporting exemption in section 9.5 of NI 55-104 is not available where securities representing 10% or more of voting rights in a reporting issuer are held for an individual through a holding corporation which the individual controls. In such cases, both the individual and the corporation must file insider reports.
- ✓ Review CD filings of the reporting issuer (e.g., management information circulars) that include your securities holdings for accuracy and completeness. Report any discrepancies to the reporting issuer.

Designated Rating Organizations (DROs)

In April 2012, the CSA implemented a regulatory oversight regime for credit rating agencies (CRAs) through National Instrument 25-101 *Designated Rating Organizations* (NI 25-101). The regime recognizes and responds to the role of CRAs in our credit markets, and the role of CRA-issued ratings which are referred to in securities rules and policies. Under the regime, the OSC has the authority to designate a CRA as a DRO, to impose terms and conditions on a DRO, and to revoke a designation order, or change its terms and conditions, where the OSC considers it in the public interest to do so.

There are currently five CRAs that have been designated as DROs in Canada under NI 25-101:

1. DBRS Limited
2. Fitch Ratings, Inc.
3. Kroll Bond Rating Agency, Inc. (Kroll)
4. Moody's Canada Inc.
5. S&P Global Ratings Canada

Kroll has only been designated as a DRO for certain purposes (discussed below). In Canada, the OSC is the principal regulator of these DROs.

We conduct reviews of DROs using a risk-based approach. Our reviews focus on credit rating activities of the CRAs in Canada or in respect of Canadian issuers.

When we identify a concern, or an area of material non-compliance, we may take various actions depending on the nature of the observation and the perceived or potential harm to the marketplace. This may include, but is not limited to, recommending changes to the DRO's policies, procedures or information and documents on the DRO's website, or requiring training or specified oversight of DRO staff in areas where we have seen non-compliance with the DRO's policies or procedures.

Financial benchmarks

In the OSC's statement of priorities for 2018-2019, it was announced that we would be developing an OSC/CSA regulatory regime for financial benchmarks and publishing for comment a proposed rule to establish a Canadian regulatory regime for financial benchmarks. Work is ongoing on this initiative.

We are pursuing this initiative since we believe

- there is a need for regulation due to conduct lapses in other jurisdictions and the potential for similar misconduct in Canada, and
- we need to reflect global developments in benchmarks regulation, including the IOSCO *Principles for Financial Benchmarks* and the European Union's *The Benchmarks Regulation*.

Recent rule amendments and policy changes

July 6, 2017

The CSA published for comment rule amendments and policy changes relating to the application by Kroll for designation as a DRO (the Kroll-related amendments), and amendments to NI 25-101 relating to European Union (EU) equivalency and the March 2015 revision of the IOSCO *Code of Conduct for Code of Conduct Fundamentals for Credit Rating Agencies* (the NI 25-101 amendments).

March 29, 2018

The CSA published final Kroll-related amendments which amend NI 44-101 and National Instrument 44-102 *Shelf Distributions* to recognize the credit ratings of Kroll, but only for the purposes of the alternative eligibility criteria for issuers of asset-backed securities to file a short-form prospectus or shelf prospectus, respectively.

The amendments came into effect on June 12, 2018.

However, the new provisions relating to Kroll were only available for use by market participants when Kroll was formally designated as a DRO for purposes of the alternative eligibility criteria on June 21, 2018.

Upcoming

The CSA plans to publish final NI 25-101 amendments in 2019.

The existing DROs in Canada are only relying on the EU "endorsement" regime. The NI 25-101 amendments would be required if a DRO wanted to instead rely on the EU "equivalence/certification" regime.

Part C:
Responsive Regulation

- Exempt Distribution Reporting
- Foreign Issuer Resale Exemption
- Syndicated Mortgages
- Climate Change Related Disclosures
- Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers
- Women on Boards and in Executive Officer Positions
- Faith-Based, Not-for-profit Organizations Distributing Securities
- Advisory Committees

Exempt Distribution Reporting

On June 19, 2018, the CSA published final amendments (the Rule Amendments) to NI 45-106 to amend Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F1). We are also making a related change to Companion Policy 45-106CP *Prospectus Exemptions* (collectively with the Rule Amendments, the Revisions).

Last year, the CSA published proposed amendments to NI 45-106 relating to Form 45-106F1 (the 2017 Proposal). The proposed amendments aimed to reduce the burden on filers, provide greater clarity and flexibility regarding the certification requirement of Form 45-106F1 and streamline certain information requirements, while still providing regulators with the information necessary for oversight and policy development. After considering the comments received, we have made non-material changes to the 2017 Proposal, which are reflected in the Revisions.

In Ontario, the OSC is also making consequential amendments to OSC Rule 72-503 relating to Form 72-503F *Report of Distributions Outside Canada* to align OSC Rule 72-503 with the amendments to NI 45-106 and certain parts of Form 72-503F with the amendments to Form 45-106F1, as well as to delete an unnecessary reference to section 2.2 of OSC Rule 72-503. The OSC is also adopting a conforming change to Companion Policy 72-503 *Distributions Outside Canada*.

Provided all necessary ministerial approvals are obtained, these amendments will come into force on October 5, 2018 in all CSA jurisdictions and all issuers must use the amended Form 45-106F1 for any filings submitted on or after October 5, 2018.

The CSA has also concurrently published a revised version of CSA Staff Notice 45-308 (Revised) *Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions* to reflect the Revisions.

The CSA has also made minor changes to the instructions and examples contained in the Schedule 1 Excel Template. Provided all necessary ministerial approvals are obtained on the Revisions, issuers should use the revised Schedule 1 Excel Template for any filings submitted on or after October 5, 2018.

For more information:

CSA News Release: Canadian Securities Regulators Publish Final Amendments on Report of Exempt Distribution

Revised Schedule 1 Excel template (effective October 5, 2018)

Foreign Issuer Resale Exemption

Amendments to OSC Rule 72-503 became effective on June 12, 2018. The amendments move the existing prospectus exemption for resales of securities of issuers with a minimal connection to Canada from section 2.14 of National Instrument 45-102 *Resale of Securities* (NI 45-102) into section 2.7 of OSC Rule 72-503. The amendments also introduce a new prospectus exemption for the resale of securities (and underlying securities) by a "foreign issuer" in section 2.8 of OSC Rule 72-503, provided

- the issuer was not a reporting issuer in any jurisdiction of Canada on the distribution date or is not a reporting issuer in any jurisdiction of Canada on the date of the trade, and
- the resale is on a market outside of Canada or to a person or company outside of Canada.

The new exemption is intended to facilitate participation by Canadian investors in prospectus-exempt offerings by foreign issuers. The amendments may also result in increased participation by foreign issuers in Canadian capital markets as there is more certainty regarding investors' ability to resell securities of foreign issuers who have a minimal connection to Canada because of not being organized in Canada, not having their head office in Canada, and not having a majority of ordinarily resident Canadian directors or executive officers.

The rest of the CSA has also made similar amendments which are reflected in NI 45-102. In Alberta, these amendments are reflected in Alberta Securities Commission Blanket Order 45-519 *Prospectus Exemptions for Resale Outside of Canada.*

Syndicated Mortgages

Subsections 35(4) and 73.2(3) of the Act provide that mortgages sold by persons registered or exempt from registration under mortgage brokerage legislation are exempt from the registration and prospectus requirements in Ontario. These exemptions currently include syndicated mortgages, which are defined as mortgages in which two or more persons participate, directly or indirectly, as the mortgagee. As such, syndicated mortgage investments are primarily regulated by the Financial Services Commission of Ontario (FSCO).

Concerns have been raised about the current regulatory framework, including in a 2016 expert report to the Ministry of Finance reviewing the mandate of the FSCO. In response to these concerns, on April 27, 2016, the Ontario government announced its plan to update regulatory oversight of syndicated mortgage investments.

On March, 8, 2018, the OSC, along with the CSA, published for comment proposed amendments to NI 45-106 and NI 31-103, which together with changes to the Act that have not yet been proclaimed in force, would substantially harmonize the treatment of syndicated mortgages across the CSA.

The proposed amendments would replace subsections 35(4) and 73.2(3) with harmonized exemptions in NI 31-103 and NI 45-106 that exclude syndicated mortgages.

The proposed amendments also provide for additional investor protections, such as

- enhancing disclosure and requiring the delivery of a current property appraisal prepared by an independent professional appraiser to investors who purchase syndicated mortgage investments under the OM Exemption, and
- removing the private issuer exemption for syndicated mortgage investments.

The comment period for the proposed amendments ended on June 6, 2018, with comments provided by 26 market participants ranging from mortgage professionals, legal counsel, industry associations and investor advocates. We are working with the CSA to review and respond to the comments received with a view to publishing amended proposals during the current fiscal year.

We continue to work with other branches of the OSC, FSCO staff and Ministry of Finance staff to coordinate the oversight of investments in the syndicated mortgage sector.

Climate Change-Related Disclosures

On March 21, 2017, the CSA announced a project to review the disclosure of risks and financial impacts to issuers associated with climate change, and the governance processes related to them (the Project). After completing significant research and consultation over the last year, on April 5, 2018, we published CSA Staff Notice 51-354 *Report on Climate change-related Disclosure Project* (the Climate Change Report).

In connection with the Project, we conducted

- research in respect of the current or proposed climate change-related regulatory disclosure requirements in selected jurisdictions outside of Canada, as well as disclosure standards contained in certain voluntary frameworks related to climate change,
- a targeted review of current public disclosure practices of selected large Canadian issuers in a number of industries with respect to climate change-related information,
- a voluntary and anonymous on-line survey designed to solicit feedback from a wider range of TSX-listed issuers, and
- focused consultations with issuers, users and other stakeholders.

A number of key themes emerged from our work on the Project which informed our recommendations for next steps. Notably, the topic of materiality assumed a central role in our consultations and the other work performed in connection with the Project, with users and issuers offering a wide range of perspectives on the materiality of climate change-related risks and opportunities. Additionally, substantially all of the users consulted agreed that issuers in many industries will be affected by climate change-related risks, and should provide disclosure regarding their governance and oversight of such risks.

Our plans for future work in this area reflect our consideration of what we heard, our assessment of the current state of disclosure in this area, and recognition of the realities of the Canadian capital markets. We are also mindful to avoid imposing undue regulatory burden on Canadian issuers.

As discussed in further detail in the Climate Change Report, CSA staff have recommended the following areas of future work in this area

- development of guidance and educational initiatives for issuers with respect to the business,
- risks and opportunities and potential financial impacts of climate change, and
- consideration of new disclosure requirements regarding corporate governance in relation to risks, including climate change-related risks, and risk oversight and management.

In addition, we will continue to monitor the quality of issuers' disclosure with respect to climate change-related matters, as well as the ongoing development of best disclosure practices in this area, to assess whether further work needs to be done to ensure that Canadian issuers' disclosure continues to develop and improve. We also intend to continue to monitor developments in reporting frameworks, evolving disclosure practices and investors' need for additional types of climate change-related disclosure to make investment and voting decisions, and consider whether disclosure requirements in relation to greenhouse gas emissions are warranted in the future.

Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers

The OSC 2017-2018 Statement of Priorities noted that securities regulators continue to face pressure to reduce regulatory burden. As the complexity of regulatory requirements increases, market participants often require greater resources to ensure compliance. The need for a cost-effective regulatory framework, with proportionate regulation that supports innovation and competition – while maintaining appropriate investor protections – is critical. Both over-regulation and under-regulation can dampen innovation and undermine the competitiveness of our capital markets. Additionally, the current CSA Business Plan identifies a review of the regulatory burden on reporting issuers as one of the CSA's key initiatives for 2016-2019.

In collaboration with the CSA, the OSC published CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (the Consultation Paper) on April 6, 2017. The purpose of the Consultation Paper was to identify and consider areas of securities legislation applicable to non-investment fund reporting issuers that could benefit from a reduction of undue regulatory burden, without compromising investor protection or the efficiency of the capital markets. In response to the Consultation Paper, 57 comment letters were received from a wide range of stakeholders. In addition, the OSC and our colleagues in other CSA jurisdictions completed a number of in-person consultations.

In consideration of all feedback received and together with its CSA partners, the OSC will be taking the following steps:

- Initiate key policy initiatives to streamline reporting issuer requirements, including potential draft rule amendments (where applicable), related to
    - the criteria to file a business acquisition report,
    - primary business requirements,
    - at-the-market offerings,

- identified opportunities to reduce CD requirements, and
- consideration of a potential alternative prospectus model.

- Identify opportunities to use technology and data to reduce regulatory burden (e.g. electronic delivery of documents).

We note that there are a number of steps that must occur in connection with any changes to our regulatory regime. There is no assurance that any changes to our regulatory regime will ultimately be adopted in any of the CSA jurisdictions.

For more information see CSA Staff Notice 51-353 *Update on Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers.*

Women on Boards and in Executive Officer Positions

The disclosure requirements regarding women on boards and in executive officer positions are set out in National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101) and have been in place for three annual reporting periods. The disclosure requirements are intended to increase transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions, and the approach that specific TSX-listed issuers take in respect of such representation. This transparency is intended to assist investors when making investment and voting decisions.

On October 5, 2017, CSA Multilateral Staff Notice 58-309 *Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices* (CSA Staff Notice 58-309) was published. CSA Staff Notice 58-309 reports the findings of our third review of disclosure regarding women on boards and in executive officer positions as prescribed in NI 58-101. Of note, 61% of issuers had at least one woman on their board and the overall percentage of board seats occupied by women was 14%.

On November 30, 2017 the underlying data used in CSA Staff Notice 58-309 was published. Following publication of CSA Staff Notice 58-309, the OSC's *Roundtable to Discuss Third Annual Review of Women on Boards and in Executive Officer Positions* was held on October 24, 2017. The roundtable featured a panel discussion on the results of the review, as well as the benefits, challenges and experiences associated with the existing disclosure requirements relating to women on boards and in executive officer positions.

In light of this experience, the OSC and its CSA partners are assessing the effectiveness of the disclosure requirements and in particular, are considering whether

- changes to the disclosure requirements are warranted and, if so, the nature of those changes, and

- strengthening the existing "comply or explain" disclosure model with guidelines regarding corporate governance practices is warranted.

From the OSC's perspective, any action taken in this area is about promoting effective corporate governance and decision-making as diverse boards are better equipped to understand risks and recognize opportunities. It is important for our corporate governance regime to continue to be relevant, to encourage good governance and to provide investors with the information they need to make investment and voting decisions.

To obtain feedback on the effectiveness of the disclosure requirements, the OSC participated along with other CSA jurisdictions in the consultation process. The OSC completed 44 consultations with a variety of stakeholders (advisory committees, stock exchanges, investors, issuers, directors, advocacy groups, governance and diversity experts and academics) and met with 147 individuals from 59 organizations. The committee is considering potential recommendations for further regulatory action.

Subsequently, on September 27, 2018, CSA Multilateral Staff Notice 58-310 *Report on Fourth Staff review of Disclosure regarding Women on Boards and in Executive Officer Positions* was published.

Faith-based, Not-for-profit Organizations Distributing Securities

We are aware of several not-for-profit organizations that, on a regular basis, directly solicit and sell investment opportunities to community members associated with the organization, including retail investors. These financing activities are sometimes done through a separate corporate entity that may or may not be organized as a not-for-profit entity. In particular, we have considered requests for exemptive relief from certain not-for-profit organizations that continually raise and pool capital, which is subsequently used to provide mortgages for the acquisition, construction, or renovation of houses of worship, homes for their leaders, and other places for their organization's activities such as schools, camps, and other similar programs. We encourage other not-for-profit organizations engaging in similar financing activities and their counsel to contact us to discuss the issues discussed below and potential options, including applying for exemptive relief.

(i) Business Model and Financing Activities

It is our understanding that not-for-profit organizations have established investment programs to provide these mortgage services because their borrowers (who are usually affiliated with the not-for-profit organization) generally have difficulty accessing financing at reasonable rates, if at all, from banks and other commercial lenders. The primary source of capital used by these organizations to fund mortgages or loans is selling securities to their community members. Typically, donations are not solicited or used to fund the mortgages or loans.

The activities of these organizations are not targeted to a specific project (e.g., a single faith group fundraising for the renovation of their own house of worship) but involve more general capital raising programs (e.g., for the provincial or national community). These more general capital raising investment programs are similar to those of mortgage investment entities that pool capital raised from investors and use that capital to provide loans to borrowers who are unable to access

conventional mortgage financing. These organizations typically originate and administer these loans or mortgages and they earn a spread between the interest charged to borrowers and the interest paid to investors. This spread, or profit is often used to pay for the organization's expenses from operating this program and the excess may be used for various purposes, including funding more mortgages, establishing a reserve fund for possible mortgage defaults, returning monies to current borrowers in the mortgage pool, or funding other programs of the organization.

We have been working with several of these organizations to ensure compliance with securities law requirements, including: (i) their or the separate corporate entity's registration as dealers and (ii) their reliance on available prospectus exemptions or discretionary relief. As an example, see the decision *In the Matter of Pentecostal Financial Services Group Inc., Pentecostal Securities Corp. and The Pentecostal Assemblies of Canada*, (2017) 40 OSCB 8504.

(ii) Investor Protection Concerns

While acknowledging that these not-for-profit organizations may wish to engage in certain general capital raising activities through offering securities to their community members, staff are concerned that, in certain circumstances, these activities are not being undertaken in compliance with applicable securities law (both registration and prospectus requirements) and may raise potential investor protection concerns, including the following

- investors may be provided with limited information about the securities being sold and the marketing materials provided may be overly promotional,
- investors may not be provided with any disclosure of conflicts of interest,
- there may not be an assessment of whether the investment is suitable for the investor, and if there is such an assessment, it may not be adequate,
- selling persons may lack proficiency as they may not have taken any securities related courses and may not have any securities related experience,
- investors may not be experienced investors (i.e., very limited or no investing experience), and
- investors may be asked to invest based on appeals to support the mission of the not-for-profit organization, which raises the possibility for affinity fraud.

(iii) Registration as Dealers

When these organizations have formal or sophisticated capital raising and securities distribution programs, originate or administer loans or mortgages as part of these programs, and pool capital to invest in opportunities that do not necessarily directly benefit the community members that are solicited to invest (e.g., not raising funds necessarily for the camp that the investors' children will be attending that summer), we typically are of the view that they require registration as dealers because they are in the business of trading in securities.

For example, these organizations solicit investors (often retail) through word-of-mouth, webpages and/or community brochures, and carry on their capital raising and lending activities (which are similar to other registered firms) with repetition and regularity. As noted in section 1.3 of NI 31-103CP, the following factors, among others, are relevant to the registration business purpose analysis

- having the capacity or ability to carry on the organization's activities to produce profit,
- the various sources of income for the organization,
- the amount of time the organization spends on the activities associated with the trading activity,
- soliciting investors or potential investors, and
- expecting to be remunerated or compensated.

Any one of the above factors on its own is not determinative of whether an individual or firm is in the business of trading securities.

Although not-for-profit organizations are not established for the purposes of earning a profit, a not-for-profit organization may engage in activities that result in income or profit and may carry on a business similar to "for profit" organizations. However, as a not-for-profit entity, the income or profits must only be used to carry out the goals and objectives of the organization and may not be paid to or made available for the personal benefit of any of its members or securityholders. Being a not-for-profit entity does not prevent the organization from being in the business of trading in securities.

There is no available exemption from the dealer registration requirement for these not-for-profit organizations. Further, if these organizations are not registered as dealers, there is no available exemption from the adviser registration requirement in respect of any incidental advice provided by the organization in connection with a trade in its securities.

However, depending on the organization's business model, we may consider exemptive relief from certain requirements, if they are not appropriate for this type of business model and if our concerns can otherwise be adequately addressed.

(iv) Availability of Not-for-Profit Issuer Prospectus Exemption

Given the extent and sophistication of the capital raising programs run by these not-for-profit issuers, Staff view these organizations' financing activities to likely be beyond the scope and intent of the not-for-profit issuer prospectus exemption in section 2.38 of NI 45-106 because this exemption requires that, among other things, issuers be organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and not for profit. That is, to use this exemption, issuers must be organized exclusively for one or more of the listed purposes and use the funds for these purposes.

The guidance in section 4.8 of the Companion Policy to NI 45-106 indicates that if one of the not-for-profit organization's mandates is to provide an investment vehicle for its members, or if over time an organization that was initially organized for a listed purpose devotes more and more of its efforts to lending money or other capital raising activities, then the not-for-profit organization may be unable to rely upon section 2.38 of NI 45-106.

In considering whether a not-for-profit organization may appropriately rely on the exemption in section 2.38 of NI 45-106, we may not consider an issuer's status as a registered charity to be determinative and the following factors may also be considered

- the extent, frequency and scope of the issuer's capital raising activities to its community

members and whether such activities extend beyond its community,
- the nature of the securities offered and whether these securities are offered with an investment purpose or are held in registered accounts (e.g., RRSPs, RRIFs, etc.),
- the stated purposes of the issuer in their articles of incorporation, charter or other organizational documents, in particular, whether capital raising or providing financing to other persons is a listed purpose of the issuer, and
- whether the issuer is established solely to lend money or to carry on a business, even if for an educational, benevolent, fraternal, charitable, religious or recreational motive.

The presence of any or a combination of these factors may suggest an issuer is not organized exclusively for educational, benevolent, fraternal, charitable, religious or recreational purposes and, consequently, the issuer's activities would not fall within the intended scope of the prospectus exemption in section 2.38 of NI 45-106.

Under these circumstances, we are of the view that these organizations fall outside of the scope of the exemption in section 2.38 of NI 45-106 and should instead rely on other available prospectus exemptions to offer securities, such as

- the accredited investor exemption (set out in section 73.3 of the Act and section 2.3 of NI 45-106),
- the offering memorandum exemption (set out in section 2.9 of NI 45-106), and
- the friends, family and business associates exemption (set out in section 2.6.1 of NI 45-106).

Issuers may also apply for discretionary exemptive relief to accommodate the use of a restricted dealer to conduct suitability assessments in connection with the investment limits for eligible investors under the offering memorandum exemption or to otherwise accommodate the issuer's specific business model.

Advisory Committees

The Branch has several committees that have been constituted to advise OSC staff on matters related to a range of projects as well as policy initiatives.

Continuous Disclosure Advisory Committee (CDAC)

The CDAC advises staff on a range of projects, including the planning, implementation and communication of its CD review program, as well as related policy initiatives. The CDAC also serves as a forum to advise OSC staff on emerging issues, and to critically assess procedures.

The CDAC consists of 10 to 15 members who meet approximately five times annually. Members serve two-year terms and are selected for their extensive knowledge of CD issues and a strong interest in related policy. The CDAC is currently chaired by Sonny Randhawa, Deputy Director of the Branch. You can find a list of the current CDAC members here.

Small and Medium Enterprises Committee (SMEC)

The SMEC advises staff on matters related to small and medium enterprises (SMEs). Committee members discuss the development, implementation and communication of policies and practices to address issues affecting SMEs, in the pursuit of capital market efficiency, investor protection and economic growth.

SMEC members also provide input on regulatory approaches to capital raising in the exempt market, including the development of our compliance program and the impact of new prospectus exemptions on SMEs.

The SMEC meets approximately four times a year, with members serving a one-year term. The committee consists of 10 to 15 members with a variety of perspectives. The SMEC is chaired by Jo-Anne Matear, Manager of the Branch. You can find a list of the current SMEC members here.

Mining Technical Advisory and Monitoring Committee (MTAMC)

The MTAMC provides advice to the CSA on technical issues relating to disclosure requirements for the mining industry. The committee also serves as a forum for continuing communication between the CSA and the mining industry.

The MTAMC consists of approximately 15 members who meet three times annually. Members typically serve three-year terms and are drawn from across Canada and different sectors of the mining industry, ranging from early stage exploration to commercial production. Members typically have significant technical experience and a strong interest in securities regulatory policy as it relates to the mining industry. The MTAMC is currently co-chaired by Craig Waldie, Senior Geologist of the Branch. You can find a list of the current MTAMC members here.

Part D:
Additional Resources

Online Resources

Issuer Education and Outreach

A part of our Branch's mandate is to foster a culture of compliance through outreach and other initiatives. Although we cannot provide legal, financial accounting or other advice, we try to assist issuers in meeting their regulatory requirements by providing the following resources.

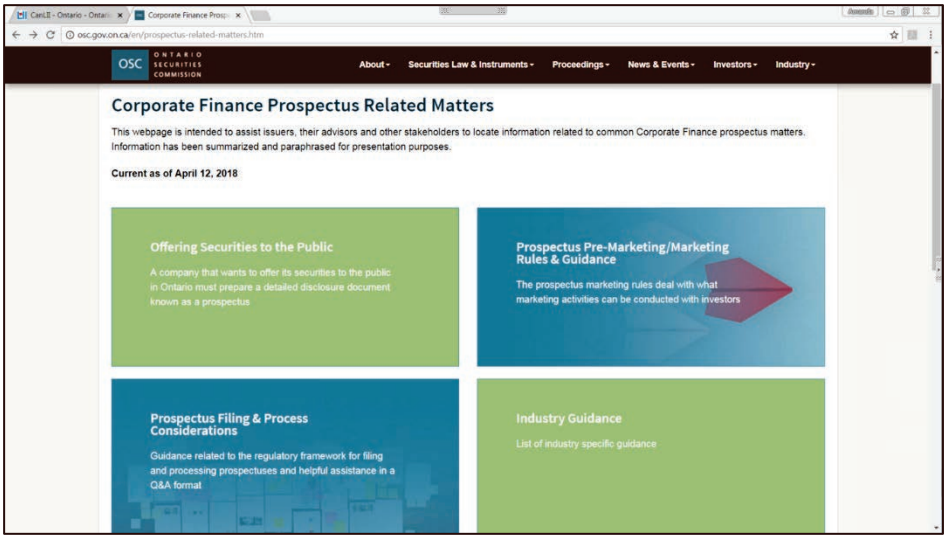
Online resources

Corporate Finance section of OSC website - The Corporate Finance section of the OSC website provides a basic outline for issuers on how to comply with Ontario securities law and file certain documents with the OSC. It describes the steps an issuer needs to take to

- distribute and market securities,
- disclose information on a timely and accurate basis, and
- apply for regulatory exemptions.

In particular, there is a page that contains links to information for smaller issuers (both reporting issuers and other issuers) that want to learn more about Ontario securities law. The "Information for Companies" section of the OSC website can be found here.

OSC Corporate Finance Prospectus WebPage - On May 16, 2018, the Branch launched a webpage focused exclusively on Corporate Finance Prospectus Related Matters.



This webpage is intended to assist issuers, their advisors and other stakeholders in locating information related to common Corporate Finance prospectus matters. This webpage will serve as a useful guide to easily access prospectus related information articulated in the form of guidance, notices, policies and branch reports. We encourage issuers and their advisors to review the webpage for helpful prospectus related details.

OSC Exempt Market Webpage - The OSC exempt market webpage provides access to the OSC Electronic Filing Portal and electronic form to file reports of exempt distribution. The webpage also provides links, information, and guidance for issuers including

- a summary and comparison of the key capital raising exemptions in Ontario,
- exempt market activity data,
- forms and filing requirements,
- tips on completing Form 45-106F1 and frequently asked questions, and
- exempt market publications.

Issuer education and outreach

Issuer education and outreach occurs at both a micro level through direct communication with an issuer, as well as at a macro level through broad communications, such as staff notices. We also share the observations and findings of our review program through the Branch's outreach program for SMEs called The OSC SME Institute. Through the institute, we offer SMEs a series of free educational seminars to help them and their advisors understand the securities regulatory requirements for being or becoming a public company in Ontario, and participating in the exempt market. Anyone interested in attending an event or consulting past presentations can visit the section Information for Small and Medium Enterprises on the OSC's website. A summary of the seminars we have conducted during fiscal 2018 is included in the table below (along with links to the presentation).

Date of seminar	Topic
February 22, 2018	Procedural Matters and Preparing for Annual Filings
January 25, 2018	Current Trends in Prospectus Filings
December 7, 2017	Hot Topics in Continuous Disclosure

Finally, staff of the Branch give presentations from time to time at industry conferences, professional advisory firms' offices and provide staff views and commentary through various media forums.

APPENDIX A – Key Staff Notices

Topic	Reference
Prospectus Practice Directives	• OSC Staff Notice 41-702 – *Prospectus Practice Directive #1 – Personal information forms and other procedural matters regarding preliminary prospectus filings* • OSC Staff Notice 41-703 – *Corporate Finance Prospectus Practice Directive #2 – Exemption from certain prospectus requirements to be evidenced by a receipt*
Disclosure Obligations	• OSC Staff Notice 51-711 (Revised) – *Refilings and Corrections of Errors* • OSC Staff Notice 51-723 – *Report on Staff's Review of Related Party Transaction Disclosure and Guidance on Best Practices*
Forward Looking Information	• OSC Staff Notice 51-721 – *Forward Looking Information Disclosure*
Non-GAAP Financial Measures	• CSA Staff Notice 52-306 (Revised) – *Non-GAAP Financial Measures* • CSA Staff Notice 52-329 – *Distribution Disclosures and Non-GAAP Financial Measures in the Real Estate Industry* • OSC Staff Notice 52-722 – *Report on Staff's Review of Non-GAAP Financial Measures and Additional GAAP Measures*
Industries	• CSA Staff Notice 43-307 – *Mining Technical Reports – Preliminary Economic Assessments* • CSA Staff Notice 43-309 – *Review of Website Investor Presentations by Mining Issuers* • CSA Staff Notice 51-327 – *Revised Guidance on Oil and Gas Disclosure* • CSA Staff Notice 51-342 – *Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities* • CSA Multilateral Staff Notice 51-349 – *Report on the Review of Investment Entities and Guide for Disclosure Improvements* • CSA Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* • OSC Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets* • OSC Staff Notice 51-722 – *Report on a Review of Mining Issuers' Management's Discussion and Analysis and Guidance* • OSC Staff Notice 51-724 – *Report on Staff's Review of REIT Distributions Disclosure*
Insider Reporting and SEDI	• OSC Staff Notice 51-726 – *Report on Staff's Review of Insider Reporting and User Guides for Insiders and Issuers* • CSA Staff Notice 55-316 – *Questions and Answers on Insider Reporting and the System for Electronic Disclosure by Insiders (SEDI)*

Use of the Internet and Cyber Security	• CSA Multilateral Staff Notice 51-347 – *Disclosure of cyber security risks and incidents* • CSA Staff Notice 51-348 – *Staff's Review of Social Media Used by Reporting Issuers*
Corporate Governance	• CSA Multilateral Staff Notice 58-309 *Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices* • CSA Multilateral Staff Notice 58-310 *Report on Fourth Staff review of Disclosure regarding Women on Boards and in Executive Officer Positions*
Climate Change	• CSA Staff Notice 51-354 – *Report on Climate change-related Disclosure Project*

The OSC Inquiries & Contact Centre operates from
8:30 a.m. to 5:00 p.m. Eastern Time, Monday to Friday,
and can be reached on the Contact Us page on the OSC website at:

osc.gov.on.ca

Contacts

If you have questions or comments about this report, please contact:

Huston Loke
Director
Corporate Finance
hloke@osc.gov.on.ca
(416) 593-8254

Marie-France Bourret
Senior Accountant
Corporate Finance
mbourret@osc.gov.on.ca
(416) 593-8083

Katie DeBartolo
Accountant
Corporate Finance
kdebartolo@osc.gov.on.ca
(416) 593-2166

Amanda Ramkissoon
Legal Counsel
Corporate Finance
aramkissoon@osc.gov.on.ca
(416) 593-8221

This page intentionally left blank

1.3 Notices of Hearings with Related Statements of Allegations

1.3.1 Daniel P. Reeve – ss. 127(1), 127(10)

FILE NO.: 2018-54

IN THE MATTER OF
DANIEL P. REEVE

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

PROCEEDING TYPE: Inter-jurisdictional Enforcement Proceeding

HEARING DATE AND TIME: In writing

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order requested in the Statement of Allegations filed by Staff of the Commission dated September 24, 2018.

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

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

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

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

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 26th day of September, 2018.

"Robert Blair for"
Grace Knakowski
Secretary to the Commission

For more information

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

IN THE MATTER OF
DANIEL P. REEVE

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

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

A. ORDER SOUGHT

2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 1 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):

   (a) against Daniel Reeve (**Reeve** or the **Respondent**) that:

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

      ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Reeve be prohibited permanently;

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

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

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

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

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

B. FACTS

Staff make the following allegations of fact:

(i) Overview

3. On October 13, 2017, following a trial before the Honourable Justice Skarica of the Ontario Superior Court of Justice (the **Superior Court**), Reeve was found guilty of one count of fraud over $5,000 and one count of theft over $5,000, contrary to sections 380(1) and 334(a) of the *Criminal Code* of Canada, RSC, 1985, c. C-46 (the **Criminal Code**).

4. A sentencing hearing was subsequently held before Justice Skarica who issued Reasons for Sentence dated June 22, 2018 (the **Reasons for Sentence**), and sentenced Reeve to, *inter alia*, a term of imprisonment of 14 years.

5. The offences for which Reeve was convicted arose from transactions, business or a course of conduct related to securities.

6. Staff is seeking an inter-jurisdictional enforcement order reciprocating Reeve's conviction, pursuant to paragraph 1 of subsection 127(10) of the Act.

7. The conduct for which Reeve was sanctioned took place between January 1, 2007 to September 30, 2009 (the **Material Time**).

(ii) The Respondent

8. Reeve is a resident of Ontario.

9. Reeve was previously registered under the Act in various capacities, including as a Salesperson under the category Mutual Fund Dealer from March 18, 2002 to April 1, 2002, and as a Salesperson under the category Mutual Fund Dealer & Limited Market Dealer from April 1, 2002 to June 21, 2005.

(iii) The Superior Court of Justice Proceedings

Conviction for Fraud

10. By Indictment dated December 17, 2013 (the **Indictment**), Reeve was charged with one count of fraud over $5,000 and one count of theft over $5,000, contrary to sections 380(1) and 334(a) of the *Criminal Code*.

11. On October 13, 2017, Justice Skarica of the Superior Court found Reeve guilty of both counts as charged on the Indictment. On the same day, Justice Skarica conditionally stayed the count of theft over $5,000 against Reeve, given that the two counts within the Indictment dealt with the same set of facts.

The Findings

12. Following a trial that spanned almost two years, Reeve was found guilty of defrauding at least 41 victims of approximately $10 million through several Ponzi schemes during the Material Time.

13. Prior to the Material Time, Reeve was a financial planner who owned and operated a number of investment offices in Kitchener, Ontario and surrounding areas. Reeve had established a financial investment business, DPR Financial, and had written several investment books and made media appearances regarding his approach to investing.

14. During the Material Time, Reeve solicited investors for various investments, which he characterized as low or no risk. Most investors were friends of Reeve or clients of DPR Financial. In other instances, Reeve either was, or had acted as, a financial advisor to certain investors.

15. Investors were encouraged to cash out their RRSPs or remortgage their homes to invest in one of Reeve's three companies: Reeve Hotel and Resorts Incorporated, Celebrity Management International Incorporated, or Millionaire Mortgage Incorporated. Investments predominantly took the forms of either a corporate bond or a private equity agreement. Some investors were told their investments would fund renovations to improve property Reeve owned, or would be used for the expansion of his business. Investors were also promised interest rates between 12 and 20 percent with varying terms of maturation.

16. In reality, investor funds were almost immediately diverted by Reeve to one of the following purposes, unbeknownst to the investors:

    (a) Shareholder loans to Reeve and his ex-wife for, among other things, satisfying Reeve's spousal support and equalization obligations;

    (b) Payment of expenses incurred by Reeve's failing companies; and

    (c) Repayments to other investors in a Ponzi-like distribution.

17. Justice Skarica found that Reeve put almost $12 million of the 41 victims' investments at risk, resulting in a loss of approximately $10 million, and that restitution is unlikely.

The Sentence

18. A sentencing hearing was subsequently held from June 11-13, 2018 before Justice Skarica of the Superior Court. Justice Skarica sentenced Reeve to 14 years in custody, the statutory maximum for fraud pursuant to the Criminal Code, less a credit of 10 years for pretrial custody, resulting in a remaining sentence of 4 years to be served.

19. Justice Skarica also ordered Reeve to pay restitution in the amount of $10,887,885, and a fine in lieu of forfeiture in the same amount, to be reduced by any amount paid towards the restitution order, within 10 years after Reeve completes his sentence. Justice Skarica further ordered that in default of payment of the fine, Reeve be imprisoned for an additional 10 years.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

20. Pursuant to paragraph 1 of subsection 127(10) of the Act, Reeve's convictions for offences arising from transactions, business or a course of conduct related to securities or derivatives may form the basis for an order in the public interest made under subsection 127(1) of the Act.

21. Staff allege that it is in the public interest to make an order against Reeve.

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

DATED at Toronto this 24th day of September, 2018.

1.4 Notices from the Office of the Secretary

1.4.1 Daniel P. Reeve

FOR IMMEDIATE RELEASE
September 26, 2018

DANIEL P. REEVE,
File No. 2018-54

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

A copy of the Notice of Hearing dated September 26, 2018 and Statement of Allegations dated September 24, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 Michael Pearson and LeadFX Inc.

FOR IMMEDIATE RELEASE
September 28, 2018

MICHAEL PEARSON and
LEADFX INC.,
File No. 2018-53

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

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

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Brompton Funds Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from paragraphs 2.5(2)(a) and (e) of National Instrument 81-102 Investment Funds to permit existing and future exchange-traded mutual funds to invest up to 10% of their net asset value in securities of closed-end funds under common management, and to pay brokerage fees in relation to their purchase and sale of such closed-end fund securities – Underlying closed-end funds not offering their securities under a simplified prospectus in accordance with National Instrument 81-101 Mutual Fund Prospectus Disclosure – Top exchange-traded mutual funds will pay brokerage fees in connection with purchase or sale of securities of a closed-end fund under common management – Relief granted subject to certain conditions, including that a top exchange-traded mutual fund does not invest more than 10% of its net asset value in closed-end funds and the securities of the closed-end funds trade on a recognized exchange in Canada – Relief will sunset upon coming into force of modernization amendments to NI 81-102 permitting mutual funds to invest in securities of non-redeemable investment funds.

Applicable Legislative Provisions

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

September 21, 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
BROMPTON FUNDS LIMITED
(Brompton)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Brompton on behalf of exchange-traded mutual funds subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) that it currently manages (the **Existing Funds**) and such exchange-traded mutual funds as Brompton or an affiliate of Brompton (the **Filer**) may establish in the future (the **Future ETFs**, and together with the Existing Funds, the **Funds** and each, a **Fund**) for a decision under the securities legislation of the principal regulator (the **Legislation**) that exempts each Fund from the following provisions of NI 81-102:

(a) paragraph 2.5(2)(a) of NI 81-102 to permit each Fund to invest in securities of one or more Closed-End Funds (as defined below) that do not offer securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) (the **Fund of Fund Relief**); and

(b) 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 a Closed-End Fund (the **Brokerage Fee Relief**, together with the Fund of Fund Relief, the **Exemption Sought**).

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

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

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

Closed-End Fund means a non-redeemable investment fund or mutual fund split share corporation existing under the laws of Canada or a Province of Canada that is managed by the Filer or associate of the Filer.

Representations

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

The Filer

1. Brompton is a corporation incorporated under the laws of the Province of Ontario, with its head office located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

2. Brompton is registered with the Ontario Securities Commission as an investment fund manager, exempt market dealer, portfolio manager and commodity trading manager.

3. Neither Brompton nor the Existing Funds are in default of securities legislation in any of the Jurisdictions.

The Funds

4. Each Fund is, or will be, an exchange-traded mutual fund whose units are issued and sold on a continuous basis.

5. Each Fund is or will be a mutual fund governed by the laws of the Province of Ontario and a reporting issuer under the laws of each of the Jurisdictions. Each Fund offers or will offer one or more classes of units.

6. Each Fund distributes, or will distribute, its securities pursuant to 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, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

8. The Funds' investment strategies include, or will include, as the case may be, the ability to invest in one or more other investment funds, including other investment funds managed by the Filer.

9. The Funds may, from time to time, wish to invest in securities of one or more Closed-End Funds in accordance with their investment objectives. The Funds will not invest in securities of Closed-End Funds that are not managed by the Filer.

10. No Fund will invest in securities of a Closed-End Fund if after the purchase thereof more than 10% of the net asset value (**NAV**) of the Fund will be invested in securities of Closed-End Funds.

The Closed-End Funds

11. Each Closed-End Fund is, or will be, a non-redeemable investment fund or mutual fund split share corporation existing under the laws of the Province of Ontario and a reporting issuer under the laws of the Jurisdictions.

12. Each Closed-End Fund is, or will be, subject to NI 81-102, subject to any exemption therefrom that may be granted by the securities regulatory authorities.

13. Securities of each Closed-End Fund are, or will be:

    (a) distributed pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2, a short form prospectus prepared pursuant to National Instrument 44-101 *Short Form Prospectus Distributions* and Form 44-101F1, or a base shelf prospectus and prospectus supplement prepared pursuant to National Instrument 44-102 *Shelf Distributions*, as applicable; and

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

14. Each Closed-End Fund is, or will be, subject to NI 81-107.

15. No Closed-End Fund (at the time of purchase by the Fund) will hold more than 10% of its NAV in securities of another investment fund unless (a) the other investment fund is a clone fund or money market fund, as defined in NI 81-102; or (b) securities of the other investment fund are index participation units.

16. No Fund will pay management or incentive fees which to a reasonable person would duplicate a fee payable by a Closed-End Fund for the same service.

The Fund of Fund Relief

17. Absent the Fund of Fund Relief, an investment by a Fund in a Closed-End Fund would be prohibited by paragraph 2.5(2)(a) of NI 81-102 because such Closed-End Fund does not offer its securities under a simplified prospectus in accordance with NI 81-101.

18. The Filer considers that an investment in a Closed-End Fund may be an efficient and cost effective alternative to implementing one or more investment strategies similar to that of the applicable Fund and to obtain exposure to the markets and asset classes in which the applicable Fund invests and in which the investment objectives and strategies of the Fund may contemplate.

19. Under the Canadian Securities Administrators' (**CSA**) Modernization of Investment Fund Product Regulation Project, the CSA proposed on September 22, 2016, amendments to NI 81-102 that would permit mutual funds to invest up to 10% of their net assets in securities of non-redeemable investment funds that are subject to NI 81-102 (the **Modernization Amendments**). The Fund of Fund Relief is consistent with the proposed Modernization Amendments.

20. An investment in a Closed-End Fund by a Fund will represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the applicable Fund.

The Brokerage Fee Relief

21. Trades in securities of a Closed-End Fund may 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 purchase or sale of securities of a Closed-End Fund.

22. All brokerage fees related to trades in securities of a Closed-End Fund will be borne by the Funds in the same manner as any other portfolio transactions made on an exchange.

Decision

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

The decision of the principal regulator is that:

1. the Exemption Sought is granted, provided that:

    (a) the investment by a Fund in securities of a Closed-End Fund is in accordance with the investment objectives of the Fund;

    (b) the securities of each Closed-End Fund trade on a recognized exchange in Canada;

(c) a Fund does not purchase securities of a Closed-End Fund if, immediately after the purchase, more than 10% of the NAV of the Fund, taken at market value at the time of the purchase, would consist of securities of Closed-End Funds; and

(d) 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 one or more Closed-End Funds on the terms described in this decision; and

2. this decision expires upon the coming into force of the Modernization Amendments or substantially similar rules.

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

2.1.2 Starlight Investments Capital LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to exchange-traded series of conventional mutual funds for continuous distribution of securities – relief to permit funds' prospectus to not include an underwriter's certificate – relief from take-over bid requirements for normal course purchases of securities on a marketplace – relief granted to facilitate the offering of exchange-traded series and conventional mutual fund series within same fund structure – relief granted from the requirement in NI 41-101 to prepare and file a long form prospectus for exchange-traded series provided that a simplified prospectus is prepared and filed in accordance with NI 81-101 – exchange-traded series and mutual fund series referable to same portfolio and have substantially identical disclosure – relief permitting all series of funds to be disclosed in same prospectus – disclosure required by NI 41-101 for exchange-traded series and not contemplated by NI 81-101 will be disclosed in prospectus under relevant headings – technical relief granted to mutual funds from Parts 9, 10 and 14 of National Instrument 81-102 Investment Funds to permit funds to treat exchange-traded series in a manner consistent with treatment of other exchange-traded fund securities in continuous distribution in connection with their compliance with Parts 9, 10 and 14 of NI 81-102 – relief permitting funds to treat mutual fund series in a manner consistent with treatment of other conventional mutual fund securities in connection with their compliance with Parts 9, 10 and 14 of NI 81-102.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 59(1), 147.
National Instrument 41-101 General Prospectus Requirements, s. 19.1.
National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.
National Instrument 81-102 Investment Funds, Parts 9, 10 and 14 and s. 19.1.

September 21, 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
STARLIGHT INVESTMENTS CAPITAL LP
(the Filer)

AND

STARLIGHT GLOBAL INFRASTRUCTURE FUND,
STARLIGHT GLOBAL REAL ESTATE FUND
(the Proposed ETF Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Proposed ETF Funds and any additional exchange-traded mutual funds (the **Future ETF Funds**, and together with the Proposed ETF Funds, the **Funds**, each a **Fund**) established in the future for which the Filer is the manager, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that:

(a) exempts the Filer and each Fund from the requirement to prepare and file a long form prospectus for the ETF Securities (as defined below) in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**), subject to the terms of this decision and provided that the Filer files a prospectus for the ETF Securities in accordance with the provisions of National Instrument 81-101 *Mutual Fund*

Prospectus Disclosure (**NI 81-101**), other than the requirements pertaining to the filing of a fund facts document (the **ETF Prospectus Form Requirement**);

(b) exempts the Filer and each Fund from the requirement to include a certificate of an underwriter in a Fund's prospectus (the **Underwriter's Certificate Requirement**);

(c) exempts a person or company purchasing ETF Securities (as defined below) in the normal course through the facilities of the NEO (as defined below) or another Marketplace (as defined below) from the Take-Over Bid Requirements (as defined below); and

(d) grants an exemption to permit the Filer and each Fund to treat the ETF Securities and the Mutual Fund Securities (as defined below) as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Sales and Redemptions Requirements**).

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

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

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

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

Affiliate Dealer means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined below) from time to time.

Authorized Dealer means a registered dealer that has entered, or intends to enter, into an agreement with the manager of a Fund authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more Funds on a continuous basis from time to time.

Basket of Securities means, in relation to the ETF Securities, a group of securities or assets representing the constituents of the Fund.

Creation Units means newly issued ETF Securities.

Designated Broker means a registered dealer that has entered, or intends to enter, into an agreement with the manager of a Fund to perform certain duties in relation to the Fund, including the posting of a liquid two-way market for the trading of the ETF Securities on the NEO or another Marketplace.

ETF Facts means a prescribed summary disclosure document required in respect of one or more classes or series of ETF Securities being distributed under a prospectus.

ETF Security means a listed security of a Fund that will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

Form 81-101F1 means Form 81-101F1 *Contents of Simplified Prospectus*.

Form 81-101F2 means Form 81-101F2 *Contents of Annual Information Form*.

Marketplace means a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* that is located in Canada.

Mutual Fund Securities means securities of a non-exchange-traded series of a Fund that are or will be distributed pursuant to a simplified prospectus prepared in accordance with NI 81-101 and Form 81-101F1.

NEO means the Aequitas NEO Exchange.

NI 41-101 means National Instrument 41-101 *General Prospectus Requirements*.

Other Dealer means a registered dealer that acts as Authorized Dealer or Designated Broker to exchange-traded funds that are not managed by the Filer and that has received relief under a Prospectus Delivery Decision.

Prescribed Number of ETF Securities means the number of ETF Securities determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Prospectus Delivery Decision means a decision granting relief from the Prospectus Delivery Requirement to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer dated August 24, 2015 and any subsequent decision granted to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer that grants similar relief.

Prospectus Delivery Requirement means the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the Legislation applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement.

Securityholders means beneficial or registered holders of ETF Securities or Mutual Fund Securities of a Fund, as applicable.

Take-Over Bid Requirements means the requirements of National Instrument 62-104 *Take-Over Bids and Issuer Bids* relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each Jurisdiction.

Representations

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

The Filer

1. The Filer is a limited partnership formed under the *Limited Partnerships Act* (Ontario), with its head office in Ontario.

2. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador and as a portfolio manager and an exempt market dealer in each of the provinces of Canada.

3. The Filer is, or will be, the investment fund manager and portfolio manager of the Funds.

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

The Funds

5. Each Proposed ETF Fund is a mutual fund structured as a trust that is governed by the laws of the Province of Ontario. The Future ETF Funds will be either trusts or corporations or classes thereof governed by the laws of a Jurisdiction. Each Fund is, or will be, a reporting issuer in the Jurisdiction(s) in which its securities are distributed.

6. Each Fund offers, or will offer, ETF Securities and Mutual Fund Securities.

7. Subject to any exemptions that have been, or may be, granted by the applicable securities regulatory authorities, each Fund will be an open-ended mutual fund subject to NI 81-102 and Securityholders of each Fund will have the right to vote at a meeting of Securityholders in respect of matters prescribed by NI 81-102.

8. Mutual Fund Securities will be distributed under a simplified prospectus.

9. The Filer has filed, or will file, a simplified prospectus prepared in accordance with NI 81-101 to qualify the distribution of the Mutual Fund Securities and the ETF Securities of each Fund, subject to any exemptions that may be granted by the applicable securities regulatory authorities.

10. The Filer will apply to list any ETF Securities of the Funds on the NEO or another Marketplace. The Filer will not file a final prospectus for any of the Funds in respect of the ETF Securities until the NEO or other applicable Marketplace has conditionally approved the listing of the ETF Securities.

11. Mutual Fund Securities may be subscribed for or purchased directly from a Fund through qualified financial advisors or brokers.

12. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus. ETF Securities may generally only be subscribed for or purchased directly from the Funds (**Creation Units**) by Authorized Dealers or Designated Brokers. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when there is a trading session on the NEO or other Marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the NEO or another Marketplace.

13. In addition to subscribing for and re-selling Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market. Other Dealers may also be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer.

14. Each Designated Broker or Authorized Dealer that subscribes for Creation Units must deliver, in respect of each Prescribed Number of ETF Securities to be issued, a Basket of Securities and/or cash in an amount sufficient so that the value of the Basket of Securities and/or cash delivered is equal to the net asset value of the ETF Securities subscribed for next determined following the receipt of the subscription order. In the discretion of the Filer, the Funds may also accept subscriptions for Creation Units in cash only, in securities other than Baskets of Securities and/or in a combination of cash and securities other than Baskets of Securities, in an amount equal to the net asset value of the ETF Securities subscribed for next determined following the receipt of the subscription order.

15. The Designated Brokers and Authorized Dealers will not receive any fees or commissions in connection with the issuance of Creation Units to them. On the issuance of Creation Units, the Filer or the Fund may, in the Filer's discretion, charge a fee to a Designated Broker or an Authorized Dealer to offset the expenses incurred in issuing the Creation Units.

16. Each Fund will appoint, at any given time, a Designated Broker to perform certain other functions, which include standing in the market with a bid and ask price for ETF Securities for the purpose of maintaining liquidity for the ETF Securities.

17. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, ETF Securities generally will not be able to be purchased directly from a Fund. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of the NEO or another Marketplace. ETF Securities may also be issued directly to ETF Securityholders upon a reinvestment of distributions of income or capital gains.

18. Securityholders that are not Designated Brokers or Authorized Dealers that wish to dispose of their ETF Securities may generally do so by selling their ETF Securities on the NEO or other Marketplace, through a registered dealer, subject only to customary brokerage commissions. A Securityholder that holds a Prescribed Number of ETF Securities or multiple thereof may exchange such ETF Securities for Baskets of Securities and/or cash in the discretion of the Filer. Securityholders may also redeem ETF Securities for cash at a redemption price equal to 95% of the closing price of the ETF Securities on the NEO or other Marketplace on the date of redemption, subject to a maximum redemption price of the applicable net asset value per ETF Security.

ETF Prospectus Form Requirement

19. The Filer believes it is more efficient and expedient to include all of the series of each Fund in one prospectus form instead of two different prospectus forms and that this presentation will assist in providing full, true and plain disclosure of all material facts relating to the securities of the Funds by permitting disclosure relating to all series of securities to be included in one prospectus.

20. The Filer will ensure that any additional disclosure included in the simplified prospectus and annual information form relating to the ETF Securities will not interfere with an investor's ability to differentiate between the Mutual Fund Securities and the ETF Securities and their respective attributes.

Underwriter's Certificate Requirement

21. Authorized Dealers and Designated Brokers will not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting.

22. The Filer will generally conduct its own marketing, advertising and promotion of the Funds, to the extent permitted by its registrations.

23. The Authorized Dealers and Designated Brokers will not be involved in the preparation of a Fund's prospectus, will not perform any review or any independent due diligence as to the content of a Fund's prospectus, and will not incur any marketing costs or receive any underwriting fees or commissions from the Funds or the Filer in connection with the distribution of ETF Securities. The Authorized Dealers and Designated Brokers generally seek to profit from their ability to create and redeem ETF Securities by engaging in arbitrage trading to capture spreads between the trading prices of ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in ETF Securities.

Dealer Delivery

24. Securities regulatory authorities have advised that they take the view that the first re-sale of a Creation Unit on the NEO or another Marketplace will generally constitute a distribution of Creation Units under the Legislation and that the Authorized Dealers, Designated Brokers and Affiliate Dealers are subject to the Prospectus Delivery Requirement in connection with such re-sales. Re-sales of ETF Securities in the secondary market that are not Creation Units would not ordinarily constitute a distribution of such ETF Securities.

25. According to Authorized Dealers and Designated Brokers, Creation Units will generally be commingled with other ETF Securities purchased by the Authorized Dealers, Designated Brokers and Affiliate Dealers in the secondary market. As such, it is not practicable for the Authorized Dealers, Designated Brokers or Affiliate Dealers to determine whether a particular re-sale of ETF Securities involves Creation Units or ETF Securities purchased in the secondary market.

26. Under the applicable Prospectus Delivery Decision, Authorized Dealers, Designated Brokers and Affiliate Dealers are exempt from the Prospectus Delivery Requirement in connection with the re-sale of Creation Units to investors on the NEO or another Marketplace. Under a Prospectus Delivery Decision, Other Dealers are also exempt from the Prospectus Delivery Requirement in connection with the re-sale of creation units of other exchange-traded funds that are not managed by the Filer.

27. Each Prospectus Delivery Decision includes a condition that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer undertakes that it will, unless it has previously done so, send or deliver to each purchaser of an ETF Security who is a customer of the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, and to whom a trade confirmation is required under the Legislation to be sent or delivered by the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer in connection with the purchase, the latest ETF Facts filed in respect of the ETF Security not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after the purchase of the ETF Security.

28. The Filer will prepare and file with the applicable Jurisdictions on the System for Electronic Document Analysis and Retrieval (**SEDAR**) an ETF Facts for each class or series of ETF Securities and will make available to the applicable Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers the requisite number of copies of the ETF Facts for the purpose of facilitating their compliance with the Prospectus Delivery Decision within the timeframe necessary to allow Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers to effect delivery of the ETF Facts as contemplated in the Prospectus Delivery Decision.

Take-Over Bid Requirements

29. As equity securities that will trade on the NEO or another Marketplace, it is possible for a person or company to acquire such number of ETF Securities so as to trigger the application of the Take-Over Bid Requirements. However:

    (a) it will not be possible for one or more Securityholders to exercise control or direction over a Fund, as the constating documents of each Fund will provide that there can be no changes made to the Fund which do not have the support of the Filer;

    (b) it will be difficult for the purchasers of ETF Securities to monitor compliance with the Take-Over Bid Requirements because the number of outstanding ETF Securities will always be in flux as a result of the ongoing issuance and redemption of ETF Securities by each Fund; and

    (c) the way in which the ETF Securities will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium for outstanding ETF Securities because pricing for each ETF Security will generally reflect the net asset value of the ETF Securities.

30. The application of the Take-Over Bid Requirements to the Funds would have an adverse impact on the liquidity of the ETF Securities because they could cause the Designated Brokers and other large Securityholders to cease trading ETF Securities once the Securityholder has reached the prescribed threshold at which the Take-Over Bid Requirements would apply. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the Funds.

Sales and Redemptions Requirements

31. Parts 9, 10 and 14 of NI 81-102 do not contemplate both Mutual Fund Securities and ETF Securities being offered in a single fund structure. Accordingly, without the Exemption Sought, the Filer and the Funds would not be able to technically comply with those parts of the Instrument.

32. The Exemption Sought will permit the Filer and the Funds to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with Parts 9, 10 and 14 of NI 81-102. The Exemption Sought will enable each of the ETF Securities and the Mutual Fund Securities to comply with Parts 9, 10 and 14 of NI 81-102 as appropriate for the type of security being offered.

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.

1. The decision of the principal regulator is that the Exemption Sought from the ETF Prospectus Form Requirement is granted, provided that:

    (a) the Filer files a simplified prospectus and annual information form in respect of the ETF Securities in accordance with the requirements of NI 81-101, Form 81-101F1 and Form 81-101F2, other than the requirements pertaining to the filing of a fund facts document;

    (b) the Filer includes disclosure required pursuant to Form 41-101F2 (that is not contemplated by Form 81-101F1 or Form 81-101F2) in respect of the ETF Securities, in each Fund's simplified prospectus and/or annual information form, as applicable; and

    (c) the Filer includes disclosure regarding this decision under the heading "Additional Information" and "Exemptions and Approvals" in each Fund's simplified prospectus and annual information form, respectively.

2. The decision of the principal regulator is that the Exemption Sought from the Underwriter's Certificate Requirement is granted, provided that:

    (a) the Filer provides or makes available to each Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, the number of copies of the ETF Facts of each ETF Security that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer reasonably requests in support of compliance with its respective Prospectus Delivery Decision;

    (b) each Fund's prospectus, as the same may be amended from time to time, will disclose the relief granted pursuant to the Exemption Sought;

        (c) the Filer obtains an executed acknowledgement from each Authorized Dealer, Designated Broker and Affiliate Dealer, and uses its best efforts to obtain an acknowledgment from each Other Dealer:

            (i) indicating each dealer's election, in connection with the re-sale of Creation Units on the NEO or another Marketplace, to send or deliver the ETF Facts in accordance with a Prospectus Delivery Decision or, alternatively, to comply with the Prospectus Delivery Requirement; and

            (ii) if the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer agrees to deliver the ETF Facts in accordance with a Prospectus Delivery Decision:

                (1) an undertaking that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer will attach or bind one Fund's ETF Facts with another Fund's ETF Facts only if the documents are being sent or delivered under the Prospectus Delivery Decision at the same time to an investor purchasing ETF Securities of each such Fund; and

(2) confirming that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer has in place written policies and procedures to ensure that it is in compliance with the conditions of the Prospectus Delivery Decision;

(d) the Filer will keep records of which Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers have provided it with an acknowledgement under a Prospectus Delivery Decision, and which intend to rely on and comply with the Prospectus Delivery Decision or intend to comply with the Prospectus Delivery Requirement;

(e) the Filer files with its principal regulator, to the attention of the Director, Investment Funds and Structured Products Branch, on or before January 31st in each calendar year, a certificate signed by its ultimate designated person certifying that, to the best of the knowledge of such person, after making due inquiry, the Filer has complied with the terms and conditions of this decision during the previous calendar year; and

(f) conditions (a), (b), (c), (d) and (e) above do not apply to the Exemption Sought after any new legislation or rule dealing with the Prospectus Delivery Decision takes effect and any applicable transition period has expired.

3. The decision of the principal regulator is that the Exemption Sought from the Take-Over Bid Requirements is granted.

4. The decision of the principal regulator is that the Exemption Sought from the Sales and Redemptions Requirements is granted, provided that:

(a) with respect to its Mutual Funds Securities, each Fund complies with the provisions of Parts 9, 10 and 14 of NI 81-102 that apply to mutual funds that are not exchange traded mutual funds; and

(b) with respect to its ETF Securities, each Fund complies with the provisions of Parts 9 and 10 of NI 81-102 that apply to exchange-traded mutual funds.

As to the Exemption Sought from the Underwriter's Certificate Requirement:

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the ETF Prospectus Form Requirement, the Take-Over Bid Requirements and the Sales and Redemptions Requirements:

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

2.1.3 Essilor International S.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus and registration requirements for certain trades made in connection with an employee share offering by a French issuer – the issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 respecting prospectus and registration exemption as the securities are not being offered to Canadian employees directly by the issuer but rather through special purpose entities – Canadian participants will receive disclosure documents – the special purpose entities are subject to the supervision of the local securities regulator – Canadian employees will not be induced to participate in the offering by expectation of employment or continued employment – there is no market for the securities of the issuer in Canada – the number of Canadian participants and their share ownership are *de minimis* – relief granted, subject to conditions.

Applicable Legislative Provisions

National Instrument 45-106 Prospectus Exemptions, s. 2.24.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.16.
OSC Rule 72-503 Distributions Outside Canada, s. 2.8.
OSC Rule 72-503 Distributions Outside Canada, s. 2.9.
Regulation 45-102 Resale of Securities, ss. 2.14, 2.15.
ASC Rule 72-501.
Securities Act (Quebec), ss. 11, 148 and 263

September 25, 2018

TRANSLATION

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
ESSILOR INTERNATIONAL S.A.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for:

1. an exemption from the prospectus requirement (the **Prospectus Relief**) so that such requirement does not apply to:

   (a) trades of:

      (i) units (the **Principal Classic Units**) of a *fonds commun de placement d'entreprise* or "FCPE", a form of collective shareholding vehicle commonly used in France for the conservation and custodianship of shares held by employee-investors, named "EssilorLuxottica 2018" (the **Principal Classic Fund**);

      (ii) units (the **Boost Classic Units**) of a temporary FCPE named "Boost 2018" (the **Boost Classic Fund**) established for the 2018 Employee Offering (as defined below); and

(iii) units (the Temporary Classic Units, and together with the Principal Classic Units and the Boost Classic Units, the **Units**) of future temporary FCPEs established for Subsequent Employee Offerings (as defined below) (the **Temporary Classic Funds**),

made pursuant to an Employee Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions, Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Saskatchewan (collectively, the **Canadian Employees**, and Canadian Employees who subscribe for Units, the **Canadian Participants**);

(b) trades of ordinary shares of the Filer (the **Shares**) by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants (the term "**Classic Fund**" used herein means, prior to the Merger (as defined below), the Boost Classic Fund for the 2018 Employee Offering and a Temporary Classic Fund for Subsequent Employee Offerings, and following the Merger, the Principal Classic Fund); and

2. an exemption from the dealer registration requirement (together with the Prospectus Relief, the **Exemption Sought**) so that such requirement does not apply to the Filer and its Local Related Entities (as defined below), the Classic Fund and Amundi Asset Management (the **Management Company**) in respect of:

(a) trades in Units made pursuant to an Employee Offering to or with Canadian Employees; and

(b) trades in Shares by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

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

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

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* (chapter V-1.1, r. 1) (**Regulation 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, Nova Scotia, New Brunswick and Saskatchewan; 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* (chapter V-1.1, r. 3) and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

"Related entity" has the same meaning given to such term in Division 4 of *Regulation 45-106 respecting Prospectus Exemptions* (chapter V-1.1, r. 21) (**Regulation 45-106**).

In Québec, "trade" has the same meaning given to such term in Regulation 45-106.

Representations

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

1. The Filer is a corporation formed under the laws of France. It is not and has no current intention of becoming a reporting issuer under the securities legislation of any jurisdiction of Canada. The head office of the Filer is located in France and the Shares are listed on Euronext Paris. The Filer is not in default of securities legislation of any jurisdiction of Canada.

2. The Filer carries on business in Canada through certain related entities (the **Local Related Entities**, and together with the Filer and other related entities of the Filer, the **Essilor Group**) and has established a global employee share offering (the **2018 Employee Offering**) and expects to establish subsequent global employee share offerings following 2018 for the next four years that are substantially similar (**Subsequent Employee Offerings**, and together with the 2018 Employee Offering, the **Employee Offerings**) for Qualifying Employees. Each Local Related Entity is a direct or indirect controlled subsidiary of the Filer and no Local Related Entity has any current intention of becoming a reporting issuer under the securities legislation of any jurisdiction of Canada. The head office of the Essilor Group in Canada is located in Québec and the greatest number of employees in the Essilor Group in Canada reside in Québec.

3. As of the date hereof, "Local Related Entities" include Axis Medical Canada Inc., Coastal Contacts Inc., Laboratoire d'Optique S.D.L., OMICS Software Inc., Riverside Opticalab Ltd. and Satisloh North America Inc. For any Subsequent Employee Offering, the list of "Local Related Entities" may change.

4. Each Employee Offering will be made under the terms as set out herein and for greater certainty, all of the representations will be true for each Employee Offering other than paragraphs 3, 12, 25 and 29 which may change (save for references to the 2018 Employee Offering which will be varied such that they are read as references to the relevant Subsequent Employee Offering).

5. As of the date hereof and after giving effect to any Employee Offering, the Filer is and will be a "foreign issuer" as such term is defined in section 2.15(1) of *Regulation 45-102 – Resale of Securities* (**Regulation 45-102**) and the Filer is not and will not be a reporting issuer in any jurisdiction of Canada.

6. The 2018 Employee Offering involves an offering of Shares to be acquired through the Boost Classic Fund, which will be merged with the Principal Classic Fund following the completion of the 2018 Employee Offering, subject to the decision of the supervisory board of the FCPE and the approval of the French AMF (as defined below).

7. Each Subsequent Employee Offering involves an offering of Shares to be acquired through a Temporary Classic Fund, which will be merged with the Principal Classic Fund following completion of the Subsequent Employee Offering (the **Classic Plan**, which for greater certainty, includes the 2018 Employee Offering), subject to the decision of the supervisory board of the FCPE and the approval of the French AMF.

8. Only persons who are employees of an entity forming part of the Essilor Group during the subscription period for an Employee Offering and who meet other employment criteria (the **Qualifying Employees**) will be allowed to participate in the relevant Employee Offering.

9. The Boost Classic Fund was established for the purpose of implementing the 2018 Employee Offering. The Principal Classic Fund was established for the purpose of implementing the Employee Offering generally. There is no current intention for either the Principal Classic Fund or the Boost Classic Fund respectively to become a reporting issuer under the securities legislation of any jurisdiction of Canada. There is no current intention for any Temporary Classic Fund that will be established for the purpose of implementing Subsequent Employee Offerings to become a reporting issuer under the securities legislation of any jurisdiction of Canada.

10. The Principal Classic Fund and the Boost Classic Fund are registered with, and have been approved by, the French Autorité des marchés financiers (the **French AMF**). It is expected that each Temporary Classic Fund established for Subsequent Employee Offerings will be an FCPE and will be registered with, and approved by, the French AMF.

11. Under the Classic Plan, each Employee Offering will be made as follows:

    (a) Canadian Participants will subscribe for the relevant Units, and the Boost Classic Fund under the 2018 Employee Offering or the Temporary Classic Fund under Subsequent Employee Offerings will then subscribe for Shares on behalf of Canadian Participants at a subscription price that is the Canadian dollar equivalent of the average opening price of Shares (expressed in Euros) on Euronext Paris for the 20 trading days preceding the date of the fixing of the subscription price by the chief executive officer of the Filer.

    (b) For the 2018 Employee Offering, the Boost Classic Fund, and for Subsequent Employee Offerings, the relevant Temporary Classic Fund, respectively, will apply the cash received from the Canadian Participants to subscribe for Shares.

    (c) Initially, for the 2018 Employee Offering and for Subsequent Employee Offerings, the Shares subscribed for will be held, respectively, in the Boost Classic Fund and the relevant Temporary Classic Fund and the Canadian Participants will receive Units of the Boost Classic Fund and the relevant Temporary Classic Fund, as applicable.

    (d) Following the completion of an Employee Offering, the Boost Classic Fund (for the 2018 Employee Offering) or the relevant Temporary Classic Fund (for a Subsequent Employee Offering) will be merged with the Principal Classic Fund (subject to the approval of the supervisory board of the FCPE and the French AMF). The Boost Classic Units or the Temporary Classic Units held by Canadian Participants will be replaced with the Principal Classic Units on a *pro rata* basis and the Shares subscribed for will be held in the Principal Classic Fund (such transaction being referred to as the **Merger**). The Filer is relying on the exemption from the prospectus requirement pursuant to section 2.11 of Regulation 45-106 in respect of the issuance of Principal Classic Units to Canadian Participants in connection with the Merger.

(e) The Units will be subject to a hold period of approximately three years (the **Lock-Up Period**), subject to certain exceptions provided for under French law and adopted for an Employee Offering (such as death, disability or termination of employment).

(f) Any dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares. The net asset value of the Units will be increased to reflect this reinvestment. No new Units (or fractions thereof) will be issued to the Canadian Participants.

(g) At the end of the relevant Lock-Up Period, a Canadian Participant may (i) request the redemption of Units in the Classic Fund in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or (ii) continue to hold Units in the Classic Fund and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares.

(h) In the event of an early exit resulting from a Canadian Participant exercising one of the exceptions to the Lock-Up Period and meeting the applicable criteria, the Canadian Participant may request the redemption of Units in the Classic Fund in consideration for a cash payment equal to the then market value of the underlying Shares.

(i) In addition, each Employee Offering provides that the Filer will also contribute additional Shares (**Bonus Shares**) into the Classic Plan based on predetermined matching contribution rules, for the benefit of, and at no cost to, eligible Canadian Participants. Bonus Shares will be delivered concurrently with the Shares subscribed for by the Canadian Participants and will be subject to the Lock-Up Period. Bonus Shares are not subject to any additional conditions.

12. For the 2018 Employee Offering, the number of Bonus Shares which a Canadian Participant is eligible to receive will be determined according to the following matching schedule:

Canadian Participant's Subscription	Matching Ratio
½ Share	½ Bonus Share
1 Share	1 Bonus Share
2 Shares	2 Bonus Shares
3 Shares	3 Bonus Shares
4 Shares	4 Bonus Shares

For each Subsequent Employee Offering, the matching contribution rules may change.

13. The subscription price for an Employee Offering will not be known to Canadian Employees until after the end of the applicable subscription period. However, this information will be provided to Canadian Employees prior to the start of the revocation period, during which Canadian Participants may choose to revoke all (but not part) of their subscription under the Classic Plan and thereby not participate in the relevant Employee Offering.

14. Under French law, an FCPE is a limited liability entity. The portfolio of the Classic Fund will consist almost entirely of Shares and may also include cash in respect of dividends paid on the Shares which will be reinvested in Shares and cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions.

15. Only Qualifying Employees will be allowed to hold Units issued pursuant to an Employee Offering.

16. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF as an investment manager and complies with the rules of the French AMF. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer under the securities legislation of any jurisdiction of Canada. For any Subsequent Employee Offering, the "Management Company" may change. In the event of such a change, the successor to the Management Company will comply with the terms and conditions described in this paragraph.

17. The Management Company's portfolio management activities in connection with an Employee Offering and the Classic Fund are limited to purchasing Shares from the Filer, selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.

18. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Classic Fund. The Management Company's activities do not affect the underlying value of the Shares.

19. All management charges relating to the Classic Fund will be paid from the assets of the Classic Fund or by the Filer, as provided in the regulations of the Classic Fund. The Management Company is obliged to act in the best interests of Canadian Participants and is liable to them, jointly and severally with the Depositary (as defined below), for any violation of the rules and regulations governing FCPEs, any violation of the rules of the Classic Fund, or for any self-dealing or negligence.

20. None of the entities forming part of the Essilor Group, the Classic Fund or the Management Company is currently in default of securities legislation of any jurisdiction of Canada.

21. None of the entities forming part of the Essilor Group, the Classic Fund or the Management Company, or any of their directors, officers, employees, agents or representatives will provide investment advice to Canadian Employees with respect to an investment in Shares or Units.

22. Shares issued pursuant to an Employee Offering will be deposited in the Classic Fund through Société Générale Bank (the **Depositary**), a large French commercial bank subject to French banking legislation. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Classic Fund to exercise the rights relating to the securities held in its portfolio. For any Subsequent Employee Offering, the "Depositary" may change. In the event of such a change, the successor to the Depositary will remain a large French commercial bank subject to French banking legislation.

23. Participation in an Employee Offering is voluntary, and Canadian Employees will not be induced to participate in an Employee Offering by expectation of employment or continued employment.

24. The total amount that may be invested by a Canadian Employee in an Employee Offering cannot exceed 25% of his or her gross annual compensation (excluding Bonus Shares).

25. For the 2018 Employee Offering, annual compensation includes the employee's gross base salary, bonus and/or overtime paid between January 1, 2018 and December 31, 2018.

26. The Unit value of the Classic Fund will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic Fund divided by the number of Units outstanding. The value of the Units will be based on the value of the underlying Shares, but the number of Units of the Classic Fund will not correspond to the number of the underlying Shares (as dividends will be reinvested in additional Shares and increase the value of each Unit).

27. The Shares and Units are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares or the Units so listed. As there is no market for the Shares or Units in Canada, and as none is expected to develop, any first trades of Shares or Units by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and regulations of an exchange outside of Canada.

28. Canadian Employees will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the relevant Employee Offering and a description of the relevant Canadian income tax consequences of subscribing for and holding Units of the Classic Fund and requesting the redemption of such Units at the end of the applicable Lock-Up Period. Canadian Employees will also have access to the Filer's French *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the rules of the Boost Classic Fund, the relevant Temporary Classic Fund and the Principal Classic Fund. Canadian Employees will also have access to the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement, at least once per year.

29. For the 2018 Employee Offering, there are approximately 852 Qualifying Employees resident in Canada, with the greatest number resident in Québec (352), and the remainder in Ontario, Alberta, British Columbia, Manitoba, New-Brunswick, Nova Scotia and Saskatchewan, who represent, in the aggregate, approximately 1.27% of the number of employees in the Essilor Group worldwide.

Decision

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

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

1. with respect to the 2018 Employee Offering, the prospectus requirement will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless all of the following conditions are met:

    a) the issuer of the security was a foreign issuer on the distribution date, as such term is defined in paragraph 2.15 (1) of Regulation 45-102;

    b) the issuer of the security:

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

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

    c) the first trade is made:

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

        ii) to a person or company outside of Canada;

2. with respect to any Subsequent Employee Offering under this decision completed within five years from the date of this decision unless the following conditions are met:

    a) the representations other than those in paragraphs 3, 12, 25 and 29 remain true and correct with the necessary adaptations in respect of that Subsequent Employee Offering, and

    b) the conditions set out in paragraph 1 apply, with the necessary adaptations, to any such Subsequent Employee Offering.

“Lucie J Roy”
Directrice Principale du financement des societes

2.1.4 BNY Mellon Asset Management North America Corporation

Headnote

U.S. investment advisor registered as a portfolio manager in Québec, Alberta, British Columbia, and Ontario, as commodity trading manager in Ontario, and is relying on the international fund manager exemption under Multilateral Instrument 32-102 Registration Exemptions for Non-Resident Investment Fund Managers in Ontario and Québec. – Relief from providing comparative financial filings subsequent to expected amalgamation due to "as if" consolidated requirement for comparative year under U.S. GAAP – Exemption granted from requirement to provide financial statements on a comparative basis for the Filer's financial year ending December 31, 2018 – Exemption granted from requirement to file calculation of excess working capital on a comparative basis for the Filer's financial year ending December 31, 2018 – Relief conditional upon Filer providing prompt written notice of any prior period adjustments for the Filer's financial year ending December 31, 2017.

Applicable Legislative Provisions

National Instrument 14-101 Definitions.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.10, 12.13.
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.

September 21, 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
BNY MELLON ASSET MANAGEMENT NORTH AMERICA CORPORATION
(the Filer)

DECISION

Background

The Ontario Securities Commission has received an application from the Filer (the **Application**) for a decision under the securities legislation of Ontario (the **Legislation**) exempting the Filer from the following requirements for its financial year ending December 31, 2018:

(a) the requirements of subsection 12.10(1) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that the Filer prepare a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year; and

(b) the requirements of subsection 12.13(b) of NI 31-103 that the Filer deliver a completed Form 31-103F1 *Calculation of Excess Working Capital* (**Form 31-103F1**) showing the calculation of its excess working capital as at the end of the financial year and as at the end of the immediately preceding financial year (together with (a) above, the Exemption Sought).

Under the Process of Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-202 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia and Québec (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions* and National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation formed under the laws of the state of Delaware and has its principal place of business in Boston, Massachusetts. The Filer was originally formed in 1983 under the original name of Mellon Capital Management Corporation (**MCM**). Effective as of January 31, 2018, MCM merged with Standish Mellon Asset Management (**Standish**) and The Boston Company Asset Management (**TBCAM**) (the **Merger**). The Filer is the resulting entity of the Merger.

2. The Filer is registered as a portfolio manager in the Jurisdictions, as commodity trading manager in Ontario, and is relying on the international fund manager exemption under Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* in Ontario and Quebec. The Filer is also registered as an investment adviser with the U.S. Securities and Exchange Commission (the **SEC**), as a commodity trading adviser and commodity pool operator with the U.S. Commodity Futures Trading Commission (the **CFTC**), and is approved as a National Futures Association (**NFA**) member and a swap firm.

3. The Filer is a direct subsidiary of MBC Investments Corporation, a corporation formed under the laws of the State of Delaware, which in turn is wholly-owned by The Bank of New York Mellon Corporation (**BNYMC**). BNYMC is a public reporting company under the U.S. *Securities Exchange Act of 1934*. BNYMC's common stock is traded on the New York Stock Exchange (symbol: BK).

4. With over US$560 billion in assets under management, the combined business ranks as a top 10 U.S. institutional asset manager and a top 50 manager globally. It employs more than 300 investment professionals, with U.S. offices in Boston, San Francisco and Pittsburgh, and investment staff through affiliates in London, Singapore and Hong Kong. BNYMC is an American worldwide banking and financial services holding company headquartered in New York. It is the world's largest custodian bank and asset servicing company, with US$1.9 trillion in assets under management and US$33.3 trillion in assets under custody as of December 2017.

5. The Filer currently delivers standalone annual financial statements to the Principal Regulator (the Filer's principal regulator in Canada) under sections 12.10 and 12.13 of NI 31-103. These financial statements currently present a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position, each prepared for the most recently completed financial year and at least one director of the Filer signs the Filer's statement of financial position, as provided under section 12.10 of NI 31-103. These financial statements are prepared in accordance with U.S. GAAP as contemplated under the financial reporting provisions of paragraph 3.15(b) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

6. The Filer is not required to file its financial statements with the SEC, the CFTC or the NFA.

7. The financial year-end of MCM (a predecessor of the Filer) and of the Filer is December 31, 2017. The Merger was effective at the close of business on January 31, 2018. The financial year-end of Standish and TBCAM was December 31, 2017

8. In order for the Filer to report comparative financial information for the financial year ended December 31, 2019, U.S. GAAP requires that the comparative year end (December 31, 2018) include the financial results of MCM, Standish and TBCAM "as if" the merger and consolidation had been effective on January 1, 2018 instead of January 31, 2018. The "as if" requirement under U.S. GAAP conflicts with the financial reporting requirements for purposes of NI 31-103 and NI 52-107 which effectively do not allow "as if" reporting.

9. The Filer is requesting the Exemption Sought for the financial year ending December 31, 2018 and will submit comparative financial information in Form 31-103F1 and in its financial statements pursuant to sections 12.10 and 12.13 of NI 31-103 for the financial years ended December 31, 2019 and beyond.

10. The Filer submits that granting the Exemption Sought is not prejudicial to the public interest or otherwise objectionable for the following reasons:

    (a) The Filer will require relief from filing comparative information for only the financial year ending December 31, 2018.

(b) In the absence of the Exemption Sought, the Filer would be required for the financial year ending December 31, 2018 to provide audited financial information for the financial year ending December 31, 2018 on an "as if" consolidated basis, which would be burdensome and costly in consideration of the requirement to provide non-consolidated financial information for the financial year ending December 31, 2017 pursuant to sections 12.10 and 12.13 of NI 31-103.

Decision

The Director is satisfied that the decision meets the test set out in the Legislation to make the decision.

The decision of the Director under the Legislation is that the Exemption Sought is granted provided that:

(a) the head office or principal place of business of the Filer is the United States;

(b) the Filer continues to be registered as an investment adviser with the SEC and as a commodity trading adviser and commodity pool operator with the CFTC;

(c) the Filer continues to comply with all registration and other requirements of U.S. federal securities law and all other applicable securities laws of the U.S.;

(d) the Filer delivers a completed Form 31-103F1 and financial statements for the financial year ended December 31, 2018 except that the Form 31-103F1 and the financial statements will not include comparative financial information for the financial year ending December 31, 2017;

(e) the Filer submits comparative financial information in Form 31-103F1 and in its financial statements in accordance with sections 12.10 and 12.13 of NI 31-103 for the financial years ended December 31, 2019 and beyond;

(f) the Filer provides the Commission with prompt written notice of any prior period adjustments for the financial year ending December 31, 2017.

"Louise Brinkmann"
Compliance and Registrant Regulation
Ontario Securities Commission

2.1.5 Atlantic Power Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the formal issuer bid requirements in connection with purchases by a cross-listed issuer of its shares on published markets in the U.S. as part of normal course issuer bids implemented from time to time and conducted through the facilities of the TSX in reliance on the designated exchange exemption – the trading volume of the cross-listed issuer on U.S. markets is significant and greater than the trading volume of such issuer on the TSX – requested relief granted, subject to conditions, including that the bid is made in compliance with applicable U.S. securities laws and any applicable by-laws, rules, regulations or policies of the published market through which the purchases are carried out, the purchases form part of an issuer bid made in the normal course through the facilities of the TSX, purchases only occur in compliance with Part 6 (Order Protection) of National Instrument 23-101 Trading Rules, purchases under a bid do not, when aggregated with the total of all other purchases in the preceding 12-month period, exceed 10% of the public float at the time the purchases are made, and the requested relief apply only to the acquisition of shares pursuant to a bid commenced within 36 months of the date of the decision.

Applicable Legislative Provisions

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

September 27, 2018

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

AND

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

AND

IN THE MATTER OF
ATLANTIC POWER CORPORATION
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the requirements contained in the Legislation relating to issuer bids (the **Issuer Bid Requirements**) shall not apply to purchases of the Filer's common shares (the **Shares**) made by the Filer through the facilities of the New York Stock Exchange (the **NYSE**) and other trading systems (collectively with the NYSE, the **U.S. Markets**) based in the United States of America (the **U.S.**) as part of an issuer bid made in the normal course through the facilities of the Toronto Stock Exchange (the **TSX**) that the Filer may implement from time to time (such bids, the **Normal Course Issuer Bids**, and such exemption, the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Filer validly exists under the *Business Corporations Act* (British Columbia) and has its registered office in Vancouver, British Columbia and its principal executive office in Dedham, Massachusetts, U.S.

2. The Filer is a reporting issuer in all of the provinces and territories of Canada, and is not in default of any requirements of the securities legislation of any of the provinces and territories of Canada.

3. The Filer is also a registrant with the U.S. Securities and Exchange Commission (the **SEC**) and is subject to the requirements of the United States *Securities Exchange Act of 1934* (the **Exchange Act**).

4. The authorized capital of the Filer consists of an unlimited number of Shares. As at September 26, 2018, the Filer had 111,666,941 Shares issued and outstanding.

5. The Shares are listed and posted for trading on the TSX under the trading symbol “ATP”, and on the NYSE under the trading symbol “AT”.

6. On December 20, 2017, the Filer announced that the TSX had authorized it to make a normal course issuer bid (the **Current NCIB**), for the 12-month period ending December 28, 2018, to purchase up to 11,308,946 Shares, representing approximately 10% of the Filer’s public float of Shares as of the date specified in the Notice of Intention to Make a Normal Course Issuer Bid (the **Current Notice**) filed with the TSX. The Current Notice specifies that purchases under the Current NCIB will be made through the facilities of the TSX or other Canadian designated exchanges and published marketplaces, and the NYSE or other designated U.S. exchanges and published marketplaces, in accordance with, and as permitted by, the TSX and Applicable U.S. Rules (as defined below), as applicable.

7. Purchases under issuer bids made in the normal course through the facilities of the TSX are, and will be, conducted in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(2) of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (**NI 62-104**, and such exemption, the **Designated Exchange Exemption**). The Designated Exchange Exemption provides that an issuer bid made in the normal course through the facilities of a designated exchange is exempt from the Issuer Bid Requirements if the bid is made in accordance with the bylaws, rules, regulations and policies of that exchange. The TSX is a designated exchange for the purposes of the Designated Exchange Exemption. The TSX’s rules governing the conduct of normal course issuer bids are set out in sections 628 to 629.3 of Part VI of the TSX Company Manual (the **TSX NCIB Rules**). The TSX NCIB Rules permit a listed issuer to acquire, over a 12-month period commencing on the date specified in the Notice of Intention to Make a Normal Course Issuer Bid, up to the greater of (a) 10% of the public float on the date of acceptance of the Notice of Intention to Make a Normal Course Issuer Bid by the TSX, or (b) 5% of such class of securities issued and outstanding on the date of acceptance of the Notice of Intention to Make a Normal Course Issuer Bid by the TSX.

8. Purchases under issuer bids made in the normal course through the U.S. Markets and alternative trading systems in Canada are, and will be, conducted in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(3) of NI 62-104 (the **Other Published Markets Exemption**). The Other Published Markets Exemption provides that an issuer bid made in the normal course on a published market, other than a designated exchange, is exempt from the Issuer Bid Requirements if, among other things, the bid is for not more than 5% of the outstanding securities of a class of securities of the issuer, and the aggregate number of securities acquired in reliance on the Other Published Markets Exemption by the issuer and any person acting jointly or in concert with the issuer within any 12-month period does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period.

9. For the 12-month period ended July 31, 2018, an aggregate of 106,676,593 Shares were traded over published markets in Canada, the U.S. and Europe, with trading volumes having occurred as follows:

    (a) 13,275,693 Shares (or approximately 11.44% of aggregate trading volume in North America) over the facilities of the TSX;

    (b) 16,288,998 Shares (or approximately 15.27% of aggregate trading volume in North America) over the facilities of the NYSE;

(c) 77,088,514 Shares (or approximately 72.28% of aggregate trading volume in North America) on U.S. Markets other than the NYSE; and

(d) 23,388 Shares on markets in the European Union.

10. The Filer's trading volume on the TSX for the 12-month periods ended July 31, 2018, July 31, 2017 and July 31, 2016, represented approximately 11.44%, 12.64% and 12.92%, respectively, of the aggregate trading volume of the Shares in North America.

11. As of September 26, 2018, the Filer has purchased 5,780,598 Shares pursuant to the Current NCIB. Of those 5,780,598 Shares, 5,760,498 Shares were purchased over the U.S. Markets, 20,000 Shares were purchased on the TSX, and 100 Shares were purchased on other published markets in Canada other than the TSX.

12. As a substantial number of Shares have historically traded through the U.S. Markets (approximately 87.55% of the aggregate trading volume for the 12-month period ended July 31, 2018), the Filer wishes to have the ability to continue to make repurchases under the Current NCIB and any Normal Course Issuer Bids that may be implemented by the Filer on the NYSE (such repurchases, the **Proposed Bids**) in excess of the maximum allowable in reliance on the Other Published Markets Exemption, if the market price thereon (having regard to applicable foreign exchange rates) would result in the Filer being able to acquire the Shares at a favourable cost relative to the market price of the Shares on the TSX at the relevant time.

13. The Proposed Bids will be effected in accordance with the Exchange Act, the U.S. *Securities Act of 1933*, and the rules of the SEC made pursuant thereto, including the safe harbour provided by Rule 10b-18 under the Exchange Act and any applicable by-laws, rules, regulations or policies of the U.S. published market through which the purchases are carried out (collectively, the **Applicable U.S. Rules**).

14. Applicable U.S. Rules require that, in respect of purchases by an issuer of its own securities over U.S. Markets: (a) all purchases made during a single trading day must be conducted through a single broker or dealer; (b) purchases cannot be effected during the last 30 minutes before the close of the primary trading session in the principal market for the Shares, being the NYSE; (c) purchases must be made at a price that does not exceed the higher of the highest published independent bid and the last transaction price reported on the consolidated system for securities listed on the NYSE; and (d) in any given day, the issuer cannot purchase more than 25% of its average daily trading volume across all U.S. Markets over the four calendar weeks preceding the week in which an issuer repurchase is effected.

15. Purchases of Shares by the Filer of up to 10% of the public float through the facilities of U.S. Markets are permitted under the Applicable U.S. Rules.

16. The Filer believes that the Proposed Bids are in the best interests of the Filer.

17. The purchase of Shares under the Proposed Bids will not adversely affect the Filer or the rights of any of the Filer's security holders and they will not materially affect control of the Filer.

18. No other exemptions exist under the Legislation that would permit the Filer to continue to make purchases pursuant to the Proposed Bids through the U.S. Markets on an exempt basis once the Filer has purchased, within a 12-month period, 5% of the outstanding Shares in reliance on the Other Published Markets Exemption.

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 Proposed Bids are permitted under the Applicable U.S. Rules, and are established and conducted in accordance and compliance with the Applicable U.S. Rules;

(b) the Notice of Intention to Make a Normal Course Issuer Bid accepted by the TSX in respect of any Normal Course Issuer Bid that may be implemented by the Filer will specifically contemplate that purchases under such bid will also be effected through the U.S. Markets;

(c) purchases of Shares under a Proposed Bid in reliance on this decision shall only be made:

(i) in compliance with Part 6 (Order Protection) of National Instrument 23-101 *Trading Rules*; and

(ii) at a price which is not higher than the price of the last standard trading unit of Shares purchased;

(d) the Exemption Sought apply only to the acquisition of Shares by the Filer pursuant to a Proposed Bid commenced within 36 months of the date of this decision;

(e) prior to purchasing Shares under a Proposed Bid in reliance on this decision, the Filer issues and files a press release setting out the terms of the Exemption Sought and the conditions applicable thereto; and

(f) purchases under a Proposed Bid do not, when aggregated with the total of all other purchases in the preceding 12-month period, whether in reliance on the Other Published Markets Exemption, the Designated Exchange Exemption and/or this decision, exceed 10% of the public float of the Shares at the time the purchases are made.

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

2.1.6 AGF Investments Inc. 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 – Filer will incorporate offering of the mutual fund under the same offering documents as related family of funds when they are renewed – 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).

September 25, 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
AGF INVESTMENTS INC.
(the Filer)

AND

AGFIQ ENHANCED CORE CANADIAN EQUITY ETF,
AGFIQ ENHANCED CORE US EQUITY ETF,
AGFIQ ENHANCED CORE INTERNATIONAL EQUITY ETF,
AGFIQ ENHANCED CORE EMERGING MARKETS EQUITY ETF,
AGFIQ GLOBAL EQUITY ROTATION ETF,
AGFIQ MULTIASSET ALLOCATION ETF,
AGFIQ MULTIASSET INCOME ALLOCATION ETF
(collectively, the Funds)

DECISION

I. BACKGROUND

1. 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 prospectus of the Funds dated November 2, 2017 be extended to those time limits that would apply if the lapse date was January 31, 2019 (the **Requested Relief**).

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

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

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

II. INTERPRETATION

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

III. REPRESENTATIONS

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

1. The Filer is a corporation existing under the laws of the Province of Ontario.

2. The Filer's head office is located in Toronto, Ontario.

3. The Filer is registered in the categories of (a) exempt market dealer in the Provinces of Alberta, British Columbia, Manitoba, Ontario, Quebec and Saskatchewan, (b) portfolio manager in each of the Provinces and Territories of Canada, (c) investment fund manager in the Provinces of Alberta, British Columbia, Newfoundland and Labrador, Ontario and Quebec, (d) a mutual fund dealer in the Provinces of British Columbia, Ontario and Quebec and (e) a commodity trading manager in the Province of Ontario.

4. The Filer is the trustee and manager of the Funds and the Other Funds (as defined below).

5. Each of the Funds and Other Funds is a reporting issuer in the Jurisdictions.

6. None of the Filer, Funds or Other Funds are in default of securities legislation in any of the Jurisdictions.

7. Each Fund currently distributes its securities in the Jurisdictions pursuant to a long-form prospectus dated November 2, 2017 (the **Current Prospectus**). Each Other Fund currently distributes its securities in the Jurisdictions pursuant to a long-form prospectus dated January 31, 2018.

8. The lapse date of the Current Prospectus under the Legislation is November 2, 2018 (the **Current Lapse Date**). Accordingly, under the Legislation, the distribution of securities of the Funds would have to cease on the Current Lapse Date unless: (i) the Funds file a pro forma long-form prospectus at least 30 days prior to the Current Lapse Date; (ii) the final prospectus of the Funds is filed no later than 10 days after the Current Lapse Date; and (iii) a receipt for the final prospectus of the Funds is obtained within 20 days after the Current Lapse Date.

9. The lapse date of the current prospectus of the AGFiQ Enhanced Global Infrastructure ETF, AGFiQ Enhanced Global ESG Factors ETF and AGFiQ Enhanced Core Global Multi-Sector Bond ETF (collectively, the **Other Funds**) under the Legislation is January 31, 2019.

10. The Filer wishes to combine the Current Prospectus of the Funds with the current prospectus of the Other Funds in order to reduce renewal, printing and related costs of the Funds and the Other Funds. Offering the Funds and the Other Funds under one prospectus would facilitate the distribution of the Funds in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. As the Funds and the Other Funds are managed by the Filer, offering them under the same prospectus would allow investors to more easily compare the features of the Funds and the Other Funds.

11. It would be unreasonable to incur the costs and expenses associated with preparing two separate renewal prospectuses given how close in proximity the lapse date of the Current Prospectus and the lapse date of the current prospectus of the Other Funds are to one another.

12. There have been no material changes in the affairs of the Funds since the date of the Current Prospectus. Accordingly, the Current Prospectus and current ETF Facts of the Funds represent the current information of the Funds.

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

14. New investors of the Funds will receive delivery of the most recently filed ETF Facts of the applicable Fund(s). The Current Prospectus will still be available upon request.

15. 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.

IV. 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.

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

2.1.7 MD Financial Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Relief granted to permit public investment funds to engage in principal trading in debt securities with certain related parties that are principal dealers in the Canadian debt securities market on terms which include compliance with market integrity requirements or equivalent transparency and trade reporting requirements.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2, 19.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.2.

September 21, 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
MD FINANCIAL MANAGEMENT INC.

(the Filer)

AND

THE FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) exempting the Funds (as defined below) from the restriction contained in subsection 4.2(1) of NI 81-102 to permit the Funds to purchase from, or sell to, a related person or company (a **Related Dealer**) that acts, or that may in the future act as a principal dealer (**Principal Dealer**) in the Canadian debt securities market, debt securities of an issuer other than the Canadian federal or a provincial government (**Non-Government Debt Securities**), or debt securities issued or fully and unconditionally guaranteed by the Canadian federal or a provincial government (**Government Debt Securities**), both as traded in the secondary markets (the **Exemption Sought**).

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

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

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

Interpretation

Terms defined in NI 81-102, National Instrument 14-101 *Definitions* or National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) have the same meanings in this decision, unless otherwise defined.

"Funds" means all mutual funds subject to NI 81-102, and any mutual funds subject to NI 81-102 subsequently established in the future for which the Filer acts, or will act, as investment fund manager.

Representations

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

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Ottawa, Ontario. The Filer is registered as a portfolio manager in each of the provinces and territories of Canada and is registered in Ontario in the category of commodity trading manager and investment fund manager. The Filer is also registered as an investment fund manager in the provinces of Québec and Newfoundland and Labrador.

2. The Filer is, or will be, the investment fund manager of each Fund.

3. Each Fund is, or will be, a reporting issuer in one or more of the Jurisdictions and subject to NI 81-102. The securities of each Fund are, or will be, qualified for distribution pursuant to a simplified prospectus, fund facts and annual information form that have been prepared and filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

4. The Filer and the Funds are not in default of applicable securities legislation in any Jurisdiction.

5. On May 31, 2018, the Canadian Medical Association and The Bank of Nova Scotia (**Scotiabank**) announced that they entered into a share purchase agreement pursuant to which Scotiabank will indirectly acquire 100% of the issued and outstanding shares of CMA Holdings, which indirectly holds the outstanding shares of the Filer. Assuming timely receipt of all necessary regulatory non-objections/approvals and the satisfaction of all other conditions, the closing of the proposed transaction is expected to occur on or about September 26, 2018 or on such other later date when all of the conditions precedent have been satisfied or waived, and all non-objections/approvals have been obtained, subject to extension by the parties (the **Closing**).

6. Upon Closing, the Filer will be an affiliate of Scotia Capital Inc., because each of the Filer and Scotia Capital Inc. will, directly or indirectly, be owned by Scotiabank, which is a Schedule I bank formed and existing under the *Bank Act* (Canada). Therefore, Scotia Capital Inc. will be considered a Related Dealer for the purposes of this decision. Among other things, Scotia Capital Inc. is a registered investment dealer and a dealer member of the Investment Industry Regulatory Organization of Canada.

7. Scotia Capital Inc., as a Related Dealer and each other Related Dealer that acts as a Principal Dealer, is a Principal Dealer in the Canadian debt securities market – for Non-Government Debt Securities and for Government Debt Securities, both in the secondary markets.

8. The Funds have an independent review committee constituted as required under NI 81-107.

9. The purchase and sale of Non-Government Debt Securities or Government Debt Securities by a Fund from and to a Related Dealer that is a Principal Dealer of Non-Government Debt Securities and Government Debt Securities in the secondary markets, following the Closing will be subject to subsection 4.2(1) NI 81-102 which prohibits such transactions.

10. The Funds require the Exemption Sought following the Closing because:

    (a) there is a limited supply of Non-Government Debt Securities and Government Debt Securities available to the Funds; and

    (b) frequently, the only source of Non-Government Debt Securities and Government Debt Securities will be a Related Dealer that is a Principal Dealer.

11. The Funds require the Exemption Sought in order to continue to pursue their investment objectives and strategies effectively following the Closing.

12. Related Dealers that act as Principal Dealers in the Canadian debt securities market will not influence the business judgement of the Filer or any of the portfolio advisors engaged by the Filer to manage the Funds, in connection with the

determination of the suitability of investments and information and influence barriers will be in place. Decisions made by the Filer or any of the portfolio advisors engaged by the Filer to manage the Funds, as to which investments a Fund should hold will be based on the best interests of such Fund, without consideration given to the interest of the party with whom a purchase or sale is transacted. This principle will be reflected in the policies and procedures regarding dealing with related parties following the Closing that will be implemented by the Filer and communicated by it to the portfolio advisors that are engaged by the Filer to manage the Funds, and approved by the independent review committee of the Funds immediately following the Closing.

13. The investment strategies of each Fund that will rely on the Exemption Sought permit, or will permit, the Fund to invest in the securities purchased, either as a principal strategy in achieving its investment objective or as a temporary strategy, pending the purchase of other securities.

Decision

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

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

(a) the purchase or sale is consistent with, or is necessary to meet, the investment objectives of the Fund;

(b) the Filer, as manager of the Funds, complies with the requirements of section 5.1 of NI 81-107, and the Filer and the IRC of the Funds each comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the transaction;

(c) the IRC of the Funds approves each transaction in accordance with subsection 5.2(2) of NI 81-107;

(d) the bid and ask price of the applicable Non-Government Debt Security or the Government Debt Security is readily available, as provided in Commentary 7 to section 6.1 of NI 81-107;

(e) a purchase is not executed at a price which is higher than the available ask price of the security, and a sale is not executed at a price which is lower than the available bid price;

(f) the purchase or sale is subject to “market integrity requirements” as defined in clause 6.1(1)(b) of NI 81-107; and

(g) the Funds keep the written records required by clause 6.1(2)(g) of NI 81-107.

This decision is effective as of the date of Closing.

“Stephen Paglia”
Manager, Investment Funds & Structured Products Branch
Ontario Securities Commission

2.1.8 Pharmachoice Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus requirement – Filer serves as a management group for the benefit of Members who are independently owned and operated pharmacies – Only Members may acquire shares – Filer intends to issue one (1) Class "A" common share for the subscription price of $1.00 per share to each Member for and in respect of each store operated by the Member, from time to time – Members are not making an investment decision and will receive information about the Filer – Relief granted subject to conditions.

Applicable Legislative Provisions

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

September 28, 2018

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

AND

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

AND

IN THE MATTER OF
PHARMACHOICE CANADA INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application (the Application) from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the prospectus requirements in the Legislation in connection with the issuance of Class "A" shares (the Shares) of the Filer to Members (as defined below) (the Exemption Sought).

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

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

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

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

Interpretation

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

Representations

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

1. The Filer was incorporated upon the amalgamation (the Amalgamation) of PharmaChoice East Ltd. (PCE) and PharmaChoice Western Inc. (PCW, together with PCE, the Amalgamating Corporations) under the *Canada Business Corporations Act* (Canada) (the CBCA) pursuant to an amalgamation agreement (the Amalgamation Agreement), articles of amalgamation (the Articles) and by-laws (the By-laws) dated July 16, 2018.

2. The Filer's head office is in Saskatoon, Saskatchewan.

3. The Filer is not at present, and does not intend to become, a reporting issuer in any jurisdiction.

4. The Filer is not in default of securities legislation in any jurisdiction, except that:

   a) PCE has not confirmed the availability of an exemption from the prospectus requirements of the securities laws in the Provinces of New Brunswick, Nova Scotia, Ontario, and Prince Edward Island in respect of past distributions of common shares to the initial incorporator of PCE in trust and the directors of PCE in trust; and

   b) PCW has not confirmed the availability of an exemption from the prospectus requirements of the securities laws in the Provinces of Alberta, British Columbia, Manitoba and Saskatchewan in respect of past distributions of Class "A" common shares to its members.

5. There is no public market for the Shares in any jurisdiction, the Shares are not traded on any marketplace as defined in National Instrument 21-101 *Marketplace Operation*, and the Shares are issued only to or for the benefit of Members (as defined below).

6. The Filer serves as a management group for independently owned and operated pharmacies in Saskatchewan, Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island.

7. The Filer enters into membership agreements (Membership Agreement(s)) with independent retail pharmacy owners (Members).

8. As of the date of the Application, the Filer has 804 Members comprising the prior shareholders of the Amalgamating Corporations who are resident in in the Provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Saskatchewan, and Prince Edward Island.

9. To become a Member, a person must be a "retail pharmacy business" which: (a) enters into the Membership Agreement, (b) receives approval from the Filer's board of directors, and (c) complies with all legal requirements governing the practice of pharmacy and the operation of pharmacies in the applicable jurisdiction.

10. The Membership Agreement provides for Members receiving certain entitlements, including: (a) using the PharmaChoice tradename, trademark and logos; (b) participating in a centralized merchandising program operated by the Filer; (c) participating in a centralized promotion and advertising program operated by the Filer; and (d) receiving professional support services from the Filer (collectively, the Programs).

11. The structure permits Members to benefit from the efficiencies and economies of scale that result from the centralized purchasing of pharmacy-related goods and services, while retaining the ability to independently own and operate their own retail pharmacy.

12. The Membership Agreement permits Members to resign and to terminate all obligations under the Membership Agreement.

13. The Filer's authorized capital consists of an unlimited number of Class "A", Class "B", and Class "C" shares.

14. Upon the Amalgamation, the Filer issued one Class "A" share to each Member in exchange for each Class "A" common share of the Amalgamating Corporations pursuant to the "business combination and reorganization" exemption under Section 2.11 of National Instrument 45-106 *Prospectus Exemptions*.

15. The Filer's issued capital consists of 804 Class "A" shares registered in the name of each Member representing one class "A" share in the capital of the Filer in respect of each store owned by or associated with a Member.

16. The Membership Agreement and the Articles restrict the right to transfer the Shares.

17. The Filer's Articles provide that upon termination of a Member's participation in the Filer, the Filer will purchase for cancellation the any Share held by a Member for $1.00.

18. The Articles restrict the Filer from declaring or issue dividends in the ordinary course.

19. The Filer may, if authorized by its board of directors, distribute profits or other advantages earned by the Filer to individual Members in the form of "patronage dividends" in proportion to each individual Member's participation in the Programs under the Membership Agreement.

20. Patronage dividends represent any net benefits of membership under the Membership Agreement and are not dividends on the Shares.

21. The Filer may, with shareholder approval by special resolution, declare and issue dividends in connection with a full or partial wind-up of its operations or other fundamental change in the business of the Filer.

22. The Filer has considered whether, under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and the Legislation, it could be considered to be engaged in or holding itself out as engaging in the business of trading in securities and therefore required to register as a dealer, rely on another exemption from the dealer registration requirement or seek exemptive relief from the dealer registration requirement. In light of the particular facts and circumstances of the Filer, including the fact that it does not hold itself out as being in the business of trading in securities, does not trade in securities frequently, does not receive any remuneration for trading in securities, does not act in an intermediary capacity, does not produce or intend to produce a distinct profit from trading in securities, and does not employ or otherwise contract with persons to perform activities on its behalf that are similar to those performed by a registrant, and having considered the guidance in section 1.3 of the Companion Policy to NI 31-103, the Filer has concluded that it should not be considered to be engaged in registrable activities and therefore does not require relief from the registration requirement of the Legislation.

23. Upon the Decision Makers granting the Exemption Sought, the Filer intends to issue one Class "A" share to each Member for and in respect of each store operated by the Member, from time to time.

Decision

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

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

a) prior to the issuance of Shares to a Member:

   i. the Filer delivers to such Member copies of the Articles and By-laws, a copy of the Filer's most recent audited annual financial statements, and a copy of the most recent interim financial statements; and

   ii. the Filer delivers to such Member a copy of this decision document;

b) the Filer delivers each Member a statement to the effect that, as a consequence of the decision, certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission or damages, will not be available to the Member and that certain restrictions are imposed on the subsequent disposition of the Shares;

c) the Filer prepares and sends audited financial statements to each Member on an annual basis;

d) prior to the issuance of Shares to a Member, such Member shall have executed a copy of the Membership Agreement;

e) prior to the issuance of the Class "B" shares or Class "C" shares to any person in any jurisdiction in Canada, the Filer will seek exemptive relief in connection with any proposed Class "B" share or Class "C" share issuances.

f) the Exemption Sought shall cease to be effective if any of the provisions of the Articles or the Membership Agreement relevant to the Exemption Sought (including the provisions relating to the transferability of the Shares) are amended in any material respect without written notice to, and consent of, the Decision Makers; and

g) the first trade in any Share by a Member to a person or company other than the Filer is deemed to be a distribution.

"Dean Murrison"
Director, Securities Division
Financial and Consumer Affairs

2.1.9 Mackenzie Financial Corporation and IPC Investment Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Revocation of prior relief – Relief granted from the requirement in s.3.2(2) of NI 81-101 to deliver a fund facts document to investors for purchases of mutual fund securities of certain series under automatic switching programs – High Net Worth series offering lower combined management and administration fees than the Retail series, as applicable, based on the size of a fund investment – Investment fund manager initiating automatic switches between series on behalf of investors when their investments satisfy or cease to meet eligibility requirements of High Net Worth series – Automatic switches between series of a fund triggering a distribution of securities which requires delivery of a fund facts document – Relief granted from the requirement to deliver a fund facts document to investors for purchases of series securities made under automatic switching programs subject to compliance with certain notification and disclosure requirements in the simplified prospectus and fund facts document – Relief granted from the requirement to prepare a fund facts document for each series of securities of a mutual fund in accordance with the form requirements in Form 81-101F3 and the requirement that the fund facts document contain only information that is specifically required or permitted to be in Form 81-101F3 so that fund facts document delivered to investors in the automatic switching program will provide disclosure relating to the automatic switching program and both series, subject to certain conditions – National Instrument 81-101 Mutual Fund Prospectus Disclosure.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1, 3.2.01(1), 6.1.

September 28, 2018

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(Mackenzie)

AND

IPC INVESTMENT CORPORATION
(the Representative Dealer, and together with Mackenzie, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from Mackenzie on behalf of the Funds (as defined below) and the Representative Dealer for a decision under the securities legislation of the Jurisdiction (the **Legislation**):

(a) revoking the decision granted by the principal regulator (the Revocation) on March 14, 2017 (the **Prior Decision**);

(b) exempting each dealer who trades in securities of the Funds (a **Dealer**) from the requirement in subsection 3.2.01(1) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) to deliver or send the most recently filed fund facts document (a **Fund Facts**) in the manner as required under the Legislation (the **Fund Facts Delivery Requirement**) in respect of the purchases of High Net Worth Series (as defined below)

or Retail Series (as defined below) securities of the Funds that are made pursuant to Automatic Switches (as defined below) (the **Fund Facts Delivery Relief**); and

(c) exempting the Funds from the requirement in section 2.1 of NI 81-101 to prepare a Fund Facts in the form of Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**), to permit the Funds to deviate from certain requirements in Form 81-101F3 in order to prepare a Consolidated Fund Facts Document (as defined below) that includes the Switching Disclosure (as defined below) (the **Consolidated Fund Facts Relief**, and together with the Fund Facts Delivery Relief, the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

Mackenzie

1. Mackenzie is a corporation amalgamated under the laws of Ontario with its head office in Toronto, Ontario.

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

3. Mackenzie is the manager of mutual funds (the **Existing Funds**), each of which is subject to the requirements of National Instrument 81-102 *Investment Funds* (**NI 81-102**). Mackenzie may, in the future, become the manager of additional mutual funds that are subject to the requirements of NI 81-102 (the **Future Funds**, and together with the Existing Funds, the **Funds** and, individually, a **Fund**).

4. Mackenzie and the Existing Funds are not in default of the securities legislation of Ontario or the Other Jurisdictions.

The Representative Dealer

5. Securities of the Funds are, or will be, distributed through dealers that include the Representative Dealer (the **Dealers**, and each, a **Dealer**).

6. The Representative Dealer is registered as a mutual fund dealer in Ontario and the Other Jurisdictions, and as an exempt market dealer in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Ontario and Saskatchewan.

7. Each Dealer is, or will be, registered as a dealer in one or more of the provinces and territories of Canada. The Dealers are, or will be, members of either the Investment Industry Regulatory Organization of Canada or the Mutual Fund Dealers Association of Canada.

8. The Representative Dealer is not in default of the securities legislation of Ontario or the Other Jurisdictions.

The Funds

9. Each Fund is, or will be, an open-end mutual fund trust created under the laws of Ontario or an open-end mutual fund that is a class of shares of a mutual fund corporation incorporated under the laws of Ontario.

10. Each Fund is, or will be, a reporting issuer under the laws of Ontario and the Other Jurisdictions, and subject to NI 81-102. The securities of the Funds are, or will be, qualified for distribution pursuant to a simplified prospectus, annual

information form and Fund Facts that have been, or will be, prepared and filed in accordance with NI 81-101, except for certain series of certain Funds that were previously offered under simplified prospectus and are currently closed to new investors or were created for implementing mergers but were never offered to the public by way of simplified prospectus, namely Series B8, DZ, E, E5, E6, E8, J, J6, J8 and SA.

11. The Funds currently offer up to 39 series of securities – Series A, AR, B, C, D, DA, F, F5, F6, F8, FB, FB5, G, GP, I, O, O6, PW, PWB, PWF, PWF5, PWF8, PWFB, PWFB5, PWT5, PWT6, PWT8, PWX, PWX5, PWX8, S5, S6, S8, SC, SP, T5, T6, T8 and Investor Series securities – under a simplified prospectus, annual information form and Fund Facts dated September 29, 2017, as amended. Mackenzie may also offer additional series of the Funds in the future.

12. Securities in Series PW, PWB, PWT5, PWT6, PWT8, PWFB, PWFB5, and any future applicable high net worth series of the Funds (the **High Net Worth Series**) generally have, or will have, lower combined management and administration fees than securities in their corresponding retail series, specifically, Series A, AR, B, C, FB, FB5, G, I, SC, S5, S6, S8, T5, T6, T8, Investor Series, and any future applicable retail series of the Funds (the **Retail Series**). Securities in the High Net Worth Series are, or will be, only available to investors who have invested at least $100,000 in eligible investments (the **Eligibility Criteria**).

13. Each pair of series, namely Series A and PW, Series SC and PW, Series T5 and PWT5, S5 and PWT5, Series T6 and PWT6, S6 and PWT6, Series T8 and PWT8, S8 and PWT8, Series B and PWB, Series FB and PWFB, Series FB5 and PWFB5, and any future pairs of series (each a **Pair**) are each made up of a Retail Series and a High Net Worth Series. Each High Net Worth Series in a Pair is identical to its corresponding Retail Series but for the Eligibility Criteria and the fact that it has lower combined management and administration fees than the Retail Series.

Automatic Switches

14. Mackenzie currently has a program whereby investors holding Retail Series securities are automatically switched into the corresponding High Net Worth Series once they meet the Eligibility Criteria (the **Lower Fee Switches**), subject to certain exceptions outlined in paragraph 16 below, without the Dealer or investor having to initiate the trade. If an investor holding High Net Worth Series securities ceases to meet the Eligibility Criteria, Mackenzie may switch the High Net Worth Series securities back into the applicable Retail Series securities without the Dealer or investor initiating the trade (the **Higher Fee Switches**, and together with the Lower Fee Switches, the **Automatic Switches**).

15. The following securities of the Funds are, or will be, excluded from the Automatic Switches:

    (a) securities held in Mackenzie's Portfolio Architecture Service program;

    (b) deferred sales charge securities purchased between 1987 and 1994 whereby Mackenzie issued limited partnership units to the public; and

    (c) Series C securities of Mackenzie Canadian Money Market Fund.

16. The Lower Fee Switches take place when the investor purchases additional securities or when positive market movement moves the investor into High Net Worth Series eligibility.

17. The Higher Fee Switches may occur because of redemptions that decrease the amount of total investments with Mackenzie for the purposes of calculating the investor's eligibility for High Net Worth Series securities. However, in no circumstances will market value declines that reduce the account value below the Eligibility Criteria lead to Higher Fee Switches.

18. Investors may access High Net Worth Series securities of a Fund by (a) initially investing in High Net Worth Series securities if they meet the Eligibility Criteria, or (b) initially investing in Retail Series securities and then, upon meeting the Eligibility Criteria, having those Retail Series securities be switched into High Net Worth Series securities by way of a Lower Fee Switch.

19. Investors may access Retail Series securities of a Fund by (a) initially investing in Retail Series securities, or (b) initially investing in High Net Worth Series securities and then, upon no longer meeting the Eligibility Criteria for the High Net Worth Series securities, having those High Net Worth Series securities be switched into Retail Series securities by way of a Higher Fee Switch.

20. For the majority of investors, the trailing commissions for the High Net Worth Series and Retail Series securities are or will be identical. For a small number of investors (for example, investors that are invested in legacy series through certain acquisitions or investors that hold series that were created for the purposes of effecting a fund merger), the trailing commission for the High Net Worth Series will be higher than the trailing commission for the Retail Series. While the

trailing commission may increase in certain circumstances, the total cost to the investors will always be lower as a result of a Lower Fee Switch.

21. Further to each Lower Fee Switch, an investor's account would continue to hold securities in the same Fund(s) as before the Lower Fee Switch, with the only material differences to the investor being that: (i) the combined management and administration fees charged for the High Net Worth Series securities would be lower than those charged for the Retail Series securities, and (ii) as more fully described in paragraph 21 above, for a small number of investors, the trailing commission would be higher for the High Net Worth Series securities than the Retail Series securities.

22. Further to each Higher Fee Switch, an investor's account would continue to hold securities in the same Fund(s) as before the Higher Fee Switch, with the only material differences to the investor being that the combined management and administration fees charged for the Retail Series securities would be higher than those charged for High Net Worth Series securities.

23. Although the maximum sales charge that may be charged upon an initial investment in Retail Series securities is higher than the maximum sales charge that may be charged upon an initial investment in High Net Worth Series securities, there are no sales charges, switch fees or other fees payable by the investor upon an Automatic Switch.

24. The Automatic Switches have no adverse tax consequences on investors under current Canadian tax legislation.

Consolidated Fund Facts Relief

25. Mackenzie proposes to prepare, for each of their Funds, a consolidated Fund Facts for each Pair (a **Consolidated Fund Facts Document**).

26. Each Consolidated Fund Facts Document will include the information required by Form 81-101F3 for both of the series in the applicable Pair, except as set out below in paragraph 28.

27. Specifically, for each Consolidated Fund Facts Document, Mackenzie proposes to deviate from the following requirements in Form 81-101F3:

    (a) General Instructions (10) and (16), to permit the Consolidated Fund Facts Document to be the Fund Facts for, and disclose information relating to, both of the series in the applicable Pair, except as further described below;

    (b) Item 1(c.1) of Part I, to permit the Consolidated Fund Facts Document to name both of the series in the applicable Pair in the heading;

    (c) Item 1(e) of Part I, to permit the Consolidated Fund Facts Document to name both of the series in the applicable Pair in the introduction to the Fund Facts;

    (d) Instruction (0.1) of Part I, to permit the Consolidated Fund Facts Document to identify the fund codes of both of the series in the applicable Pair;

    (e) Instruction (1) of Item 2 of Part I, to permit the Consolidated Fund Facts Document to list the date that both of the series in the applicable Pair first became available to the public;

    (f) Instruction (3) of Item 2 of Part I, to permit the Consolidated Fund Facts Document to disclose the management expense ratio (the **MER**) of only the applicable Retail Series within the applicable Pair;

    (g) Instruction (6) of Item 2 of Part I, to permit the Consolidated Fund Facts Document to specify the minimum investment amount and additional investment amount of only the Retail Series within the applicable Pair;

    (h) General Instruction (8), to permit the Consolidated Fund Facts Document to include a footnote under the "Quick Facts" table that:

        (i) states that the Fund Facts pertains to both of the series in the applicable Pair;

        (ii) cross-references the "How much does it cost?" section of the Fund Facts for further details about the Automatic Switches;

(iii) cross-references the fee decrease table under the subheading “Fund Expenses” of the Fund Facts for further details about the minimum investment amount for both series in the applicable Pair; and

(iv) cross-references the “Fund Expenses” subsection of the Fund Facts for further details about the MER for both of the series in the applicable Pair;

(i) Item 5(1) of Part I, to permit the Consolidated Fund Facts Document to:

(i) reference only the applicable Retail Series in the introduction under the heading “How has the fund performed?”; and

(ii) include, as a part of the introduction, disclosure explaining that the performance of the High Net Worth Series of the applicable Pair would be similar to the performance of the corresponding Retail Series, but would vary as a result of the difference in fees compared to the corresponding Retail Series, as set out in the fee decrease table under the subheading “Fund expenses”;

(j) Instruction (4) of Item 5 of Part I, to permit a Consolidated Fund Facts Document to show the required performance data under the subheadings “Year-by-year returns”, “Best and worst 3-month returns”, and “Average return” relating only to the applicable Retail Series;

(k) Item 1(1.1) of Part II, to permit a Consolidated Fund Facts Document to:

(i) refer to both series in the applicable Pair in the introductory statement under the heading “How much does it cost?”; and

(ii) include, as part of the introductory statement, a summary of the Automatic Switches, consisting of:

a. a statement explaining that the High Net Worth Series charges lower combined management and administration fees than the corresponding Retail Series;

b. a statement explaining the scenarios in which the Automatic Switches will be made, including Automatic Switches made due to the investor no longer meeting the Eligibility Criteria for the applicable High Net Worth Series;

c. a cross-reference to the fee decrease table under the subheading “Fund expenses”;

d. a cross-reference to specific sections of the simplified prospectus of the Funds for more details about the Automatic Switches; and

e. a statement disclosing that investors should speak to their representative for more details about the Automatic Switches;

(l) Item 1(1.2)(1) of Part II, to permit a Consolidated Fund Facts Document to refer to both of the series in the applicable Pair in the introduction under the subheading “Sales charges”, if applicable;

(m) Instruction (1) of Item 1 of Part II, to permit a Consolidated Fund Facts Document to disclose all sales charge options for both of the series in the applicable Pair.

(n) Item 1(1.3)(2) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund is not new, to:

(i) disclose the MER, trading expense ratio and fund expenses of both series in the particular Pair, and where certain information is not available for a particular series, to state “not available” in the corresponding part of the table; and

(ii) add a row in the table:

a. in which the first column states “For every $1,000 invested, this equals”; and

b. which discloses the respective equivalent dollar amounts of the fund expenses of each series included in the table for each $1,000 investment;

(o) Item 1(1.3)(3) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund and both of the series in the applicable Pair are not new, to include, instead of the mandated statement above the fund expenses table:

(i) a statement explaining that the applicable Retail Series has higher combined management and administration fees than the applicable High Net Worth Series; and

(ii) a statement stating "As of [the date of the most recently filed management report of fund performance], the fund expenses were as follows:";

(p) Item 1(1.3)(3) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund is not new but where one of the series in the applicable Pair is new, to include, instead of the mandated statement above the fund expenses table:

(i) a statement explaining that the applicable Retail Series has higher combined management and administration fees than the applicable High Net Worth Series;

(ii) a statement disclosing that the fund expenses information below is not available for one of the series because it is new, as indicated below; and

(iii) a statement stating "As of [the date of the most recently filed management report of fund performance], the fund expenses were as follows:";

(q) Item 1(1.3)(4) of Part II, to permit a Consolidated Fund Facts Document, where the applicable Fund is new, to:

(i) include a statement explaining that the applicable Retail Series has higher combined management and administration fees than the applicable High Net Worth Series;

(ii) disclose the rates of the management fee and administration fee of only the applicable Retail Series; and

(iii) for only the applicable Retail Series, disclose that the operating expenses and trading costs are not available because it is new;

(r) General Instruction (8), to permit a Consolidated Fund Facts Document to include, at the end of the disclosure under the sub-heading "Fund expenses":

(i) a table that discloses:

a. the name of, and qualifying investment amounts associated with each of the series in the applicable Pair; and

b. the combined management and administration fee decrease of the applicable High Net Worth Series from the combined management and administration fee of the applicable Retail Series, shown in percentage terms; and

(ii) an introduction to the table stating that the table sets out the combined management and administration fee decrease of the applicable High Net Worth Series from the combined management and administration fee of the applicable Retail Series.

(collectively, the **Switching Disclosure**).

28. Mackenzie submits that, given that each of the Retail Series and High Net Worth Series are a part of the Automatic Switches, and an investor in either series would make one investment decision at the outset by purchasing securities of a Retail Series of a Fund or, if eligible, of a High Net Worth Series of a Fund, a Consolidated Fund Facts Document containing the Switching Disclosure will provide investors with more comprehensive disclosure about the Automatic Switches and each of the series in the applicable Pair as compared to disclosure in separate Fund Facts for each of the series in the applicable Pair.

29. If the Fund Facts Delivery Relief is granted, the Fund Facts for the series that is being switched into pursuant to an Automatic Switch would not be delivered in connection with the Automatic Switch. As a result, Mackenzie submits that there is little benefit to preparing separate Fund Facts for each of the series in the applicable Pair. Mackenzie also submits that the Consolidated Fund Facts Document containing the Switching Disclosure, which would be delivered to investors

before the initial investment in Retail Series securities or, if eligible, High Net Worth Series securities, provides investors with better disclosure than if investors received the Fund Facts pertaining only to the applicable Retail Series or High Net Worth Series.

30. In the absence of the Consolidated Fund Facts Relief, Mackenzie would be required to prepare separate Fund Facts for each of the Retail Series and High Net Worth Series.

Fund Facts Delivery Relief

31. Each Automatic Switch entails (a) a redemption of the Retail Series security, immediately followed by a purchase of the corresponding High Net Worth Series security, or (b) a redemption of the High Net Worth Series security, immediately followed by a purchase of the corresponding Retail Series security. Each purchase of securities done as part of an Automatic Switch is a "distribution" under the Legislation, which triggers the Fund Facts Delivery Requirement.

32. Pursuant to the Fund Facts Delivery Requirement, a dealer is required to deliver the most recently filed Fund Facts of a series of a fund to an investor before the dealer accepts an instruction from the investor for the purchase of securities of that series of the fund.

33. The Filers previously obtained relief from the Fund Facts Delivery Requirement in respect of purchases of High Net Worth Series securities that are made pursuant to the Lower Fee Switches in the Prior Decision (the **Prior Relief**).

34. The Filers request that, starting on or about September 28, 2018, (the **Implementation Date**), the Prior Relief be extended to purchases of Retail Series securities that are made pursuant to the Higher Fee Switches through the granting of the Revocation and the Fund Facts Delivery Relief.

35. While Mackenzie will initiate each trade done as part of an Automatic Switch, Mackenzie and each Dealer do not propose to deliver a Fund Facts to investors in connection with the purchase of securities made pursuant to an Automatic Switch since, after the Implementation Date, investors will receive a Consolidated Fund Facts Document containing the Switching Disclosure before their first purchase of Retail Series or High Net Worth Series securities in accordance with the Fund Facts Delivery Requirement. The Consolidated Fund Facts Document will provide investors with disclosure about the Automatic Switches and both of the series in the applicable Pair, and investors would derive little benefit from receiving a further Consolidated Fund Facts Document in conjunction with each Automatic Switch.

36. To ensure that existing investors in both the Retail Series and the High Net Worth Series prior to the Implementation Date receive sufficient disclosure of the changes that will be implemented on the Implementation Date, Mackenzie will liaise with the Dealers to devise and implement a notification plan for such investors to notify them about the Automatic Switches, as further described below in condition 3(a) below.

37. Mackenzie will also liaise with the Dealers about the Automatic Switches so that the Dealers will be equipped to appropriately advise new investors about the Automatic Switches.

38. The most recently filed Consolidated Fund Facts Document for each series will be available to investors on Mackenzie's website.

39. Mackenzie will deliver, or will arrange for the delivery of, trade confirmations to investors in connection with each trade done further to an Automatic Switch. Furthermore, details of the changes in series of securities held will be reflected in the account statements sent to investors for the quarter in which the change occurred.

40. In the absence of the Fund Facts Delivery Relief, each Dealer would be required to deliver the applicable Fund Facts to investors in connection with the purchase of securities made pursuant to each Automatic Switch.

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:

1. the Revocation is granted;

2. the Consolidated Fund Facts Relief is granted provided that each Consolidated Fund Facts Document contains the Switching Disclosure; and

3. the Fund Facts Delivery Relief is granted provided that:

   (a) for investors invested in the Retail Series or the High Net Worth Series prior to the Implementation Date, Mackenzie will liaise with the Dealers to devise and implement a notification plan for such investors regarding the Automatic Switches to communicate the following:

      (i) that their investment may be switched to the High Net Worth Series with lower management and administration fees upon meeting the Eligibility Criteria;

      (ii) that other than a difference in management and administration fees, there will be no other material difference between the Retail Series and the High Net Worth Series;

      (iii) that if they cease to meet the Eligibility Criteria, their investment may be switched into the Retail Series, which has higher management and administration fees; and

      (iv) that they will not receive the Consolidated Fund Facts Document when they purchase securities in connection with an Automatic Switch, but that:

         1. they may request the most recently filed Consolidated Fund Facts Document for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;

         2. the most recently filed Consolidated Fund Facts Document will be sent or delivered to them at no cost, if requested;

         3. the most recently filed Consolidated Fund Facts Document may be found either on the SEDAR website or on Mackenzie's website; and

         4. they will not have the right to withdraw from an agreement of purchase and sale (a **Withdrawal Right**) in respect of a purchase of securities made pursuant to an Automatic Switch, but they will have the right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts;

   (b) Mackenzie incorporates disclosure in the simplified prospectus for each Fund participating in the Automatic Switches that describes the Automatic Switches, including setting out:

      (i) the Eligibility Criteria;

      (ii) the fees applicable to investments in the applicable Retail Series and High Net Worth Series; and

      (iii) that if investors cease to meet the Eligibility Criteria, their investment will be switched back to the corresponding Retail Series, which has higher management and administration fees;

   (c) for Retail Series and High Net Worth Series investors, Mackenzie sends these investors an annual reminder notice advising that they will not receive a Fund Facts when they purchase Retail Series or High Net Worth Series securities pursuant to an Automatic Switch, but that:

      (i) they may request the most recently filed Consolidated Fund Facts Document for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;

      (ii) the most recently filed Consolidated Fund Facts Document will be sent or delivered to them at no cost, if requested;

      (iii) the most recently filed Consolidated Fund Facts Document may be found either on the SEDAR website or on Mackenzie's website; and

      (iv) they will not have a Withdrawal Right in respect of a purchase of series securities made pursuant to an Automatic Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts;

(d) Mackenzie provides to the principal regulator, on an annual basis, beginning 60 days after the date upon which the Fund Facts Delivery Relief is first relied upon by a Dealer, either:

(i) a current list of all such Dealers that are relying on the Fund Facts Delivery Relief; or

(ii) an update to the list of such Dealers or confirmation that there has been no change to such list; and

(e) prior to a Dealer relying on the Fund Facts Delivery Relief, Mackenzie provides to the Dealer a disclosure statement informing the Dealer of the implications of this decision.

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

2.1.10 Picton Mahoney Asset Management et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds that seek to engage in alternative investment strategies not otherwise permitted by NI 81-102 – Relief to permit funds to borrow cash for investment purposes and to grant a security interest over assets in connection with such borrowing – Relief to permit funds to sell securities short provided that aggregate market value of securities of any one issuer sold short by fund must not exceed 10% its net asset value, and aggregate market value of all securities sold short by fund must not exceed 50% of its net asset value, to sell securities short without cash cover, and to use proceeds from short sales to enter into a long-position in a security – Relief from cash cover and designated rating requirements in respect of use of specified derivatives – Relief to permit funds to appoint sub-custodians in or outside of Canada that comply with sections 6.2 and 6.3 of NI 81-102 except that audited financial statements may not be public – Relief to permit funds to pay incentive fee based on cumulative total return of fund – Cash borrowing and short selling subject to a combined maximum limit of 50% of fund's net asset value – Aggregate gross exposure of the fund (long positions, short positions and notional value of derivatives positions) subject to maximum limit of 3 times fund's net asset value – Relief subject to certain limitations on distribution of securities of funds – Relief subject to inclusion of certain required disclosure in the simplified prospectus, annual information form, fund facts document and continuous disclosure documents – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.6, 2.6.1(1)(c), 2.6.1(2) and (3), 2.7(1), (2) and (3), 2.8, 6.2, 6.3, 7.1(a), 19.1.

September 17, 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
PICTON MAHONEY ASSET MANAGEMENT
(the Filer)

AND
PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND,
PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND, AND
PICTON MAHONEY FORTIFIED MULTI-STRATEGY ALTERNATIVE FUND
(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**) for an exemption:

(a) from section 2.6 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), to permit each Fund to borrow cash to use for investment purposes in excess of the limits set out in subsection 2.6(a) of NI 81-102 and to grant a security interest of its assets in connection with such borrowings (the **Cash Borrowing Relief**);

(b) from subsections 2.6.1(1)(c) and 2.6.1(2) and (3) of NI 81-102, to permit each Fund to borrow securities from a borrowing agent to sell securities short whereby: (i) the aggregate market value of all securities of the issuer of the securities sold short by the Fund may exceed 5% of the net asset value of the Fund; (ii) the aggregate market value of all securities sold short by each Fund may exceed 20% of the net asset value of the Fund; (iii)

each Fund is not required to hold cash cover in connection with short sales of securities by the Fund; and (iv) each Fund is permitted to use the cash from a short sale to enter into a long-position in a security (the **Short Sale Relief**);

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

(d) from sections 6.2 and 6.3 of NI 81-102, to permit each Fund to appoint as sub-custodians for assets held in Canada or outside of Canada an entity that complies with sections 6.2 or 6.3 of NI 81-102 except that where the entity is an entity described in sections 6.2(3) or 6.3(3) of NI 81-102, the audited financial statements may not be made public (the **Sub-Custodian Relief**); and

(e) section 7.1(a) of NI 81-102, to permit each Fund to pay, or enter into arrangements that would require it to pay, and permit securities of each Fund to be sold on the basis that an investor would be required to pay, a fee that is determined by the performance of the Fund where the payment of the fee is based on the cumulative total return of the Fund for the period that began immediately after the last period for which such fee was paid (the **Incentive Fee Relief**, and together with the Cash Borrowing Relief, Short Sale Relief, Specified Derivatives Relief, and Sub-Custodian Relief, the **Exemption Sought**).

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

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

(b) the Filer has provided notice that 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 **Other Jurisdictions**).

Interpretation

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

Active Extension Fund means Picton Mahoney Fortified Active Extension Alternative Fund;

Alternative Funds Framework means the proposed amendments set out in the CSA Notice and Request for Comment – *Modernization of Investment Fund Product Regulation – Alternative Funds* (2016), 39 OSCB 8051 dated September 22, 2016 including the amendment of NI 81-101, NI 81-102 and other applicable Legislation in order to provide a framework for alternative funds to adopt fundamental investment objectives that permit the funds to invest in asset classes or adopt investment strategies that are otherwise prohibited, but for prescribed exemptions from the investment restrictions in Part 2 of NI 81-102;

Hedge Funds means investment funds managed by the Filer which are offered on a private placement basis pursuant to exemptions from the prospectus requirements of the Legislation;

IIROC means the Investment Industry Regulatory Organization of Canada;

Market Neutral Fund means Picton Mahoney Fortified Market Neutral Alternative Fund;

Multi-Strategy Fund means Picton Mahoney Fortified Multi-Strategy Alternative Fund;

Non-Alternative Top Funds means the Top Funds other than the Funds;

Prime Broker means a dealer which qualifies as a “borrowing agent” as defined in NI 81-102, which, alone or together with one or more of its affiliates, provides the Fund with certain prime brokerage services, which may include: custody of cash and securities, trade settlement, financing of long positions consisting of margin loans, financing of short sales consisting of delivering securities on behalf of the Fund pursuant to a margin agreement or securities lending agreement, asset servicing and daily reporting;

Prior Decision means the decision granted by the principal regulator on September 30, 2015 to the Filer granting exemptive relief to permit the Top Funds to invest up to 10% of their respective net asset value in Underlying ETFs that would be considered ‘alternative funds’ under the Alternative Funds Framework;

Risk Methodology means the CSA’s *Mutual Fund Risk Classification Methodology For Use In Fund Facts and ETF Facts* as set out in Appendix F of NI 81-102;

Reference Index means a reference index selected in accordance with Item 5 of the Risk Methodology;

Top Funds means investment funds managed by the Filer which are qualified for distribution to the public under NI 81-102 and which seek to invest in one or more Funds;

Underlying ETFs has the same meaning as defined in the Prior Decision; and

Underlying Funds means investments funds managed by the Filer, an affiliate of the Filer or a third party, other than the Funds, which:

(a) are qualified for distribution to the public under NI 81-102; or

(b) upon the coming into force of the Alternative Funds Framework, comply with the provisions of NI 81-102 applicable to alternative funds or non-redeemable investment funds.

Representations

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

The Filer and the Funds

1. The Filer is the manager, portfolio advisor, trustee and promoter of the Funds. The Filer is registered as a portfolio manager in Ontario, as an investment fund manager in Ontario, Newfoundland and Labrador and Quebec and as an exempt market dealer in Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Ontario, Prince Edward Island, Quebec and Saskatchewan. The head office of the Filer is located in Toronto, Ontario.

2. Each Fund is, or will be:

   (a) a mutual fund established under the laws of the Province of Ontario;

   (b) governed by the provisions of NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities;

   (c) offered by way of simplified prospectus in Ontario and the Other Jurisdictions; and

   (d) a reporting issuer in Ontario and the Other Jurisdictions.

3. Neither the Filer nor any of the Funds is in default of securities legislation in any of Ontario or the Other Jurisdictions.

4. The proposed investment objective of the Active Extension Fund is to provide long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with similar volatility to the traditional equity market by taking long and short investment positions in an actively-managed portfolio comprised primarily of Canadian equity securities. To achieve its investment objective, the Active Extension Fund will be structured so that it generally possesses 100% net equity market exposure. On average, over time, the Filer expects that for every $100 invested, the Active Extension Fund's portfolio shall include $130 stock bought long and $30 stock sold short, resulting in a gross market exposure of 160%. The Filer may alter the gross market exposure of the Active Extension Fund depending on the Filer's expectations of the overall equity markets up to 200% of gross market exposure. On a position-by-position basis, margin requirements of the applicable exchange will be adhered to by the Active Extension Fund.

5. The proposed investment objective of the Market Neutral Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with less volatility than traditional equity markets and low correlation to major equity markets. To achieve its investment objective, the Market Neutral Fund will be structured so that it generally possesses minimal equity market exposure. That is, on average, over an entire market cycle, the Portfolio Advisor expects the Market Neutral Fund will possess +/- 20% net long exposure. The Filer expects that the Market Neutral Fund will invest up to 50% of its market value in short positions. The Market Neutral Fund will also invest in specified derivatives. On a position-by-position basis, margin requirements of the applicable exchange will be adhered to by the Market Neutral Fund.

6. The proposed investment objective of the Multi-Strategy Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return. To achieve its investment objective, the Multi-Strategy Fund will invest in various international capital markets, including emerging markets, in an actively-managed portfolio of securities and other financial instruments across a variety of asset classes including equities, government and corporate fixed income, foreign exchange, commodity derivatives and volatility-related securities and instruments. The Multi-

Strategy Fund will take long positions in securities and instruments identified as attractive investment candidates, and short positions in securities and instruments identified as unattractive investment candidates, in each case based on the Filer's layered investment process described in the prospectus of the Multi-Strategy Fund. If the aggregate market value of all securities sold short by the Multi-Strategy Fund, or the aggregate value of cash borrowed combined with aggregate market value of securities sold short by the Multi-Strategy Fund, exceeds 50% of the net asset value of the Multi-Strategy Fund, it will, as quickly as commercially reasonable, take all necessary steps to reduce the aggregate value of its short positions, or its combined cash borrowings and short positions, to 50% or less of the net asset value of the Multi-Strategy Fund. On a position-by-position basis, margin requirements of the applicable exchange will be adhered to by the Multi-Strategy Fund. The Multi-Strategy Fund may seek to achieve its investment objective by investing in Underlying Funds.

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

8. The proposed investment strategies of each Fund provides that the Fund's aggregate gross exposure, to be calculated as the sum of the following, must not exceed three times the Fund's net asset value:

   (a) the aggregate market value of the Fund's long positions;

   (b) the aggregate market value of securities sold short by the Fund pursuant to the Short Sale Relief; and

   (c) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for "hedging purposes" as defined in NI 81-102.

9. The Filer created the Funds to provide retail investors with opportunities to invest in funds which use the Leverage Strategies, which are widely used alternative investment strategies that have been offered by the Filer and other alternative investment managers in Canada and globally for many years, and which are currently utilized by certain Hedge Funds. As such, the Funds have proposed investment objectives and strategies that are substantially similar to the investment objectives and strategies of certain Hedge Funds.

10. The investment practices of the Funds will comply in all respects with the requirements of Part 2 of NI 81-102, except to the extent that exemptive relief has been obtained, including the Exemption Sought.

11. The Filer has developed the investment objectives and strategies of the Funds with the expectation that the Funds will become "alternative mutual funds" upon the coming into force of the Alternative Funds Framework. The Filer intends for the investment objectives and strategies of the Funds to be compliant with the Alternative Funds Framework.

12. The Filer maintains investment risk management processes in connection with the Leverage Strategies and other alternative investment strategies, including automated trading and position limits, daily portfolio reviews and periodic portfolio stress testing.

13. The Filer will determine the Funds' risk ratings using the Risk Methodology. Given that the Funds do not have an established ten-year track record, the Filer will determine the risk rating of each Fund based on the standard deviation of a Reference Index. The Filer will assess the reasonableness of using the Reference Index of each Fund on at least a quarterly basis. This will include monitoring the correlation between each Fund and its applicable Reference Index over time. In conducting this analysis, the Filer will also consider whether it is appropriate to exercise the discretion accorded by the Risk Methodology to increase the risk rating of each Fund.

14. A Non-Alternative Top Fund may seek to invest up to 10% of its net assets in the Funds provided that such investment is consistent with the Non-Alternative Top Fund's investment objectives.

15. Pursuant to the Prior Decision, the Filer obtained exemptive relief to permit the Top Funds to invest up to 10% of their respective net asset value in Underlying ETFs. Each Non-Alternative Top Fund will reduce the maximum permitted exposure to the Funds by the amount of any investment in an Underlying ETF.

16. Prior to allowing a Non-Alternative Top Fund to invest in a Fund, the Filer will implement policies and procedures to monitor such Non-Alternative Top Fund's compliance with any investment limits that would apply to a Non-Alternative Top Fund's investment in a Fund.

17. The Filer acknowledges that additional guidance regarding proficiency for the distribution of alternative funds has not been finalized at this time and will accompany the final publication of the Alternative Funds Framework. The Filer will take steps to ensure that the Funds are only distributed through dealers that are registered with IIROC or to Top Funds,

including by verifying IIROC membership in representations under its existing dealer agreements or on the IIROC web site.

Disclosure of Alternative Strategies

18. The Filer will file a simplified prospectus in respect of each Fund that:

    (a) identifies the Fund as an alternative fund;

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

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

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

    (e) disclose, in connection with the Fund's investment strategies that may be used which are outside the scope of the existing NI 81-102, how such strategies may affect investors' chance of losing money on their investment in the Fund.

19. The Filer will file an annual information form in respect of each Fund that:

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

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

20. The Filer will file a fund facts document in respect of each Fund that:

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

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

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

22. The Filer will ensure that the proposed disclosure in respect of each Fund accurately describes its investment strategies while emphasizing the particular strategies which are outside the scope of the existing NI 81-102.

Cash Borrowing Relief

23. The Leverage Strategies will permit each of the Funds to borrow cash in excess of the limits currently described in section 2.6 of NI 81-102.

24. The Funds may engage in cash borrowing at any time, in the discretion of the Portfolio Manager.

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

26. The Alternative Funds Framework gives alternative funds the ability to borrow up to 50% of their net asset value to use for investment purposes in order to facilitate a wider array of investment strategies.

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

Short Sale Relief

28. The Leverage Strategies will permit each of the Funds to:

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

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

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

29. Each Fund may engage in physical short sales from time to time.

30. Under the current limits, subsection 2.6.1 of NI 81-102 requires that a fund may only sell a security short if, at the time the fund sells the security short, the fund has borrowed or arranged to borrow the security to be sold under the short sale, if the aggregate market value of all securities of the issuer of the securities sold short by the fund does not exceed 5% of the net asset value of the fund, and if the aggregate market value of all securities sold short by the fund does not exceed 20% of the net asset value of the fund.

31. The Filer believes that it is in the best interests of each Fund to be permitted to sell securities short in excess of the current limits, in a manner that is consistent with the Alternative Funds Framework.

Specified Derivatives Relief

32. The Leverage Strategies used by each Fund contemplate flexible use of specified derivatives for hedging and/or non-hedging purposes. In particular, the Funds expect to enter into specified derivatives for the purpose of adding leverage to their investment portfolios, in accordance with their investment strategies. Such specified derivatives may include listed and over-the-counter options, swaps, futures and forward contracts and/or other derivatives.

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

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

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

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

37. Commodity pools, the predecessor to alternative funds, are not subject to the Option and Cover Requirements. The Filer submits that each of the Funds should also be exempt from the Option and Cover Requirements.

Sub-Custodian Relief

38. The custodian of the Funds will be a bank listed in Schedule I of the *Bank Act* (Canada).

39. The Funds expect to trade in global securities and specified derivatives, and therefore require access to services from Prime Brokers which have strong trading capabilities in, and access to, global securities and specified derivatives, or otherwise specialize in the Leverage Strategies.

40. The Filer intends to appoint as sub-custodians for assets held in Canada or outside Canada one or more Prime Brokers, each of which complies with sections 6.2 or 6.3 of NI 81-102, as applicable, except that where the Prime Broker is an entity described in sections 6.2(3) or 6.3(3) of NI 81-102, the audited financial statements may not be made public.

Incentive Fee Relief

41. Each Fund will be permitted to pay, or enter into arrangements that would require it to pay, an incentive fee that is based on the cumulative total return of the Fund for the period that began immediately after the last period for which such incentive fee was paid.

42. The method of calculating the incentive fee payable by each Fund shall be described in the simplified prospectus in respect of each Fund.

43. Alternative funds will be permitted to pay such incentive fees upon the coming into force of the Alternative Funds Framework.

44. The proposed incentive fee calculation is consistent with the types of incentive fees payable by the Hedge Funds which engage in strategies similar to the Funds.

45. The Filer believes that it is in the best interests of each Fund to be permitted to pay, or enter into arrangements that would require it to pay, a fee that is determined by the performance of the Fund in a manner that is consistent with the Alternative Funds Framework.

46. For the reasons provided above, the Filer respectfully submits that it would not be prejudicial to the public interest to grant the Exemption Sought.

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:

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

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

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

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

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

    (e) within the simplified prospectus, the Filer will include disclosure in each Fund's investment strategies explaining how the investment strategies that the Fund may engage in pursuant to the Exemption Sought which are outside the scope of NI 81-102 may affect investors' chance of losing money on their investment in the Fund;

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

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

2. the Filer will disclose in each Fund's annual and interim financial statements and management report of fund performance:

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

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

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

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

3. in the case of the Cash Borrowing Relief:

(a) each Fund may only borrow from an entity that meets the definition of a sub-custodian as described in condition 7(a) or (b) below;

(b) if the lender is an affiliate of the Filer, the independent review committee must approve the applicable borrowing agreement under subsection 5.2(2) of National Instrument 81-107 *Independent Review Committee for Investment Funds*;

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

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

4. in the case of the Short Sale Relief:

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

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

5. in the case of the Specified Derivatives Relief:

(a) each Fund's aggregate gross exposure calculated as the sum of the following, must not exceed three times the Fund's net asset value:

(i) the aggregate market value of the Fund's long positions;

(ii) the aggregate market value of securities sold short by the Fund pursuant to the Short Sale Relief; and

(iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for "hedging purposes" as defined in NI 81-102;

(b) in determining each Fund's compliance with the restriction contained in 5(a) above, the Fund must also include in its calculation its proportionate shares of securities of any underlying investment funds for which a similar calculation is required;

(c) each Fund must determine its compliance with the restriction contained in 5(a) above as of the close of business of each day on which the Fund calculates a net asset value; and

(d) if a Fund's aggregate gross exposure as determined in subsection 5(a) above exceeds three times the Fund's net asset value, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to three times the Fund's net asset value or less;

6. in the case of the Cash Borrowing Relief and the Short Sale Relief:

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

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

7. in the case of the Sub-Custodian Relief:

(a) if portfolio assets are held in Canada by a sub-custodian, the sub-custodian must be one of the following:

(i) a bank listed in Schedule I, II or III of the *Bank Act* (Canada);

(ii) a trust company that is incorporated under the laws of Canada or a jurisdiction of Canada and licensed or registered under the laws of Canada or a jurisdiction of Canada, and that has equity, as reported in its most recent audited financial statements, of not less than $10,000,000;

(iii) a company that is incorporated under the laws of Canada or a jurisdiction of Canada, and that is an affiliate of a bank or trust company referred to in paragraph (i) or (ii), if either of the following applies:

(A) the company has equity, as reported in its most recent audited financial statements, of not less than $10,000,000;

(B) the bank or trust company has assumed responsibility for all of the custodial obligations of the company for the Fund;

(b) if portfolio assets are held outside of Canada by a sub-custodian, the sub-custodian must be one of the following:

(i) an entity referred to in section 6.2 of NI 81-102;

(ii) an entity that

(A) is incorporated or organized under the laws of a country, or a political subdivision of a country, other than Canada;

(B) is regulated as a banking institution or trust company by the government, or an agency of the government, of the country under the laws of which it is incorporated or organized, or a political subdivision of that country; and

(C) has equity, as reported in its most recent audited financial statements, of not less than the equivalent of $100,000,000;

(iii) an affiliate of an entity referred to in paragraph (i) or (ii), if either of the following applies:

(A) the affiliate has equity, as reported in its most recent audited financial statements, of not less than $100,000,000;

(B) the entity referred to in paragraph (i) or (ii) has assumed responsibility for all of the custodial obligations of the affiliate for the Fund;

8. in the case of the Incentive Fee Relief, each Fund must not pay, or enter into arrangements that would require it to pay, and securities of each Fund must not be sold on the basis that an investor would be required to pay, a fee that is determined by the performance of the Fund unless:

(a) the payment of the incentive fee is based on the cumulative total return of the Fund for the period that began immediately after the last period for which such incentive fee was paid; and

(b) the method of calculating the incentive fee is described in the simplified prospectus in respect of each Fund;

9. the Filer will ensure that each Fund is only distributed through dealers that are registered with IIROC;

10. the Filer will not distribute securities of the Funds to other investment funds other than the Top Funds and the Hedge Funds;

11. the Filer will ensure that Non-Alternative Top Funds will not purchase securities of a Fund if, immediately after the transaction, either:

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

(b) the aggregate value of securities of the Funds and the Underlying ETFs, taken at market value at the time of transaction, would exceed 10% of the net asset value of the Non-Alternative Top Fund; and

12. this decision shall expire upon the earlier of:

(a) the coming into force of the Alternative Funds Framework or substantially similar rules; and

(b) five years from the date of this decision.

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

2.1.11 OceanRock Investments Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

National Instrument 81-102 Investment Funds – Change of Manager Approval – the Filer is a mutual fund manager and seeks approval of the change in the manager under the approval requirements in section 5.5(1)(a) NI 81-102 – the Filer established the experience and integrity of the new manager; there are no expected material changes to the management, business, operations or affairs of the fund; the independent review committee reviewed the change of manager; securityholders will vote on the change of manager.

National Instrument 81-102 Investment Funds – Fund Mergers Approval – a mutual fund manager seeks approval of proposed fund mergers under the approval requirements in section 5.5(1)(b) of NI 81-102 – each continuing fund has investment objectives and strategies that are similar to the applicable terminating fund; the fund's independent review committee reviewed the merger; securityholders will vote on the proposed mergers; securityholders can redeem the investment after the merger and decide whether to remain in the continuing fund.

National Instrument 81-102 Investment Funds – Change of Custodian Approval – a mutual fund manager seeks approval of a change of custodian under the approval requirements in section 5.5(1)(c) of NI 81-102 – the change of custodian is in connection with a change of the mutual fund manager, and results in the same custodian for all mutual funds for which the manager acts as investment fund manager; the change of custodian will be beneficial to unitholders and the fund.

Applicable Legislative Provisions

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

September 10, 2018

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

AND

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

AND

IN THE MATTER OF
OCEANROCK INVESTMENTS INC.
(the Filer or the Manager)

AND

IN THE MATTER OF
THE MANAGER FUNDS
(AS DEFINED BELOW)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Makers) have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) approving (the Approval Sought):

(a) the proposed change of manager of the Applicable Funds (as defined below) (the Change of Manager);

(b) the proposed change of custodian of the Applicable Funds, in connection with the Change of Manager; and

(c) the proposed mergers of the Terminating Funds (as defined below) with the Continuing Funds (as defined below) (the Proposed Mergers);

pursuant to sections 5.5(1)(a), 5.5(1)(c) and 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (NI 81-102), respectively.

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

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

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

2 Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless they are otherwise defined in this decision. In addition, the following terms have the following meanings:

Applicable Funds means Meritas Jantzi Social Index Fund, Meritas International Equity Fund, OceanRock Growth & Income Portfolio, OceanRock US Equity Fund, Meritas Growth & Income Portfolio, Meritas Maximum Growth Portfolio and OceanRock Income Portfolio.

Circular means the joint management information circular of the Manager Funds.

Continuing Fund means each of NEI Canadian Equity Fund, NEI Select Growth Portfolio, NEI Select Income & Growth Portfolio, Meritas International Equity Fund, NEI Select Maximum Growth Portfolio, NEI Canadian Bond Fund, NEI Select Growth RS Portfolio, NEI Select Income RS Portfolio, NEI Select Income & Growth RS Portfolio, NEI Conservative Yield Portfolio, NEI U.S. Equity RS Fund, NEI Select Balanced Portfolio, NEI Select Balanced RS Portfolio and NEI Canadian Equity RS Fund.

Funds means the Manager Funds and the Continuing Funds.

IRC means the Independent Review Committee of the Manager Funds.

Manager Funds means the Terminating Funds and the Applicable Funds.

NEI means Northwest & Ethical Investments L.P.

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

Terminating Fund means each of the OceanRock Canadian Equity Fund, OceanRock Growth Portfolio, OceanRock Income & Growth Portfolio, OceanRock International Equity Fund, OceanRock Maximum Growth Portfolio, Meritas Canadian Bond Fund, Meritas Growth Portfolio, Meritas Income Portfolio, Meritas Income & Growth Portfolio, Meritas Strategic Income Fund, Meritas U.S. Equity Fund, OceanRock Balanced Portfolio, Meritas Balanced Portfolio and Meritas Monthly Dividend and Income Fund.

Representations

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

1. the Manager is a corporation formed under the laws of Canada with its head office in Vancouver, British Columbia;

2. the Manager is the investment fund manager of the Manager Funds and is registered as (i) a portfolio manager in Alberta, British Columbia, Ontario and Saskatchewan and (ii) as an investment fund manager in Alberta, British Columbia, Newfoundland and Labrador, Ontario and Québec;

3. NEI is an Ontario limited partnership; the general partner of NEI (the General Partner) is Northwest & Ethical Investments Inc., a corporation formed under the laws of Canada with its head office in Toronto, Ontario;

4. NEI is the investment fund manager of the Continuing Funds other than Meritas International Equity Fund and is registered as (i) a portfolio manager and commodity trading manager in Ontario, (ii) an exempt market dealer in British Columbia, Ontario, Québec and Saskatchewan and (iii) an investment fund manager in British Columbia, Newfoundland and Labrador, Ontario and Quebec; if unitholder and regulatory approval is obtained, the Change of Manager will result in NEI becoming the investment fund manager of Meritas International Equity Fund on the Effective Date (as defined below);

5. on December 11, 2017, Desjardins Financial Holding Inc. (Desjardins), the indirect controlling shareholder of the Manager, entered into an agreement with Canada's five provincial credit union centrals (the Centrals) and The CUMIS Group (CUMIS), pursuant to which the business of Qtrade Canada Inc., the parent company of the Manager, would be combined with the businesses of Credential Financial Inc. and NEI to create one of Canada's largest independent wealth management firms (the Transaction); the Transaction closed on March 31, 2018 and resulted in an indirect change of control of the Manager, which was approved by all of the Canadian securities regulators; the new entity, Aviso Wealth Inc., is indirectly jointly owned by Desjardins and a limited partnership comprised of the Centrals and CUMIS, with each holding a 50% stake;

6. as a result of the Transaction, the Manager and NEI became affiliates;

7. each of the Funds is a mutual fund trust established under the laws of British Columbia or Ontario and is a reporting issuer under the applicable securities legislation of each Jurisdiction;

8. t he securities of each Fund are qualified for distribution in the Jurisdictions pursuant to simplified prospectuses and annual information forms prepared and filed in accordance with the securities legislation of the Jurisdictions;

9. each Fund is subject to the requirements of NI 81-102; the securities of each Fund are issuable and redeemable on any business day;

10. none of the Manager, NEI or any Fund is in default of securities legislation in any Jurisdiction;

11. in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106), a press release announcing the Proposed Mergers and the Change of Manager was issued on July 6, 2018; a material change report with respect to the Proposed Mergers and the Change of Manager was filed on SEDAR on July 9, 2018; amendments to the Manager Funds' simplified prospectus, annual information form and Fund Facts were filed on July 9, 2018;

12. the Manager has received approval from its Board of Directors to proceed with the Proposed Mergers and the Change of Manager; the General Partner has received approval from its Board of Directors to proceed with the Proposed Mergers and the Change of Manager;

13. meetings of the unitholders of the Manager Funds were held on August 31, 2018 (the Meetings), the Proposed Mergers and the Change of Manager were approved and will be completed on or about October 29, 2018, or such later date as may be determined by the Manager (the Effective Date);

14. the notices of meetings, form of proxy and Circular (collectively, the Meeting Materials), as well as the relevant Fund Facts documents of the Continuing Funds were mailed to unitholders of record of the Terminating Funds as at July 13, 2018 in accordance with Section 12.2 of NI 81-106; the Meeting Materials were mailed to unitholders of record of the Applicable Funds as at July 13, 2018 in accordance with Section 12.2 of NI 81-106;

15. the Meeting Materials contain a detailed description of the proposed Change of Manager and Proposed Mergers, information about the Terminating Funds and the Continuing Funds and income tax considerations for unitholders of the Terminating Funds; the Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus, annual information form and the most recent annual and interim financial statements and management report of fund performance of the Continuing Funds;

16. the Meeting Materials contain all information necessary to allow unitholders to make an informed decision about the proposed Change of Manager and the Proposed Mergers; all other required information and documents

necessary to comply with applicable proxy solicitation requirements of securities legislation, including, where applicable, the Fund Facts for the Continuing Funds, for the Meetings have also been mailed to applicable unitholders of the Manager Funds:

17. unitholders of the Manager Funds will continue to have the right to redeem units of the Manager Funds up to the close of business on the business day immediately prior to the Effective Date;

18. the application was made in connection with the following Proposed Mergers:

TERMINATING FUND	CONTINUING FUND
OceanRock Canadian Equity Fund	NEI Canadian Equity Fund
OceanRock Growth Portfolio	NEI Select Growth Portfolio
OceanRock Income & Growth Portfolio	NEI Select Income & Growth Portfolio
OceanRock International Equity Fund	Meritas International Equity Fund
OceanRock Maximum Growth Portfolio	NEI Select Maximum Growth Portfolio
Meritas Canadian Bond Fund	NEI Canadian Bond Fund
Meritas Growth Portfolio	NEI Select Growth RS Portfolio
Meritas Income Portfolio	NEI Select Income RS Portfolio
Meritas Income & Growth Portfolio	NEI Select Income & Growth RS Portfolio
Meritas Strategic Income Fund	NEI Conservative Yield Portfolio
Meritas U.S. Equity Fund	NEI U.S. Equity RS Fund
OceanRock Balanced Portfolio	NEI Select Balanced Portfolio
Meritas Balanced Portfolio	NEI Select Balanced RS Portfolio
Meritas Monthly Dividend and Income Fund	NEI Canadian Equity RS Fund

19. regulatory approval of the Proposed Mergers is required because they do not satisfy all the criteria for pre-approval set out in section 5.6 of NI 81-102, namely:

    (a) they will not be effected as “qualifying exchanges” within the meaning of the Tax Act or as tax-deferred transactions under the Tax Act;

    (b) the fee structures of the Terminating Funds and Continuing Funds are not substantially similar as each Terminating Fund pays all of its operating expenses while each Continuing Fund pays (or in the case of Meritas International Equity Fund, it is proposed that it pay) NEI a fixed administration fee in exchange for NEI agreeing to pay for certain of the Continuing Fund’s operating expenses; and

    (c) each Continuing Fund has investment objectives and strategies that are similar to, but not necessarily substantially the same in all respects, as the applicable Terminating Fund;

20. the Proposed Mergers are proposed to proceed as taxable mergers as:

    (a) affecting the Proposed Mergers on a taxable basis will preserve, where applicable, any unused tax losses of a Continuing Fund, which would otherwise expire upon implementation of the Proposed Merger on a tax deferred basis and therefore would not be available to shelter income and capital gains realized by the Continuing Fund in future years;

    (b) the administrative costs of a taxable merger are less than the administrative costs of a tax-deferred merger because neither the Terminating Funds nor the Continuing Funds experience a deemed taxation year end on the effective date of the taxable merger. Although the Terminating Funds are still required to file a tax return, they are not required to prepare the detailed tax election that is required as part of a tax-deferred merger. The Continuing Funds are not required to file a tax return for the short taxation year; and

(c) the Manager has determined that a substantial majority of the units of each Terminating Fund are held in tax-deferred registered plans, which are not generally affected by the tax consequences of transactions such as the Proposed Mergers;

21. unitholders of the Terminating Funds will be provided with information about the tax consequences of the Proposed Mergers in the Circular and will have the opportunity to consider such information prior to voting on the Proposed Mergers;

22. except as noted in paragraph 19, the Proposed Mergers will otherwise comply with all other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102;

23. the Manager has determined that the Proposed Mergers do not result in a material change for the Continuing Funds;

24. it is proposed that the following steps will be carried out to effect each Proposed Merger:

(a) Step 1: Before the effective date of the Proposed Merger, certain of the securities in the portfolios of the Terminating Fund will be liquidated;

(b) Step 2: The Terminating Fund will distribute to its unitholders sufficient amounts of its net income and net realized capital gains so that they will not be subject to tax under Part I of the Tax Act for its current taxation year;

(c) Step 3: The Terminating Fund will transfer all of its assets, which will consist of cash and/or portfolio securities less an amount required to satisfy the liabilities of the Terminating Fund, to the applicable Continuing Fund, in exchange for units of the applicable Continuing Fund;

(d) Step 4: Immediately following the above-noted transfer, the Terminating Fund will distribute to its unitholders the units of the applicable Continuing Fund so that following the distribution, the unitholders of the Terminating Fund will become direct holders of the applicable series of units of the applicable Continuing Fund;

(e) Step 5: As soon as reasonably possible following the Merger, the Terminating Fund will be wound up;

25. the Manager believes the Proposed Mergers to be in the best interests of unitholders of the Terminating Funds for the following reasons:

(a) each Continuing Fund will have a larger net asset value following the Proposed Merger, allowing for greater portfolio diversification opportunities than the Terminating Funds and Continuing Funds would enjoy separately;

(b) the Proposed Mergers will result in a more streamlined and simplified product line-up that is easier for investors to understand; and

(c) each Continuing Fund, as a result of its increased size, will benefit from a more significant profile in the marketplace;

26. no sales charges, redemption fees or other fees or commissions will be payable by unitholders in connection with the Proposed Mergers or with respect to any portfolio rebalancing in the Terminating Funds arising in connection with the Proposed Mergers; the costs and expenses specifically associated with the Proposed Mergers will be borne by the Manager;

27. in the case of each Proposed Merger, unitholders of a Terminating Fund will receive the same series of securities of the Continuing Fund as such unitholders hold in the Terminating Fund upon closing of the Proposed Merger, except that unitholders holding series T units of a Terminating Fund will receive series A units of the applicable Continuing Fund upon closing of the Proposed Merger;

28. the management fees for the relevant series of the applicable Continuing Fund are, in each case, the same as those of each Terminating Fund;

29. the valuation procedures for the applicable Continuing Fund are the same as those of each Terminating Fund;

30. investors in the Terminating Funds will have the right to vote on the Proposed Mergers pursuant to section 5.1(1)(f) of NI 81-102; due to the redemption rights of unitholders, each unitholder ultimately can make the unitholder's own choice as to whether to remain in the Continuing Fund or not;

31. the Manager has referred the Proposed Mergers to the IRC for review pursuant to section 5.1(1)(b) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107), and after reasonable inquiry, the IRC has determined that the Proposed Mergers achieve a fair and reasonable result for the Terminating Funds and their unitholders; the results of the IRC's review of the Proposed Mergers will be referred to in the Circular;

32. the Manager was appointed manager of the Applicable Funds pursuant to an Amended and Restated Master Management Agreement between OceanRock Investments Inc. as trustee and OceanRock Investments Inc. as manager dated March 1, 2011, as amended (the Management Agreement); as a result of the Transaction, the Manager and NEI are now affiliates and it has been determined that it would be inefficient for Aviso Wealth Inc. to operate two investment fund managers; as such, it is proposed that the Manager assign the Management Agreement, as it relates to the Applicable Funds, to NEI, which would result in NEI becoming the manager of the Applicable Funds; following the change of manager, the Manager will be wound-up;

33. should unitholder and regulatory approval be obtained with respect to the Change of Manager for an Applicable Fund then Desjardins Trust Inc. (DTI) will become the custodian of the Applicable Fund; DTI is currently the custodian of all the mutual funds for which NEI acts as investment fund manager;

34. after the completion of the Change of Manager, the advising representatives of the Manager with responsibility for the Applicable Funds will become advising representatives of NEI and will continue to have responsibility for the Applicable Funds; additionally, the current portfolio sub-advisors of the Applicable Funds will remain sub-advisors following the Change of Manager; this will provide continuity with respect to the management of the Applicable Funds after the Change of Manager occurs;

35. upon completion of the Change of Manager the individuals who comprise the independent review committee of the Applicable Funds will resign and the Manager has confirmed that the new members of the independent review committee for the Applicable funds will be the same individuals who currently comprise the independent review committee for NEI's current mutual funds, namely Marie Rounding, Lawrence Ward and William Woods;

36. NEI possesses all registrations under the securities legislation of the Jurisdictions and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* to allow it to manage the Applicable Funds after completion of the Change of Manager;

37. NEI will have the appropriate personnel, policies and procedures and systems in place to assume the management of the Applicable Funds after completion of the Change of Manager;

38. after completion of the Change of Manager NEI will become the trustee and registrar of the Applicable Funds and DTI will become the custodian of the Applicable Funds; those changes will align the trustee, registrar and custodian of the Applicable Funds with those of NEI's current mutual funds;

39. there is no intention to change the officers or directors of NEI as a result of the Change of Manager;

40. at the Meetings, unitholders of each Applicable Fund were also asked to approve changes to the fundamental investment objective of the Applicable Fund as well as the implementation of a fixed administration fee for the Applicable Fund;

41. neither the Manager nor NEI expects the Change of Manager to adversely affect the operation or administration of the Applicable Funds; the Applicable Funds will not bear any of the costs and expenses associated with the Change of Manager; and

42. the Manager has referred the Change of Manager to the IRC for review pursuant to section 5.1(1)(b) of NI 81-107, and after reasonable inquiry, the IRC has determined that the Change of Manager achieves a fair and reasonable result for the Applicable Funds and their unitholders; the results of the IRC's review of the Change of Manager will be referred to in the Circular.

Decision

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

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

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

2.1.12 Franklin Templeton Investments Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Application in Multiple Jurisdictions – Relief granted from the self-dealing provision in s.4.2(1) of NI 81-102 Investment Funds to permit inter-fund trades in debt securities between investment funds subject to NI 81-102 and Canadian pooled funds, and between investment funds subject to NI 81-102 and U.S. mutual funds and U.S. pooled funds, managed by the same or affiliated managers – Inter-Fund trades will comply with the conditions in subsection 6.1(2) of NI 81-107 Independent Review Committee for Investment Funds, including the requirement for independent review committee approval.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from s.13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades between Canadian mutual funds, Canadian pooled funds, Canadian managed accounts, U.S. mutual funds, U.S. pooled funds, and U.S. managed accounts, all managed by the same or affiliated fund managers - Inter-fund trades are subject to conditions, including IRC approval and pricing requirements – Trades involving exchange-traded securities permitted to occur at last sale price as defined in the Universal Market Integrity Rules.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2(1), 4.3(1), 4.3(2), 19.2.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5, 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

September 6, 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
FRANKLIN TEMPLETON INVESTMENTS CORP.
(Franklin Templeton)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Franklin Templeton for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**):

(a) for an exemption from the prohibition in section 4.2(1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the NI 81-102 Funds (as defined below) to purchase debt securities from, or sell debt securities to, a Canadian Pooled Fund (as defined below), or a U.S. Fund (as defined below) (the **Section 4.2(1) Relief**);

(b) for an exemption from the prohibitions in sections 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of a responsible person, an associate of a responsible person or an investment fund for which a responsible person acts as an adviser, in order to permit:

(i) a Canadian Fund (as defined below) to purchase securities from or sell securities to a Canadian Fund;

(ii) a Canadian Client Account (as defined below) to purchase securities from or sell securities to a Canadian Fund;

(iii) a Canadian Fund to purchase securities from or sell securities to a U.S. Fund;

(iv) a Canadian Client Account to purchase securities from or sell securities to a U.S. Fund; and

(v) the transactions listed in (i) to (ii) (each, a **Canadian Inter-Fund Trade**) and (iii) and (iv) (each, a **Cross-Border Inter-Fund Trade**) to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the Closing Sale Price) contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) on that trading day where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities)

((i), (ii), (iii), (iv), and (v) are collectively, the **Inter-Fund Trading Relief**);

(c) to revoke and replace the Current Relief (as defined below) and the Pooled Fund Debt Relief with the Inter-Fund Trading Relief (the **Revocation**)

(the Section 4.2(1) Relief, Inter-Fund Trading Relief and Revocation are, collectively, 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) Franklin Templeton 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 (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions*, NI 81-102, NI 81-107 and NI 31-103 and have the same meaning if used in this decision, unless otherwise defined. The following terms have the following meanings:

40 Act means the U.S. *Investment Company Act of 1940*;

40 Act Funds means, collectively, the Existing 40 Act Funds and the Future 40 Act Funds;

Canadian Clients means, collectively, the NI 81-102 Funds, the Canadian Pooled Funds and the Canadian Client Accounts;

Canadian Funds means, collectively, the NI 81-102 Funds and the Canadian Pooled Funds;

Canadian Client Account means an account managed by the Filer that is beneficially owned by a client that is resident or domiciled in Canada and is not a responsible person, and over which the Filer that is registered as a portfolio manager under the securities legislation of one or more provinces or territories of Canada, has discretionary authority;

Canadian Pooled Funds means, collectively, the Existing Canadian Pooled Funds and the Future Canadian Pooled Funds;

Clients means, collectively, the Canadian Clients and the U.S. Clients;

Current Relief means *In the Matter of Franklin Templeton Investments Corp. (FTIC) and Fiduciary Trust Company of Canada (FTCC)* (the filers) and the NI 81-102 Funds and the Pooled Funds dated April 24, 2009;

Existing 40 Act Fund means each existing investment fund to which the 40 Act applies, for which Templeton or another affiliate of the Filer acts as manager and/or portfolio adviser;

Existing Canadian Pooled Fund means each investment fund domiciled in Canada that is not a reporting issuer, for which the Filer acts as manager and/or portfolio adviser;

Existing NI 81-102 Fund means each existing investment fund, as defined in the Legislation, that is a reporting issuer and subject to NI 81-102, for which the Filer acts as manager and/or portfolio adviser;

Existing U.S. Pooled Fund means each investment fund domiciled in United States to which the 40 Act does not apply, for which Templeton or another affiliate of the Filer acts as manager and/or portfolio adviser;

Filer means Franklin Templeton and any affiliate of Franklin Templeton;

FTI means the global investment organization known as "Franklin Templeton Investments";

Funds means, collectively, the Canadian Funds and the U.S. Funds (each, a "Fund");

Future Canadian Pooled Fund means each investment fund, as defined in the Legislation, to be established in the future, that will be domiciled in Canada that will not be a reporting issuer, for which the Filer will act as manager and/or portfolio adviser;

Future 40 Act Fund means each investment fund, to be established in the future, to which the 40 Act will apply, for which Templeton or another affiliate of the Filer will act as manager and/or portfolio adviser;

Future NI 81-102 Fund means each investment fund, as defined in the Legislation, to be established in the future, that will be a reporting issuer and subject to NI 81-102, for which the Filer will act as manager and/or portfolio adviser;

Future U.S. Pooled Fund means each investment fund, to be established in the future, that will be domiciled in the United States to which the 40 Act will not apply, for which Templeton or another affiliate of the Filer will act as manager and/or portfolio adviser;

Global Inter-Fund Trading Policy has the meaning given to it in Representation 35;

Inter-Fund Trades means, collectively, Canadian Inter-Fund Trades, Cross-Border Inter-Fund Trades and, where applicable, all trades pursuant to the Section 4.2(1) Relief;

Investment Management Agreement has the meaning given to it in Representation 13;

IRC means the independent review committee of the Canadian Funds;

Managed Accounts means, collectively, Canadian Client Accounts and U.S. Client Accounts;

NI 81-102 Funds means, collectively, the Existing NI 81-102 Funds and the Future NI 81-102 Funds;

Pooled Fund Debt Relief means the exemptive relief set out in *In the Matter of Franklin Templeton Investments Corp. (FTIC) and Fiduciary Trust Company of Canada (FTCC) and the NI 81-102 Funds* (April 16, 2009);

Templeton means Templeton Investment Counsel, LLC;

Trust Funds means, collectively, any Funds established as a trust;

U.S. Clients means, collectively, the U.S. Funds and the U.S. Client Accounts;

U.S. Funds means, collectively, the 40 Act Funds and the U.S. Pooled Funds;

U.S. Inter-Fund Trading Rules means the United States Investment Company Act section 270.17a-7 and other applicable laws governing inter-fund trading in the United States;

U.S. Client Account means an account managed by the Filer that is beneficially owned by a client that is resident or domiciled in the United States and is not a responsible person and over which the Filer has discretionary authority; and

U.S. Pooled Funds means, collectively, the Existing U.S. Pooled Funds and the Future U.S. Pooled Funds.

Representations

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

The Filer

1. Franklin Templeton is a corporation amalgamated under the laws of the Province of Ontario having its head office in Toronto, Ontario.

2. Franklin Templeton is registered under securities legislation in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, Saskatchewan and Yukon as a portfolio manager and as a dealer in the categories of mutual fund dealer and exempt market dealer. Franklin Templeton is also registered under securities legislation in Alberta, British Columbia, Manitoba, Newfoundland & Labrador, Nova Scotia, Ontario and Quebec as an investment fund manager. Franklin Templeton is also registered under the Commodity Futures Act in Ontario as a Commodity Trading Manager.

3. The Filer is, or will be, the manager of the Canadian Funds.

4. The Filer is, or will be, the portfolio manager(s) of the Canadian Funds. The Filer may also appoint sub-advisers for the Canadian Funds.

5. The Filer is, or will be, a trustee of certain of the Trust Funds with unaffiliated independent trustees acting for the remaining Trust Funds.

6. The Filer is not in default of securities legislation in any of the Jurisdictions.

Canadian Funds

7. Each NI 81-102 Fund is, or will be, established under the laws of Ontario, Alberta or Canada as an investment fund that is an open-ended mutual fund trust or an open-ended mutual fund corporation and is, or will be, a reporting issuer in one or more of the Jurisdictions.

8. The securities of each NI 81-102 Fund are, or will be, qualified for distribution in one or more of the Jurisdictions under a prospectus, or simplified prospectus, annual information form and fund facts, as applicable, prepared and filed in accordance with the securities legislation of such Jurisdictions. Each NI 81-102 Fund is, or will be, subject to the provisions of NI 81-102.

9. Each Canadian Pooled Fund is, or will be, an investment fund established under the laws of Ontario or Alberta as an open-ended mutual fund trust, open-ended mutual fund corporation or closed-ended trust that is not and will not be a reporting issuer in any of the Jurisdictions.

10. The securities of the Canadian Pooled Funds will be distributed on a private placement basis pursuant to available exemptions from the prospectus requirement under applicable securities laws in the Jurisdictions. The Canadian Pooled Funds are not, and will not be, subject to NI 81-102.

11. The Canadian Funds are not in default of securities legislation in any of the Jurisdictions.

Canadian Client Accounts

12. The Filer offers discretionary investment management services to institutional and individual investors in Canada through the Canadian Client Accounts.

13. Each Canadian client wishing to receive the discretionary investment management services from the Filer, has entered into, or will enter into, a written agreement (an **Investment Management Agreement**) whereby the client appoints the Filer, to act as portfolio manager in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Canadian Client Account without obtaining the specific consent of the client to execute the trade.

Templeton

14. Templeton is a limited liability company incorporated under the laws of the State of Delaware having its head office in Fort Lauderdale, Florida, USA.

15. Templeton is registered with the U.S. Securities and Exchange Commission (the **SEC**) as an adviser under the U.S. *Investment Advisers Act of 1940* (the ***Advisers Act***).

16. In the U.S., all managers of U.S. registered investment companies are registered under, and subject to the requirements of the *Advisers Act*. In addition, with respect to their management of registered investment companies, registered investment advisers are subject to the requirements of the *Investment Company Act of 1940*.

17. Franklin Templeton and Templeton are affiliates. Both Franklin Templeton and Templeton are directly or indirectly controlled by Franklin Resources, Inc., a public company in the United States which is listed for trading on the New York Stock Exchange. FTI includes Franklin Resources, Inc. and its affiliates, a global investment organization that operates globally and as at July 31, 2018, had over C$ $954 billion in assets under management.

18. Templeton, or another affiliate of Franklin Templeton is, or will be, the manager of the U.S. Funds. Templeton, including affiliates of Franklin Templeton, provide advisory services and portfolio manager(s) to the U.S. Funds. Templeton or another affiliate of the Filer may also appoint sub-advisers for the U.S. Funds.

19. Current affiliates of Franklin Templeton, other than Templeton, that are registered with the SEC are listed in Appendix A to this Decision.

U.S. Clients

20. Each 40 Act Fund is, or will be, established under the laws of the State of Delaware (or other U.S. jurisdiction) as an investment fund that is an open-ended and/or closed end investment company pursuant to the 40 Act and the securities of which are, or will be, registered for distribution to the public under the 40 Act.

21. The securities of each 40 Act Fund are, or will be, registered for distribution pursuant to a registration statement prepared and filed in accordance with the 40 Act. Each 40 Act Fund is, or will be, subject to the provisions of the 40 Act.

22. Each U.S. Pooled Fund is, or will be, an investment fund established under the laws of the State of Delaware (or other U.S. jurisdiction) as an open-ended mutual fund trust, open-ended mutual fund corporation or trust, limited liability company, limited partnership or closed-ended trust that will not be subject to the 40 Act.

23. The securities of the U.S. Pooled Funds are, or will be, distributed on a private placement basis pursuant to available exemptions from the registration requirement under the 40 Act (or other applicable securities laws in the United States). The Existing U.S. Pooled Funds are not, and the Future U.S. Pooled Funds will not be, subject to the 40 Act.

24. Templeton and other affiliates of Franklin Templeton offer discretionary investment management services to institutional and individual investors in the United States through U.S. Client Accounts.

Inter-Fund Trading

25. The Filer wishes to be able to permit any Canadian Fund or Canadian Client Account to engage in Inter-Fund Trades of portfolio securities with a Fund or Managed Account.

26. NI 31-103, NI 81-102 and NI 81-107 restrict inter-fund trading. Absent the Exemption Sought, neither the Canadian Funds nor Canadian Client Accounts, nor the Filer on their behalf, will be permitted to engage in Cross-Border Inter-Fund Trades as contemplated in this decision.

27. The Filer is a responsible person for the purpose of section 13.5(2)(b) of NI 31-103 and prohibited from effecting any Inter-Fund Trades between Canadian Funds or Canadian Client Accounts and certain Trust Funds (if an associate of the Filer) or other Funds (as investment funds for which the Filer, or other responsible person, acts as an adviser).

28. Each NI 81-102 Fund is prohibited under section 4.2(1) of NI 81-102 from purchasing a security from or selling a security to certain Trust Funds (if an associate of the Filer) and would also be prohibited under section 4.2(1) of NI 81-102 from purchasing a security from or selling a security to a Fund established in the future under a corporate structure that would be an affiliate of the Filer.

29. The exception in section 4.3(1) of NI 81-102 which permits certain inter-fund trades of securities subject to public quotations is not available for any Inter-Fund Trades of debt securities because debt securities are typically not subject to public quotations.

30. The exception in section 4.3(2) which permits certain inter-fund trades of debt securities is not available for any Inter-Fund Trades of debt securities between NI 81-102 Funds and other Funds because that exception only applies where

funds on both sides of the inter-fund trade are investment funds subject to NI 81-107. The Canadian Pooled Funds and U.S. Funds will not be subject to NI 81-107.

31. The Filer cannot rely on the exception in subsection 6.1 of NI 81-107 for the Inter-Fund Trades unless each party to the transaction is a reporting issuer and the Inter-Fund Trade occurs at the "current market price of the security" which, in the case of exchange-traded securities, includes the Closing Sale Price but not the Last Sale Price.

32. Each Inter-Fund Trade will be consistent with the investment objectives of the Fund or Managed Account, as applicable.

33. The Pooled Fund Debt Relief was obtained to permit Inter-Fund Trades in unlisted debt securities between a NI 81-102 Fund and a Canadian Pooled Fund.

34. The Current Relief was obtained to permit Canadian Inter-Fund Trades (other than those permitted under regulatory exceptions and the Pooled Fund Debt Relief) between all of the Canadian Clients. For Canadian Client Accounts, which are not subject to an IRC approval process, the Current Relief requires client authorization of Canadian Inter-Fund Trades in the Investment Management Agreement or other documentation.

35. The Filer, Templeton, and all FTI affiliates are subject to the Franklin Templeton Investments Inter-Account Transaction Policy (the **Global Inter-Fund Trading Policy**), including a Canadian addendum which ensures that Canadian Inter-Fund Trades are conducted in accordance with the requirements of applicable securities legislation, including NI 81-102 and NI 81-107, the Pooled Fund Debt Relief and the Current Relief.

36. At the time of a Canadian Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Canadian Funds and Canadian Client Accounts to engage in Canadian Inter-Fund Trades.

37. At the time of a Cross-Border Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Canadian Funds and Managed Accounts to engage in Cross-Border Inter-Fund Trades.

38. Franklin Templeton has established in respect of each Existing NI 81-102 Fund, and the Filer, as manager of an NI 81-102 Fund, will establish in respect of each Future NI 81-102 Fund, an IRC in accordance with the requirements of NI 81-107.

39. Inter-Fund Trades involving an NI 81-102 Fund will be referred to and approved by the IRC of the NI 81-102 Fund under subsection 5.2(1) of NI 81-107 and the Filer, as manager of an NI 81-102 Fund, and the IRC of the NI 81-102 Fund, will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade. The IRC of the NI 81-102 Funds will not approve an Inter-Fund Trade involving an NI 81-102 Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

40. Franklin Templeton has established in respect of each Existing Canadian Pooled Fund and the Filer, as manager of a Future Canadian Pooled Fund, will establish in respect of each Future Canadian Pooled Fund, an IRC (which may also be the IRC of the NI 81-102 Funds) to review and approve, including by way of standing instructions, any proposed Inter-Fund Trade involving a Canadian Pooled Fund.

41. The mandate of the IRC of a Canadian Pooled Fund, among other things, includes or will include, approving Inter-Fund Trades. The IRC of a Canadian Pooled Fund is, or will be, created by the Filer, as manager of a Canadian Pooled Fund, in accordance with the requirements of section 3.7 of NI 81-107 and complies, or will comply, with the standard of care set out in section 3.9 of NI 81-107. The IRC of the Canadian Pooled Funds will not approve any Inter-Fund Trade involving a Canadian Pooled Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

42. The mandate of the IRC of the NI 81-102 Funds and the Canadian Pooled Funds will be expanded to include approval of Cross-Border Inter-Fund Trades between a Canadian Fund and a U.S. Fund or Managed Account.

43. Prior to the Filer, engaging in Inter-Fund Trades on behalf of a Canadian Client Account, each Investment Management Agreement or other documentation will contain the authorization of the client for the Filer, as portfolio manager of the Canadian Client Account, to engage in Inter-Fund Trades.

44. When the Filer engages in an Inter-Fund Trade of securities between Funds or between a Managed Account and a Fund, including Cross-Border Inter-Fund Trades, each will comply with the following procedures, which apply to the Filer, and to any affiliate of the Filer appointed as sub-adviser to the Filer:

(a) the portfolio manager of one Client (**Client A**) will deliver the trade instructions in respect of a purchase or a sale of a security by Client A to a trader on the trading desk of the Filer, Templeton or one of their affiliates;

(b) the portfolio manager of the other Client (**Client B**) will deliver the trade instructions in respect of a purchase or a sale of a security by Client B to a trader on the trading desk of the Filer, Templeton or one of their affiliates (this may be the same trading desk or a different trading desk than is handling the order for Client A);

(c) each trader on each trading desk will request the approval of the trading desk compliance officer (the **TDCO**) to execute the trade as an Inter-Fund Trade between Client A and Client B;

(d) once the approval of the TDCO is received, the trader on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade between Client A and Client B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for exchange-traded securities the Inter-Fund Trade may be executed at the Last Sale Price of the security, determined at the time of the receipt of the approval of the TDCO, prior to the execution of the trade;

(e) the policies applicable to the trading desks will require that: (i) all orders are to be executed on a timely basis, (ii) orders will be executed for no consideration other than cash payment against prompt delivery of a security, (iii) the transaction is consistent with the investment policies of each Fund participating in the transaction as recited in its registration statement or offering documents, (iv) no brokerage commission, fee (except for customary transfer fees) or other remuneration is paid in connection with the transaction, and (v) the transaction complies with all other requirements of applicable law; and

(f) the trader on each trading desk will advise the portfolio managers of Client A and Client B of the price at which the Inter-Fund Trade occurs.

45. If the IRC of a Canadian Fund becomes aware of an instance where the Filer, did not comply with the terms of any decision document issued in connection with the Inter-Fund Trades, including any Cross-Border Inter-Fund Trades, or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Canadian Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator which is the Canadian Fund's principal regulator.

Benefits of the Exemption Sought

46. The securities regulatory authorities in the Jurisdictions granted the Current Relief on the basis that it is in the best interests of the Canadian Clients.

47. Franklin Templeton has determined that it would be in the best interests of all Clients to permit Inter-Fund Trades, including Cross-Border Inter-Fund Trades, for the following reasons:

(a) because of the various investment objectives and investment strategies that are or will be utilized by the Clients, it may be appropriate for different investment portfolios to acquire or dispose of the same securities. Franklin Templeton has determined that engaging in these Inter-Fund Trades directly rather than with a third party has potential benefits such as lower trading costs, reduced market disruption and quicker execution;

(b) making all Clients subject to the same set of rules governing the execution of transactions will result in cost and timing efficiencies in respect of the execution of transactions for all Clients, for example reducing market exposure risk due to delayed execution and improving liquidity for thinly traded securities; and

(c) making all Clients subject to the same set of rules governing the execution of transactions will result in less complicated and more reliable compliance procedures, as well as simplified and more efficient monitoring thereof, for the Filer, in connection with execution of transactions on behalf of all Clients.

48. The foregoing benefits are currently enjoyed by the Canadian Clients pursuant to the existing regulatory exceptions, the Pooled Fund Debt Relief and the Current Relief. Franklin Templeton has determined that the Exemption Sought is in the best interests of the Canadian Clients because it would extend these benefits to Cross-Border Inter-Fund Trades with U.S. Clients, significantly broadening the pool of potential inter-fund trading counterparties.

49. U.S. Clients currently conduct inter-fund trading pursuant to the Global Inter-Fund Trading Policy which complies with U.S. Inter-Fund Trading Rules. From a procedural perspective, inter-fund trades involving 40 Act Funds are subject to review and ratification by the applicable U.S. fund board. Also, in order to comply with SEC rules governing inter-fund trades and the Global Inter-Fund Trading Policy as noted above, it is explicitly required that no brokerage commission, fee (except for customary transfer fees) or other remuneration be paid by the accounts in connection with the transition.

Cross-Border Inter-Fund Trades would be conducted on FTI's portfolio management system, which is monitored by an integrated compliance group including representatives of the Franklin Templeton, Templeton and other affiliates.

50. U.S. Inter-Fund Trading Rules impose similar requirements to the regulatory exceptions, the Pooled Fund Debt Relief and the Current Relief respecting appropriate consideration, policies and procedures, governance and review, recordkeeping and pricing for inter-fund trades. Because the Current Relief permits Canadian Inter-Fund Trades to be executed at the Last Sale Price instead of the Current Sale Price, the Franklin Templeton has determined that there is no material difference between the pricing requirements that apply to Canadian Inter-Fund Trades under the Current Relief and the pricing requirements that apply to inter-fund trades in the United States.

51. Franklin Templeton has determined that similar regulatory requirements applicable to inter-fund trading in Canada and the United States, together with FTI's integrated portfolio management system and compliance group, creates a framework for conducting Cross-Border Inter-Fund Trades in a manner which minimizes conflicts of interest and promotes fairness and transparency for all Clients.

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 Revocation is granted;

b) the Section 4.2(1) Relief is granted provided that the following conditions are satisfied:

(i) the Inter-Fund Trade is consistent with the investment objectives of each of the Funds involved in the trade;

(ii) the IRC of the Canadian Fund involved in the trade has approved the transaction in respect of that Canadian Fund in accordance with the terms of section 5.2 of NI 81-107;

(iii) the fund board of the U.S. Fund, or the trust committee of the entity acting as trustee of the U.S. Fund, involved as a counterparty to the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require any such transaction in respect of that U.S. Fund to be executed in accordance with 40 Act Rule 17a-7;

(iv) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107; and

c) the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:

(i) the Inter-Fund Trade is consistent with the investment objectives of each of the Clients involved in the trade;

(ii) the Filer, as manager of a Canadian Fund, refers the Inter-Fund Trade involving such Canadian Fund to the IRC of that Canadian Fund in the manner contemplated by section 5.1 of NI 81-107 and the Filer, and the IRC of the Canadian Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;

(iii) in the case of an Inter-Fund Trade between Canadian Funds:

a. the IRC of each Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of section 5.2(2) of NI 81-107; and

b. the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price; and

(iv) in the case of an Inter-Fund Trade between a Canadian Client Account and a Canadian Fund:

a. the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of section 5.2(2) of NI 81-107;

b. the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade; and

c. the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price; and

(v) in the case of an Inter-Fund Trade between a Canadian Fund and a U.S. Fund:

a. the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of section 5.2(2) of NI 81-107;

b. the fund board of the U.S. Fund, or the trust committee of the entity acting as trustee of the US Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require approval or ratification of the transaction in respect of that U.S. Fund in accordance with 1940 Act 17a-7;

c. the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

d. the Inter-Fund Trade shall only be executed for orders with a quantity of more than 50 standard trading units; and

e. the Inter-Fund Trade shall be printed in Canada on a marketplace as defined in the *Securities Act*, RSO 1990, c. S. 5; and

(vi) in the case of an Inter-Fund Trade between a Canadian Client Account and a U.S. Fund:

a. the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade;

b. the fund board of the U.S. Fund, or the trust committee of the entity acting as trustee of the US Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require approval or ratification of the transaction in respect of that U.S. Fund in accordance with 1940 Act 17a-7;

c. the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale;

d. the Inter-Fund Trade shall only be executed for orders with a quantity of more than 50 standard trading units; and

e. the Inter-Fund Trade shall be printed in Canada on a marketplace as defined in the *Securities Act*, RSO 1990, c. S. 5; and

(vii) with respect to Cross-Border Inter-Fund Trades only, this decision shall cease to be operative three years from the date of this decision.

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

Appendix A

Current Affiliates of Franklin Templeton Investments Corp. Registered with the SEC

Darby Overseas Partners, L.P.
FASA, LLC
Fiduciary Investment Management International, Inc.
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Asset Management (India) Private Limited
Franklin Templeton Institutional, LLC
Franklin Templeton Investimentos (Brasil) LTDA.
Franklin Templeton Investment Management Limited
Franklin Templeton Investment Trust Management Co., Ltd.
Franklin Templeton Investments (Asia) Limited
Franklin Templeton Investments (ME) Limited
Franklin Templeton Portfolio Advisors, Inc.
Franklin Templeton International Services S.A.R.L.
K2/D&S Management Co., L.L.C.
K2 Advisors L.L.C.
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

2.2 Orders

2.2.1 Atlas Financial Holdings, Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – issuer deemed to no longer be a reporting issuer under the Legislation of the Jurisdictions – issuer's securities are traded only on a market or exchange outside of Canada – Canadian residents own less than 2% of the issuer's securities and represent less than 2% of the issuer's total number of securityholders only on a fully-diluted basis.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.

September 25, 2018

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

AND

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

AND

IN THE MATTER OF
ATLAS FINANCIAL HOLDINGS, INC.
(THE FILER)

ORDER

Background

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

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

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

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

Interpretation

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

"marketplace" has the same meaning as in National Instrument 21-101 *Marketplace Operation*.

Representations

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

1 the Filer was originally formed on December 21, 2009 under the laws of Ontario. On December 31, 2010, the Filer completed a reverse merger transaction. In connection with the reverse merger transaction, the Filer filed a Certificate of Registration by Way of Continuation in the Cayman Islands to re-domesticate as a Cayman Islands company. The Filer is currently a corporation existing under the laws of the Cayman Islands;

2 the Filer's head office is located at 953 American Lane, Schaumburg, Illinois, USA 60173;

3 the ordinary voting common Shares (**Ordinary Shares**) of the Filer were previously listed on the TSX Venture Exchange (**TSXV**). The Filer voluntary delisted the Ordinary Shares from the TSXV on June 5, 2013;

4 the Filer is a reporting issuer in Ontario, Alberta and British Columbia (collectively, **Jurisdictions**);

5 the principal regulator of the Filer is Ontario;

6 the Filer is not in default of securities legislation in any jurisdiction in Canada;

7 the Filer is authorized to issue 266,666,667 Ordinary Shares and 33,333,334 restricted voting common shares (**Restricted Shares**);

8 as of the date hereof the issued and outstanding securities of the Filer consist of:

(a) 12,192,475 Ordinary Shares of which 11,936,970 Ordinary Shares are outstanding and 255,505 Ordinary Shares held in treasury;

(b) 7,408 non-transferable restricted stock units issued and outstanding (**RSUs**);

(c) 1,000,000 6.625% Senior Unsecured Notes due 2022 issued and outstanding (**Notes**); and

(d) 402,195 non-transferable stock options issued and outstanding (**Options**);

9 as of the date hereof, the Filer has no Restricted Shares outstanding;

10 the RSUs are held by one Canadian securityholder who is an employee and director of the Filer. The RSUs represent a non-transferrable entitlement to receive Ordinary Shares on a one-for-one basis upon the vesting of the RSUs. The RSUs will automatically convert into Ordinary Shares on the vesting date without any further action of the holder. The RSU's were issued pursuant to a prospectus exemption;

11 the Ordinary Shares of the Filer trade under the stock symbol "AFH" on the NASDAQ Stock Market (**NASDAQ**), a stock exchange in the United States;

12 the Notes of the Filer also trade on the NASDAQ under the stock symbol "AFHBL";

13 the Filer is not in default of corporate and securities legislation in the Cayman Islands, securities legislation in the United States of America or the rules of NASDAQ;

14 the Filer files continuous disclosure materials in accordance with securities laws in the United States and the requirements of NASDAQ;

15 in the 12 months preceding the date hereof, the Filer has not taken any steps that indicate there is a market for its securities in Canada, including conducting a prospectus offering in Canada, establishing or maintaining a listing on an exchange in Canada or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported;

16 the Filer does not currently anticipate offering its securities in Canada at any time in the future;

17 the Filer qualifies as an "SEC foreign issuer" under National instrument 71-102 C*ontinuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**) and has relied on and complied with the exemptions from Canadian disclosure requirements under Part 4 of NI 71-102;

18 the Filer is not eligible for the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Application* because, among other reasons, the Ordinary Shares and Notes securities are listed on the NASDAQ;

19 in support of the representations set forth below concerning the percentage of outstanding securities and the total number of security holders in Canada, the Filer has:

(a) undertaken a thorough and diligent examination of the Filer's record holder list;

(b) undertaken a thorough and diligent examination of the Filer's non-objecting beneficial owner list;

(c) made inquiries to the TSX Trust Company (the **Transfer Agent**) regarding the beneficial ownership of the Filer;

(d) examined the Transfer Agent's records for any indication of shareholdings in Canada; and

(e) examined US and Canadian geographic analysis reports received from Broadridge Financial Solutions, Inc. on February 15, 2018 (Canadian) and March 9, 2018 (United States);

20 the Filer has calculated Canadian resident shareholdings using the most recent data available to the Filer and the results of these calculations were as follows:

(a) 62,745 Ordinary Shares are held by 29 securityholders in Canada, representing 1.6% of all securityholders worldwide and 0.5% of the total issued and outstanding Ordinary Shares of the Filer (based on 12,192,475 Ordinary Shares outstanding at as April 5, 2018);

(b) 7,408 RSUs are held by one securityholders in Canada, representing 100% of all securityholders worldwide and 100% of the total issued and outstanding RSU's of the Filer; and

(c) none of the outstanding Notes or Options are held by securityholders in Canada.

21 if the RSU's were fully vested, these securities will entitle one resident of Canada to beneficially own an additional 7,408 Ordinary Shares. On this basis if the RSU's were fully vested 29 securityholders in Canada would beneficially own 0.56% of the total issued and outstanding Ordinary Shares of the Filer;

22 accordingly, based on the foregoing, on a fully-diluted basis, residents of Canada do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the Filer worldwide, nor do they directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide;

23 the Filer provided advance notice to Canadian resident securityholders in a news release dated May 9, 2018, a copy of which was filed on SEDAR, that it has applied for an order that it cease to be a

Canadian securities reporting issuer in the Jurisdictions;

24 the Filer is subject to all applicable requirements of corporate and securities law of the Cayman Islands, the securities law of the United States and the rules and reporting requirements of the NASDAQ;

25 the Filer undertakes to concurrently deliver to its Canadian securityholders, all disclosure the Filer would be required to deliver to resident securityholders in the United States under United States securities law or NASDAQ requirements;

26 all public documents of the Filer are available on the Filer's EDGAR profile under the filings section of the SEC website (www.sec.gov); and

27 upon the receipt of the Order Sought, the Filer will no longer be a Canadian securities reporting issuer or the equivalent thereof in any jurisdiction of Canada.

Order

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

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

"AnneMarie Ryan"
Ontario Securities Commission

"William J. Furlong"
Ontario Securities Commission

2.2.2 The Canadian Depository for Securities Limited et al. – s. 144

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR
SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

AND

IN THE MATTER OF
NATIONAL BANK FINANCIAL & CO. INC.

AND

NATIONAL BANK GROUP INC.

ORDER
(Section 144 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) as clearing agencies (the Clearing Agency Recognition Order);

AND WHEREAS TMX Group Limited (formerly, Maple Group Acquisition Corporation or Maple) owns all of the issued and outstanding voting securities of CDS Ltd. and, indirectly, CDS Clearing;

AND WHEREAS National Bank Group Inc. (NBG) is included in the definition of "original Maple shareholder" in Part I of Schedule "B" to the Clearing Agency Recognition Order;

AND WHEREAS NBG is to be wound-up and its holding of the issued and outstanding voting securities of TMX Group Limited are to be transferred to National Bank Acquisition Holdings Inc. (NBAH), an affiliate of NBG;

AND WHEREAS NBG has applied to the Commission (the Application) for an order amending the Clearing Agency Recognition Order to include NBAH and remove NBG in the definition of "original Maple shareholder" in the Clearing Agency Recognition Order;

AND WHEREAS based on the Application and the representations that NBG and NBAH have made to the Commission, the Commission has determined that it is not prejudicial to the public interest to amend the Clearing Agency Recognition Order;

IT IS HEREBY ORDERED that:

(a) pursuant to section 144 of the Act, the definition of "original Maple shareholder" in Part I of Schedule "B" to the Clearing Agency Recognition Order is amended to delete "National Bank Group Inc." and replace it with "National Bank Acquisition Holdings Inc."

DATED this 25th day of September 2018.

"AnneMarie Ryan"

"William Furlong"

2.2.3 TMX Group Limited et al. – s. 144

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

AND

IN THE MATTER OF
TMX GROUP LIMITED

AND

TSX INC.

AND

ALPHA TRADING SYSTEMS INC.

AND

ALPHA EXCHANGE INC.

AND

IN THE MATTER OF
NATIONAL BANK FINANCIAL & CO. INC.

AND

NATIONAL BANK GROUP INC.

ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (Commission) issued an order dated July 4, 2012, recognizing each of Maple Group Acquisition Corporation (Maple), TMX Group Inc. (TMX Group), TSX Inc. (TSX), Alpha Trading Systems Limited Partnership (Alpha LP) and Alpha Exchange Inc. (Alpha Exchange) as an exchange pursuant to section 21 of the Act (the Exchange Recognition Order);

AND WHEREAS the Commission issued an order dated June 24, 2014 amending the Exchange Recognition Order to replace references to "National Bank Financial & Co. Inc." with "National Bank Group Inc." in subsection 1(a) of Schedule 2 to the Exchange Recognition Order in connection with the wind-up of National Bank Financial & Co. Inc.;

AND WHEREAS National Bank Group Inc. (NBG) is to be wound-up and its holding of the issued and outstanding voting securities of TMX Group Limited are to be transferred to National Bank Acquisition Holdings Inc. (NBAH), an affiliate of NBG;

AND WHEREAS NBG has applied to the Commission (the Application) for an order amending the Exchange Recognition Order to include NBAH in the

definition of "original Maple shareholder" in the Exchange Recognition Order;

AND WHEREAS NBAH agrees to be bound by the applicable terms and conditions of the Exchange Recognition Order;

AND WHEREAS based on the Application and the representations that NBG has made to the Commission, the Commission has determined that it is not prejudicial to the public interest to amend the Exchange Recognition Order pursuant to section 144 of the Act;

IT IS ORDERED that:

(a) pursuant to section 144 of the Act, the definition of "original Maple shareholder" in subsection 1(a) of Schedule 2 to the Exchange Recognition Order is amended to delete "National Bank Group Inc." and to replace it with "National Bank Acquisition Holdings Inc."

DATED this 25th day of September 2018.

"AnneMarie Ryan"

"William Furlong"

2.2.4 Peregrine Diamonds Ltd.

Headnote

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

Applicable Legislative Provisions

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

September 26, 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
PEREGRINE DIAMONDS LTD.
(the Filer)

ORDER

Background

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

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

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

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

2.2.5 Canadian Zinc Corporation

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).

September 26, 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
CANADIAN ZINC CORPORATION
(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, Manitoba, Québec and New Brunswick, 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

2.2.6 MedReleaf Corp. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
MEDRELEAF CORP.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant having represented to the Commission that:

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

2. The Applicant's head office is located at Markham Industrial Park, Markham, Ontario L3R 6G3.

3. The Applicant has an authorized capital consisting of an unlimited number of common shares (**Common Shares**), of which 103,469,274 are issued and outstanding as of the date hereof.

4. On July 25, 2018 (the **Effective Date**), Aurora Cannabis Inc. (the **Purchaser**) acquired all of the issued and outstanding common shares of the Applicant pursuant to a plan of arrangement under section 182 of the OBCA (the **Arrangement**).

5. Immediately prior to the Effective Date, the Applicant had 2,875,000 warrants (the **Warrants**) outstanding, which entitled the holder thereof to purchase the Common Shares. Pursuant to the Arrangement, the Purchaser became obligated to provide and each holder of the Warrants became obligated to receive, upon the exercise of such holder's Warrants, in lieu of the Common Shares, the number of Purchaser common shares and the amount of cash which the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Effective Date, such holder had been the registered holder of the number of Common Shares to which such holder would have been entitled if the Warrants held by the holder were exercised immediately prior to the Effective Date.

6. As of the date of this order, all of the issued and outstanding Common Shares are beneficially owned, directly or indirectly, by the Purchaser and other than the Warrants, no other securities, including debt securities, of the Applicant are outstanding.

7. On September 28, 2018, the Applicant was granted an order pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*.

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

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

DATED at Toronto on this 28th day of September, 2018.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Robert Hutchison"
Commissioner
Ontario Securities Commission

2.2.7 MedReleaf Corp.

Headnote

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

Applicable Legislative Provisions

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

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

AND

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

AND

IN THE MATTER OF
MEDRELEAF CORP.
(THE FILER)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer was incorporated under the *Business Corporations Act* (Ontario) (the **OBCA**) on February 28, 2013.

2. The Filer's head office is at Markham Industrial Park, Markham, Ontario L3R 6G3.

3. On July 25, 2018 (the **Effective Date**), Aurora Cannabis Inc. (**Aurora**) acquired all of the issued and outstanding common shares of the Filer, pursuant to a plan of arrangement under the OBCA (the **Arrangement**), which became effective at 12:01 AM (EST) (the **Effective Time**) on the Effective Date.

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

5. Immediately prior to the Effective Time, the Filer had the following issued and outstanding securities: (i) 102,710,159 common shares (the **Filer Shares**); (ii) 3,944,812 plan options to purchase Filer Shares (the **Filer Plan Options**); (iii) 759,115 legacy options to purchase Filer Shares (the **Filer Legacy Options** and, together with the Filer Plan Options, the **Filer Options**); (iv) 2,875,000 warrants to purchase Filer Shares (the **Filer Warrants**); and (v) 60,866 deferred share units to purchase Filer Shares (the **Filer DSUs**). The Filer Shares were listed on the TSX under the symbol "LEAF". No other securities of the Filer were listed on any exchange.

6. To the best of the Filer's knowledge and belief and based on a geographic distribution report obtained pursuant to section 2.5(2) of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, there are 264 holders of Filer Warrants, 161 of which are in Ontario (485,600 Filer Warrants representing 19.40% of the total aggregate Filer Warrants), 35 of which are in Alberta (11,459 Filer Warrants representing 0.46% of the total aggregate Filer

Warrants), 38 of which are in British Columbia (55,350 Filer Warrants representing 2.21% of the total aggregate Filer Warrants), 4 of which are in Quebec (4,200 Filer Warrants representing 0.17% of the total aggregate Filer Warrants), 4 of which are in Saskatchewan (1,800 Filer Warrants representing 0.07% of the total aggregate Filer Warrants), 1 of which is in Manitoba (190 Filer Warrants representing 0.01% of the total aggregate Filer Warrants), 2 of which are in New Brunswick (24,999 Filer Warrants representing 1.00% of the total aggregate Filer Warrants), 4 of which are in the United States (30,723 Filer Warrants representing 1.23% of the total aggregate Filer Warrants), and 15 of which are in other foreign jurisdictions (1,888,586 Filer Warrants representing 75.46% of the total aggregate Filer Warrants).

7. The Filer distributed the meeting materials (which included the information circular, notice of meeting, notice of application, and the interim order) to the holders of the Filer Shares, Filer Options, Filer Warrants and Filer DSUs in connection with the special meeting of holders of Filer Shares that took place on July 18, 2018 to consider the Arrangement.

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

   (a) each Filer Share (other than Filer Shares held by Aurora or any affiliates thereof) was deemed to be assigned and transferred by the holder thereof to Aurora in exchange for 3.575 Aurora Shares (the **Share Consideration**) and $0.000001 in cash (the **Cash Consi-deration**, and together with the Share Consideration, the **Consideration**) for each Filer Share;

   (b) each Filer Plan Option outstanding after the first amalgamation under the Arrangement (the **First Amalgamation**) (whether vested or unvested) was exchanged for an option of Aurora (a **Replacement Option**) to acquire such number of Aurora Shares as is equal to: (A) that number of Filer Shares that were issuable upon exercise of such Filer Plan Option immediately following the First Amalgamation, multiplied by (B) the exchange ratio of 3.575 Aurora Shares per Filer Share issuable (the **Exchange Ratio**) and, on an aggregate basis, rounded down to the nearest whole number of Aurora Shares, at an exercise price per Aurora Share equal to the greater of (i) the quotient determined by dividing: (X) the exercise price per Filer Share at which such Filer Plan Option was exercisable immediately following the First Amalgamation, by (Y) the Exchange Ratio, rounded up to the nearest whole cent, and (ii) such minimum amount that meets the requirements of paragraph 7(1.4)(c) of the Tax Act. All terms and conditions of a Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, are the same as the Filer Plan Option for which it was exchanged, and any certificate or option agreement previously evidencing the Filer Plan Option were deemed to evidence such Replacement Option;

   (c) the Filer Legacy Options were conditionally exercised immediately before the Effective Time and the underlying Filer Shares were exchanged for Aurora Shares at the Exchange Ratio; and

   (d) each Filer DSU (whether vested or unvested) outstanding immediately following the First Amalgamation was, notwithstanding the terms of the Filer's deferred share unit plan, without any further action by or on behalf of the holder of such Filer DSU, deemed to have fully vested and be settled in exchange for the Share Consideration and the Cash Consideration and each such Filer DSU was immediately cancelled.

9. Pursuant to the terms of the Arrangement and the supplemental common share purchase warrant indenture dated July 25, 2018 between the Filer, Aurora and TSX Trust Company (the **Supplemental Indenture**), which governs the Filer Warrants and supplements the base common share purchase warrant indenture dated January 31, 2018 between the Filer and TSX Trust Company, Aurora became obligated to provide and each holder of a Filer Warrant became entitled to receive (and such holder shall accept) upon the exercise of such holder's Filer Warrant, in lieu of Filer Shares to which such holder was theretofore entitled upon such exercise the Share Consideration which the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Filer Shares to which such holder would have been entitled if such holder had exercised such holder's Filer Warrants immediately prior to the Effective Time, at an exercise price of $34.499999 with the aggregate exercise price being round down to the nearest whole penny. Pursuant to the Arrange-ment and the Supplemental Indenture, Aurora is obligated to issue the number of Aurora Shares required to meet the Filer's obligations upon exercise of the Filer Warrants.

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

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

12. The Filer Shares were delisted from the TSX on July 26, 2018.

13. The Filer is not eligible to surrender its status as a reporting issuer pursuant to the simplified procedure in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* because (i) the Filer is in default of securities legislation as described below and (ii) the Filer Warrants are not beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide.

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

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

16. Aurora is not in default of its obligations as a reporting issuer under securities legislation in any jurisdiction.

17. The Filer is not in default of securities legislation in any jurisdiction, except for its failure to file its interim financial statements and management discussion and analysis for the period ended June 30, 2018 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

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

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

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

Order

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

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

DATED at Toronto on this 28th day of September, 2018.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Robert P. Hutchison"
Commissioner
Ontario Securities Commission

2.2.8 Michael Pearson and LeadFX Inc.

FILE NO.: 2018-53

IN THE MATTER OF
MICHAEL PEARSON

AND

IN THE MATTER OF
LEADFX INC.

D. Grant Vingoe, Vice-Chair and Chair of the Panel
Frances Kordyback, Commissioner
Lawrence Haber, Commissioner

September 28, 2018

ORDER

WHEREAS on September 28, 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, with respect to a standing motion and disclosure motion brought by Michael Pearson (**Pearson**) relating to Pearson's application seeking relief related to a special meeting of shareholders of LeadFX Inc. called to consider and approve a special resolution to approve a going-private transaction, to be completed via a statutory plan of arrangement under section 192 of the *Canada Business Corporations Act*;

ON READING the materials filed by Pearson, LeadFX Inc., Sentient Executive GP III Limited and Sentient Executive GP IV, Limited (collectively, **Sentient**), InCoR Energy Materials Limited (**InCoR**) and Staff of the Commission and hearing the submissions of all parties;

IT IS ORDERED, with reasons to follow, that:

1. Sentient and InCoR are each granted full intervenor status; and

2. Pearson's standing motion is dismissed.

"D. Grant Vingoe"

"Frances Kordyback"

"Lawrence Haber"

2.2.9 Manulife Asset Management Limited and DFA Australia Limited – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirement of paragraph 22(1)(b) of the CFA granted to a sub-adviser headquartered in a foreign jurisdiction in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 8.26.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations made under the Securities Act (Ontario) – Relief is subject to a sunset clause.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.26.1.
Ontario Securities Commission Rule 35-502 Non-Resident Advisers, s. 7.11.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
MANULIFE ASSET MANAGEMENT LIMITED AND
DFA AUSTRALIA LIMITED

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Manulife Asset Management Limited (the **Principal Adviser**) and DFA Australia Limited (the **Sub-Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that the Sub-Adviser (and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Sub-Advisory Services (as defined below) (the **Sub-Adviser Individuals**)) be exempt, for a specified period of time, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients (as defined below) regarding commodity futures contracts and commodity futures options (collectively, the **Contracts**) traded on commodity futures exchanges and cleared through clearing corporations;

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

AND UPON the Sub-Adviser and the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is a corporation amalgamated under the laws of Canada with its head office located in Toronto, Ontario.

2. The Principal Adviser is registered under securities law as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador and as an adviser in the category of portfolio manager in each province and territory of Canada. The Principal Adviser is also registered in Ontario under the CFA as an adviser in the category of commodity trading manager and in Quebec under derivatives law as a derivatives portfolio manager.

3. The Principal Adviser has previously obtained relief similar to that sought in the Application in respect of its use of other foreign sub-advisers, most recently in 2017.

4. The Sub-Adviser is an Australian (New South Wales) corporation having its principal place of business in Sydney, Australia.

5. The Sub-Adviser is an investment advisor authorised and regulated by the Australian Securities and Investments Commission.

6. The Sub-Adviser is not an affiliate of the Principal Adviser.

7. The Sub-Adviser is not a resident of any province or territory of Canada.

8. The Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodity futures or other applicable legislation of Australia that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, the Sub-Adviser is authorized and permitted to carry on the Sub-Advisory Services (as defined below) in Australia.

9. The Sub-Adviser engages in the business of an adviser in respect of Contracts in Australia.

10. The Sub-Adviser is not registered in any capacity under the securities legislation of Ontario or any other jurisdiction of Canada or under the CFA. However, the Sub-Adviser is currently availing itself of the international sub-adviser registration exemption in section 8.26.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

11. The Principal Adviser and the Sub-Adviser are not in default of securities legislation, commodity futures legislation or derivatives legislation in any jurisdiction of Canada. The Sub-Adviser is in compliance in all material respects with the securities laws, commodity futures laws and derivatives laws in Australia.

12. The Principal Adviser provides investment advice and/or discretionary portfolio management services in Ontario to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus Exemptions* (the **Pooled Funds**); (iii) clients who have entered into investment management agreements with the Principal Adviser to establish managed accounts (the **Managed Account Clients**); and (iv) other Investment Funds, Pooled Funds and Managed Account Clients that may be established or retained in the future and in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Account Clients and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

13. The Clients may, as part of their investment program, invest in Contracts. The Principal Adviser acts, or will act, as a commodity trading manager in respect of such Clients.

14. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, will retain the Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of Contracts in which the Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client (the **Sub-Advisory Services**), provided that:

    (a) in each case, the Contracts are cleared through an "acceptable clearing corporation" (as defined in National Instrument 81-102 *Investment Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102; and

    (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

15. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as a partner or an officer of a registered adviser and is acting on behalf of such registered adviser.

16. By providing the Sub-Advisory Services, the Sub-Adviser and the Sub-Adviser Individuals will be engaging in, or holding himself, herself or itself out as engaging in, the business of advising others in respect of Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser under the CFA.

17. There is presently no rule or regulation under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in subsection 25(3) of the *Securities Act* (Ontario) (**OSA**) that is provided under section 8.26.1 of NI 31-103.

18. The relationship among the Principal Adviser, the Sub-Adviser and any Client will be consistent with the requirements of section 8.26.1 of NI 31-103.

19. The Sub-Adviser will only provide the Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

20. As would be required under section 8.26.1 of NI 31-103:

    (a) the obligations and duties of the Sub-Adviser will be set out in a written agreement with the Principal Adviser; and

    (b) the Principal Adviser will enter into a written agreement with each Client, agreeing to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**).

21. The written agreement between the Principal Adviser and the Sub-Adviser will set out the obligations and duties of each party in connection with the Sub-Advisory Services and permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Sub-Advisory Services.

22. The Principal Adviser will deliver to the Clients all applicable reports and statements required under applicable securities, commodity futures and derivatives legislation.

23. The prospectus or other offering document (in either case, the **Offering Document**), if any, of each Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the following disclosure (the **Required Disclosure**):

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Sub-Adviser Individuals) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

24. Prior to purchasing any securities of one or more of the Clients that are Investment Funds or Pooled Funds directly from the Principal Adviser, all investors in these Clients who are Ontario residents will receive, or have received, the Required Disclosure in writing (which may be in the form of an Offering Document).

25. Each Client that is a Managed Account Client for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will receive, or has received, the Required Disclosure in writing prior to the purchase of any Contracts for such Client.

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

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser and its Sub-Adviser Individuals are exempt from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services, provided that at the time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser's head office or principal place of business is in a jurisdiction outside of Canada;

(c) the Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodity futures or other applicable legislation of the jurisdiction outside of Canada in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario;

(d) the Sub-Adviser engages in the business of an adviser in respect of Contracts in the jurisdiction outside of Canada in which its head office or principal place of business is located;

(e) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(f) the Principal Adviser has entered into a written agreement with each Client agreeing to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(g) the Offering Document of each Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the Required Disclosure;

(h) prior to purchasing any securities of a Client that is an Investment Fund or a Pooled Fund directly from the Principal Adviser, each investor in any of these Investment Funds or Pooled Funds who is an Ontario resident received, or will receive, the Required Disclosure in writing; and

(i) each Client that is a Managed Account Client for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services received, or will receive, the Required Disclosure in writing prior to the purchase of any Contracts for such Client; and

IT IS FURTHER ORDERED that this Order will terminate on the earliest of:

(a) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;

(b) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the ability of the Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services; and

(c) five years after the date of this Order.

DATED at Toronto, Ontario this 21st day of September, 2018.

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

2.2.10 Xtreme Drilling Corp.

Headnote

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

Applicable Legislative Provisions

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

Citation: *Re Xtreme Drilling Corp.*, 2018 ABASC 156

October 1, 2018

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

AND

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

AND

IN THE MATTER OF
XTREME DRILLING CORP.
(the Filer)

ORDER

Background

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

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Timothy Robson"
Manager, Legal
Corporate Finance
Alberta Securities Commission

This page intentionally left blank

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

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

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

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

This page intentionally left blank

Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 45-106 Prospectus Exemptions

AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*

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

2. Section 6.2 is amended by adding the following subsection:

(3) An issuer or underwriter is not required to file a report under section 6.1 for a distribution of a security if a report has been filed by another issuer or underwriter for the distribution of the same security..

3. Subsection 7.1(3) is amended by adding "Alberta and***" before "***Ontario***".***

4. Form 45-106F1 Report of Exempt Distribution is amended

(a) in section 1, under the heading "*A. General Instructions", by adding the following after "***The issuer or underwriter must file the report in a jurisdiction of Canada if the distribution occurs in the jurisdiction***":***

", and the issuer or underwriter is relying on a specific exemption from the prospectus requirement set out in section 6.1 of the Instrument. The requirement to file this report might also be a condition of a prospectus exemption provided in a national, multilateral or local rule or instrument, or a condition of an exemptive relief order***";***

(b) in section 4, under the heading "A. General Instructions***", by adding the following paragraph at the end:***

"Joint purchasers may be treated as one purchaser for the purposes of Item 7(f) of this form.***";***

(***c) in section 9, under the heading "*A. General Instructions***":***

(i) by deleting "noon***" wherever it occurs,***

(ii) by replacing "recent closing***" with "***recent daily***", and***

(iii) by deleting "If the Bank of Canada no longer publishes a daily noon exchange rate and closing exchange rate, convert foreign currency using the daily single indicative exchange rate of the Bank of Canada in the same manner described in each of the three scenarios above.***";***

(d) by replacing section 12 under the heading "*A. General Instructions" with the following:***

12. Security codes

Wherever this form requires disclosure of the type of security, use the following security codes:

Security code	Security type
BND	Bonds
CER	Certificates *(including pass-through certificates, trust certificates)*
CMS	Common shares
CVD	Convertible debentures
CVN	Convertible notes
CVP	Convertible preferred shares
DCT	Digital coins or tokens

Security code	Security type
DEB	Debentures
DRS	Depository receipts *(such as American or Global depository receipts/shares)*
FTS	Flow-through shares
FTU	Flow-through units
LPU	Limited partnership units and limited partnership interests *(including capital commitments)*
MTG	Mortgages *(other than syndicated mortgages)*
NOT	Notes *(include all types of notes except convertible notes)*
OPT	Options
PRS	Preferred shares
RTS	Rights
SMG	Syndicated mortgages
SUB	Subscription receipts
UBS	Units of bundled securities *(such as a unit consisting of a common share and a warrant)*
UNT	Units *(exclude units of bundled securities, include trust units and mutual fund units)*
WNT	Warrants *(including special warrants)*
OTH	Other securities not included above *(if selected, provide details of security type in Item 7d)*

(e) by adding the following section under the heading "*A. General Instructions*":

13. Distributions by more than one issuer of a single security

If two or more issuers distributed a single security, provide the full legal names of the co-issuers in Item 3.***;***

(f) by adding the following under the heading "*B. Terms used in the form*" before "*permitted client*":

"NRD" means National Registration Database;***;***

(g) by replacing the portion of the form that follows the text under the heading "*B. Terms used in the form*" and precedes Item 5 of the form with the following:

Form 45-106F1 *Report of Exempt Distribution*

Item 1 – Report Type

☐ New report

☐ Amended report If amended, provide filing date of report that is being amended. ☐☐☐☐ (YYYY-MM-DD)

Item 2 – Party Certifying the Report

Indicate the party certifying the report (select only one). For guidance regarding whether an issuer is an investment fund, refer to section 1.1 of National Instrument 81-106 Investment Fund Continuous Disclosure *and the companion policy to NI 81-106.*

☐ Investment fund issuer

☐ Issuer (other than an investment fund)

☐ Underwriter

Item 3 – Issuer Name and Other Identifiers

Provide the following information about the issuer, or if the issuer is an investment fund, about the fund.

Full legal name

Previous full legal name

If the issuer's name changed in the last 12 months, provide most recent previous legal name.

Website (if applicable)

If the issuer has a legal entity identifier, provide below. Refer to Part B of the Instructions for the definition of "legal entity identifier".

Legal entity identifier

If two or more issuers distributed a single security, provide the full legal name(s) of the co-issuer(s) other than the issuer named above.

Full legal name(s) of co-issuer(s) (if applicable)

Item 4 – Underwriter Information

If an underwriter is completing the report, provide the underwriter's full legal name and firm NRD number.

Full legal name

Firm NRD number ☐☐☐☐☐☐☐ (if applicable)

If the underwriter does not have a firm NRD number, provide the head office contact information of the underwriter.

Street address

Municipality Province/State

Country Postal code/Zip code

Telephone number Website (if applicable)

(h) ***in Item 5(a), by adding "****in your reasonable judgment most closely****" before "****corresponds to the issuer's primary business activity****";***

(i) ***in Item 5(a), by deleting "****For more information on finding NAICS industry code go to* ***Statistics Canada's NAICS industry search tool****.";***

(j) ***in Item 5(a), by adding "****☐ Cryptoassets****" after "****☐ Private companies****";***

(k) ***in Item 5(g), by replacing "****If the issuer is publicly listed, provide the names of all exchanges on which its securities are listed. Include only the names of exchanges for which the issuer has applied for and received a listing, which excludes, for example, automated trading systems.****" with "****If the issuer is publicly listed, provide the name of the exchange on which the issuer's equity securities primarily trade. Provide only the name of an exchange and not a trading facility such as, for example, an automated trading system.****";***

(l) ***in Item 5(g), by replacing "****Exchange names****" with "****Exchange name****";***

(m) ***in Item 5(h), by replacing "****Select the size of the issuer's assets for its most recent financial year-end (Canadian $). If the issuer has not existed for a full financial year, provide the size of the issuer's assets at the distribution end date.****" with "****Select the size of the issuer's assets based on its most recently available annual financial statements (Canadian $). If the issuer has not prepared annual financial statements for its first financial year, provide the size of the issuer's assets at the distribution end date.****";***

(n) ***in Item 6(b), by adding "****☐ Cryptoasset****" after "****☐ Alternative strategies****";***

(o) ***in Item 6(e), by replacing "****If the investment fund is publicly listed, provide the names of all exchanges on which its securities are listed. Include only the names of exchanges for which the investment fund has applied for and received a listing, which excludes, for example, automated trading systems.****" with "****If the investment fund is publicly listed, provide the name of the exchange on which the investment fund's securities primarily trade. Provide only the name of an exchange and not a trading facility such as, for example, an automated trading system.****";***

(p) ***in Item 6(e), by replacing "****Exchange names****" with "****Exchange name****";***

(q) ***in Item 7, by adding "****in connection with the distribution****" after "****or finder's fees****";***

(r) ***in Item 7, by replacing "****should****" with "****must****";***

(s) ***in Item 7(d), by replacing "****Provide the following information for all distributions that take place in a jurisdiction of Canada on a per security basis. Refer to Part A of the Instructions for how to indicate the security code.****" with "****Provide the following information for all distributions reported on a per security basis. Refer to Part A(12) of the Instructions for how to indicate the security code.****";***

(t) ***in Item 7(e), by replacing "****Security code****" with "****Convertible/exchangeable security code****";***

(u) by replacing Item 7(f) with the following:

f) Summary of the distribution by jurisdiction and exemption

State the total dollar amount of securities distributed and the number of purchasers for each jurisdiction of Canada and foreign jurisdiction where a purchaser resides and for each exemption relied on in Canada for that distribution. However, if an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include distributions to purchasers resident in that jurisdiction of Canada only.

This table requires a separate line item for: (i) each jurisdiction where a purchaser resides, (ii) each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and (iii) each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction.

For jurisdictions within Canada, state the province or territory, otherwise state the country.

Province or country	Exemption relied on	Number of unique purchasers[2a]	Total amount (Canadian $)
	Total dollar amount of securities distributed		
	Total number of unique purchasers[2b]		

[2a] *In calculating the number of unique purchasers per row, count each purchaser only once. Joint purchasers may be counted as one purchaser.*

[2b] *In calculating the total number of unique purchasers to which the issuer distributed securities, count each purchaser only once, regardless of whether the issuer distributed multiple types of securities to, and relied on multiple exemptions for, that purchaser.*

(v) in Item 9, by replacing "*(select all that apply)****" with "****(select the one that applies – if more than one applies, select only one)****";***

(w) in Item 9, by replacing "Issuer distributing eligible foreign securities only to permitted clients***" with "***Issuer distributing only eligible foreign securities and the distribution is to permitted clients only***";***

(x) by replacing Item 10 with the following:

ITEM 10 – CERTIFICATION
Provide the following certification and business contact information of an officer, director or agent of the issuer or underwriter. If the issuer or underwriter is not a company, an individual who performs functions similar to that of a director or officer may certify the report. For example, if the issuer is a trust, the report may be certified by the issuer's trustee. If the issuer is an investment fund, a director or officer of the investment fund manager (or, if the investment fund manager is not a company, an individual who performs similar functions) may certify the report if the director or officer has been authorized to do so by the investment fund. *The certification may be delegated, but only to an agent that has been authorized by an officer or director of the issuer or underwriter to prepare and certify the report on behalf of the issuer or underwriter. If the report is being certified by an agent on behalf of the issuer or underwriter, provide the applicable information for the agent in the boxes below.* *If the individual completing and filing the report is different from the individual certifying the report, provide the name and contact details for the individual completing and filing the report in Item 11.* *The signature on the report must be in typed form rather than handwritten form. The report may include an electronic signature provided the name of the signatory is also in typed form.*

Securities legislation requires an issuer or underwriter that makes a distribution of securities under certain prospectus exemptions to file a completed report of exempt distribution.

By completing the information below, I certify, on behalf of the issuer/underwriter/investment fund manager, to the securities regulatory authority or regulator, as applicable, that I have reviewed this report and to my knowledge, having exercised reasonable diligence, the information provided in this report is true and, to the extent required, complete.

Name of issuer/underwriter/ investment fund manager/agent					
Full legal name					
	Family name	First given name	Secondary given names		
Title					
Telephone number		Email address			
Signature		Date	YYYY	MM	DD

(y) in paragraph b) of Schedule 1, by adding the following under the heading "*b) Legal name of purchaser*" and before "*1. Family name*":

If two or more individuals have purchased a security as joint purchasers, provide information for each purchaser under the columns for family name, first given name and secondary given names, if applicable, and separate the individuals' names with an ampersand. For example, if Jane Jones and Robert Smith are joint purchasers, indicate "Jones & Smith" in the family name column.;

(z) in paragraph b) of Schedule 1, by adding "*(if applicable)*" after "*3. Secondary given names*";***

(aa) in paragraph e)2 of Schedule 1, by replacing "*(select only one)*" with "*(select only one – if the purchaser is a permitted client that is not an individual, "NIPC" can be selected instead of the paragraph number)*";***

(bb) except in Ontario, in Schedule 1, by adding the following below the heading "*f) Other information*" and before "*1. Is the purchaser a registrant? (Y/N)*":

Paragraphs f)1. and f)2. do not apply if any of the following apply:

(a) the issuer is a foreign public issuer;

(b) the issuer is a wholly owned subsidiary of a foreign public issuer;

(c) the issuer is distributing only eligible foreign securities and the distribution is to permitted clients only.;

(cc) ***in Ontario, in paragraph f) of Schedule 1, by replacing "****In Ontario, clauses (f)1. and (f)2. do not apply if one or more of the following apply:***" with "****Paragraphs f)1. and f)2. do not apply if any of the following apply****";***

(dd) ***in Ontario, in paragraph f) of Schedule 1, by replacing "****the issuer is distributing eligible foreign securities only to permitted clients****" with "****the issuer is distributing only eligible foreign securities and the distribution is to permitted clients only****";***

(ee) ***by deleting paragraph f)3 of Schedule 1 and replacing it with the following:***

3. Full legal name of person compensated for distribution to purchaser. If a person compensated is a registered firm, provide the firm NRD number only. (*Note: the names must be consistent with the names of the persons compensated as provided in Item 8.*)***;***

(ff) ***in Schedule 1, under the heading "*****INSTRUCTIONS FOR SCHEDULE 1****", by replacing "***needs to***" with "***must***"; and***

(gg) ***by replacing the portion of the Form after the heading "*****Questions:****" with the following:***

Refer any questions to:

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: 403-297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: 403-297-2082
Public official contact regarding indirect collection of information: FOIP Coordinator

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: 604-899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: 604-899-6581
Email: FOI-privacy@bcsc.bc.ca
Public official contact regarding indirect collection of information: FOI Inquiries

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: 204-945-2561
Toll free in Manitoba: 1-800-655-5244
Facsimile: 204-945-0330
Public official contact regarding indirect collection of information: Director

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: 506-658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: 506-658-3059
Email: info@fcnb.ca
Public official contact regarding indirect collection of information: Chief Executive Officer and Privacy Officer

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: 709-729-4189
Facsimile: 709-729-6187
Public official contact regarding indirect collection of information: Superintendent of Securities

Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Telephone: 867-767-9305
Facsimile: 867-873-0243
Public official contact regarding indirect collection of information: Superintendent of Securities

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: 902-424-7768
Facsimile: 902-424-4625
Public official contact regarding indirect collection of information: Executive Director

Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: 867-975-6590
Facsimile: 867-975-6594
Public official contact regarding indirect collection of information: Superintendent of Securities

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: 416-593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: 416-593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: 902-368-4569
Facsimile: 902-368-5283
Public official contact regarding indirect collection of information: Superintendent of Securities

Autorité des marchés financiers
800, rue du Square-Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: 514-395-0337 or 1-877-525-0337
Facsimile: 514-873-6155 (For filing purposes only)
Facsimile: 514-864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers);
fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)
Public official contact regarding indirect collection of information: Corporate Secretary

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 – 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: 306-787-5842
Facsimile: 306-787-5899
Public official contact regarding indirect collection of information: Director

Office of the Superintendent of Securities
Government of Yukon
Department of Community Services
307 Black Street, 1st Floor
P.O. Box 2703, C-6
Whitehorse, Yukon Y1A 2C6
Telephone: 867-667-5466
Facsimile: 867-393-6251
Email: securities@gov.yk.ca
Public official contact regarding indirect collection of information: Superintendent of Securities .

5. This Instrument comes into force on October 5, 2018.

5.1.2 Amendments to Ontario Securities Commission Rule 72-503 Distributions Outside Canada

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

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

2. Part 4 is amended by adding the following section:

Distributions by more than one issuer of a single security

4.4 An issuer is not required to file a report of trade under section 4.1 for a distribution of a security if a report has been filed by another issuer for the distribution of the same security.

3. Form 72-503F Report of Distributions Outside Canada is amended

(a) by replacing the table under the heading "*Instructions:*" with the following:

Security code	Security type
BND	Bonds
CER	Certificates *(including pass-through certificates, trust certificates)*
CMS	Common shares
CVD	Convertible debentures
CVN	Convertible notes
CVP	Convertible preferred shares
DCT	Digital coins or tokens
DEB	Debentures
DRS	Depository receipts *(such as American or Global depository receipts/shares)*
FTS	Flow-through shares
FTU	Flow-through units
LPU	Limited partnership units and limited partnership interests *(including capital commitments)*
MTG	Mortgages *(other than syndicated mortgages)*
NOT	Notes *(include all types of notes except convertible notes)*
OPT	Options
PRS	Preferred shares
RTS	Rights
SMG	Syndicated mortgages
SUB	Subscription receipts
UBS	Units of bundled securities *(such as a unit consisting of a common share and a warrant)*
UNT	Units *(exclude units of bundled securities, include trust units and mutual fund units)*
WNT	Warrants *(including special warrants)*
OTH	Other securities not included above *(if selected, provide details of security type in Item 7d)*

Distributions by more than one issuer of a single security: If two or more issuers distributed a single security, provide the full legal name(s) of the co-issuer(s) in section 1c) other than the issuer named in section 1a).

(b) in section 1, by adding the following:

c) Full legal name(s) of co-issuer(s) (if applicable)

(c) ***in section 2, under the row entitled "***Types of securities distributed***", by deleting "***2.2,***";***

(d) ***in section 2, under the row entitled "***Details of rights and convertible/exchangeable securities***", by replacing "***Security code***" in the first column with "***Convertible/exchangeable security code***";***

(e) ***in section 5, by adding "****If the report is being certified by an agent on behalf of the issuer, provide the applicable information for the agent in the boxes below.****" immediately following "****The certification may be delegated, but only to an agent that has been authorized by an officer or director of the issuer to prepare and certify the report on behalf of the issuer.****";***

4. This Instrument comes into force on October 5, 2018.

5.1.3 OSC Notice of Policy Amendment to OSC Policy 15-601 Whistleblower Program

OSC NOTICE OF POLICY AMENDMENT TO
OSC POLICY 15-601 WHISTLEBLOWER PROGRAM

October 4, 2018

The Ontario Securities Commission (OSC, or the Commission) has amended OSC Policy 15-601 *Whistleblower Program* (the Policy).

Substance and Purpose of the Amendment

The purpose of the change is to clarify that in-house counsel who report information under the Policy in breach of applicable provincial or territorial bar or law society rules or equivalent rules applicable in another jurisdiction will not be eligible for a whistleblower award.

Background

The Policy came into effect in July 2016. It provides guidance on the OSC's Whistleblower Program (the Program), and is designed to encourage individuals to report and submit to the Commission information on serious securities-related misconduct. Under the Program, individuals who meet certain eligibility criteria and who voluntarily submit original information to Commission Staff (Staff) regarding a breach of Ontario securities law may be eligible for financial compensation (whistleblower award) if it is determined that the information submitted: (i) was of meaningful assistance to Staff in investigating the matter and obtaining a decision of the Commission under section 127 of the *Securities Act* (Ontario) or section 60 of the *Commodity Futures Act* (Ontario) and (ii) results in an order for monetary sanctions and/or voluntary payments of $1,000,000 or more.

The Policy also describes the type of information that may be eligible for a whistleblower award and the criteria that would make an individual eligible for a whistleblower award, as well as the factors considered in determining the amount of an award.

Eligibility of in-house counsel for a whistleblower award

The Policy is not intended to override applicable provincial or territorial bar or law society rules or equivalent rules applicable in another jurisdiction or to incent misconduct on the part of in-house counsel. Indeed, the following provisions in the Policy are intended to protect against conduct that would violate a lawyer's professional obligations:

- the definition of 'original information' that may qualify for a whistleblower award expressly excludes information that a whistleblower has obtained through a communication that was subject to solicitor-client privilege;
- subsection 14(3) of the Policy provides that no whistleblower award will be provided for information that Staff determines is subject to solicitor-client privilege;
- subsection 15(1) of the Policy provides that a lawyer will generally be considered ineligible for a whistleblower award unless the disclosure of the information would otherwise be permitted by the lawyer under applicable provincial or territorial bar or law society rules or equivalent rules applicable in another jurisdiction (see s. 15(1)(c) and (d)). (This reflects that fact that in some jurisdictions disclosure by a lawyer may now or in the future be permitted under applicable law society rules or the equivalent.); and
- Part 4, item F of the Whistleblower Submission Form A requires in-house counsel to state whether disclosure of the information he or she is providing is permitted under applicable provincial or territorial bar or law society rules or the equivalent rules applicable in another jurisdiction.

The Policy contains exceptions from ineligibility for certain otherwise ineligible classes of individuals. They may be eligible for a whistleblower award if they fall within one or more of the exceptions set out in subsection 15(2) of the Policy, as follows:

(a) the whistleblower has a reasonable basis to believe that disclosure of the information to the Commission is necessary to prevent the subject of the whistleblower submission from engaging in conduct that is likely to cause or continue to cause substantial injury to the financial interest or property of the entity or investors;

(b) the whistleblower has a reasonable basis to believe the subject of the whistleblower submission is engaging in conduct that will impede an investigation of the misconduct; or

(c) at least 120 days have elapsed since the whistleblower provided the information to the relevant entity's audit committee, chief legal officer, CCO (or their respective functional equivalents) or the individual's supervisor, or,

at least 120 days have elapsed since the whistleblower received the information, if in the circumstances the whistleblower received the information, the whistleblower became aware that one or more of those individuals were already aware of the information.

The fact that these exceptions would apply to in-house counsel, among others, was in contemplation of situations where an employee serves both legal and non-legal functions within an organization and provides a whistleblower submission that relates to matters that arise while the in-house counsel is acting outside of their legal capacity. It was not intended to incent professional misconduct on the part of in-house counsel. In order to clarify this, the Commission made the change described below.

Change to Policy

The Commission has changed the Policy by replacing the words in subsection 15(2): "*A whistleblower listed in paragraphs 1(d) to (h)*" with the words "*A whistleblower listed in paragraphs (e) to (h)*", so that subsection 15(2) will read:

"*A whistleblower listed in paragraphs (1)(e) to (h) [of subsection 15(1)] may be eligible for an award if ...*"

This change means that the exceptions from ineligibility set out in subsection 15(2) of the Policy do not apply to in-house counsel in respect of matters that arise while the in-house counsel is acting in a legal capacity. The change is also intended to further clarify that the Commission does not wish to receive information that is subject to solicitor-client privilege or the provision of which would otherwise be in breach of applicable provincial or territorial bar or law society rules or equivalent rules applicable in another jurisdiction. Specifically, the change clarifies that in Ontario, in-house counsel acting in a legal capacity are ineligible for a whistleblower award because their duty to protect the confidentiality of their clients' information would preclude them from making a whistleblower submission under the rules governing the legal profession in the province.

If the in-house counsel is not acting in a professional legal capacity, this change should not affect them.

Summary of Written Comments

The Commission received six comment letters in connection with the proposed change. A list of the comments received is included as Appendix A to this Notice. A summary of those comments, and the Commission's response, is included as Appendix B.

No Additional Changes

No additional changes have been made to the Policy as a result of the comments we received.

Blackline

A blackline showing the amendment to the Policy is included as Appendix C to this Notice.

Effective Date

The change to the Policy is effective immediately.

Appendix A

List of Commenters

Author
Peter M. Jacobsen and Abbas A. Kassam (Bersenas Jacobsen Chouest Thomson Blackburn LLP)
Jon Levin (Fasken Martineau DuMoulin LLP)
Ari Levy
Lawrence Ritchie and Shawn Irving (Osler, Hoskin & Harcourt LLP)
James L. Turk (Ryerson University, Centre for Free Expression)
Matthew Wylie (Law Society of Ontario)

Appendix B

Summary of Comment Letters Received on Proposed Amendment to OSC Policy 15-601 and Staff Responses to Comments

Comments received on the proposed amendment to OSC Policy 15-601 are summarized below, under the following key headings:

1. Support for the proposed amendment
2. Eligibility of in-house counsel
3. Request for further clarification
4. Concern regarding shortsellers
5. Other proposed changes

Issue	Comment Summary	Staff Response
1. Support for proposed amendment	Three commenters expressed support for the proposed amendment, with one commenter stating that it would add clarity with respect to counsel's eligibility for whistleblower awards.	Staff appreciate the commenters' support for this initiative.
2. Eligibility	a. One commenter expressed the view that there should be a full prohibition on whistleblower awards for lawyers.	a. Under the amended Policy, both external and in-house counsel acting in their professional legal capacity would be potentially eligible for a whistleblower award only in cases where disclosure is permitted under the applicable law society rules. With respect to in-house counsel employed outside of Ontario, s. 15(1)(d) of the Policy states that in-house counsel will have to comply with the law society rules that apply in their jurisdiction.
	b. Two commenters expressed the view that in-house counsel disclosing information obtained in a non-legal capacity should be eligible for a whistleblower award.	b. Neither the original nor the amended Policy would preclude this possibility. The OSC clarified in its Notice and Request for Comment that the proposed changes do not affect in-house counsel not acting in a professional legal capacity (see "Impact of proposed change").
3. Request for further clarification	Two commenters expressed concerns with what they perceived to be a lack of clarity as to when an in-house counsel might be eligible for a whistleblower award. They also requested additional guidance from the OSC, including on how OSC staff would determine whether information obtained through the Whistleblower Program is subject to solicitor-client privilege.	With respect to privileged information, the proposed amendment is intended to further clarify that the Commission does not wish to receive information that is subject to solicitor-client privilege or which would otherwise result in non-compliance with applicable provincial or territorial bar or law society rules or equivalent rules applicable in another jurisdiction. The whistleblower form, which must be certified as true and complete, also addresses this issue and will assist staff in identifying information subject to privilege.
4. Concern regarding shortsellers	One commenter expressed concern that a purported whistleblower could make an unfounded complaint to the OSC and allow the fact of that complaint to become public, while simultaneously shorting the issuer that was the subject of the complaint. The commenter proposed several policy and operational changes to address their concerns.	Staff thank the commenter for their input. Changes to the Policy that are unrelated to the eligibility of in-house counsel for whistleblower awards are beyond the scope of this initiative.

5. Other proposed changes	a. One commenter suggested that the OSC provide for a "Last Chance" route where a whistleblower could anonymously advise a company that they were in possession of information that might form part of a whistleblower complaint and ask the company to take certain immediate actions, including making restitution, within a specified period of time.	a. Staff thank the commenter for their input. Changes to the Policy that are unrelated to the eligibility of in-house counsel for whistleblower awards are beyond the scope of this initiative.
	b. One commenter recommended implementing blockchain-enabled software solutions to help issuers with their disclosure obligations, improve transparency, quantify qualitative aspects of compliance, create an auditable trail and provide a due diligence defence.	b. Staff thanks the commenter for their input. Changes to the Policy that are unrelated to the eligibility of in-house counsel for whistleblower awards are beyond the scope of this initiative.

OSC POLICY 15-601
WHISTLEBLOWER PROGRAM

PART 1 – PURPOSE AND INTERPRETATION

Purpose

The Ontario Securities Commission (the Commission) has adopted OSC Policy 15601 *Whistleblower Program* (the Policy) to provide guidance on:

- the Whistleblower Program (the Program) that has been implemented by the Commission;
- the practices generally followed by the Commission and by Staff of the Commission (Commission Staff) in administering the Program in accordance with the requirements of Ontario securities law;
- the nature of the information that may be eligible for the payment of a financial incentive (whistleblower award) and the criteria that would make an individual eligible for a whistleblower award; and
- the factors considered by: (i) Commission Staff in recommending that a whistleblower be eligible for the payment of a whistleblower award and the amount of a whistleblower award; and (ii) the Commission in determining a whistleblower's eligibility and the amount of the whistleblower award.

The Commission has implemented the Program to encourage individuals to report information on serious securities- or derivatives-related misconduct (excluding tips related to criminal or quasi-criminal[1] matters) to the Commission or, where appropriate in the circumstances, through an internal compliance and reporting mechanism. The Commission believes that the Program may assist in preventing or limiting harm to investors that may result from such misconduct.

The Program is established in furtherance of the Commission's mandate to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. It is also in keeping with the principle that effective and responsive securities regulation requires timely, open and efficient administration and enforcement of the Ontario *Securities Act*, RSO 1990, c S5, as amended (the Act) by the Commission.

Under the Program, individuals who meet certain eligibility criteria and who voluntarily submit information to Commission Staff regarding a breach of Ontario securities law may be eligible for a whistleblower award if it is determined that the information submitted was of meaningful assistance to Commission Staff in investigating the matter and obtaining a decision of the Commission that results in a final order imposing monetary sanctions and/or the making of a voluntary payment of $1,000,000 or more.

Definitions

1. In the Policy

"award eligible outcome" means a Commission order made under section 127 of the Act or section 60 of the *Commodity Futures Act* (Ontario), RSO 1990, c C.20, as amended (the CFA), including without limitation an order made in connection with the approval of a settlement, as modified as a result of any appeal, that results in the imposition of total monetary sanctions against, and/or the making of voluntary payments by, one or more respondents in an amount of $1,000,000 or more and the later of the following has occurred:

(a) the appeal period in section 9 of the Act or section 5 of the CFA has expired; or

(b) the right to appeal the Commission's decision has been exhausted;

"information that has been voluntarily submitted" means:

(a) information that the whistleblower voluntarily provided to the Commission before a request, inquiry or summons related to the subject matter of the information provided, was directed at the whistleblower or anyone representing the whistleblower, by the Commission, another securities regulator, an SRO, or a law enforcement agency;

(b) information that the whistleblower voluntarily provided to another securities regulator, a securities-related SRO or a law enforcement agency, before receiving a request, inquiry or summons from the Commission; and

[1] Offences pursued under section 122 of the Ontario *Securities Act*, RSO 1990, c S5.

(c) excludes information:

(i) provided in response to a request, inquiry or summons by the Commission, another securities regulatory authority, an SRO or a law enforcement agency; or

(ii) that is required to be reported by the whistleblower to the Commission, another securities regulatory authority, an SRO or a law enforcement agency, as a result of a pre-existing legal duty;

"internal compliance and reporting mechanism" includes an individual's supervisor, a whistleblower hotline, an ombudsman, the compliance department, or any other established mechanism for reporting misconduct at the entity at which the individual works;

"monetary sanctions" include administrative penalties ordered under paragraphs 127(1) 9 of the Act or 60(1) 9 of the CFA and disgorgement ordered under paragraphs 127(1) 10 of the Act or 60(1) 10 of the CFA;

"Ontario securities law" includes Ontario securities law, as that term is defined in subsection 1(1) of the Act, and Ontario commodity futures law, as that term is defined in subsection 1(1) of the CFA;

"original information" means:

(a) information that is not already known to the Commission from any other source, that the whistleblower obtained:

(i) from the whistleblower's independent knowledge, derived from the whistleblower's experiences, communications and observations in employment, business or social interactions; or

(ii) from the whistleblower's critical analysis of publicly available information, if the analysis reveals information that is not generally known or available to the public; and

(b) excludes information the whistleblower obtained in the following circumstances:

(i) through a communication that was subject to solicitor-client privilege;

(ii) from an allegation made in a judicial or administrative hearing, an enforcement matter of a securities-related self-regulatory organization (SRO), a government report, hearing, audit or investigation, or news media, unless the whistleblower is the source of the information; or

(iii) by a means or in a manner that violates applicable criminal law;

"voluntary payments" mean payments made to the Commission, excluding any costs voluntarily paid;

"whistleblower" means an individual, or two or more individuals acting jointly, who:

(a) voluntarily provide(s) original information relating to a violation of Ontario securities law that has occurred, is ongoing or is about to occur, to the Commission; and

(b) submit(s) the information in the form described in sections 2 or 3 of the Policy;

"whistleblower award" means a financial award that the Commission determines should be paid to an eligible whistleblower following an award eligible outcome in an enforcement proceeding through the process described in section 22 of the Policy.

PART 2 – HOW TO SUBMIT ORIGINAL INFORMATION TO THE WHISTLEBLOWER PROGRAM

Procedure for submitting original information

2. The Commission expects whistleblowers who submit original information to the Program to:

(a) complete the whistleblower submission form available at www.officeofthewhistleblower.ca;

(b) read and certify in writing, among other things, that the whistleblower has read and understands the Policy and has submitted information that, to the best of their knowledge and belief, is true and complete;

(c) be aware that it is an offence under subsection 122(1) of the Act or subsection 55(1) of the CFA to make a statement to the Commission that is misleading or untrue or does not state a fact that is required to be stated

to make the statement not misleading and that the whistleblower may be prosecuted for knowingly providing misleading or untrue information to the Commission; and

(d) submit the completed whistleblower submission form and certification online, or send it by mail to the address in section 27 of the Policy.

Procedure for submitting original information anonymously

3. A whistleblower may submit original information to the Program anonymously if:

(a) the whistleblower is represented by a lawyer;

(b) the whistleblower completes the whistleblower submission form described in 2(a), signs the certification described in 2(b), and provides the completed and signed form to the whistleblower's lawyer;

(c) the whistleblower's lawyer completes the whistleblower submission form available at www.officeofthewhistleblower.ca, on an anonymous basis on behalf of the whistleblower;

(d) the whistleblower's lawyer reads and certifies in writing, among other things, that the lawyer has been provided with a completed and signed whistleblower submission form by the whistleblower; and

(e) the whistleblower's lawyer submits the completed anonymous whistleblower submission form and lawyer certification online or sends it by mail to the address in section 27 of the Policy.

Anonymous whistleblowers

4. Before any payment of a whistleblower award will be made to a whistleblower who has provided information on an anonymous basis under section 3 of the Policy, the Commission will generally require the whistleblower to provide the Commission with his or her identity, and any additional information necessary to enable the Commission to verify that the whistleblower is not ineligible for a whistleblower award under section 15 of the Policy.

Whistleblower assistance

5. (1) Beyond the whistleblower's initial submission, Commission Staff may request that a whistleblower provide certain additional information, including:

(a) explanations and other assistance so that Commission Staff may evaluate and use the information submitted by the whistleblower;

(b) where the whistleblower has knowledge of documents that support the whistleblower's submission to the Program but does not have possession of the documents, a description of, and, when known, a precise location for the documents;

(c) all additional information in the whistleblower's possession that is related to the subject matter of the whistleblower's submission, except information subject to solicitor-client privilege or obtained by a means or in a manner that constitutes a criminal offence under applicable law;

(d) testimony at a Commission proceeding, if necessary; and

(e) information relating to whether the whistleblower is eligible for a whistleblower award.

(2) Commission Staff do not expect a whistleblower to obtain documents or other things that are not in the whistleblower's possession or control.

Use of information and documents submitted

6. Information or documents submitted to the Commission by a whistleblower are collected in accordance with Ontario securities law.

7. The Commission has no obligation to use the information or documents submitted by a whistleblower. Regardless of whether the information or documents submitted by a whistleblower ultimately results in the payment of a whistleblower award, the Commission may still use the information or documents for any purpose in carrying out its mandate.

8. (1) Any documents or things provided to the Commission may be used by the Commission, in its discretion, to determine whether there has been a violation of Ontario securities law.

(2) Any documents or things provided to the Commission will not be returned to the person who submitted the documents or things.

Confidentiality of information

9. The Commission expects that whistleblowers will maintain as confidential any information provided to a whistleblower by Commission Staff or of which the whistleblower becomes aware because of the whistleblower's ongoing participation in the investigation of a matter.

Obtaining information about the status of a matter

10. (1) Commission Staff will generally not provide information about the status of a matter to a whistleblower or make public any information about a matter it may be investigating, including whether an investigation has been undertaken. This is in part because of Commission Staff's duty to comply with section 16 of the Act and section 12 of the CFA, as described in OSC Staff Notice 15-703 *Guidelines for Staff Disclosure of Investigations*.

(2) Commission Staff may communicate information about a matter to a whistleblower in the following circumstances:

(a) if no further action is to be taken on the basis of the information provided by the whistleblower, or if a decision is made not to proceed with the matter, Commission Staff may, in Commission Staff's discretion, inform the whistleblower who provided the information but need not provide an explanation or reasons;

(b) if the information provided by the whistleblower leads to an investigation, this fact will not be communicated to the whistleblower unless it is necessary for Commission Staff to inform the whistleblower of the investigation in order to proceed with the investigation;

(c) once there is a public announcement of a notice of hearing, statement of allegations or settlement agreement, communication with a whistleblower who submitted information to the Program is in the discretion of Commission Staff;

(d) if there has been an award eligible outcome, and the Commission needs to determine whether the whistleblower is eligible for a whistleblower award, Commission Staff may contact the whistleblower to request additional information to confirm the whistleblower's eligibility for an award.

PART 3 – WHISTLEBLOWER PROTECTIONS

Confidentiality

11. (1) Commission Staff will make all reasonable efforts to keep the identity of a whistleblower, and information that could be reasonably expected to reveal the whistleblower's identity, confidential, subject to the following exceptions:

(a) when required by law, including circumstances where Commission Staff is required to make disclosure of the whistleblower's identity in connection with an administrative proceeding under section 127 of the Act or section 60 of the CFA in order to permit a respondent to make full answer and defence; or

(b) subject to subsection (2), when Commission Staff determines that it is necessary for the purposes of the Act or the CFA to disclose the information to any of the entities listed in section 153 of the Act or section 85 of the CFA.

Consent to disclose to another regulatory authority

(2) The Commission will not disclose the whistleblower's identity, or information that could be reasonably expected to reveal the whistleblower's identity, to any of the entities listed in section 153 of the Act or section 85 of the CFA without the whistleblower's consent.

Freedom of information

12. (1) The Commission will recommend that requests for information relating to a whistleblower's identity, or information that could be reasonably expected to reveal the whistleblower's identity, made under the *Freedom of Information and Personal Protection of Privacy Act* (FOIPPA) be denied based on:

(a) section 14(1)(d) of FOIPPA, which provides protection for confidential sources of information in a law enforcement context; and

(b) section 21(3)(b) of FOIPPA, which protects personal information that has been compiled as part of an investigation into the possible violation of the law.

(2) In the Commission's view, sections 14(1)(d) or 21(3)(b) of FOIPPA would apply to information provided to the Commission by a whistleblower.

(3) The Commission cannot guarantee that requests for information made under FOIPPA and relating to a whistleblower's identity, or information that could be reasonably expected to reveal the whistleblower's identity, will not be disclosed, because the final decision with respect to access to records resides with the Information and Privacy Commissioner of Ontario or a court of competent jurisdiction.

No reprisals

13. Section 121.5 of the Act prohibits reprisals by an employer against an employee in certain circumstances and voids certain contractual provisions between employers and employees that preclude or purport to preclude whistleblowers from reporting securities- or derivatives-related misconduct to their employers, the Commission, recognized self-regulatory organizations or law enforcement agencies, which may include employee codes of conduct that would impede such reporting. This provision may be enforced under section 122 or 127 of the Act.

PART 4 – ELIGIBILITY FOR A WHISTLEBLOWER AWARD

Information eligible for a whistleblower award

14. (1) The Commission expects that information that will be eligible for a whistleblower award under the Program will relate to a serious violation of Ontario securities law and will be

(a) original information;

(b) information that has been voluntarily submitted;

(c) of high quality and contain sufficient timely, specific and credible facts relating to the alleged violation of Ontario securities law; and

(d) of meaningful assistance to Commission Staff in investigating the matter and obtaining an award eligible outcome.

(2) The Commission expects all of the criteria in subsection (1) to be met before the Commission makes a whistleblower award. Information that meets only some of the criteria, such as information from an investor who believes that he or she has suffered a loss as a result of an alleged breach of Ontario securities law, would generally not be eligible because the information would not ordinarily meet the criteria set out in paragraphs (1)(c) and (d). The Commission recognizes that there may be circumstances when an investor may submit information of sufficient depth and quality to meet all of the criteria in subsection (1) and may therefore be eligible for a whistleblower award.

(3) No whistleblower award will be provided for information that Commission Staff determines is:

(a) misleading or untrue;

(b) speculative or lacks specificity;

(c) subject to solicitor client privilege;

(d) publicly known;

(e) obtained by a means or in a manner that constitutes a criminal offence under applicable law; or

(f) not related to a violation of Ontario securities law.

Whistleblowers who are ineligible for a whistleblower award

15. (1) Subject to the exceptions in subsection (2), whistleblowers in one or more of the following categories will generally be considered ineligible for a whistleblower award:

(a) those who without good reason refused a request for additional information from Commission Staff under section 5 of the Policy;

(b) those who disclosed information provided to a whistleblower by Commission Staff or of which the whistleblower becomes aware because of the whistleblower's ongoing participation in the investigation of a matter, contrary to section 9 of the Policy;

(c) those who obtained information in connection with providing legal services to, or conducting the legal representation of, a client that is, or that employs, the subject of the whistleblower submission, unless disclosure of that information would otherwise be permitted by a lawyer under applicable provincial or territorial bar or law society rules, or the equivalent rules applicable in another jurisdiction;

(d) those who obtained information in connection with providing legal services to, or conducting the legal representation of, an employer that is, or that employs, the subject of the whistleblower submission, unless disclosure of that information would otherwise be permitted by a lawyer under applicable provincial or territorial bar or law society rules, or the equivalent rules applicable in another jurisdiction;

(e) those who obtained information in connection with providing internal audit or external assurance services to, or conducting an internal or financial audit of, a client or employer that is, or that employs, the subject of the whistleblower submission, unless disclosure of that information would otherwise be permitted by an auditor under the applicable rules of professional conduct;

(f) those who obtained information while conducting an inquiry or investigation into possible violations of law by a client or employer that is, or that employs, the subject of the whistleblower submission;

(g) those who were directors or officers of the entity that is, or that employs, the subject of the whistleblower submission at the time the information was acquired;

(h) those who had job responsibilities as Chief Compliance Officers (CCO) of or a functionally equivalent position at the entity that is, or that employs, the subject of the whistleblower submission at the time the information was acquired;

(i) those who are or were employed by or an independent contractor for the Commission, another securities regulatory authority, an SRO or a law enforcement agency at the time the information was acquired;

(j) a spouse, parent, child, sibling or resident of the same household of an employee, former employee or contractor of the Commission, another securities regulatory authority, an SRO or a law enforcement agency at the time the information was acquired;

(k) those who acquired the information from a person who is ineligible for a whistleblower award, unless the information is about a possible violation of Ontario securities law involving that person;

(l) those who have been convicted of a criminal offence in relation to the subject matter of the matter for which the whistleblower could otherwise receive an award;

(m) those who, in their dealings with the Commission, knowingly make statements or submit information that is misleading or untrue or does not state a fact that is required to be stated to make the statement not misleading;

(n) those who make a frivolous, vexatious or meritless submission to the Program; or

(o) those who obtained or provided the information in circumstances which would bring the administration of the Program into disrepute.

Exceptions

(2) A whistleblower listed in paragraphs (1)(~~d~~e) to (h) may be eligible for a whistleblower award if:

(a) the whistleblower has a reasonable basis to believe that disclosure of the information to the Commission is necessary to prevent the subject of the whistleblower submission from engaging in conduct that is likely to cause or continue to cause substantial injury to the financial interest or property of the entity or investors;

(b) the whistleblower has a reasonable basis to believe the subject of the whistleblower submission is engaging in conduct that will impede an investigation of the misconduct; or

(c) at least 120 days have elapsed since the whistleblower provided the information to the relevant entity's audit committee, chief legal officer, CCO (or their respective functional equivalents) or the individual's supervisor, or, at least 120 days have elapsed since the whistleblower received the information, if in the circumstances the whistleblower received the information, the whistleblower became aware that one or more of those individuals were already aware of the information.

Internal reporting

16. (1) The Commission encourages whistleblowers who are employees to report potential violations of Ontario securities law in the workplace through an internal compliance and reporting mechanism in accordance with their employer's internal compliance and reporting protocols. However, the Commission does not require whistleblowers to do so, recognizing that there may be circumstances in which a whistleblower may appropriately wish not to report to an internal compliance and reporting mechanism.

(2) If a whistleblower reports information about a violation of Ontario securities law to an internal compliance and reporting mechanism, and the whistleblower's employer organization provides the whistleblower's information to the Commission, or the results of an audit or investigation initiated in response to information reported by the whistleblower to the employer organization, and an award eligible outcome results from that self-report, the whistleblower may be entitled to a whistleblower award provided the whistleblower reports the same information to the Commission within 120 days of the initial internal report.

(3) If a whistleblower submits information about a violation of Ontario securities law to the Commission but delays doing so to permit the whistleblower's employer organization to respond to a report made by the whistleblower to an internal compliance and reporting mechanism, and another whistleblower has in the intervening period submitted information about the same violation of Ontario securities law to the Commission, the Commission will generally consider the timing of the initial internal report in determining who submitted the information first, provided that not more than 120 days have passed since the initial internal report.

Culpable whistleblowers

17. (1) A whistleblower who is complicit in the violation of Ontario securities law about which the whistleblower submitted information to the Commission may nonetheless be eligible for a whistleblower award.

(2) The degree to which a whistleblower is complicit in the conduct that is the subject of the information provided to the Commission is a factor that may decrease the amount of any whistleblower award that may be made.

(3) In determining whether the required $1,000,000 threshold for an award eligible outcome has been satisfied for the purposes of making any whistleblower award, the Commission will not take into account any voluntary payments made by a complicit whistleblower or monetary sanctions that a complicit whistleblower is ordered to pay, or that are ordered against any entity whose liability is based substantially on conduct that the whistleblower directed, planned or initiated.

(4) Any portion of the voluntary payment made by, and/or monetary sanctions awarded against, a whistleblower who is complicit in the violation of Ontario securities law reported to the Commission, will be deducted from any whistleblower award paid to a complicit whistleblower.

(5) The provision of information to the Commission by a culpable whistleblower does not preclude the Commission from taking enforcement action against the whistleblower for the whistleblower's role in the violation of Ontario securities law.

PART 5 – WHISTLEBLOWER AWARDS

Amount of whistleblower award

18. (1) If there is an award eligible outcome, the Commission will pay an eligible whistleblower a whistleblower award of between 5 and 15% of the total monetary sanctions imposed and/or voluntary payments made in the relevant proceeding or multiple related proceedings.

(2) The Commission will determine the percentage amount of the whistleblower award based on the factors set out in section 25 of the Policy.

(3) If multiple related proceedings arise based on information provided by a whistleblower, the total monetary sanctions imposed and/or voluntary payments made in each proceeding will be considered to determine whether the $1,000,000 threshold for an award eligible outcome has been met.

(4) If the total monetary sanctions imposed and/or voluntary payments made in a proceeding, or multiple related proceedings, is equal to or greater than $10,000,000, the maximum amount of any whistleblower award is $1,500,000 subject to subsection (5).

(5) If the total monetary sanctions imposed and/or voluntary payments made in a proceeding, or multiple related proceedings, is equal to or greater than $10,000,000, and the Commission collects monetary sanctions and/or voluntary payments in respect of that proceeding in an amount equal to or greater than $10,000,000, the whistleblower award will not be limited to $1,500,000 and the whistleblower may receive a whistleblower award of between 5 and 15% of the monetary sanctions or voluntary payments collected from that proceeding to a maximum of $5,000,000.

Enforcement outcome eligible for a whistleblower award

19. To receive a whistleblower award, the Commission generally expects that a whistleblower will be eligible and have voluntarily provided original information that was of meaningful assistance to Commission Staff in an administrative proceeding under section 127 of the Act or section 60 of the CFA that resulted in an award eligible outcome following a hearing or a settlement.

No award – circumstances

20. The Commission will generally not make a whistleblower award if:

(a) the information submitted is not eligible under section 14;

(b) the whistleblower is not eligible under section 15; or

(c) the outcome of any proceeding resulting from a whistleblower submission is not an award eligible outcome (e.g., the matter is pursued quasi-criminally, the voluntary payments made and/or monetary sanctions ordered are less than $1,000,000 or the Commission's decision to order monetary sanctions is overturned on appeal).

Timeframe for an award

21. The Commission works to conclude enforcement proceedings as efficiently as possible but it may take several years or more from the date a whistleblower submits the whistleblower submission form and certification until an administrative proceeding under section 127 of the Act or section 60 of the CFA has been concluded or a settlement reached, monetary sanctions have been ordered or voluntary payments made and the respondent's appeal rights have expired, and a whistleblower award can be made.

Whistleblower award process

22. (1) At the conclusion of any administrative proceeding under section 127 of the Act or section 60 of the CFA brought based on information submitted by a whistleblower, Commission Staff will prepare a recommendation containing an analysis of:

(a) the eligibility of the whistleblower for a whistleblower award, with reference to Part 4 of the Policy; and

(b) the amount and effectiveness of assistance provided by the whistleblower based on the award criteria with reference to section 25 of the Policy.

The recommendation will be prepared at this time to ensure that timely information is considered even if any appeals are not yet exhausted, but the quantum may require adjustment as a result of any appeals.

Staff Committee

(2) A Commission Staff committee (the Staff Committee), including the Director of Enforcement, will review the Commission Staff recommendation.

Staff Committee recommendation

(3) The Staff Committee will then make a recommendation that will be provided to the Commission regarding the whistleblower's eligibility and, if eligible, the recommended amount for the whistleblower award.

Eligibility – additional information

(4) To help the Staff Committee and the Commission assess whether a whistleblower is eligible for a whistleblower award, the Commission or Commission Staff may request additional information from the whistleblower.

Commission discretion

(5) The Commission will review the Staff Committee recommendations and determine if a whistleblower is eligible for a whistleblower award, and if so, may exercise its discretion to modify the amount of the whistleblower award recommended by the Staff Committee.

Authorization for payment of whistleblower award

23. The Commission will authorize the payment of a whistleblower award to a whistleblower once the Commission has determined:

(a) that the whistleblower is eligible;

(b) that there was an award eligible outcome; and

(c) the amount to be awarded.

Public disclosure

24. The Commission may publicly disclose that a whistleblower award has been paid without disclosing the identity of the whistleblower.

Determining amount of whistleblower award

25. (1) In exercising its discretion to determine the appropriate percentage of a whistleblower award, the Commission may consider the factors set out in subsection (2) and (3) and may increase or decrease the percentage of the whistleblower award based on its analysis of the factors, and/or use the factors to determine how to apportion an award among multiple whistleblowers, if applicable in the circumstances.

Factors that may increase the amount of a whistleblower award

(2) The following factors may increase the amount of a whistleblower award:

Timing of Report

(a) the timeliness of the whistleblower's initial report to the Commission or to an internal reporting mechanism of the entity involved in committing, or impacted by, the violation of Ontario securities law;

Significance of information

(b) the significance of the information provided by the whistleblower, including:

(i) whether the information provided by the whistleblower caused Commission Staff to open an investigation or broaden the scope of an existing investigation;

(ii) the truthfulness, reliability and completeness of the information;

(iii) whether the allegations in the proceeding related, in whole or in part, to violations of Ontario securities law identified by the whistleblower; or

(iv) the degree to which the information meaningfully contributed to a successful investigation of the violation and obtaining an award eligible outcome;

Degree of assistance

(c) the level of assistance the whistleblower provided to Commission Staff, including:

(i) whether the whistleblower provided ongoing, extensive and timely cooperation and assistance by, for example, helping to explain complex transactions, interpreting key evidence, or identifying new and productive lines of inquiry; or

(ii) whether the whistleblower appropriately encouraged or authorized others who might not otherwise have participated in the investigation to assist Commission Staff;

Impact on Investigation or Proceeding

(d) as a result of the whistleblower's assistance, less time was needed to investigate or bring an enforcement proceeding;

Remediation and recovery

(e) the whistleblower's efforts to remedy the harm caused by the violations of Ontario securities law that were reported, including assisting the authorities in recovering any amounts obtained as a result of non-compliance with the Act or the CFA;

Internal compliance and reporting systems

(f) whether and the extent to which, the whistleblower or any legal representative of the whistleblower participated in internal compliance and reporting systems by:

(i) reporting the possible violations of Ontario securities law through an internal compliance and reporting mechanism before, or at the same time as, reporting them to the Commission; or

(ii) assisting in any internal investigation or inquiry concerning the reported violations.

(g) the impact the whistleblower's report to the Commission or an internal compliance and reporting mechanism had on the behavior of the person or entity that committed the violation, for example by causing the person or entity to promptly correct the violation;

Unique hardship

(h) any unique hardships experienced by the whistleblower resulting from the whistleblower's report to the Commission or an internal compliance and reporting mechanism;

Contribution to the Commission's mandate

(i) the degree to which providing an award to the whistleblower would:

(i) enhance the Commission's ability to pursue the purposes of the Act or the CFA;

(ii) encourage the submission of high quality information from other whistleblowers, having regard to the whistleblower's submission of significant information and meaningful assistance, even when the monetary sanctions available for collection were limited or potential monetary sanctions were reduced or eliminated by the Commission because, for example, the entity self-reported following the whistleblower's report to an internal reporting mechanism;

Contribution to the Commission's priorities

(j) whether the subject matter of the action is a Commission priority because:

(i) the reported misconduct involved regulated entities or fiduciaries;

(ii) the violations of securities laws were particularly serious given the nature of the violation, the age and duration of the violation, the number of violations and the repetitive or ongoing nature of the violations;

(iii) the danger to investors or others presented by the violations involved in the enforcement actions, including the amount of harm or potential harm caused by the underlying violations, the type of harm resulting from or threatened by the underlying violations, and the number of individuals or entities harmed; or

(iv) without the information, Commission Staff would have been unable or unlikely to investigate the matter.

Factors that may decrease the amount of a whistleblower award

(3) The following factors may decrease the amount of a whistleblower award:

Erroneous or incomplete information

(a) the information provided by the whistleblower was difficult for Commission Staff to use because, for example, the whistleblower had little knowledge of the violation of Ontario securities law, or the information provided by the whistleblower contained errors, was incomplete or lacking in detail, unclear or not organized;

Whistleblower culpability

(b) the degree to which the whistleblower was culpable or involved in the violations reported that became the subject of the Commission's enforcement proceeding, including:

(i) the whistleblower's role in the reported violations of Ontario securities law;

(ii) whether the whistleblower benefitted financially from the violations;

(iii) whether the whistleblower has violated Ontario securities law in the past;

(iv) the egregiousness of the whistleblower's conduct; and

(v) whether the whistleblower knowingly interfered with the Commission's investigation of the violations;

Unreasonable delay in reporting

(c) whether the whistleblower unreasonably delayed reporting the violation(s) of Ontario securities law, including:

(i) whether the whistleblower was aware of relevant facts but failed to take reasonable steps to report the violations or prevent the violations from occurring or continuing;

(ii) whether the whistleblower was aware of the relevant facts but only reported them after learning about a related inquiry, investigation, or enforcement action; and

(iii) whether there was a legitimate reason for the whistleblower to delay reporting the violations;

Refusal of assistance

(d) the whistleblower refused to provide additional information or assistance to the Commission when requested pursuant to section 5 of the Policy;

Interference with Commission Staff's investigation

(e) the whistleblower or the whistleblower's lawyer negatively affected Commission Staff's ability to pursue the matter;

(f) the whistleblower or the whistleblower's lawyer violated instructions provided by Commission Staff;

Interference with internal compliance and reporting mechanisms

(g) whether the whistleblower undermined the integrity of internal compliance and reporting systems by:

(i) interfering with an entity's established legal, compliance or audit procedures to prevent or delay detection of the reported violation of Ontario securities law;

(ii) making any material false, fictitious or fraudulent statements or representations that hindered an entity's efforts to detect, investigate, or remediate the reported violation of Ontario securities law; or

(iii) providing any false writing or document knowing the writing or document contained any false, fictitious or fraudulent statements or entries that hindered an entity's efforts to detect, investigate, or remediate the reported violation of Ontario securities law.

No appeal

26. The Commission's determination whether or not to grant a whistleblower award and any amount awarded to a whistleblower are not subject to appeal. No private right of action is conferred on a whistleblower to seek a whistleblower award.

PART 6 – CONTACT

Contact information

27. Potential whistleblowers who have questions about the Program or their eligibility should contact the Commission's Office of the Whistleblower at:

1-888-OSC-5553

OR visit the website at

www.officeofthewhistleblower.ca

To submit information by mail, please send to:

Office of the Whistleblower – Confidential
Ontario Securities Commission
22nd Floor
20 Queen Street West,
Toronto, ON M5H 3S8

PART 7 – TRANSITION

Transition

28. No one will be eligible for the payment of a whistleblower award under the Policy for information that is submitted to the Commission before the Policy comes into force on July 14, 2016.

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:
Short Term Bond Fund (Portico)
Real Return Bond Fund (Portico)
U.S. Value Fund
Mackenzie US Mid Cap Growth Class
Canadian Equity Class
North American Specialty Class
U.S. and International Equity Class
U.S. and International Specialty Class
Canadian Dividend Class (Laketon)
Global All Cap Equity Class (Setanta)
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated September 28, 2018
Received on September 28, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Quadrus Investment Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2767715

Issuer Name:
Big Pharma Split Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated September 25, 2018
NP 11-202 Preliminary Receipt dated September 26, 2018
Offering Price and Description:
$200,000,000 (Maximum)
Preferred Shares $10.48 and Class A Shares $13.95
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Harvest Portfolios Group Inc.
Project #2825050

Issuer Name:
BlackRock – IG Active Allocation Pool I
BlackRock – IG Active Allocation Pool II
BlackRock – IG Active Allocation Pool III
Principal Regulator – Manitoba
Type and Date:
Preliminary Simplified Prospectus dated September 28, 2018
Received on October 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Investors Group Financial Inc. and Investors Group Securities Inc.
Promoter(s):
N/A
Project #2827383

Issuer Name:
Sionna Opportunities Fund
Sionna Canadian Equity Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated September 27, 2018
Received on September 27, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Brandes Investment Partners & Co.
Project #2752128

Issuer Name:
iProfile Canadian Equity Pool
iProfile U.S. Equity Pool
iProfile International Equity Pool
iProfile Emerging Markets Pool
iProfile Fixed Income Pool
iProfile Canadian Equity Class
iProfile U.S. Equity Class
iProfile International Equity Class
iProfile Emerging Markets Class
Investors Canadian Money Market Class
Principal Regulator – Manitoba
Type and Date:
Amendment #1 to Final Simplified Prospectus dated September 20, 2018
Received on September 25, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Investors Group Securities Inc.
Investors Group Financial Services Inc.
Promoter(s):
I.G. Investment Management, Ltd.
Project #2776406

Issuer Name:
iShares Balanced Income CorePortfolio™ Index ETF
iShares Balanced Growth CorePortfolio™ Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated September 28, 2018
Received on October 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Promoter(s):
N/A
Project #2762670

Issuer Name:
Mackenzie Canadian All Cap Dividend Class
Mackenzie Canadian All Cap Value Class
Mackenzie Income Fund
Mackenzie Strategic Income Fund
Principal Regulator – Ontario
Type and Date:
Amendment #4 to Final Simplified Prospectus dated September 28, 2018
Received on October 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
LBC Financial Services Inc
Promoter(s):
Mackenzie Financial Corporation
Project #2680408

Issuer Name:
Manulife Global Franchise Class (formerly Manulife Global Equity Unconstrained Class)
Manulife Global Franchise Fund (formerly Manulife Global Equity Unconstrained Fund)
Manulife International Focused Fund (to be renamed Manulife EAFE Equity Fund)
Manulife International Value Equity Fund
Manulife Strategic Dividend Bundle
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated September 28, 2018
Received on September 28, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Manulife Securities Incorporated/Manulife Securities Investment Services Inc.
Promoter(s):
N/A
Project #2783412

Issuer Name:
Scotia Conservative Income Fund
Scotia Private Global High Yield Pool
Scotia Diversified Monthly Income Fund
Scotia Private Emerging Markets Pool
Scotia Private Global Equity Pool
Scotia Private Global Infrastructure Pool
Scotia Selected Income Portfolio
Scotia Selected Balanced Income Portfolio
Scotia Selected Balanced Growth Portfolio
Scotia Selected Growth Portfolio
Scotia Selected Maximum Growth Portfolio
Pinnacle Balanced Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated September 27, 2018
Received on September 27, 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:
BlackRock All Bond Portfolio
BlackRock Balanced Portfolio
BlackRock Conservative Portfolio
BlackRock Defensive Portfolio
BlackRock Diversified Monthly Income Portfolio
BlackRock Growth Portfolio
BlackRock MaxGrowth Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated September 28, 2018
NP 11-202 Receipt dated October 1, 2018
Offering Price and Description:
Series A, Series D, Series F and Series I mutual fund units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2809447

Issuer Name:
Exemplar Growth and Income Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated September 19, 2018
NP 11-202 Receipt dated September 26, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Arrow Capital Management Inc.
Project #2780252

Issuer Name:
Fidelity Balanced Managed Risk Portfolio
Fidelity Conservative Managed Risk Portfolio
Fidelity Conservative Income Fund
Principal Regulator – Ontario
Type and Date:
Amendment #8 to Final Annual Information Form dated September 21, 2018
NP 11-202 Receipt dated September 26, 2018
Offering Price and Description:
Series A, B, E1, E1T5, E2, E2T5, E3, E3T5, E4, E4T5, E5, F, F5, F8, O, P1, P1T5, P2, P2T5, P3, P3T5, P4, P4T5, P5, P5T5, S5, S8, T5, T8 units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canada Limited
Promoter(s):
Fidelity Investments Canada ULC
Project #2675619

Issuer Name:
Fidelity Conservative Income Private Pool
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Annual Information Form dated September 21, 2018
NP 11-202 Receipt dated September 26, 2018
Offering Price and Description:
Series B, S5, S8, F, F5, F8, I, I5 and I8 units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #2661253

Issuer Name:
Scotia Conservative Income Fund
Scotia Private Global High Yield Pool
Scotia Diversified Monthly Income Fund
Scotia Private Emerging Markets Pool
Scotia Private Global Equity Pool
Scotia Private Global Infrastructure Pool
Scotia Selected Income Portfolio
Scotia Selected Balanced Income Portfolio
Scotia Selected Balanced Growth Portfolio
Scotia Selected Growth Portfolio
Scotia Selected Maximum Growth Portfolio
Pinnacle Balanced Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated September 27, 2018
NP 11-202 Receipt dated September 28, 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:
PK Core Fund
Purpose Global Diversified ETF Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus September 26, 2018
NP 11-202 Receipt dated September 28, 2018
Offering Price and Description:
Class A and F units @ net asset value
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Purpose Investments Inc.
Project #2818831

Issuer Name:
Sentry All Cap Income Fund
Sentry Canadian Income Class
Sentry Canadian Income Fund
Sentry Diversified Equity Class
Sentry Diversified Equity Fund
Sentry Global Growth and Income Class
Sentry Global Growth and Income Fund
Sentry Global Infrastructure Fund
Sentry Global Mid Cap Income Fund
Sentry Growth and Income Fund
Sentry Small/Mid Cap Income Class
Sentry Small/Mid Cap Income Fund
Sentry U.S. Growth and Income Class
Sentry U.S. Growth and Income Currency Neutral Class
Sentry U.S. Growth and Income Fund
Sentry Resource Opportunities Class (formerly, Sentry Canadian Resource Class)
Sentry Energy Fund
Sentry Global REIT Class
Sentry Global REIT Fund
Sentry Precious Metals Class
Sentry Precious Metals Fund
Sentry Alternative Asset Income Fund1
Sentry Conservative Balanced Income Class
Sentry Conservative Balanced Income Fund
Sentry Conservative Monthly Income Fund
Sentry Global Monthly Income Fund
Sentry U.S. Monthly Income Fund
Sentry Canadian Bond Fund
Sentry Corporate Bond Class
Sentry Corporate Bond Fund
Sentry Global High Yield Bond Class
Sentry Global High Yield Bond Fund
Sentry Money Market Class
Sentry Money Market Fund
Sentry Growth Portfolio
Sentry Growth and Income Portfolio
Sentry Balanced Income Portfolio
Sentry Conservative Income Portfolio
Sentry Defensive Income Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated September 24, 2018
NP 11-202 Receipt dated September 26, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2773843

Issuer Name:
Starlight Global Infrastructure Fund
Starlight Global Real Estate Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated September 21, 2018
NP 11-202 Receipt dated September 25, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Starlight Investments Capital GP Inc.
Project #2805804

NON-INVESTMENT FUNDS

Issuer Name:
AltaGas Canada Inc.
Principal Regulator – Alberta (ASC)
Type and Date:
Amendment dated October 1, 2018 amending and restating the Preliminary Long Form Prospectus dated September 12, 2018
Received on October 1, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
J.P. Morgan Securities Canada Inc.
Promoter(s):
Altagas Ltd.
Project #2821664

Issuer Name:
Automotive Properties Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 1, 2018
NP 11-202 Preliminary Receipt dated October 1, 2018
Offering Price and Description:
$55,080,000.00 – 5,100,000 Units
Price: $10.80 per Offered Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
893353 ALBERTA INC.
Project #2825129

Issuer Name:
Cardiol Therapeutics Inc.
Principal Regulator – Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated October 1, 2018
NP 11-202 Preliminary Receipt dated October 1, 2018
Offering Price and Description:
* Common shares (CDN $*Million)
Price: CDN $* Per Common Share
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
RAYMOND JAMES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
ECHELON WEALTH PARTNERS INC.
PARADIGM CAPITAL INC.
Promoter(s):
David Elsley
Project #2822718

Issuer Name:
Contact Gold Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated September 28, 2018
NP 11-202 Preliminary Receipt dated September 28, 2018
Offering Price and Description:
$30,000,000.00 – Common Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2826583

Issuer Name:
Dye & Durham Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated September 28, 2018
NP 11-202 Preliminary Receipt dated October 1, 2018
Offering Price and Description:
$*
* Common Shares
Price: $*per Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Promoter(s):
–
Project #2827095

Issuer Name:
Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 1, 2018
Received on September 25, 2018
Offering Price and Description:
$88,400,000.00 – 4,420,000 Subordinate Voting Shares
Price: $20.00 per Subordinate Voting Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Beacon Securities Limited
Cormark Securities Inc.
Echelon Wealth Partners Inc.
Eight Capital
Promoter(s):
–
Project #2825148

Issuer Name:
J55 Capital Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary CPC Prospectus dated September 24, 2018
NP 11-202 Preliminary Receipt dated September 26, 2018
Offering Price and Description:
Offering: $400,000.00 (4,000,000 Common Shares)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
John Veltheer
Project #2825024

Issuer Name:
Lifted Innovations Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated September 27, 2018
NP 11-202 Preliminary Receipt dated September 28, 2018
Offering Price and Description:
$*
* Common Shares
$* per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
–
Project #2826355

Issuer Name:
Ovation Science Inc.
Principal Regulator – British Columbia
Type and Date:
Amendment dated September 27, 2018 to Preliminary Long Form Prospectus dated June 28, 2018
NP 11-202 Preliminary Receipt dated September 28, 2018
Offering Price and Description:
Minimum of 4,000,000 Units and Up to a Maximum of 7,000,000 Units
Price: $0.30 per Unit
Minimum of $1,200,000 and up to a Maximum of $2,100,000
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Terry Howlett
Doreen McMorran
Logan Anderson
Project #2791607

Issuer Name:
Point Loma Resources Ltd. (formerly First Mountain Exploration Inc.)
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus (NI 44-101) dated September 26, 2018
NP 11-202 Preliminary Receipt dated September 26, 2018
Offering Price and Description:
Up to $2,750,000.00 – Up to 9,482,758 Units
$0.29 per Unit
Up to $1,250,000.00 – Up to 3,787,878 Flow-Through Shares
$0.33 per Flow-Through Share
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
–
Project #2825581

Issuer Name:
VALEO PHARMA INC.
Principal Regulator – Quebec
Type and Date:
Preliminary Long Form Prospectus dated September 27, 2018
NP 11-202 Preliminary Receipt dated September 28, 2018
Offering Price and Description:
No securities are being offered pursuant to this prospectus.
Underwriter(s) or Distributor(s):
–
Promoter(s):
MANITEX CAPITAL INC.
Project #2826258

Issuer Name:
Village Farms International, Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 27, 2018
NP 11-202 Preliminary Receipt dated September 27, 2018
Offering Price and Description:
$20,035,300.00 – 2,810,000 Common Shares
Price: $7.13 per Offered Share
Underwriter(s) or Distributor(s):
Beacon Securities Limited
GMP Securities L.P.
Promoter(s):
–
Project #2824606

Issuer Name:
Buzz Capital 2 Inc.
Principal Regulator – Ontario
Type and Date:
CPC Prospectus dated September 24, 2018
NP 11-202 Receipt dated September 25, 2018
Offering Price and Description:
Offering: $420,000.00 – 4,200,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Patrick Lalonde
Project #2808721

Issuer Name:
Greenbrook TMS Inc.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated September 27, 2018
NP 11-202 Receipt dated September 27, 2018
Offering Price and Description:
10,000,000 Common Shares Issuable Upon the Exercise or Deemed Exercise of
10,000,000 Special Warrants
Underwriter(s) or Distributor(s):
Bloom Burton Securities Inc.
Promoter(s):
–
Project #2805995

Issuer Name:
Liberty Gold Corp. (formerly Pilot Gold Inc.)
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated September 26, 2018
NP 11-202 Receipt dated September 26, 2018
Offering Price and Description:
C$10,050,000.00 – 25,125,000 UNITS
Price C$0.40 per Unit
Underwriter(s) or Distributor(s):
Sprott Private Wealth LP
CIBC World Markets Inc.
Haywood Securities Inc.
Macquarie Capital Markets Canada Ltd.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Promoter(s):
–
Project #2823256

Issuer Name:
Newmont Mining Corporation
Principal Regulator – Ontario
Type and Date:
Final Prospectus – MJDS dated September 28, 2018
NP 11-202 Receipt dated October 1, 2018
Offering Price and Description:
COMMON STOCK, PREFERRED STOCK, DEPOSITARY SHARES, DEBT SECURITIES, GUARANTEES OF DEBT SECURITIES, WARRANTS
UNITS
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2824359

Issuer Name:
TMAC Resources Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated September 28, 2018
NP 11-202 Receipt dated September 28, 2018
Offering Price and Description:
$23,604,400.00 – 4,814,200 Common Shares
Price: $4.25 per Offered Share
$4.90 per Flow-Through Share
$5.75 per Charity Flow-Through Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Sprott Private Wealth LP
Desjardins Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
National Bank Financial Ltd.
Echelon Wealth Partners Inc.
Promoter(s):
–
Project #2823563

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	TPCM Inc.	Exempt Market Dealer	September 21, 2018
Change in Registration Category	Ullman Wealth Management Inc.	From: Portfolio Manager & Exempt Market DealerTo: Portfolio Manager, Exempt Market Dealer & Investment Fund Manager	September 28, 2018
Voluntary Surrender	Dunsmuir Capital Partners Inc.	Exempt Market Dealer	October 1, 2018

This page intentionally left blank

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Nasdaq CXC Limited – Notice of Proposed Change and Request for Comment

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto (Exchange Protocol). Pursuant to the Exchange Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by October 26, 2018 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Fax 416 595 8940
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Nasdaq CXC Limited
25 York St., Suite 900
Toronto, ON M5J 2V5
Email: matthew.thompson@nasdaq.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CXC LIMITED

NOTICE OF PROPOSED CHANGE

Nasdaq Canada provides Canadian-based institutional clients access to the Nasdaq Fixed Income trading system (NFI) operated by Nasdaq Canada's affiliate, Execution Access, LLC for the purposes of trading non-Canadian fixed income securities. NFI has announced plans to introduce the following change in Q4 2018 subject to regulatory approval. Nasdaq Canada is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Exchange Protocol.

Summary of Proposed Changes

NFI is proposing to introduce a post-only order type (Post Only) for Subscribers. The Post Only is an order that is intended to provide liquidity to the market. A Post Only allows a Trader to enter an order that will rest (post) on the passive side of the order book. A Post Only cannot execute against the displayed or non-displayed contra-side BBO at the time of entry. Instead, if a Post Only is marketable at the time of entry Subscribers may select from one of the following two order handling processes:

- The Post Only will be re-priced by one price level on the passive side of the market or
- The Post Only will be rejected if the order is eligible to match against the contra-side BBO.

Examples

Example 1 Marketable Post Only Order entered on NFI that is repriced in 10Y Note

		BID	ASK	
NFI Book	10	100.13+	100.14	10

Action: A Post Only Order is entered to buy 10 at 100.14 on NFI

Result: The marketable Post Only order that would otherwise trade is repriced one tick increment more passively and booked at 100.13 + behind the previously resting orders at that price level.

		BID	ASK	
NFI Book	20	100.13+	100.14	10

Example 2 Marketable Post Only Order entered on NFI that is rejected

		BID	ASK	
NFI Book	10	100.13+	100.14	10

Action: A Post Only Order is entered to buy 10 at 100.14 on NFI

Result: The marketable Post Only is rejected. There is no change to the BBO.

		BID	ASK	
NFI Book	10	100.13+	100.14	10

Expected Date of Implementation

Subject to regulatory approval NFI is expecting to introduce this feature in Q4, 2018.

Rationale and Relevant Supporting Analysis

The Post Only is being introduced to provide Subscribers with an additional tool to better execute their trading strategies. By ensuring that an order designated Post Only will not trade actively, the Post Only will facilitate achieving many trading strategies including several passive market maker strategies.

Expected Impact on Market Structure Impact of the Changes

The Post Only order will provide an additional trading tool that can be used at discretion of the Subscriber to facilitate trading objectives.

Expected impact of Fee Change or Significant Change on Nasdaq CXC's Compliance with Ontario Securities Law and particularly with regard to Fair Access and the Maintenance of a Fair and Orderly Market

Not applicable.

Consultation and Review

This change is being made in response to feedback solicited from NFI Subscribers.

Estimated Time Required by Members and Vendors (or why a reasonable estimate is not provided)

There is no time required by Members or Vendors to accommodate the new order type as it will be made available on the NFI trading platform.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

Yes. The Post Only is supported by several equity exchanges and trading platforms.

Any questions regarding these changes should be addressed to Matt Thompson, Nasdaq CXC Limited, matthew.thompson@nasdaq.com, T: 416-647-6242

13.2.2 TSX – Amendments to Part X of the TSX Company Manual – Notice of Approval

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO PART X OF THE TORONTO STOCK EXCHANGE COMPANY MANUAL

(OCTOBER 4, 2018)

INTRODUCTION

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits thereto for recognized exchanges, Toronto Stock Exchange ("**TSX**") has adopted and the Ontario Securities Commission ("**OSC**") has approved, certain public interest changes to Part X of the TSX Company Manual (the "**Manual**") – Special Purpose Acquisition Corporations ("**Part X**") and certain ancillary changes (collectively, the "**Amendments**"). The Amendments were published for public comment in a request for comments on May 31, 2018 (the "**Request for Comments**").

REASON FOR THE AMENDMENTS

When the rules for the Special Purpose Acquisition Corporation ("**SPAC**") program were originally adopted by TSX in 2008, many U.S. commercial practices were embedded in the TSX requirements. TSX held small group meetings in 2017 with the lawyers, equity capital market dealers, founders and investors involved in SPACs to gather feedback on their experiences and challenges with the SPAC program. As a result of the evolution of global commercial practices, feedback received and TSX's experience with SPACs to date, TSX is implementing the Amendments.

SUMMARY OF THE AMENDMENTS

a) Capital Structure & Completion of a Qualifying Acquisition – Redemptions – Sections 1008 and 1027

Section 1008 has been amended to permit a SPAC to limit the maximum redemption rights that may be exercised by shareholders, provided that the limit is not lower than 15% of the shares sold in the initial public offering ("**IPO**") and that such limitation is disclosed in the IPO prospectus. In addition, Section 1027 has been amended to eliminate the requirement that shareholders vote against a qualifying acquisition in order to have a redemption right. Under the Amendments, all shareholders will have a redemption right (other than founding securityholders in respect of their founding securities) whether or not they vote against a qualifying acquisition, subject to a redemption limit, if imposed.

b) Capital Structure – Warrant Expiry Date – Section 1008(b)(ii)

Section 1008(b)(ii) has been amended to remove the word "fixed" so that a warrant expiry date could be based on the completion of the qualifying acquisition, rather than on a fixed date.

c) Prohibition of Debt Financing – Section 1009

Section 1009 has been amended so that a SPAC may obtain unsecured loans from its founders or their affiliates for amounts up to the equivalent of 10% of the funds held in escrow under Section 1010. The loans would not have any recourse against the escrow funds available for redemption or liquidation and would be limited to amounts as disclosed in the IPO prospectus. Assuming the qualifying acquisition successfully closes, the loans would be repayable by the resulting issuer from the remaining funds released from escrow or otherwise available to the SPAC. In the event that the SPAC is liquidated, the founders (or their affiliates) would have no recourse against the escrowed funds.

d) Public Distribution – Sections 1015 and 1029

Section 1015(c) has been amended to reduce the minimum number of public board lot holders required from 300 to 150.

Following the completion of a qualifying acquisition by a SPAC, the resulting issuer must meet TSX's original listing requirements set out in Part III of the Manual since, effectively, the resulting issuer represents a new listing. These requirements include, among other things, the public distribution requirement set out in Section 315 which requires at least 300 public board lot holders. TSX understands that it has been difficult for SPACs to determine whether they meet the 300 public board lot holder requirement and provide supporting evidence of same upon closing of the qualifying transaction.

As a result, TSX proposed to amend Section 1029 to provide the resulting issuer with up to 90 days from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirement set out in Section 315. After consideration

of comments received in connection with the Request for Comments, TSX amended Section 1029 to provide the resulting issuer with up to 180 days (rather than the 90 days originally proposed) from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirement set out in Section 315.

e) Other Requirements – Annual Meeting Relief – Section 1021

Section 1021 has been amended to exempt a SPAC from the requirement to hold an annual meeting in accordance with Section 464 and to provide notice and the opportunity to attend and speak at such meetings as required by Section 624(h).

f) Other Requirements – Restricted Share Policy Relief – Section 1021

Section 1021 has been amended to exempt SPACs from the application of: (i) Section 624(l) in respect of takeover protective provisions; and (ii) Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares. These exemptions would apply to SPACs prior to their qualifying acquisition. Any proposed implementation of a dual class share structure, restricted shares or similar structure at the time of the qualifying acquisition would be reviewed by TSX under Section 624.

g) Shareholder and Other Approvals Requirement – Sections 1024 to 1026 & Prospectus Requirement – Section 1028

Section 1024 has been amended to remove the requirement for shareholder approval for a qualifying acquisition, provided that an amount equal to at least 100% of the gross proceeds raised in the SPAC's IPO are placed in escrow ("**100% Escrow Condition**"). TSX has also clarified that it will not require shareholder approval for matters related to the qualifying acquisition, such as dilutive transactions or the adoption of a security based compensation arrangement, provided that such matters are disclosed in the prospectus for the resulting issuer and the 100% Escrow Condition is satisfied.

Section 1025 has been amended to require disclosure in the SPAC's IPO prospectus if shareholder approval is a condition of the qualifying acquisition. In the event that such approval is required, the qualifying acquisition must be approved by a majority of the votes cast by securityholders of the SPAC entitled to vote at a duly called meeting. Comprehensive disclosure would be required for all material aspects of the transaction in the prospectus for the resulting issuer, including valuation requirements for non-arm's length transactions as applicable under Part VI of the Manual.

Section 1028 has been amended to require that SPACs mail a notice of redemption to shareholders and make the prospectus for the resulting issuer publicly available on its website at least 21 days prior to the redemption deadline stated in the notice of redemption, and requires delivery of the prospectus to shareholders at least two business days prior to the redemption deadline. After consideration of comments received in connection with the Request for Comments, Section 1028 has been amended to permit a SPACs to deliver the prospectus to shareholders electronically in compliance with National Policy 11-201 *Electronic Delivery of Document* ("**NP 11-201**").

h) Other Administrative Amendments

In connection with the Amendments, TSX has also made certain non-material amendments to clarify various provisions under Part X, and certain ancillary changes as a result of the Amendments. These amendments include, but are not limited to, correcting a typographical error, amending the definition of "founding securities", replacing all references to a conversion right with a redemption right and amending the language to require a redemption right in all instances.

Summary of the Comments Received

TSX received three comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix A**. TSX thanks all commenters for their feedback and suggestions.

As a result of the comment process, TSX has adopted the Amendments with the following changes since the Request for Comments:

- amending Section 1008 to clarify the application of the redemption limit.
- amending Section 1009 to limit the maximum aggregate principal amount of unsecured loans to 10% of the funds escrowed.
- amending Section 1028 to allow delivery of a prospectus to shareholders electronically in compliance with NP 11-201.

- amending Section 1029 to provide the resulting issuer with up to 180 days (rather than the 90 days originally proposed) from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirement set out in Section 315.

Text of the Amendments

A blackline of the final Amendments showing changes made since they were published in the Request for Comments is attached as **Appendix B**.

A blackline of the final Amendments is attached as **Appendix C**.

A clean version of the Amendments is attached as **Appendix D**.

Effective Date

The Amendments will become effective on October 4, 2018.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

Alignvest Acquisition II Corporation

Polar Asset Management Partners

Goodmans LLP

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the TSX Request for Comments – *Amendments to Toronto Stock Exchange Company Manual* dated May 31, 2018.

Summarized Comments Received	*TSX Response*
Prohibition on Debt Financing (Section 1009)	
1. Is a limit on loans based on the lesser of: (i) 10% of funds in escrow; and (ii) $5 million appropriate provided that there is no recourse for the loans against the escrowed funds and the limit is disclosed in the IPO prospectus? If not, why not and what is an appropriate limit?	
(a) One commenter was supportive of permitting SPAC founders and others to make loans to SPACs.	TSX thanks the commenter for its input.
(b) Two commenters were not supportive of imposing a limit on the amount of such loans and stated the following: • provided that the lender has no recourse to the escrowed funds, and provided that appropriate disclosure is included in the IPO prospectus, a limit on such loans should not be imposed. • given that the founder loans would be without recourse to the funds in escrow, the only financial impact of the loans would be to reduce the equity value of the post-transaction company. • given the limited amount of working capital that is available to most SPACs, loans from their sponsors or others may be critical to allowing SPACs to properly and effectively identity, select, pursue, diligence and complete suitable and successful qualifying acquisitions. • the imposition of arbitrary limits on financing has the potential to harm SPAC issuers and shareholders by starving SPACs of necessary working capital, which may, in certain circumstances, result in the premature wind-up of a SPAC or the completion of an acquisition that is sub-optimal in its process and/or target. • financing decisions should be a matter for the business judgement of the board of directors. • it is not appropriate to base a limit on loans, if imposed, on a percentage of the funds in escrow. Many costs of maintaining a SPAC, complying with its regulatory obligations and identifying, pursuing and completing a qualifying acquisition are not a function of the SPAC's size. Accordingly, the effects of a size-based limit are particularly harsh for smaller SPACs	TSX thanks the commenters for their input. TSX has amended the rule to limit the maximum aggregate principal amount of unsecured loans to 10% of the funds escrowed. The loan must be on reasonable commercial terms, may be from founding securityholders or their affiliates, and must not have recourse against the escrowed funds. Given the unique nature of the SPACs, TSX continues to believe that is not unreasonable to place a limit on loans, even where there is no recourse on the escrowed funds. TSX will continue to monitor the status of this limitation and determine if future amendments are necessary.

Summarized Comments Received	*TSX Response*
and may inappropriately influence a sponsor's decision as to the appropriate size of a SPAC.	
(c) One commenter suggested that consideration be given to allowing convertible debt or warrants.	The issuance of convertible debt or warrants, as consideration for a loan, could be effect only if (i) such issuance occurred concurrently with the completion of the qualifying acquisition, and (ii) the details of such issuance are disclosed in the prospectus for the resulting issuer (which disclosure should include, as applicable, conversion or exercise price, interest payable, and term of expiry).
Public Distribution (Sections 1015 and 1029)	
2. *Is it appropriate to permit SPACs to meet a lower public distribution requirement (i.e. 150 public board lot holders) upon their original listing, as opposed to the public distribution requirement for corporate issuers (i.e. 300 public board lot holders)?*	
(a) Three commenters were of the view that the lower public distribution requirement is appropriate for SPACs. One commenter did not view the lower public distribution requirement as an impediment to a qualifying transaction being completed or as an impediment to a broader distribution after the closing of a qualifying transaction. The commenter also noted that the proposed lower distribution requirement mirrors changes being made for U.S. SPAC listing requirements.	TSX thanks the commenters for their input.
3. *Is it appropriate to permit the resulting issuer to provide evidence that it meets the public distribution requirements set out in Section 315 (i.e. 300 public board lot holders) within 90 days of the closing of the qualifying acquisition? Would it be more appropriate for the resulting issuer to meet the continued listing requirements under Part VII for public distribution (i.e. 150 public board lot holders) within 90 days of the closing of the qualifying acquisition? If the continued listing requirements are more appropriate, please reconcile your response to the listing of the resulting issuer as new listing, similar to a backdoor listing or reverse takeover.*	
(a) One commenter was of the view that resulting issuers should be required to meet the continued listing requirements of 150 public board lot holders (rather than 300 public board lot holders) and this lower public distribution requirement for resulting issuers would have a meaningful impact on SPACs and would not be prejudicial to investors. The commenter stated that SPAC shareholders invest in SPACs with full knowledge that redemptions at the time of a qualifying acquisition may reduce the public float of a resulting issuer. The commenter was of the view that in order to address concerns regarding a smaller public float, disclosure could be included in the IPO and qualifying acquisition prospectuses to address any increased liquidity risk resulting from the lower threshold. The commenter stated that the existence of redemption rights distinguishes SPACs from other entities going public through a backdoor listing or reverse take-over, as SPACs can experience a significant reduction in their public float that is beyond the control of the resulting issuer. The commenter was of the view that this is unlike a backdoor listing or reverse takeover where any reduction of the public float is within the control of the issuer and can be structured so as to ensure that the	TSX agrees that the redemption right does distinguish a SPAC from a backdoor listing, which was the rationale for allowing time to achieve and provide evidence of meeting the distribution requirement. While TSX agrees it is appropriate to extend the period in which to evidence meeting the distribution requirement from 90 days to 180 days from the qualification date, TSX does not agree that the continued listing distribution requirement of 150 board lot holders is appropriate. TSX considers the original listing distribution requirement of 300 board lot holders appropriate for all going public transactions whether by way of IPO, reverse take-over or qualifying acquisition. Although TSX is prepared to allow an extended period of time to achieve the distribution due to the redemption rights embedded in the SPAC structure, TSX fundamentally believes that a lesser standard should not apply any of the going public type of transactions.

Summarized Comments Received	*TSX Response*
resulting issuer satisfies the public distribution requirements. The commenter proposes that the time period within which a SPAC must satisfy the public distribution requirement (whether set at 150 or 300 board lot holders) should be extended to 180 days to provide the resulting issuer with more time to increase its public distribution in the best manner possible for the SPAC. The commenter was of the view that if a shorter time period is imposed, the resulting issuer may need to take steps to increase its public distribution in a sub-optimal manner. For example, the best way to increase a resulting issuer's public distribution may be through a bought deal financing which may not be available to a resulting issuer within 90 days after closing its qualifying acquisition.	
(b) One commenter stated that SPACs generally provide an alternative route for companies to go public that might not be able to otherwise go public through a traditional IPO and that a lower demand on public distribution for SPACs furthers this opportunity. However, the commenter did not believe that there is additional value in requiring a broader shareholder base following the closing of a qualifying transaction and believe that this requirement could be a distraction from the management of the SPAC post qualifying transaction. The commenter distinguishes SPACs from issuers resulting from a reverse takeover in that SPACs are subject to a redemption of their shares at the time of the qualifying transaction (leading to heightened concentration in their shareholder base) and, historically, have been less likely to raise additional capital through equity issuances.	Please see our response to comment 3(a) above.
(c) One commenter was of the view that 90 days should provide a sufficient amount of time to demonstrate that the resulting issuer meets the public distribution requirement of 300 board lot holders.	TSX thanks the commenter for its input. Please also see our response to comment 3(a) above which notes our extension from 90 to 180 days to demonstrate that the resulting issuer meets the distribution requirement.
4. If resulting issuers fail to meet the public distribution requirement, is it appropriate to put them under a remedial delisting review which provides up to 120 days to remediate their deficiencies?	
(a) One commenter was of the view that if shareholders of SPACs have a concern that the resulting issuer facing possible delisting review shortly following closing of its qualifying acquisition, this may have an impact on their redemption decision and potentially lead to a higher level of redemption. The commenter stated that this would further exacerbate the distribution problem and would also have a negative impact on the SPAC program, generally. The commenter was of the view that a delisting review should not be triggered under these circumstances until all other remedial options have been explored and sufficient time is afforded to the SPAC to do so. It stated that if a delisting review is ultimately required, that this review not be initiated until at least 12 months from the closing of the qualifying acquisition.	Generally, an issuer must provide evidence to TSX that it meets TSX's original listing requirements set out in Part III of the Manual, failing which, TSX will not approve the listing. This is in contrast with the proposed amended section 1029 of the Manual, which provides the resulting issuer with up to 180 days from the completion of the qualifying acquisition to provide evidence that it meets the public distribution requirements as set out in Section 315 of the Manual. Where the resulting issuer cannot demonstrate compliance within the prescribed time period, TSX may place the resulting issuer under a remedial delisting review which provides the resulting issuer with up to 120 days to remediate its deficiencies. In total, 300 days (approximately 10 months) would be permitted for the issuer to provide evidence of meeting the distribution requirement prior to delisting.

Summarized Comments Received	*TSX Response*
	Given the unique issues related to SPACs, TSX believes that it is not unreasonable to provide the resulting issuer with additional time to establish the minimum distribution (now 180 days) and provide supportive evidence of distribution, failing which, the resulting issuer may be reviewed under TSX's continued listing requirements under Part VII of the Manual. In the absence of clear requirements and a potential delisting review, TSX's experience is that issuer may not always comply in a timely manner. TSX believes that this is fair and appropriate.
(b) One commenter stated that the remedial delisting review would be a reasonable approach where the resulting issuer fails to meet the public distribution requirement.	TSX thanks the commenter for its input.
Shareholder and Other Approvals (Sections 1024 to 1026) & Prospectus Requirement (Section 1028)	
5. *Given the redemption rights available to public shareholders and prospectus level disclosure for the resulting issuer upon completion of the qualifying acquisition, is it appropriate to waive all TSX shareholder approval requirements provided that the 100% Escrow Condition is met? This shareholder approval waiver would include matters such as dilution exceeding 25%, material effect on control, adoption of security based compensation arrangements and transactions pursuant to which insiders may receive consideration exceed 10% of the market capitalization of the SPAC, etc., all of which would have otherwise required shareholder approval under applicable TSX rules.*	
(a) One commenter was of the view that the transaction approval vote is not meaningful since shareholders can "vote" against a transaction by redeeming their shares. The commenter stated that if the SPAC manager wishes (or the market demands), there is nothing precluding the inclusion of a voting right separate from redemption rights; nor is there anything precluding holding a vote even if there was no voting right.	TSX thanks the commenter for its input.
(b) One commenter was supportive of waiving all shareholder approval requirements as a way to minimize costs and accelerate the timelines to close qualifying acquisitions.	TSX thanks the commenter for its input.
(c) One commenter was of the view that shareholder approval should not be necessary in light of shareholders' redemption rights.	TSX thanks the commenter for its input.
6. *Should the 100% Escrow Condition be imposed as a condition of waiving the shareholder approval requirements? Alternatively, would the basic escrow requirement for an amount to be placed in escrow of at least 90% of the gross proceeds of the IPO be sufficient to waive shareholder approval requirements?*	
(a) One commenter stated that, as noted in the Request for Comments, all TSX SPACs to date have escrowed sufficient funds to return 100% (or more) of the original IPO price. The commenter noted that this has been the case in the U.S. for at least 10 years. As a result, the commenter does not believe that altering investor rights between different SPACs will have a practical impact on the market, as market participants have addressed this issue. In the unlikely event a SPAC manager were to propose a SPAC with less than 100% of the IPO proceeds in escrow, the commenter believes that market participants would expect compensation in lieu and that an additional voting right (if it were considered to be appropriate) would be negotiated between market participants at the time of the IPO.	TSX thanks the commenter for its input.

Summarized Comments Received	*TSX Response*
(b) One commenter was not supportive of imposing the 100% Escrow Condition as a condition of waiving the shareholder approval requirements. The commenter was of the view that the question of what percentage of the funds raised from public shareholders on a SPAC IPO should be placed in escrow (above the 90% regulatory minimum) is an economic one to be determined by the issuer, underwriters and potential investors on a case by case basis. The commenter stated that a rule which ties the benefit of dispensing with the added costs, complexity and delay of the shareholder approval process to the 100% Escrow Condition may preclude SPACs from being structured to give public shareholders some level of "skin in the game". This structure may benefit SPACs, their investors and the SPAC market generally by attracting different investor constituencies, especially those with an interest in investing in a particular sponsor group or management team with a particular strategy or investment thesis. At the same time it may discourage short-term opportunistic investment behavior. The commenter stated that if it is felt that some minimum escrow level above the 90% regulatory minimum is required to dispense with shareholder approval, the commenter would propose 95%. The commenter was of the view that at a level of 95% or more, SPAC shareholders would still be assured of the ability to receive almost all of their initial investment back and provided that adequate prospectus disclosure of the qualifying acquisition process is included, the commenter believes it would not be prejudicial to allow a qualifying acquisition to proceed without shareholder approval. This approach would be similar to the Capital Pool Company ("**CPC"**) program which does require shareholder approval for a qualifying transaction but imposes limits on the amount of capital that a single investor can invest and on the aggregate amount of capital a CPC can raise.	SPACs will remain able to place a minimum of 90% in escrow, however, in such circumstances a shareholder vote will be required for the qualifying acquisition and other matters ordinarily triggering shareholder approval under the Manual. TSX accepts that an ability to receive 100% of an investment may replace shareholder approval. However, having some lesser amount available in escrow unnecessarily complicates the structure of the SPAC and deviates from TSX's principal of substituting a redemption of 100% of an investment for shareholder approval, notwithstanding the limitation of the amount.
(c) One commenter was supportive of the 100% Escrow Condition. It was of the view that SPACs are already complicated and difficult for investors to understand. At minimum, however, they know that 100% of their principal is protected. The commenter stated that that guarantee is a critical part of the attractiveness of the sector, and we would not wish to call that guarantee into question.	TSX thanks the commenter for its input.
7. *If a qualifying acquisition is not subject to shareholder approval, is it appropriate to require delivery of a prospectus at least two business days prior to the redemption date? In addition, the prospectus would be electronically available on SEDAR and the SPAC's website 21 days prior to the redemption date.*	
(a) One commenter supported TSX's proposal to make the prospectus electronically available on SEDAR and the SPAC's website 21 days prior to the redemption date. The commenter was of the view that if the prospectus is made electronically	TSX thanks the commenter for its input. The delivery of the prospectus was designed to align with current requirement under securities laws for an IPO.

Summarized Comments Received	*TSX Response*
available, then physical delivery of a prospectus should be limited to those shareholders who request a copy as this would save the SPAC both time and costs as it prepares for the closing of its qualifying acquisitions.	While TSX recognizes that in the current era, paper and physical delivery are less necessary, certain stakeholders felt that delivery of the prospectus for the resulting issuer should align with other prospectus delivery requirements under securities laws. TSX has amended the rule to allow for the prospectus to be delivered electronically in compliance with National Policy 11-201 – *Electronic Delivery of Document*.
(b) One commenter was not supportive of requiring physical delivery of the prospectus. It was of the view that it is an extra expense, and is redundant given the availability of the materials online.	TSX thanks the commenter for its input. Please see our response to comment 7(a).
8. Where no shareholder approval is required, is 21 days an appropriate notice period for the redemption?	
(a) Three commenters were supportive of a 21 notice period for the redemption where no shareholder approval is required.	TSX thanks the commenters for their input.
Other Questions	
9. Are there any other amendments to Part X that TSX should consider?	
(a) No comments received.	
General Comments Received	
(a) One commenter was generally supportive of the changes to the Canadian market that further conformed to the well-established operations and structure of the larger and more mature U.S. SPAC market. The commenter is of the view that the Proposed Amendments are generally consistent with this approach and the commenter welcomes the implementation of such amendments.	TSX thanks the commenter for its input.
(b) One commenter was of the view that the rules relating to the SPAC structure and process of forming and listing a SPAC and completing a qualifying acquisition should be as simple as possible and should allow SPACs to raise capital and identify, pursue and complete acquisitions as efficiently and effectively as possible, while providing appropriate investor protections. The commenter encourages TSX and the Canadian securities regulators to continue to take a flexible approach to the regulation of SPACs and other blind pool offerings and to be open to the consideration of alternative blind pool structures to allow appropriate issuers and management teams to access the Canadian public market.	TSX thanks the commenter for its input.

APPENDIX B

BLACKLINE OF FINAL AMENDMENTS COMPARED AGAINST RFC AMENDMENTS

Part I Introduction

[…]

Interpretation

[…]

"founding securities" means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market or under a rights offering by the SPAC;

[…]

Part X Special Purpose Acquisition Corporations (SPACs)

Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

A. General Listing Matters

B. Original Listing Requirements

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

D. Completion of a Qualifying Acquisition

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

A. General Listing Matters

Securities to be Listed

Sec. 1001.

To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections 1003 to 1018. The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

Exercise of Discretion

Sec. 1002.

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

(a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

B. Original Listing Requirements

IPO

Sec. 1003.

A SPAC must, concurrently with listing on the Exchange, raise a minimum of $30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

Sec. 1004.

Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

Sec. 1005.

The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

No Operating Business

Sec. 1006.

A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

Jurisdiction of Incorporation

Sec. 1007.

The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

Capital Structure

Sec. 1008.

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a redemption (or substantially similar) feature, pursuant to which shareholders (other than founding securityholders in respect of their founding securities) may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect that each share held be redeemed for an amount at least equal to: (1) the aggregate amount then on deposit in the

escrow account (net of any applicable taxes and direct expenses related to the exercise of the redemption right), divided by (2) the aggregate number of shares then outstanding, excluding founding securities; and

(ii) a liquidation distribution (or substantially similar) feature, pursuant to which shareholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in Section 1022, be entitled to receive, for each share held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of shares then outstanding excluding the founding securities.

Notwithstanding the foregoing, the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit (i) may not be set at lower than 15% of the shares sold in the IPO; and (ii) is disclosed in the IPO prospectus. For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be exercisable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a date specified in the IPO prospectus and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022; and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

Prohibition of Debt Financing

Sec. 1009.

The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition. ~~Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.~~

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from founding securityholders or their affiliates, up to a maximum aggregate principal amount equal to ~~the lesser of: (i)~~ 10% of the funds escrowed under Section 1010~~; and (ii) $5 million,~~ repayable in cash no earlier than the closing of the qualifying acquisition, provided that (1) such limit is disclosed in the IPO prospectus ~~and the prospectus of the resulting issuer~~; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

Use of Proceeds Raised in the IPO and Escrow Requirements

Sec. 1010.

Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

Sec. 1011.

The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the permitted investments.

Sec. 1012.

The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than the founding securityholders in respect of their founding securities) in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

Sec. 1013.

The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

Sec. 1014.

The proceeds from the IPO that are not placed in escrow and interest or other proceeds earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

Public Distribution

Sec. 1015.

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) at least 1,000,000 freely tradeable securities are held by public holders;

(b) the aggregate market value of the securities held by public holders is at least $30,000,000; and

(c) at least 150 public holders of securities, holding at least one board lot each.

Pricing

Sec. 1016.

A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of $2.00 per share or unit.

Other Requirements

Sec. 1017.

In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

(a) Section 325 – Management

(b) Section 327 – Escrow Requirements

(c) Section 328 – Restricted Shares

(d) Sections 338-351 – The Listing Application Procedure

(e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections 358-359 – Public Availability of Documents

(g) Section 360 – Provincial Securities Laws

Sec. 1018.

A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

Additional Equity by way of Rights Offering Only

Sec. 1019.

Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections 1010 to 1014. Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with Part VI of this Manual.

Sec. 1020.

The Exchange will only permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

Other Requirements

Sec. 1021.

Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V, other than Section 464 in respect of the requirement to hold an annual meeting provided that an annual update is disseminated via press release and available on the SPAC's website;

(b) Part VI, other than:

1. Section 624(h) in respect of the requirement to provide at least 21 days' notice in advance of a shareholders' meeting to holders of Restricted Securities;

2. Section 624(l) in respect of the requirement of certain take-over protective provisions, also referred to as coat-tail provisions; and

3. Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares for the issuance of the founding securities.

Until completion of a qualifying acquisition, a listed SPAC may only issue and make equity securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

D. Completion of a Qualifying Acquisition

Permitted Time for Completion of a Qualifying Acquisition

Sec. 1022.

A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 1023.

Fair Market Value of a Qualifying Acquisition

Sec. 1023.

The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in Section 1022.

Shareholder and Other Approvals

Sec. 1024.

The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition; and (ii) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose. Shareholder approval of the qualifying acquisition is not required where the SPAC has placed at least 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 1019 in escrow in accordance with Section 1010. The shareholder approval requirements set out in Parts V and VI of the Manual will not apply to transactions concurrently effected with the qualifying acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the qualifying acquisition. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved.

Sec. 1025.

The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the qualifying acquisition and the shareholders entitled to vote upon the matter. If a qualifying acquisition is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

Sec. 1026.

The SPAC may impose additional conditions on the completion of a qualifying acquisition, provided that the conditions are described in the prospectus or information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public shareholders exercise their redemption rights.

Sec. 1027.

In accordance with Section 1008, holders of shares (other than founding securityholders in respect of their founding securities) must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such redeemed shares shall be cancelled.

Prospectus Requirement for Qualifying Acquisition

Sec. 1028.

The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. Completion of the qualifying acquisition without a receipt for the final prospectus will result in the delisting of the SPAC.

If a qualifying acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in Section 1025.

If a qualifying acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise ~~physically~~ deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – *Electronic Delivery of Document*. The notice of redemption must be pre-cleared by TSX prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

Exchange Approval

Sec. 1029.

The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. The Exchange will provide the issuer with up to ~~90~~180 days from the completion of the qualifying acquisition to provide evidence that it meets the Public Distribution Requirements set out in Section 315, failing which the issuer will generally be put under a remedial delisting review as described in Part VII.

Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC. For greater certainty, a qualifying acquisition may include a merger or other reorganization or an acquisition of the SPAC by a third party.

Escrow Requirements

Sec. 1030.

Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

Sec. 1031.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares (other than founding securityholders in respect of their founding securities) on a pro rata basis, and in accordance with Section 1032.

Sec. 1032.

In accordance with Section 1004, the founding securityholders may not participate in any liquidation (or redemption) distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through permitted investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

Sec. 1033.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

Sec. 1034.

Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.

APPENDIX C

BLACKLINE OF FINAL AMENDMENTS COMPARED AGAINST CURRENT RULE

Part I – Introduction

[…]

Interpretation

[…]

"**founding securities**" means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market or under a rights offering by the SPAC;

[…]

Part X Special Purpose Acquisition Corporations (SPACs)

Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

A. General Listing Matters

B. Original Listing Requirements

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

D. Completion of a Qualifying Acquisition

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

A. General Listing Matters

Securities to be Listed

Sec. 1001.

To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections 1003 to 1018. The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

Exercise of Discretion

Sec. 1002.

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

(a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

B. Original listing Requirements

IPO

Sec. 1003.

A SPAC must, concurrently with listing on the Exchange, raise a minimum of $30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

Sec. 1004.

Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

Sec. 1005.

The shares, warrants ~~and/or~~, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

No Operating Business

Sec. 1006.

A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

Jurisdiction of Incorporation

Sec. 1007.

The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

Capital Structure

Sec. 1008.

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a ~~conversion~~redemption (or substantially similar) feature, pursuant to which ~~securityholders~~shareholders (other than founding securityholders~~) who voted against a proposed qualifying acquisition at a duly called meeting of securityholders~~ in respect of their founding securities) may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect

that each ~~security~~share held be ~~converted into~~redeemed for an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the exercise of the ~~conversion~~redemption right), divided by (2) the aggregate number of ~~securities~~shares then outstanding, excluding founding securities; and

(ii) a liquidation distribution (or substantially similar) feature, pursuant to which ~~securityholders~~shareholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in Section 1022, be entitled to receive, for each ~~security~~share held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of ~~securities~~shares then outstanding ~~less~~excluding the founding securities~~;~~.

Notwithstanding the foregoing, the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit (i) may not be set at lower than 15% of the shares sold in the IPO; and (ii) is disclosed in the IPO prospectus. For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be ~~exerciseable~~exercisable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a ~~fixed~~ date specified in the IPO prospectus~~,~~ and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022; and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

Prohibition of Debt Financing

Sec. 1009.

The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition.

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from founding securityholders or their affiliates, up to a maximum aggregate principal amount equal to 10% of the funds escrowed under Section 1010 repayable in cash no earlier than the closing of the qualifying acquisition, provided that (1) such limit is disclosed in the IPO prospectus; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

Use of Proceeds Raised in the IPO and Escrow Requirements

Sec. 1010.

Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent ~~unrelated to the transaction and~~ acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

Sec. 1011.

The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the permitted investments.

Sec. 1012.

The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to ~~securityholders~~shareholders who exercise their ~~conversion~~redemption rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than the founding securityholders in respect of their founding securities) in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

Sec. 1013.

The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the ~~securities~~applicable shares as part of the liquidation distribution. ~~Securityholders~~Shareholders exercising their ~~conversion~~redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

Sec. 1014.

The proceeds from the IPO that are not placed in escrow and interest or other proceeds earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

Public Distribution

Sec. 1015.

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) at least 1,000,000 freely tradeable securities are held by public holders;

(b) the aggregate market value of the securities held by public holders is at least $30,000,000; and

(c) at least ~~300~~150 public holders of securities, holding at least one board lot each.

Pricing

Sec. 1016.

A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of $2.00 per share or unit.

Other Requirements

Sec. 1017.

In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

(a) Section 325 – Management

(b) Section 327 – Escrow Requirements

(c) Section 328 – Restricted Shares

(d) Sections 338-351 – The Listing Application Procedure

(e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections 358-359 – Public Availability of Documents

(g) Section 360 – Provincial Securities Laws

Sec. 1018.

A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

Additional ~~Funds~~Equity by way of Rights Offering Only

Sec. 1019.

Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance ~~of~~or potential issuance of equity securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections 1010 to 1014. Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with Part VI of this Manual.

Sec. 1020.

The Exchange will only permit a listed SPAC to raise additional funds ~~to be raised by a listed SPAC~~pursuant to the issuance or potential issuance of equity securities from treasury pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

Other Requirements

Sec. 1021.

Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V~~;~~, other than Section 464 in respect of the requirement to hold an annual meeting provided that an annual update is disseminated via press release and available on the SPAC's website;

(b) Part VI, provided that, untilother than:

1. Section 624(h) in respect of the requirement to provide at least 21 days' notice in advance of a shareholders' meeting to holders of Restricted Securities;

2. Section 624(l) in respect of the requirement of certain take-over protective provisions, also referred to as coat-tail provisions; and

3. Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares for the issuance of the founding securities.

Until completion of a qualifying acquisition, a listed SPAC may only issue and make equity securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition~~, for which securityholder approval will be required in accordance with Section 613~~;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

D. Completion of a Qualifying Acquisition

Permitted Time for Completion of a Qualifying Acquisition

Sec. 1022.

A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 1023.

Fair Market Value of a Qualifying Acquisition

Sec. 1023.

The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in Section 1022.

~~Securityholder~~Shareholder and Other Approvals

Sec. 1024.

The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition~~,~~; and (ii) a majority of the votes cast by ~~securityholders~~shareholders of the SPAC at a meeting duly called for that purpose. Shareholder approval of the qualifying acquisition is not required where the SPAC has placed at least 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 1019 in escrow in accordance with Section 1010. The shareholder approval requirements set out in Parts V and VI of the Manual will not apply to transactions concurrently effected with the qualifying acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the qualifying acquisition. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved. ~~The founding securityholders shall not be entitled to vote any of their securities with respect to the approval of the qualifying acquisition.~~

Sec. 1025.

The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the qualifying acquisition and the shareholders entitled to vote upon the matter. If a qualifying acquisition is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

Sec. 1026.

The SPAC may impose additional conditions on the ~~approval~~completion of a qualifying acquisition, provided that the conditions are described in the prospectus or information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public ~~holders of securities vote against the proposed qualifying acquisition and~~shareholders exercise their ~~conversion~~redemption rights.

~~**Sec. 1026.**~~

~~In connection with the securityholder meeting at which there will be a vote on a qualifying acquisition, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.~~

Sec. 1027.

In accordance with Section 1008, holders of ~~securities who vote against the qualifying acquisition,~~shares (other than founding securityholders in respect of their founding securities) must be entitled to ~~convert~~redeem their ~~securities~~shares for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, ~~securityholders~~shareholders who exercise their ~~conversion~~redemption rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such ~~converted securities~~redeemed shares shall be cancelled.

Prospectus Requirement for Qualifying Acquisition

Sec. 1028.

The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. ~~The~~Completion of the qualifying acquisition without a receipt for the final prospectus will result in the delisting of the SPAC.

If a qualifying acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in ~~Section 1026. If a receipt for the final prospectus is not obtained, completion of the qualifying acquisition will result in the delisting of the SPAC.~~Section 1025.

If a qualifying acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – *Electronic Delivery of Document*. The notice of redemption must be pre-cleared by TSX prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

Exchange Approval

Sec. 1029.

The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. The Exchange will provide the issuer with up to 180 days from the completion of the qualifying acquisition to provide evidence that it meets the Public Distribution Requirements set out in Section 315, failing which the issuer will generally be put under a remedial delisting review as described in Part VII.

Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC. For greater certainty, a qualifying acquisition may include a merger or other reorganization or an acquisition of the SPAC by a third party.

Escrow Requirements

Sec. 1030.

Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

Sec. 1031.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares (other than founding securityholders in respect of their founding securities) on a pro rata basis, and in accordance with Section 1032.

Sec. 1032.

In accordance with Section 1004, the founding securityholders may not participate in any liquidation (or redemption) distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through permitted investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

Sec. 1033.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

Sec. 1034.

Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.

APPENDIX D

CLEAN VERSION OF FINAL AMENDMENTS

Part I Introduction

[…]

Interpretation

[…]

"founding securities" means securities in the SPAC held by the founding securityholders, excluding any purchased by founding securityholders under the IPO prospectus, concurrently with the IPO prospectus on the same terms, on the secondary market or under a rights offering by the SPAC;

[…]

Part X Special Purpose Acquisition Corporations (SPACs)

Scope of Policy

Listing a SPAC on the Exchange is a two-stage process. The first stage involves the filing and clearing of an IPO prospectus, the completion of the IPO and the listing of the SPAC's securities on the Exchange. The second stage involves the identification and completion of a qualifying acquisition.

The main headings in this Part X are:

A. General Listing Matters

B. Original Listing Requirements

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

D. Completion of a Qualifying Acquisition

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

A. General Listing Matters

Securities to be Listed

Sec. 1001.

To secure a listing of its securities on the Exchange, a SPAC must complete a listing application which, together with supporting documentation and information, must demonstrate that it is able to meet the Exchange's original listing requirements for SPACs, as detailed in Sections 1003 to 1018. The listing application, preliminary prospectus, draft escrow agreement governing the IPO proceeds and personal information forms for all insiders of the SPAC should be filed with the Exchange concurrently with the filing of the preliminary prospectus with the applicable Canadian securities regulatory authorities.

Exercise of Discretion

Sec. 1002.

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may grant or deny an application notwithstanding the prescribed original listing requirements. In exercising its discretion, the Exchange must be satisfied that the fundamental investor protections in this Part X are met. In addition, the Exchange will consider:

(a) The experience and track record of the officers and directors of the SPAC;

(b) The nature and extent of officers' and directors' compensation;

(c) The extent of the founding securityholders' equity ownership in the SPAC, which is generally expected to be an aggregate equity interest of: (i) not less than 10% of the SPAC immediately following closing of the IPO; and (ii) not more than 20% of the SPAC immediately following closing of the IPO, taking into account the price at which the founding securities are purchased and the resulting economic dilution;

(d) The amount of time permitted for completion of the qualifying acquisition prior to the liquidation distribution; and

(e) The gross proceeds publicly raised under the IPO prospectus.

B. Original listing Requirements

IPO

Sec. 1003.

A SPAC must, concurrently with listing on the Exchange, raise a minimum of $30,000,000 through an IPO of shares or units; if units are issued, each unit may consist of one share and no more than two share purchase warrants.

Sec. 1004.

Prior to listing on the Exchange, the founding securityholders must subscribe for units, shares or warrants of the SPAC. The terms of the initial investment must be disclosed in the IPO prospectus. The founding securityholders must agree not to transfer any of their founding securities prior to the completion of a qualifying acquisition. In the event of liquidation and delisting, the founding securityholders must agree that their founding securities shall not participate in a liquidation distribution.

Sec. 1005.

The shares, warrants, rights, units or other securities to be listed on the Exchange must be qualified by a prospectus receipted by the issuer's principal regulator.

No Operating Business

Sec. 1006.

A SPAC seeking listing on the Exchange must not carry on an operating business. A SPAC may be in the process of reviewing a potential qualifying acquisition, but may not have entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that as of the date of filing, the SPAC has not entered into a written or oral binding acquisition agreement with respect to a potential qualifying acquisition. A SPAC may have identified a target business sector or geographic area in which to make a qualifying acquisition, provided that it discloses this information in its IPO prospectus.

Jurisdiction of Incorporation

Sec. 1007.

The Exchange will consider the jurisdiction of incorporation of a SPAC as part of the listing application process. The Exchange recommends that SPACs seeking listing on the Exchange be incorporated under Canadian federal or provincial corporate laws. Where a SPAC is incorporated under laws outside of Canada and wishes to list on the Exchange, the Exchange recommends that it obtain a preliminary opinion as to whether the jurisdiction of incorporation is acceptable to the Exchange.

Capital Structure

Sec. 1008.

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) the security provisions must contain:

(i) a redemption (or substantially similar) feature, pursuant to which shareholders (other than founding securityholders in respect of their founding securities) may, in the event such qualifying acquisition is completed within the time frame set out in Section 1022, elect that each share held be redeemed for an amount at least equal to: (1) the aggregate amount then on deposit in the

escrow account (net of any applicable taxes and direct expenses related to the exercise of the redemption right), divided by (2) the aggregate number of shares then outstanding, excluding founding securities; and

(ii) a liquidation distribution (or substantially similar) feature, pursuant to which shareholders (other than the founding securityholders in respect of their founding securities) must, if the qualifying acquisition is not completed within the permitted time set out in Section 1022, be entitled to receive, for each share held, an amount at least equal to: (1) the aggregate amount then on deposit in the escrow account (net of any applicable taxes and direct expenses related to the liquidation distribution), divided by (2) the aggregate number of shares then outstanding excluding the founding securities.

Notwithstanding the foregoing, the SPAC may establish a limit as to the maximum number of shares with respect to which a shareholder, together with any affiliates or persons acting jointly or in concert, may exercise a redemption right, provided that such limit (i) may not be set at lower than 15% of the shares sold in the IPO; and (ii) is disclosed in the IPO prospectus. For greater certainty, any redemption limit established by a SPAC must apply equally to all shareholders entitled to a redemption right.

Exchange discretion with respect to the requirements of this Subsection may only be exercised after discussions with, and the concurrence of, the OSC.

(b) in addition to Section 1008(a) where units are issued in the IPO:

(i) the share purchase warrants must not be exercisable prior to the completion of the qualifying acquisition;

(ii) the share purchase warrants must expire on the earlier of: (x) a date specified in the IPO prospectus and (y) the date on which the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022; and

(iii) share purchase warrants may not have an entitlement to the escrowed funds upon liquidation of the SPAC.

Prohibition of Debt Financing

Sec. 1009.

The SPAC shall not be permitted to obtain any form of debt financing (excluding ordinary course short term trade or accounts payables) other than contemporaneous with, or after, completion of its qualifying acquisition. A credit facility may be entered into prior to completion of a qualifying acquisition, but may only be drawn down contemporaneous with, or after, completion of a qualifying acquisition.

Despite the foregoing, a SPAC may obtain unsecured loans on reasonable commercial terms, including from founding securityholders or their affiliates, up to a maximum aggregate principal amount equal to 10% of the funds escrowed under Section 1010 repayable in cash no earlier than the closing of the qualifying acquisition, provided that (1) such limit is disclosed in the IPO prospectus; and (2) any such debt financing obtained by the SPAC shall not have recourse against the escrowed funds.

Every SPAC seeking a listing on the Exchange must include a statement in its IPO prospectus that it will not obtain any form of debt financing other than in accordance with this Section 1009.

Use of Proceeds Raised in the IPO and Escrow Requirements

Sec. 1010.

Immediately upon listing on the Exchange, a SPAC must place at least 90% of the gross proceeds raised in its IPO; and the underwriter's deferred commissions (in accordance with Section 1013), in escrow with an escrow agent acceptable to the Exchange. The following entities, if Canadian, are examples of the types of escrow agents that are acceptable to the Exchange: trust companies, financial institutions and law firms.

Sec. 1011.

The escrow agent must invest the escrowed funds in permitted investments. The SPAC must disclose the proposed nature of this investment in its IPO prospectus, as well as any intended use of the interest or other proceeds earned on the escrowed funds from the permitted investments.

Sec. 1012.

The escrow agreement governing the escrowed funds must provide for:

(a) the termination of the escrow and release of the escrowed funds on a pro rata basis to shareholders who exercise their redemption rights in accordance with Section 1008(a)(i) and the remaining escrowed funds to the SPAC if the SPAC completes a qualifying acquisition within the permitted time set out in Section 1022; and

(b) the termination of the escrow and the distribution of the escrowed funds to shareholders (other than the founding securityholders in respect of their founding securities) in accordance with the terms of Sections 1031 to 1033 if the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022.

In accordance with Section 1001, a draft of the escrow agreement must be submitted to the Exchange for pre-clearance.

Sec. 1013.

The underwriters must agree to defer and deposit a minimum of 50% of their commissions from the IPO as part of the escrowed funds. The deferred commissions will only be released to the underwriters upon completion of a qualifying acquisition within the permitted time set out in Section 1022. If the SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the deferred commissions placed in escrow will be distributed to the holders of the applicable shares as part of the liquidation distribution. Shareholders exercising their redemption rights will be entitled to their pro rata portion of the escrowed funds including any deferred commissions.

Sec. 1014.

The proceeds from the IPO that are not placed in escrow and interest or other proceeds earned on the escrowed funds from permitted investments may be applied as payment for administrative expenses incurred by the SPAC in connection with the IPO, for general working capital expenses and for the identification and completion of a qualifying acquisition.

Public Distribution

Sec. 1015.

A SPAC seeking listing on the Exchange must satisfy all of the criteria below:

(a) at least 1,000,000 freely tradeable securities are held by public holders;

(b) the aggregate market value of the securities held by public holders is at least $30,000,000; and

(c) at least 150 public holders of securities, holding at least one board lot each.

Pricing

Sec. 1016.

A SPAC seeking listing on the Exchange must issue securities pursuant to the IPO for a minimum price of $2.00 per share or unit.

Other Requirements

Sec. 1017.

In connection with its original listing, a SPAC will be subject to the following Sections of this Manual:

(a) Section 325 – Management

(b) Section 327 – Escrow Requirements

(c) Section 328 – Restricted Shares

(d) Sections 338-351 – The Listing Application Procedure

(e) Sections 352-356 – Approval of Listing and Posting Securities

(f) Sections 358-359 – Public Availability of Documents

(g) Section 360 – Provincial Securities Laws

Sec. 1018.

A SPAC seeking a listing on the Exchange will not be permitted to adopt a security based compensation arrangement prior to the completion of a qualifying acquisition.

C. Continued Listing Requirements Prior to Completion of a Qualifying Acquisition

Additional Equity by way of Rights Offering Only

Sec. 1019.

Prior to completion of a qualifying acquisition, the Exchange will permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury provided that: (i) the issuance is by way of rights offering in accordance with the requirements in Part VI of this Manual and (ii) at least 90% of the funds raised are placed in escrow in accordance with the provisions of Sections 1010 to 1014. Contemporaneous with or following completion of a qualifying acquisition, a listed SPAC may raise additional funds in accordance with Part VI of this Manual.

Sec. 1020.

The Exchange will only permit a listed SPAC to raise additional funds pursuant to the issuance or potential issuance of equity securities from treasury pursuant to Section 1019 to fund a qualifying acquisition and/or administrative expenses of the SPAC.

Other Requirements

Sec. 1021.

Prior to completion of its qualifying acquisition, in addition to this Part X, a listed SPAC will be subject to the following Parts of this Manual:

(a) Parts IV and V, other than Section 464 in respect of the requirement to hold an annual meeting provided that an annual update is disseminated via press release and available on the SPAC's website;

(b) Part VI, other than:

1. Section 624(h) in respect of the requirement to provide at least 21 days' notice in advance of a shareholders' meeting to holders of Restricted Securities;

2. Section 624(l) in respect of the requirement of certain take-over protective provisions, also referred to as coat-tail provisions; and

3. Section 624(m) in respect of the prohibition on the issuance of shares with greater voting rights than any listed shares for the issuance of the founding securities.

Until completion of a qualifying acquisition, a listed SPAC may only issue and make equity securities issuable in accordance with Sections 1019 to 1020. Security based compensation arrangements may not be adopted until completion of a qualifying acquisition;

(c) Part VII with the exception of Subsections 710(a)(ii) and 710(a)(iii);

(d) Part IX; and

(e) Applicable listing fees and forms.

D. Completion of a Qualifying Acquisition

Permitted Time for Completion of a Qualifying Acquisition

Sec. 1022.

A SPAC must complete a qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus. Where the qualifying acquisition is comprised of more than one acquisition, the SPAC must complete each of the acquisitions comprising the qualifying acquisition within 36 months of the date of closing of the distribution under its IPO prospectus, in addition to meeting the requirements of Section 1023.

Fair Market Value of a Qualifying Acquisition

Sec. 1023.

The businesses or assets forming the qualifying acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount then on deposit in the escrow account, excluding deferred underwriting commissions held in escrow and any taxes payable on the income earned on the escrowed funds. Where the qualifying acquisition is comprised of more than one acquisition, and the multiple acquisitions are required to satisfy the aggregate fair market value of a qualifying acquisition, these acquisitions must close concurrently and within the time frame in Section 1022.

Shareholder and Other Approvals

Sec. 1024.

The qualifying acquisition must be approved by: (i) a majority of directors unrelated to the qualifying acquisition; and (ii) a majority of the votes cast by shareholders of the SPAC at a meeting duly called for that purpose. Shareholder approval of the qualifying acquisition is not required where the SPAC has placed at least 100% of the gross proceeds raised in its IPO and any additional equity raised pursuant to Section 1019 in escrow in accordance with Section 1010. The shareholder approval requirements set out in Parts V and VI of the Manual will not apply to transactions concurrently effected with the qualifying acquisition, provided that they are disclosed in the prospectus for the resulting issuer and shareholder approval is not otherwise required for the qualifying acquisition. Where the qualifying acquisition is comprised of more than one acquisition, each acquisition must be approved.

Sec. 1025.

The SPAC's IPO prospectus must disclose whether shareholder approval will be required as a condition of the completion of the qualifying acquisition and the shareholders entitled to vote upon the matter. If a qualifying acquisition is subject to shareholder approval, the SPAC must prepare an information circular containing prospectus level disclosure of the resulting issuer assuming completion of the qualifying acquisition. This information circular must be submitted to the Exchange for pre-clearance prior to distribution.

Sec. 1026.

The SPAC may impose additional conditions on the completion of a qualifying acquisition, provided that the conditions are described in the prospectus or information circular describing the qualifying acquisition. For example, the SPAC may impose a condition not to proceed with a proposed qualifying acquisition if more than a pre-determined percentage of public shareholders exercise their redemption rights.

Sec. 1027.

In accordance with Section 1008, holders of shares (other than founding securityholders in respect of their founding securities) must be entitled to redeem their shares for their pro rata portion of the escrowed funds in the event that the qualifying acquisition is completed. Subject to applicable laws, shareholders who exercise their redemption rights shall be paid within 30 calendar days of completion of the qualifying acquisition and such redeemed shares shall be cancelled.

Prospectus Requirement for Qualifying Acquisition

Sec. 1028.

The SPAC must prepare and file a prospectus containing disclosure regarding the SPAC and its proposed qualifying acquisition with the Canadian securities regulatory authority in each jurisdiction in which the SPAC and the resulting issuer is and will be a reporting issuer assuming completion of the qualifying acquisition and, if applicable, in the jurisdiction in which the head office of the resulting issuer assuming completion of the qualifying acquisition is located in Canada. Completion of the qualifying acquisition without a receipt for the final prospectus will result in the delisting of the SPAC.

If a qualifying acquisition is subject to shareholder approval, the SPAC must obtain a receipt for its final prospectus from the applicable securities regulatory authorities prior to mailing the information circular described in Section 1025.

If a qualifying acquisition is not subject to shareholder approval, the SPAC must: (i) mail a notice of redemption to shareholders and make its final prospectus publicly available on its website at least 21 days prior to the deadline for redemption; and (ii) send by prepaid mail or otherwise deliver the prospectus to shareholders no later than midnight (Toronto time) on the second business day prior to the deadline for redemption, which delivery may be effected electronically in compliance with National Policy 11-201 – *Electronic Delivery of Document*. The notice of redemption must be pre-cleared by TSX prior to mailing.

Exchange discretion with respect to the requirements of this Section may only be exercised after discussions with, and the concurrence of, the OSC.

Exchange Approval

Sec. 1029.

The issuer resulting from the completion of the qualifying acquisition by the SPAC must meet the Exchange's original listing requirements set out in Part III of this Manual. The Exchange will provide the issuer with up to 180 days from the completion of the qualifying acquisition to provide evidence that it meets the Public Distribution Requirements set out in Section 315, failing which the issuer will generally be put under a remedial delisting review as described in Part VII.

Failure to obtain the Exchange's approval of the listing of the resulting issuer prior to the completion of the qualifying acquisition will result in the delisting of the SPAC. For greater certainty, a qualifying acquisition may include a merger or other reorganization or an acquisition of the SPAC by a third party.

Escrow Requirements

Sec. 1030.

Upon completion of the qualifying acquisition, the resulting issuer shall be subject to the Exchange's Escrow Policy.

E. Liquidation Distribution and Delisting Upon Failure to Meet Timelines for a Qualifying Acquisition

Sec. 1031.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, subject to applicable laws, it must complete a liquidation distribution within 30 calendar days after the end of such permitted time, pursuant to which the escrowed funds must be distributed to the holders of shares (other than founding securityholders in respect of their founding securities) on a pro rata basis, and in accordance with Section 1032.

Sec. 1032.

In accordance with Section 1004, the founding securityholders may not participate in any liquidation (or redemption) distribution with respect to any of their founding securities. In addition, in accordance with Section 1013, all deferred underwriter commissions held in escrow will be part of the liquidation (or redemption) distribution. A liquidation (or redemption) distribution therefore includes the minimum of 90% of the gross proceeds raised in the IPO, as required under Section 1010 and 50% of the underwriters' commissions as described in this Section. Any interest or other proceeds earned through permitted investments that remains in escrow shall also be part of the liquidation (or redemption) distribution. The amount distributed on a liquidation distribution shall however be net of any applicable taxes and direct expenses related to the liquidation distribution.

Sec. 1033.

If a listed SPAC fails to complete a qualifying acquisition within the permitted time set out in Section 1022, the Exchange will delist the SPAC's securities on or about the date on which the liquidation distribution is completed.

F. Continued Listing Requirements Following Completion of a Qualifying Acquisition

Sec. 1034.

Once a qualifying acquisition has been completed, the resulting issuer will be subject to all continued listing requirements in this Manual without exception.

Index