The Ontario Securities Commission

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Chapter 1

Notices

1.1 Notices

1.1.1 CSA Staff Notice 51-356 Problematic promotional activities by issuers

CSA Staff Notice 51-356
Problematic promotional activities by issuers

November 29, 2018

I. Background

We are seeing promotional activities by certain issuers that are either untrue or unbalanced to such an extent that they may mislead investors. In particular, these activities include disclosure and promotional campaigns that provide unbalanced or unsubstantiated material claims about the issuer's business and the corresponding opportunity for profit by investing in the issuer, which appear to be undertaken for the specific purpose of artificially promoting interest in the issuer's securities[1].

We are concerned that such activity may artificially increase the issuer's share price and trading volume, which undermines the integrity of the capital markets and puts investors at risk of harm from making misinformed investment decisions.

II. Purpose

We are issuing this notice to illustrate some of the specific problems we are seeing and reinforcing our commitment to ensuring that promotional activity by, or on behalf of, issuers remains balanced and not misleading. Although our examples specifically relate to activity we are seeing in the venture issuer marketplace, our expectations regarding disclosure and promotional activities apply to all issuers.

III. Activities of concern

The following are examples of promotional activities that may potentially be misleading:

- disseminating presentations, marketing materials, social media posts, or other information that describe early-stage plans with unwarranted certainty, or make unsupported assertions about growth of markets or demand for a product;
- issuing numerous news releases that disclose no new material facts;
- compensating third parties, who use social media and general investing blogs to promote issuers, but do not disclose their agency, compensation and/or financial interest;
- announcing an issuer name and/or business change to reference an emerging industry or technology such as block chain, cannabis, battery minerals, or cryptocurrency without a supporting business plan or comprehensive risk disclosure;
- announcing a positive event such as a large acquisition then subsequently changing or cancelling the transaction with no announcement. In addition, the initial announcement sometimes fails to disclose material conditions necessary to complete the transaction such as financing or due diligence, and the issuer sometimes fails to file corresponding material contracts or material change reports; and

[1] We will also be undertaking a separate project to analyze the impact of activist short sellers on the Canadian capital markets.

- disclosing details about mineral projects that:
    - suggest without direct evidence from sampling or exploration, that a property holds high potential for development including production. For example, including photos of assayed core beside new core, to imply mineralization prior to third party verification;
    - rely on projected peak versus long-term commodity prices; or
    - imply that a property holds a specific fair market value without a feasibility report.

The above list is not exhaustive. Other behaviour that appears to be misleading will raise similar concerns and may result in a regulatory response.

IV. Relevant requirements and guidance

When engaging in promotional activities, we expect issuers to comply with all relevant securities laws applicable in the jurisdiction and follow guidance[2], including:

- general prohibitions against false or misleading statements that would be expected to have a significant effect on the price or value of an issuer's securities;
- general prohibitions against acts, practices or conduct relating to securities that result in or contribute to a misleading appearance of trading activity or an artificial price for a security;
- requirements that every investor relations record disseminated by or on behalf of an issuer or security holder must clearly and conspicuously disclose that the record is being issued by or on behalf of that issuer or security holder;
- requirements that an issuer must not disclose forward-looking information unless the issuer has a reasonable basis for the information and requirements that any such disclosure must:
    - identify forward-looking information as such;
    - caution users that actual results may vary from the forward-looking information and identify material risk factors that could cause actual results to differ materially from the forward-looking information;
    - state the material factors or assumptions used to develop forward-looking information;
- requirements to update previously disclosed forward-looking information when events and circumstances occur that are reasonably likely to cause actual results to differ materially;
- guidance on general disclosure including:
    - the types of events or information that may be material;
    - avoiding exaggerated reports and potentially misleading promotional commentary;
    - establishing appropriate board and senior officer oversight over oral, written, and electronic disclosures;
    - issuers not participating in, hosting, or linking to chat rooms or bulletin boards;
    - reinforcing the need to also comply with exchange disclosure policies; and
- guidance reminding issuers to have rigorous social media disclosure controls and reiterating our expectations that issuers ensure that all disclosures regardless of venue are balanced and not misleading, including by/through:

[2] See National Policy 51-201 *Disclosure Standards*, CSA Multilateral Staff Notice 51-336 *Issuers Using Mass Advertising*, and CSA Staff Notice 51-348 *Staff's Review of Social Media Used by Reporting Issuers*.

- not making misleading statements;
- not excluding facts needed to avoid misleading readers;
- announcing material changes in a factual and balanced way;
- disclosing unfavorable news as promptly and completely as favorable news;
- avoiding exaggerated reports or potentially misleading promotional commentary;
- appropriately disclosing and using forward looking information;
- not cherry-picking analyst reports; and
- prominently disclosing when reports and articles are paid for by the issuer.

V. Regulatory responses

Problematic promotional activities may result in enforcement action or other regulatory responses such as requiring an issuer to:

- issue a clarifying news release;
- retract or remove overly promotional language from their disclosure record including their website and/or social media; and
- re-file continuous disclosure documents.

We will continue to monitor promotional activity and we will consider whether the scope and extent of problematic promotional activities require compliance or enforcement regulatory action to protect investors and the integrity of our capital markets.

VI. Questions

Please refer your questions to any of the following:

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1.1.2 OSC Staff Notice 45-716 2018 Ontario Exempt Market Report

OSC Staff Notice 45-716 *2018 Ontario Exempt Market Report* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

OSC

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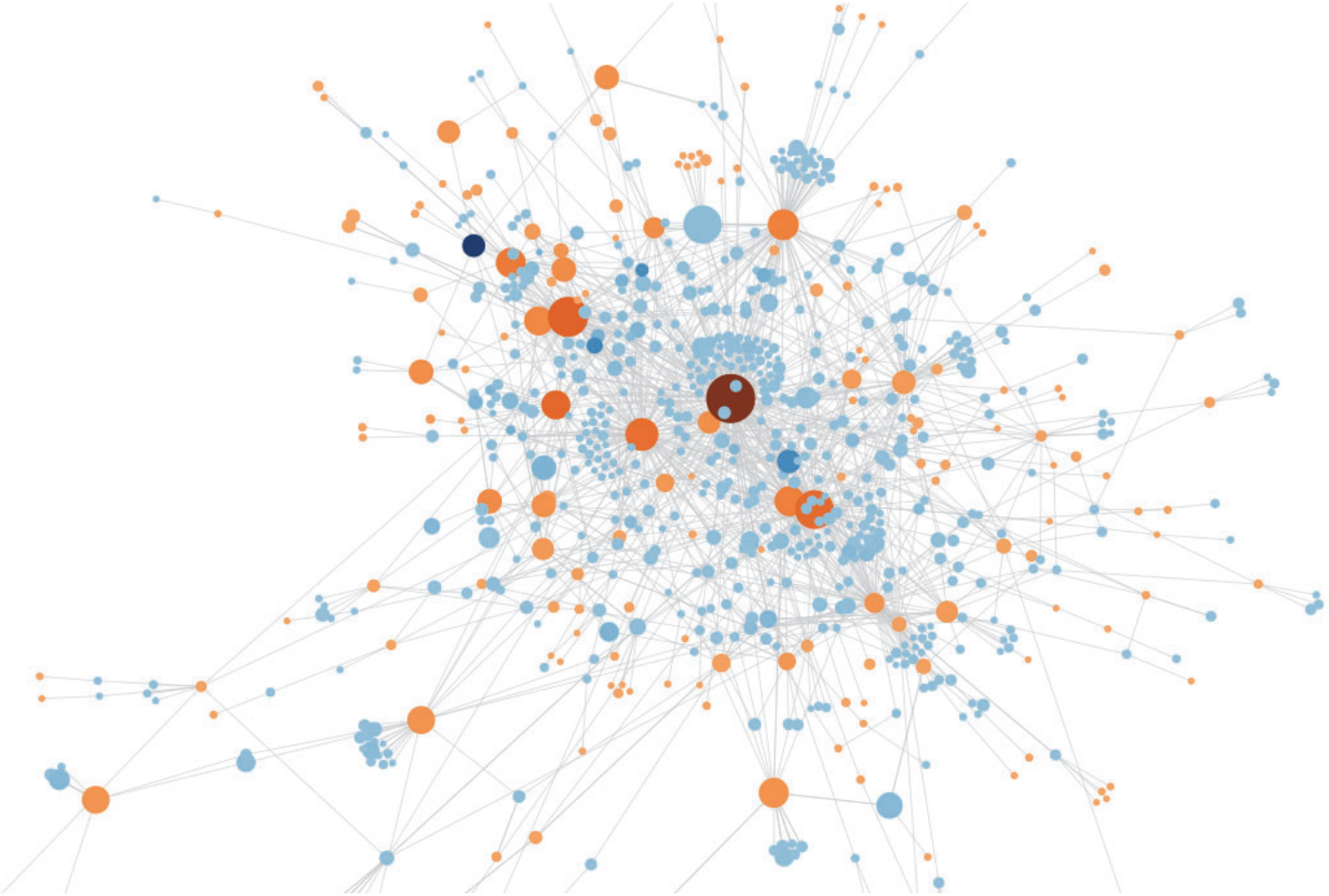

ONTARIO EXEMPT MARKET

REPORT

OSC Staff Notice 45-716

2018

ONTARIO EXEMPT MARKET REPORT 2018

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EXECUTIVE SUMMARY

The exempt market continues to be an important component of Ontario's capital market, with exempt market investments increasing in 2017.[1] Ontario institutional investors and residents invested approximately $91.6 billion in Canadian and foreign corporate (non-investment fund) issuers through prospectus-exempt offerings, a 27% increase from 2016.

This report provides a snap-shot of activity in Ontario's exempt market during 2017. The report covers capital raised by corporate issuers from Ontario-based investors during the period and highlights notable investor and issuer trends.

The key findings in this report include:

Investor Trends

- Capital raised from institutional investors[2] comprises approximately $89.4 billion (or 98%) of the total capital invested in Ontario's exempt market.
- Individual investors contributed $2.2 billion (2%) of the total capital invested in Ontario's exempt market.
- Individual investors represent a large proportion (77%) of the approximately 28,500 exempt market investors.
- Approximately 39% of total capital invested by individual investors and 10% of total capital invested by institutional investors went toward real estate or mortgage investments.

Issuer Trends

- Approximately 37% of Canadian issuers that accessed Ontario's exempt market were identified as small issuers[3], collectively accounting for less than 1% of the total capital raised in 2017.
- Close to half of the small Canadian issuers that raised capital in Ontario's exempt market were junior exploration companies, most of which were listed on a Canadian exchange.
- Small Canadian issuers that raised capital in Ontario's exempt market were also largely comprised of reporting issuers in other sectors/industries such as manufacturing, technology and life sciences.
- Although 1 in 4 small businesses relied on the family, friends and business associates exemption to raise capital, approximately 80% of their total capital was raised under the accredited investor exemption.

Impact of Newer Prospectus Exemptions

- Collectively, prospectus exemptions introduced since 2015 have continued to gain traction among issuers and investors in 2017.
- Total capital raised under the offering memorandum and family, friends and business associates exemptions doubled to $327 million since 2016.
- The offering memorandum and family, friends and business associates exemptions were used by just under 600 Canadian issuers in 2017. However, most issuers that relied on these exemptions raised most of their capital under the accredited investor exemption.
- The offering memorandum exemption has been largely used by real estate and mortgage investment entities.

[1] For more information about the exempt market, see OSC's "The exempt market" webpage at <http://www.osc.gov.on.ca/en/exempt-market.htm> or the OSC Investor Office's "The exempt market explained" webpage at <http://www.getsmarteraboutmoney.ca/>.

[2] For the purpose of this report, "**institutional investor**" refers to institutional investors and other non-individuals including companies, trusts or managed accounts purchasing on behalf of a beneficiary or group of beneficiaries. The "individual investor" (or "**individuals**") category refers to investors that were identified by their full legal name and not a corporation name or legal entity name. In some cases individual investors may also include named individuals that were purchasing on behalf of a beneficial owner.

[3] Small Canadian issuers are identified in this report as issuers with under $5 million in assets and less than $1 million in capital raised during the calendar year.

- There was no reported use of the crowdfunding prospectus exemption in 2017. However, there have been several exempt market dealers and other registered entities that have facilitated a crowdfunding-like model to raise capital predominantly from accredited investors.

The findings highlighted in this report will help inform the OSC's on-going efforts to monitor this growing market, both from an operational compliance perspective and to understand its role in capital formation for future policy making. The OSC's ongoing compliance and oversight efforts in the exempt market are outside the scope of this report. However, we note that the OSC's Compliance and Registrant Regulation Branch completed an initial sweep of compliance reviews of exempt market dealers that have facilitated the distribution of securities in reliance on the offering memorandum and family, friends and business associates exemptions. Please refer to OSC Staff Notice 33-748 *2017 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* for more information about this sweep. See also OSC Staff Notice 33-749 *2018 Annual Summary Report for Dealers, Advisers and Investment Fund Managers* for more information about compliance reviews and other topics of interest for exempt market dealers.

BACKGROUND

PURPOSE AND SCOPE

Using data contained in regulatory filings, this report provides a summary of trends related to exempt market capital raising activity in Ontario during 2017. The primary goal of the report is to inform market participants about exempt market activity, both in terms of businesses raising capital and investors allocating capital to businesses.

The report discusses the following:

- Annual growth and market composition
- Investor trends
- Issuer trends

The analysis is focused on exempt market capital raising by corporate issuers.

Canadian regulators adopted new prospectus exemptions beginning in 2015 to facilitate capital raising opportunities in the exempt market, especially for small and medium-sized enterprises. These prospectus exemptions also formed the basis of the OSC's exempt market reform initiative which was aimed at expanding investment opportunities for all investors, especially retail investors, while maintaining appropriate investor protections. The prospectus exemptions include the following:

- Existing security holder exemption – February 11, 2015
- Family, friends and business associates exemption – May 5, 2015
- Offering memorandum exemption – January 13, 2016
- Crowdfunding exemption – January 25, 2016

With this reform of the exempt market regime now complete, the OSC's focus has shifted to monitoring their impact and assessing whether they are achieving their expected regulatory outcomes, or if further regulatory responses are needed.

DATA

The data underlying the analysis was obtained from the Form 45-106F1 *Report of Exempt Distribution* ("**the F1 Report**") filed with the OSC by corporate issuers that raised capital from Ontario investors. Generally, issuers are required to file the F1 Report within 10 days of the first distribution date. Therefore, an issuer in continuous distribution over a period longer than 10 days is required to file multiple F1 Reports to cover the distribution period.

Only certain prospectus exemptions trigger a requirement to file an F1 Report and so the information gathered from the filings does not represent all exempt market activity. For more information on which exemptions require the filing of an F1 Report, see Part 6 of NI 45-106. For example, issuers with fewer than 50 investors (excluding current and former employees) can rely on the private issuer exemption under subsection 73.4(2) of the Securities Act (Ontario) (the **Act**) to raise capital and would not be required to file an F1 Report.[4]

The findings in this report incorporate several assumptions and inferences as a result of OSC staff analysis of filed F1 Reports. The analysis reflects information provided by filers at a point in time, and therefore may not reflect filer amendments that were submitted at a later date.[5]

[4] However, in some cases, written offering materials may be considered an "offering memorandum" and subject to a requirement to deliver the written offering materials to the OSC. See Part 5 of OSC Rule 45-501.

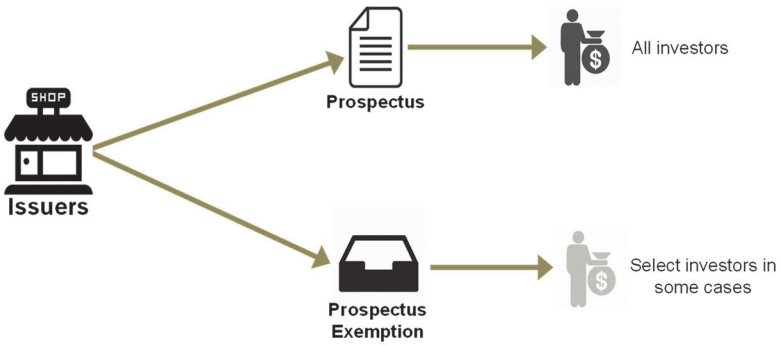
[5] Some issuers may have filed or amended Reports pertaining to 2017 distributions after the data was collected for this report. These amended filings and filings with missing information or data quality issues were excluded for this analysis. These types of filings represent less than 1% of all filings in a given year.

WHAT IS THE EXEMPT MARKET?

A company seeking to raise capital from investors may, generally, distribute securities either[6]:

- under a prospectus, or
- without a prospectus, in reliance on a prospectus exemption.

Figure 1 – How issuers raise capital from investors



One of the key principles of Canadian securities law is that securities may not be distributed unless a prospectus is filed with a Canadian securities regulator. A prospectus is a comprehensive disclosure document that sets out detailed information about an issuer and describes the securities being issued and the risks associated with purchasing those securities. An issuer that obtains a receipt from a Canadian securities regulator for a prospectus becomes a reporting issuer and can then use the prospectus to offer and sell securities to the public (i.e. all investors). Companies that are reporting issuers must make certain information about their activities and financial status available to the public. These reporting issuers may also choose to publicly list their securities on a Canadian stock exchange such as the Toronto Stock Exchange (TSX).

In certain cases, securities may be offered without a prospectus, in reliance on certain prospectus exemptions. The "exempt market" describes the segment of our capital markets where securities can be sold without the protections afforded by a prospectus. Such offerings are sometimes also referred to as exempt distributions or private placements. Most exemptions from the prospectus requirement are set out in Part XVII of the Act, OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (OSC Rule 45-501) and National Instrument 45-106 *Prospectus Exemptions* (NI 45-106). Each prospectus exemption has its own rules about who can sell securities and who can buy securities under the specified exemption.

Each prospectus exemption is premised on a specific policy rationale that justifies not requiring a prospectus and, consequently, the distribution may be limited to certain classes of investors with specific attributes. Investors who buy securities through prospectus exemptions generally do not have the benefit of ongoing information about the issuer or the security that they are investing in. As well, they often do not have the ability to easily resell the security.

Companies that are reporting issuers may also rely on prospectus exemptions to raise capital either separately or concurrently with a prospectus offering.

[6] Issuers can also concurrently rely on both a prospectus and prospectus-exempt offering to raise capital especially in cross-border offerings or strategic deals.

MARKET PARTICIPANTS

There are three key stakeholders in the exempt market: issuers, investors and, in some transactions, intermediaries such as underwriters or dealers that assist in brokering transactions between issuers and investors.

Issuers across all sectors, sizes and jurisdictions, both Canadian and foreign, can access Ontario's exempt market.

Among the investors, institutional investors (such as pension funds, asset management firms, and other entities like investment trusts and corporations) account for most of the invested capital in the exempt market. The remaining investors are individual investors, comprised mainly of high-net-worth individuals, angel investors or individuals related to the issuer.

In some exempt market offerings, intermediaries such as underwriters, investment dealers or exempt market dealers may be involved.[7] Traditionally, the intermediary role was delegated to an individual or group of individuals; however, more recently, a few registered on-line portals have also been facilitating these exempt market transactions.

KEY MARKET SEGMENTS

Ontario's exempt market encompasses a mix of issuers and investors. Issuers with financing needs generally represent the demand for capital while investors provide the supply of this capital.

Figure 2 - Market segments identified

In this report, exempt market activity is broadly classified into broad investor and issuer segments as illustrated in Figure 2. The supply of capital or investor market consists of individuals and institutional investors. On the demand side, issuers have been grouped by relative size: small issuers and large issuers.

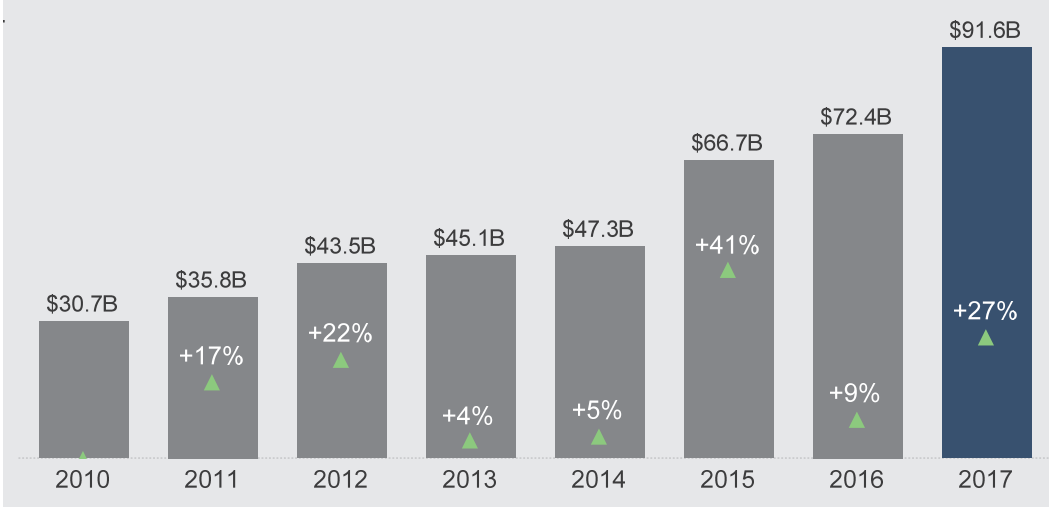
[7] Companies that rely on prospectus exemptions to distribute securities commonly rely on registered dealers to distribute the securities to investors. A company that seeks to distribute securities to investors without registered dealer involvement may itself be required to register as a dealer. For additional guidance on when companies and intermediaries need to be registered, see Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

ANNUAL GROWTH AND MARKET COMPOSITION

CAPITAL FLOWS REACHED NEW HIGHS IN 2017

Annual capital flows in Ontario's exempt market have been increasing over the years, as illustrated in Figure 3. Ontario investors allocated approximately $91.6 billion to roughly 2,970 corporate issuers through purchases of prospectus-exempt securities in 2017, nearly three times the size of similar capital flows in 2010. Capital raised through the exempt market in 2017 represents a 27% increase in proceeds raised from 2016 and a 17% increase in the number of issuers.

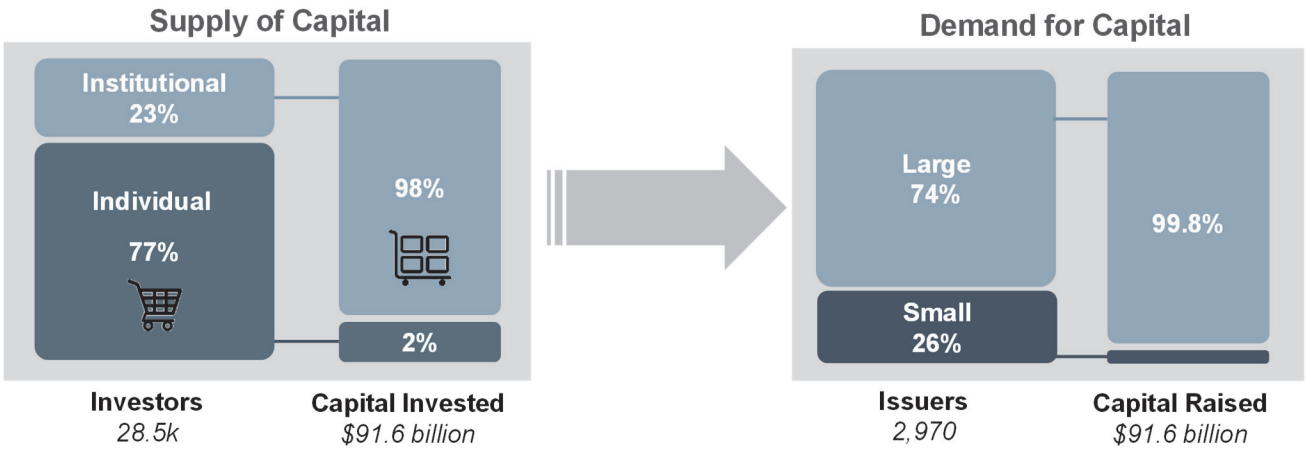
Figure 3 - Annual capital raised from Ontario investors



INSTITUTIONAL INVESTORS ACCOUNT FOR THE MAJORITY OF INVESTED CAPITAL

The exempt market is largely comprised of capital flows from institutional investors. In 2017, institutional investors invested approximately 98% of the aggregate capital raised by issuers while comprising less than one-quarter of Ontario investors purchasing prospectus-exempt securities (see Figure 4). The largest component of these capital flows from institutional investors continues to be invested in foreign (predominantly U.S-based) issuers ($54 billion) and mainly in the form of large fixed income issuances ($34 billion).

Figure 4 – 2017 Ontario exempt market

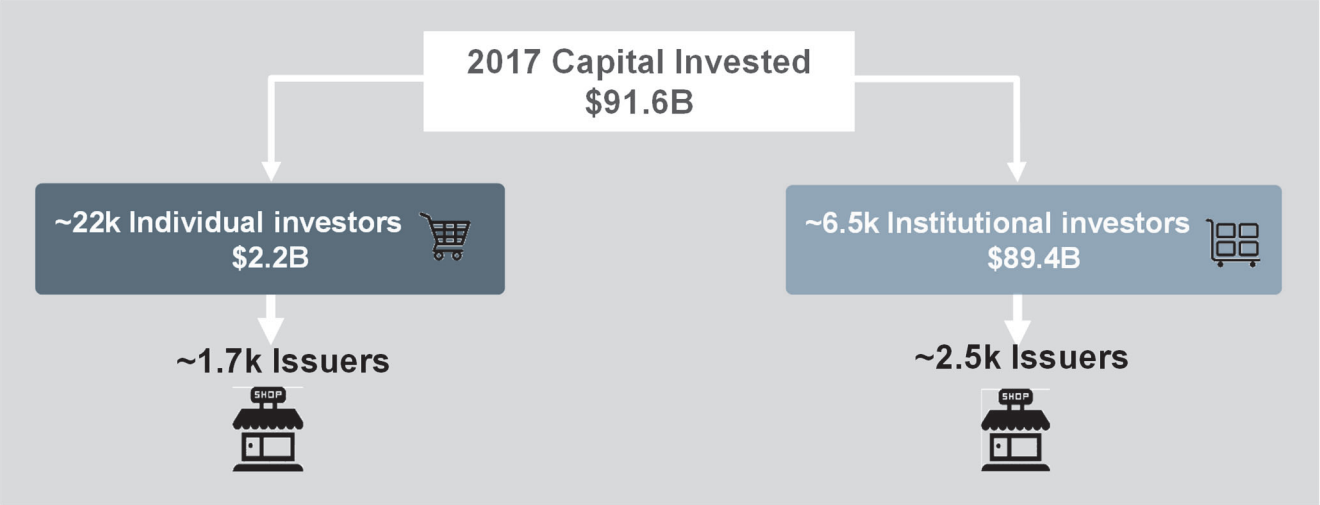


INVESTOR TRENDS

Investment activity and relative exposure across key sectors and asset classes differs significantly by investor group. Figure 5 illustrates the share of capital invested in Ontario's exempt market by individual and institutional investors in 2017. To summarize:

- 22,000 individual investors allocated $2.2 billion across 1,700 issuers.
- 6,500 institutional investors allocated $89.4 billion to 2,500 issuers.

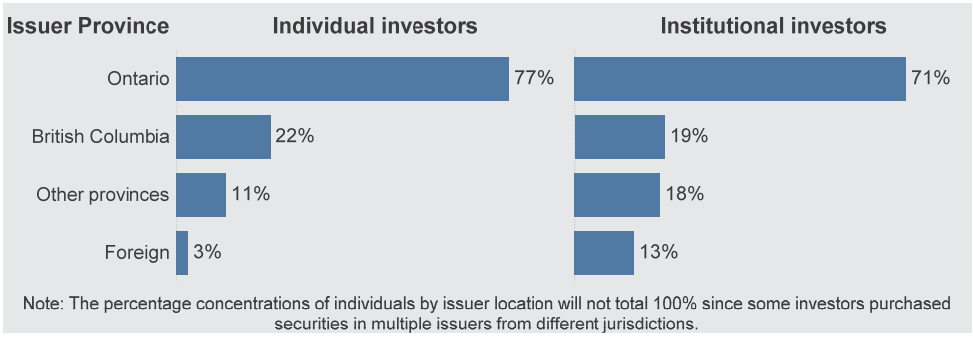
Figure 5 - 2017 Ontario exempt market activity by investor segment



INDIVIDUAL INVESTOR CAPITAL CONCENTRATED AMONG ONTARIO-BASED ISSUERS

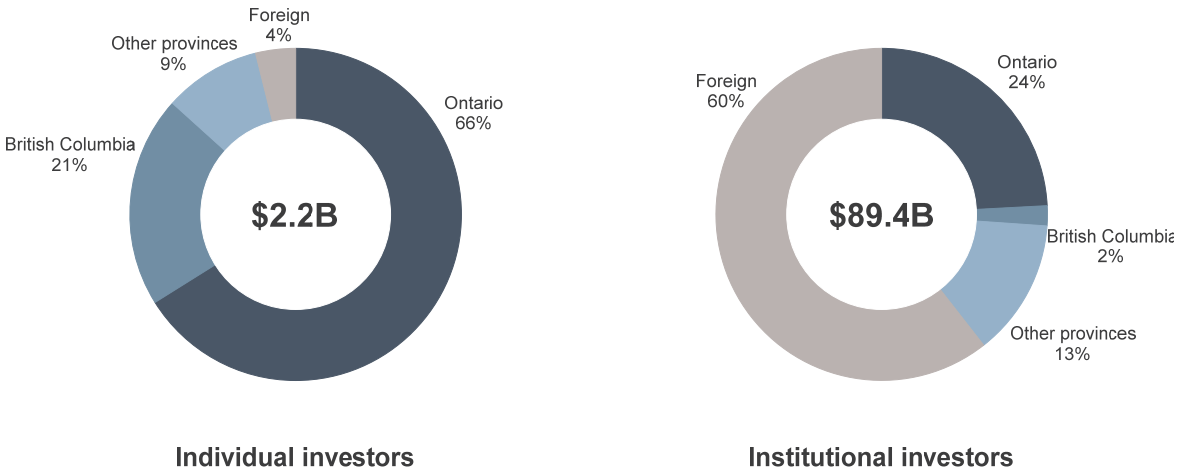
In both investor groups, roughly three out of every four investors allocated capital to an Ontario-based issuer (Figure 6).

Figure 6 - Proportion of investors by issuer's head office location



Ontario-based issuers also received the largest proportion (66%) of the total invested by individual investors (Figure 7). However, the total amount invested by institutional investors was disproportionately concentrated among foreign issuers. Foreign-based issuers were comprised of mostly large and well-established U.S.-based issuers in the financial and non-financial sector placing fixed income securities with institutional investors.

Figure 7 - Invested capital by issuer's head office location

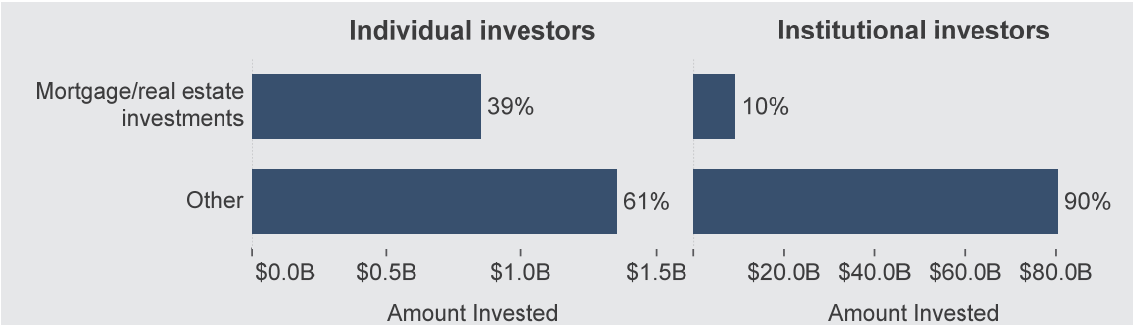


MOST INDIVIDUAL INVESTORS HAD REAL ESTATE OR MORTGAGE-RELATED INVESTMENTS

In 2017, 2 in 5 exempt market investors (individuals and institutional investors) had allocated capital to an issuer that primarily held real estate or mortgage-related assets. However, individuals contributed a higher proportion of their invested capital in these issuers than institutional investors. Individual investors invested approximately $850 million (or 39% of total invested capital), whereas institutional investors invested $9.2 billion or 10% of their total invested capital (Figure 8).

2 in 5 investors allocated capital to issuers that primarily held real estate and/or mortgage assets

Figure 8 - Capital invested in issuers with real estate or mortgage-related assets

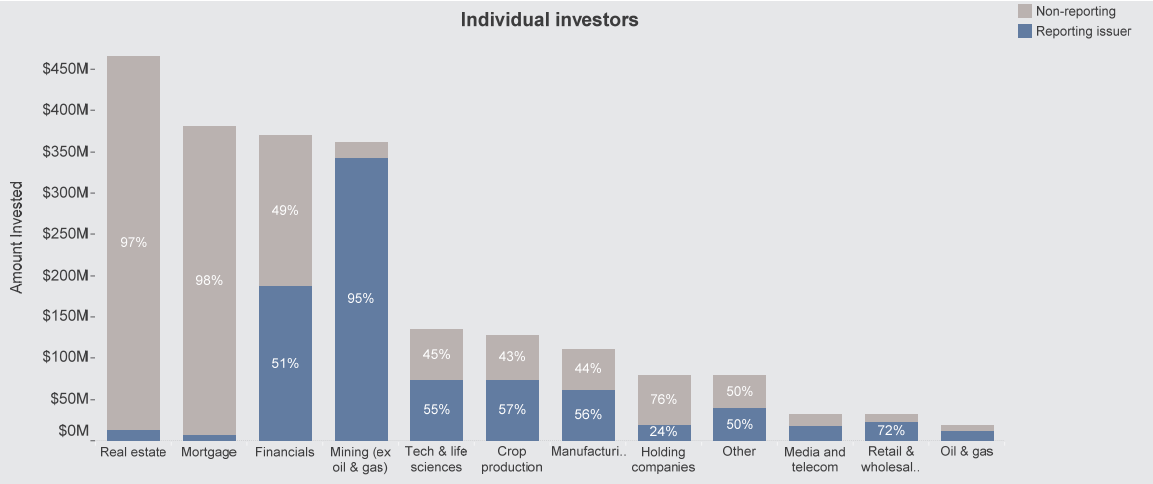


Individual investors allocated almost as much capital in issuers with real-estate assets as they did in issuers that primarily held mortgage assets (see Figure 9). Individuals also predominantly held investments in these real estate and mortgage issuers through an equity stake (~ 93% of capital invested). In contrast, institutional investors had most of their capital invested in real estate issuers (see Figure 10) and mainly through holdings of debt or other fixed income securities (~47% of invested capital). Issuers that held mortgage-related assets largely consisted of mortgage investment entities, whereas issuers with real estate assets included real estate investment trust (REITS), property development firms and other real estate investment companies.

INDIVIDUAL INVESTORS ALLOCATED MORE CAPITAL TO REPORTING ISSUERS

Individual investors allocated a high proportion of capital to reporting issuers, especially in key Canadian sectors such as mining, technology and life sciences. Individual investors continue to invest in these high-growth sectors, while changes to cannabis regulations have also attracted individual investors to the agriculture or crop production sector. Aside from real estate and mortgage investments which were comprised primarily of non-reporting issuers, individuals also invested significantly in other financial issuers (such as private equity or venture capital funds and linked-notes issued by commercial banks).

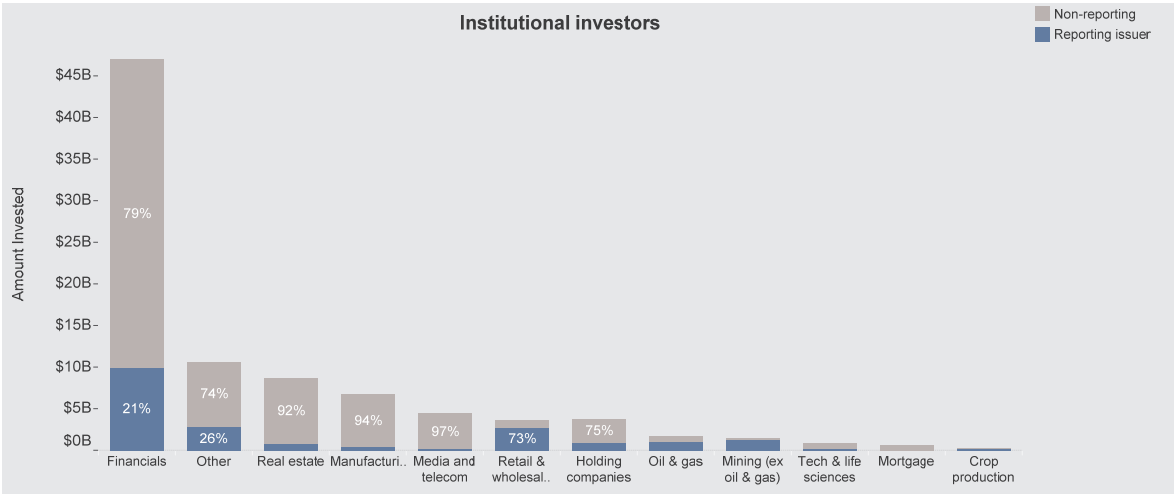
Figure 9 – Capital invested by individual investors across key sectors/industries



INSTITUTIONAL CAPITAL WAS LARGELY INVESTED IN FINANCIAL ISSUERS

Institutional investors allocated most of their capital to financial issuers (approximately $47 billion or 53% of total invested capital), with the top ten financial issuers in 2017 each raising over a billion dollars from institutional investors alone. These financial investments were mainly in the form of fixed income securities issued by financial credit intermediaries and foreign commercial banks, or equity investments in global private investment firms. Financial credit intermediaries in Ontario's exempt market raised capital predominantly from institutional investors and continued to be largely comprised of captive finance companies of global auto makers or securitization vehicles backed primarily by non-mortgage related consumer-debt. Institutional investors' exposure to commercials banks occurred mainly through large global debt offerings of senior unsecured medium-term notes. As Figure 10 demonstrates, aside from-financials, institutional investors invested their capital in more traditional sectors such as manufacturing, media, telecom and utilities.

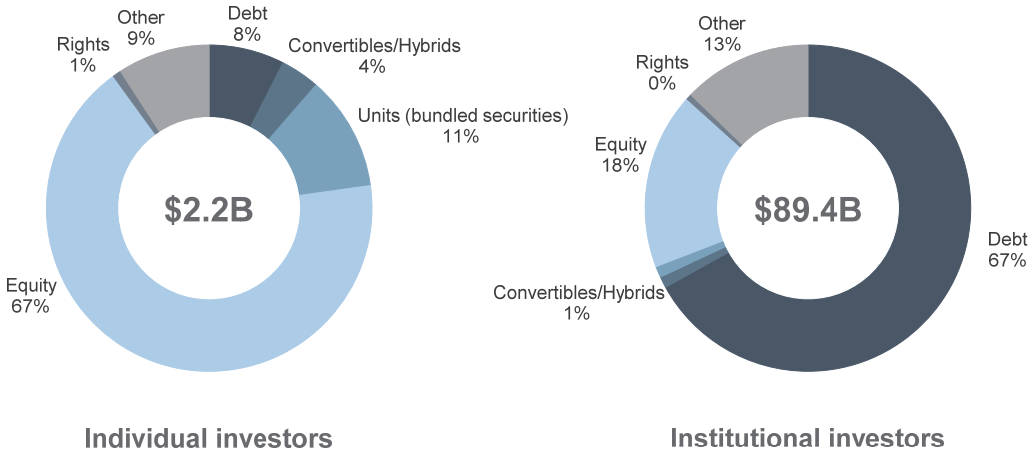
Figure 10 –Capital Invested by institutional investors across key sectors/industries



EQUITY WAS THE MOST COMMON TYPE OF SECURITY DISTRIBUTED

Individuals invested almost 90% of their capital in equity or non-debt offerings, while institutional investors invested 67% of their capital in debt or fixed income-type securities. These debt offerings were predominantly sold to a few large institutional investors as evidenced by the disproportionately small number of institutional investors (1 in 10) that participated in a debt offering. In contrast, a much larger proportion of institutional investors (2 in 3) participated in equity offerings.

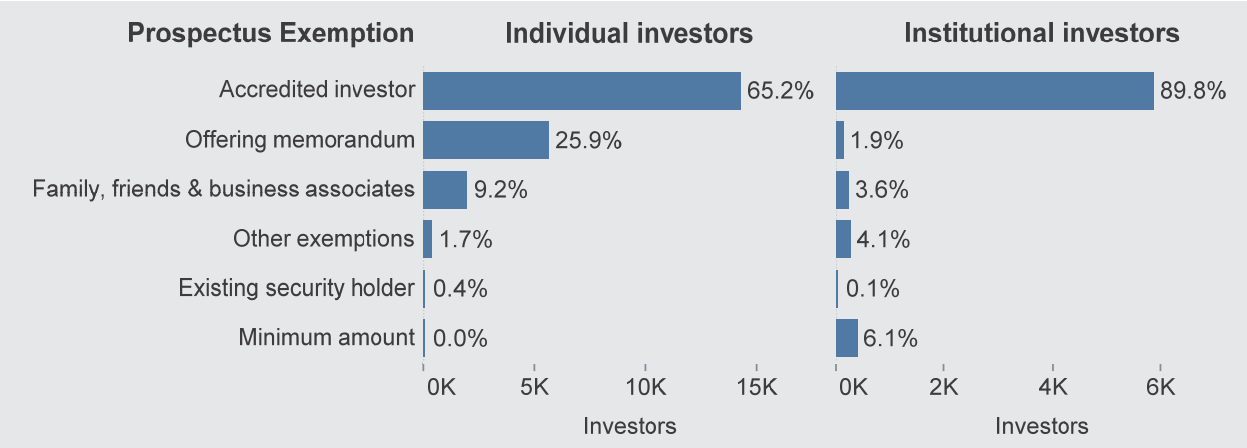
Figure 11 - Capital invested by security type



NEWER EXEMPTIONS INCREASINGLY USED BY INDIVIDUAL INVESTORS

The accredited investor exemption is still predominantly used to raise capital in Ontario. However, two newer exemptions – the family, friends and business associates and offering memorandum exemptions – have also been increasingly used by individual investors.[8] After the accredited investor exemption, the family, friends and business associates and offering memorandum exemptions were the most frequently used to raise capital from individual investors. In 2017, the family, friends and business associates and offering memorandum exemptions together accounted for approximately 7,600 individuals (or approximately 35% of all individual investors).

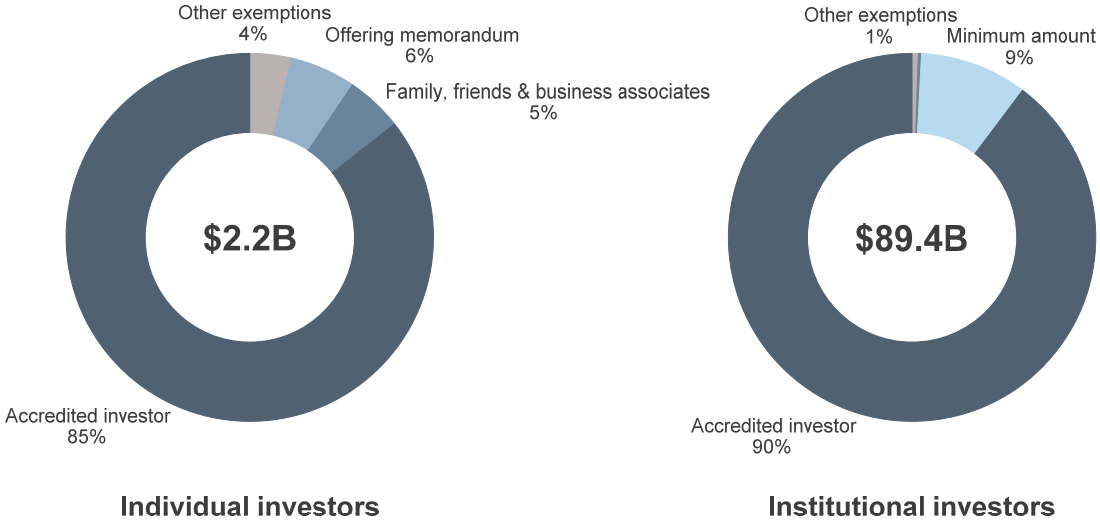
Figure 12 - Investors by exemption type



[8] For more information on the newer prospectus exemptions see "Summary of Key Capital Raising Prospectus Exemptions in Ontario," January 28, 2016 at <http://www.osc.gov.on.ca/documents/en/Securities-Category4/ni_20160128_45-106_key-capital-prospectus-exemptions.pdf>.

Although the offering memorandum exemption was relied on by twice the number of investors than the family, friends and business associates exemption, the offering memorandum exemption raised only marginally more capital ($124 million compared to $113 million).

Figure 13 - Capital Invested by prospectus-exemption

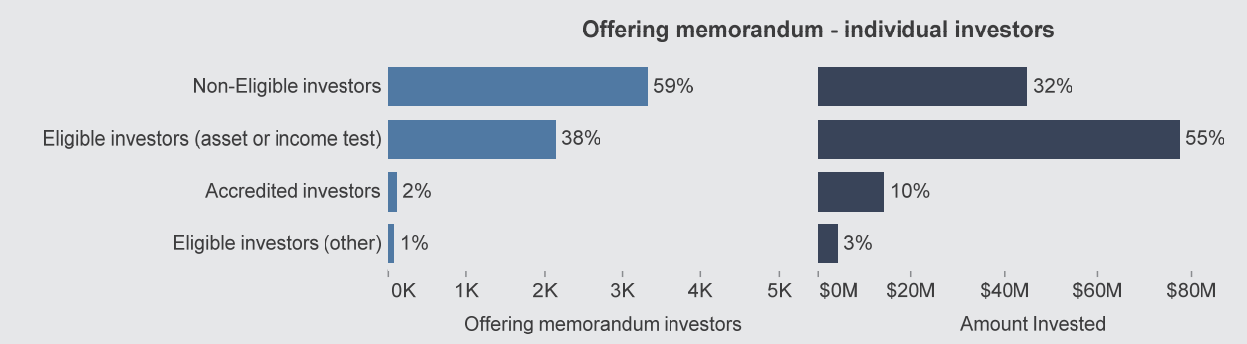


There have been no reported filings under the crowdfunding prospectus-exemption since it was implemented in January 2016. However, there have been several exempt market dealers and other registered entities that have facilitated a crowdfunding-like model to raise capital predominantly from accredited investors. In 2017, these registered portals or intermediaries are estimated to have facilitated just under $100 million in capital raised from Ontario investors.

ELIGIBLE INVESTORS ACCOUNTED FOR THE LARGEST SHARE OF DOLLARS RAISED

In Ontario, investors relying on the offering memorandum exemption are subject to investment limits depending on whether they qualify as an eligible investor.[9] Approximately 38% of offering memorandum investors were reported to be eligible investors (based on asset or income test) and together they invested 55% of the capital reported under the offering memorandum exemption in 2017. Roughly 2% of offering memorandum investors were also reported to be accredited investors, raising 10% of total capital.

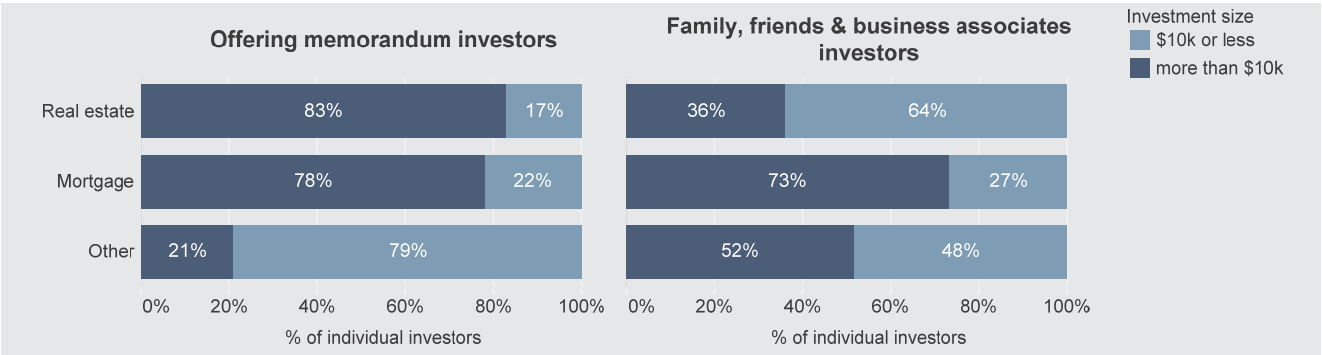
Figure 14 – Offering memorandum investor types



INDIVIDUAL INVESTORS UNDER THE OFFERING MEMORANDUM EXEMPTION MADE LARGE INVESTMENTS IN REAL ESTATE AND MORTGAGE ISSUERS

A high proportion of offering memorandum investors allocated more than $10,000 to real estate or mortgage investments over the year, especially when compared to investments in other sectors. Investments in real estate or mortgage issuers under the offering memorandum exemption were mainly comprised of investors that purchased more than $10,000 in securities. This ratio was considerably lower for offering memorandum investors in other sectors, where only 21% of investors invested more than $10,000.

Figure 15 - Investor breakdown by investment size



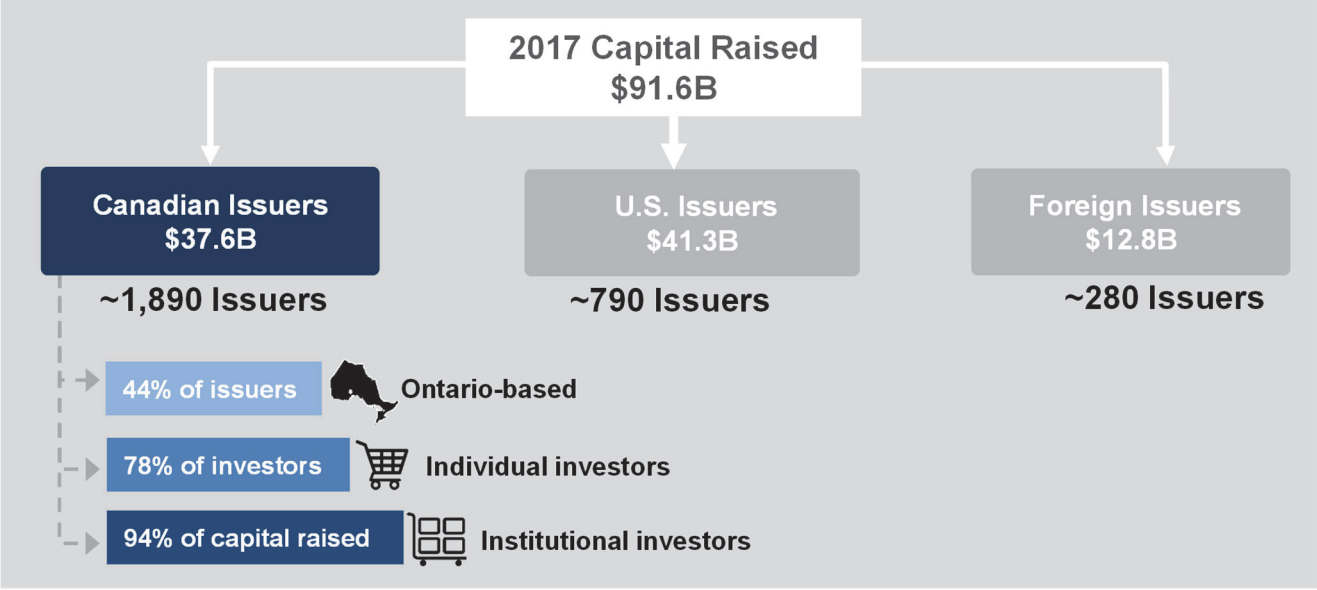
[9] For more information on eligible investors and investment limits under the offering memorandum exemption see "Summary of Key Capital Raising Prospectus Exemptions in Ontario", January 28, 2016 (http://www.osc.gov.on.ca/en/SecuritiesLaw_ni_20160128_45-106_key-capital-prospectus-exemptions.htm).

CANADIAN ISSUER TRENDS

This section provides a detailed analysis of Canadian issuers in Ontario's exempt market with an emphasis on small issuers and the impact of prospectus-exemptions introduced beginning in 2015.

Most exempt market issuers are based in Canada. In 2017, Ontario investors allocated about $37.6 billion to approximately 1,890 Canadian issuers. Although Canadian issuers raised 94% of their capital from institutional investors, their investor base was predominantly comprised of individual investors (78%). Approximately 44% of Canadian issuers were headquartered in Ontario. Those issuers raised a combined $23.3 billion in 2017 through the exempt market.

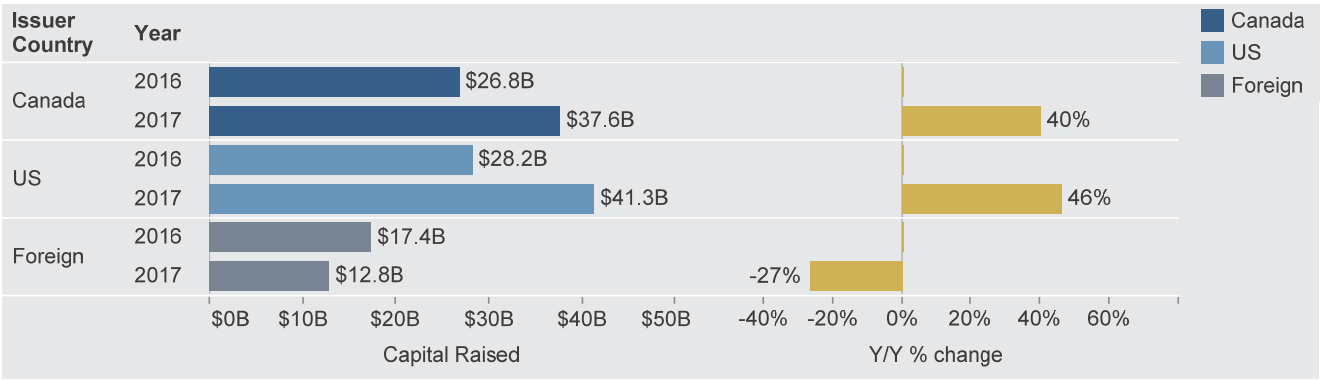
Figure 16 - Ontario exempt market activity by issuer location



HIGHER LEVEL OF CAPITAL RAISED BY CANADIAN AND U.S. ISSUERS

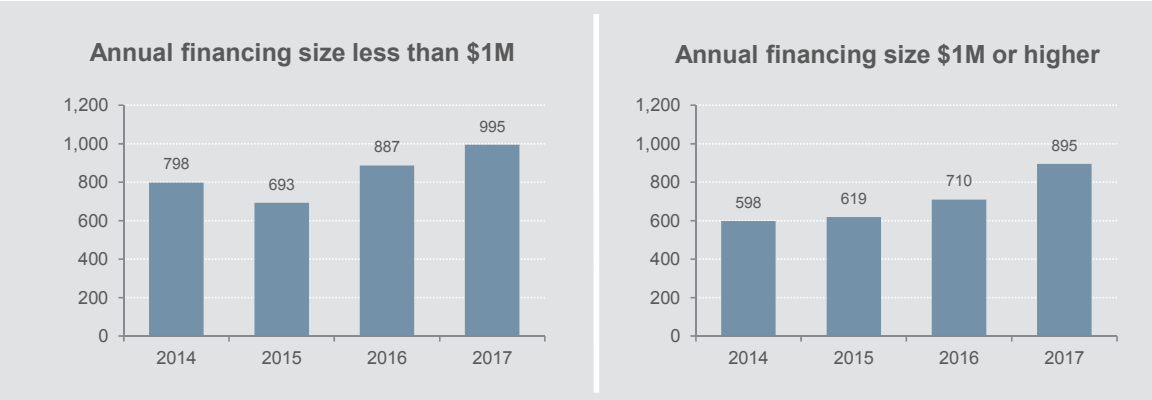
The number of Canadian and U.S. issuers has increased since 2016 by 18% and 16% respectively. Figure 17 displays the corresponding increase in the annual capital raised by Canadian and U.S. issuers in Ontario's exempt market. Although capital raised by foreign issuers dropped by 27% over the same period, there was a 25% increase in the number of foreign issuers that accessed Ontario's exempt market. Much of the capital raised by U.S. and other foreign issuers is in the form of fixed income securities that are purchased by Canadian institutional investors.

Figure 17 - Y/Y Capital raised by issuer country



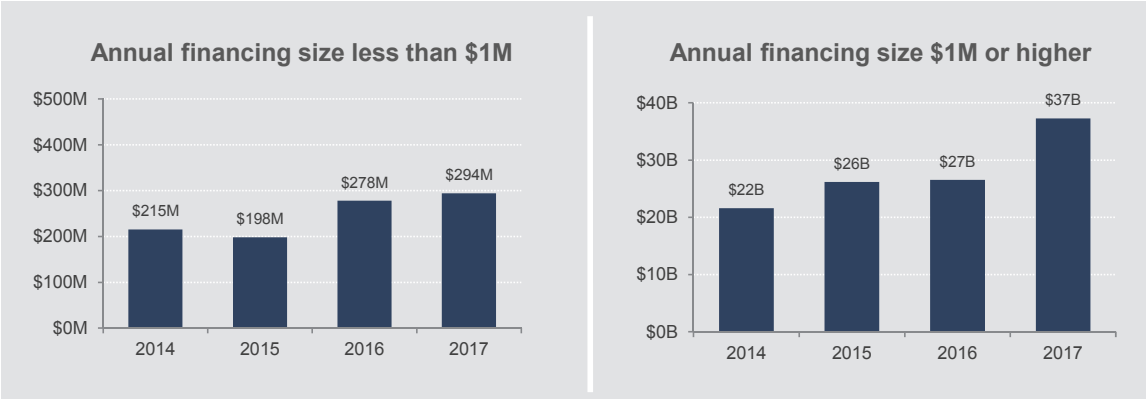
In 2017, almost 80% of U.S. and foreign issuers raised $1 million or more, but over half of Canadian issuers raised less than $1 million. Canadian issuers with smaller financings (less than $1M) have been quite active in Ontario's exempt market, marginally outnumbering foreign issuers and Canadian issuers with larger financings.

Figure 18 – Number of Canadian issuers by annual financing size



The number of Canadian issuers in both the small (under $1 million) and large financing groups ($1 million or more) increased since 2014, with a more notable increase in issuers with large financings in 2017 (Figure 18). The total capital raised by both small and large Canadian issuers has also increased from 2016 (Figure 19), but evidently more so for issuers that raised over $1 million.

Figure 19 - Total capital raised by Canadian issuers by annual financing size



REDEFINING SMALL BUSINESS ACTIVITY

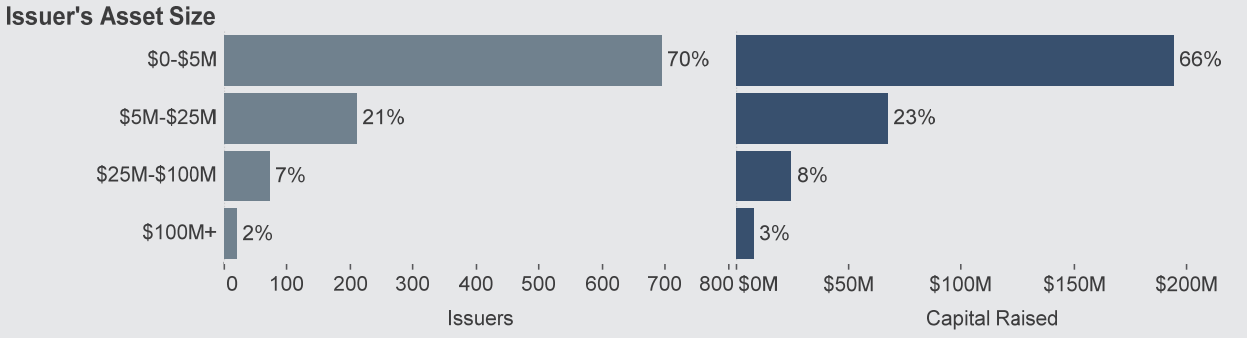
Our previous analysis of exempt market activity identified small issuers by an annual financing size of under $1 million.[10] Financing size provided the closest proxy to small issuer activity given the lack of issuer information that was collected on the F1 Report prior to June 2016. Since the implementation of the new F1 Report,[11] filers are now required to indicate the issuer's size of assets which has enabled us to refine our analysis of small issuers. In 2017, only 70% of issuers with an annual financing size of under $1 million had reported assets of under $5 million. The remaining issuers appear to be much larger entities based on their reported assets of $5 million or higher (Figure 20). Therefore, in order to capture exempt market activity by start-ups and issuers in early stages of funding, small Canadian issuers are identified in this report based on both annual financing size (under $1 million) and asset size (under $5 million).[12]

[10] For more information see "OSC Staff Notice 45-715, Ontario Exempt Market Report", June 2017.

[11] The new harmonized NI-45-106 F1 Reports of Exempt distribution came into effect on June 30, 2016. For more information see "CSA Notice of Amendments to National Instrument 45-106 Prospectus Exemptions relating to Reports of Exempt Distribution," April 7, 2016.

[12] An alternative option was to just rely on asset size as a proxy for small issuers, but our analysis found that under-reporting of asset size was common among financing subsidiaries of larger entities that raised more capital than the total assets they reported.

Figure 20 – Distribution of Canadian issuers that raised under $1 million in 2017 by their asset size



SMALL CANADIAN ISSUERS PREDOMINANTLY RAISED CAPITAL FROM INDIVIDUALS

In 2017, small Canadian issuers accounted for approximately 700 Canadian issuers (37%) and $194 million or less than 1% of total capital raised by all Canadian issuers. Small Canadian issuers predominantly raised their capital through the issuance of equity securities and bundled units (87% of gross proceeds) and their investor base consisted primarily of individual investors (77% of investors).

Figure 21- Small Canadian issuers in 2017

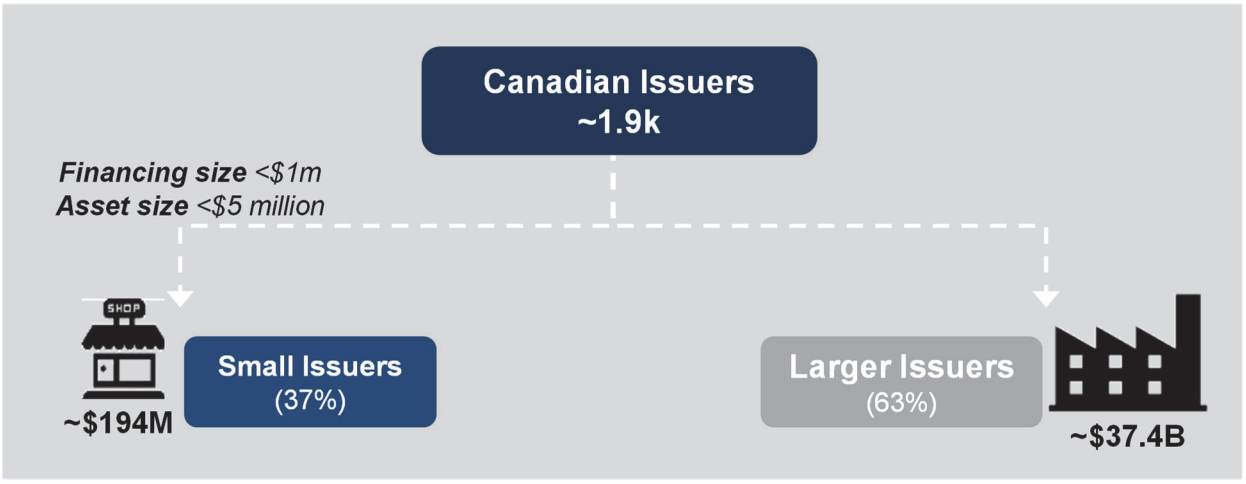
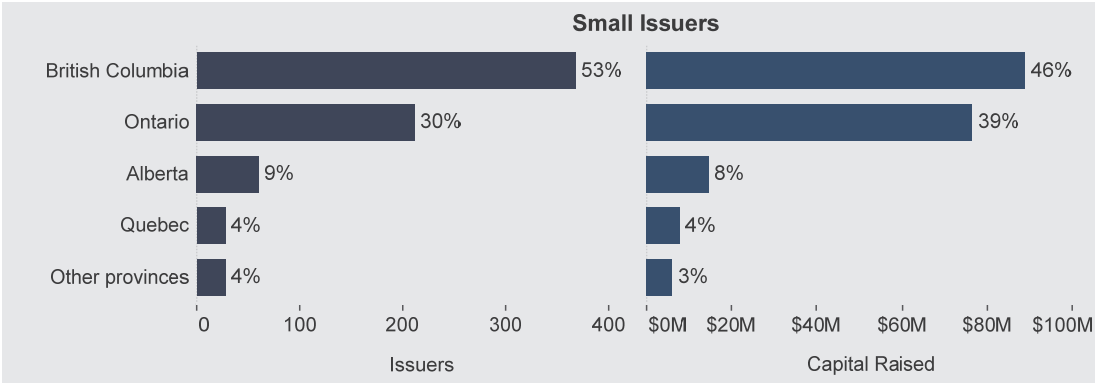


Figure 22 illustrates that most of these small issuers were based in British Columbia (53%) and Ontario (30%).

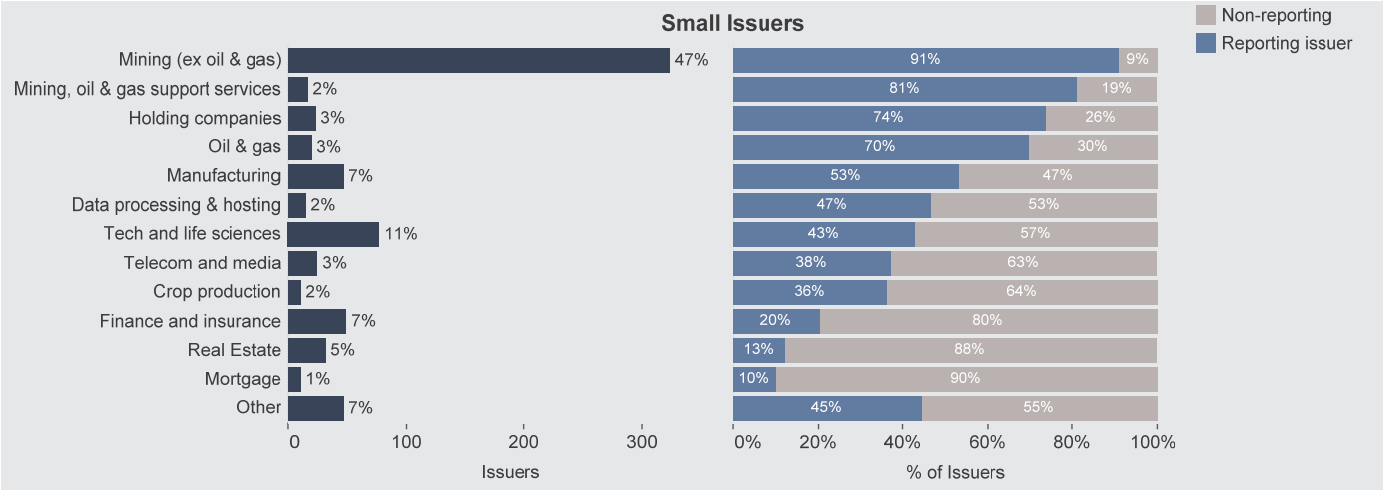
Figure 22 - Small issuers by HQ location



MINING FIRMS WERE THE MOST ACTIVE AMONG SMALL CANADIAN ISSUERS

Close to half of the small Canadian issuers identified were in the mining industry – 96% of these were in the exploration stage and 91% were reporting issuers. Small issuers were also present in other sectors including technology and life sciences, manufacturing and finance. Reporting issuers also comprised a sizeable proportion of small issuers especially in the non-financial sector (Figure 23).

Figure 23 – Small Canadian issuer by key sectors/industries



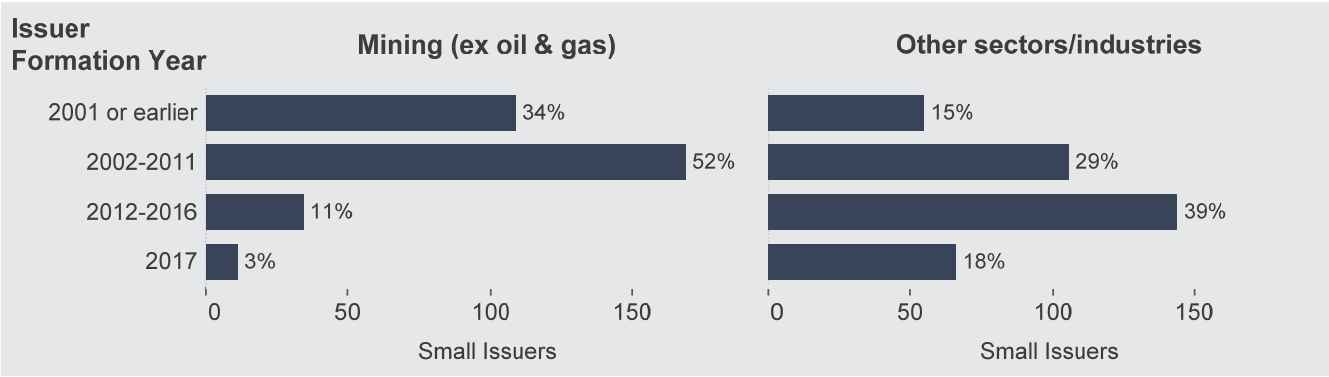
In 2017, Canadian mining issuers raised approximately $1.6 billion through Ontario's exempt market, although only $85 million (or 5%) went to small mining firms that raised less than $1 million and had total assets of under $5 million. Like small Canadian mining issuers, most of the large Canadian mining issuers were also in the exploration stage (81%). Exploration stage companies accounted for 95% of the capital raised by small mining issuers and just 60% of capital raised by large mining issuers. The remaining 40% of the capital raised by large mining issuers were in the production (31%) and development stage (9%).

Small Canadian mining firms relied predominantly on the accredited investor exemption to raise capital (88% of issuers, 83% of capital). However, the family, friends and business associates exemption was the second most relied upon exemption, used by about 1 in 4 small mining issuers and mainly in conjunction with the accredited investor exemption.

MOST SMALL MINING ISSUERS HAVE BEEN IN BUSINESS FOR AT LEAST 5 YEARS

A significantly large proportion (86%) of small mining issuers that rely on Ontario's exempt market to raise capital have been in business for over 5 years, whereas a higher proportion of small issuers from other sectors or industries have been in business for a shorter period of time (Figure 24).

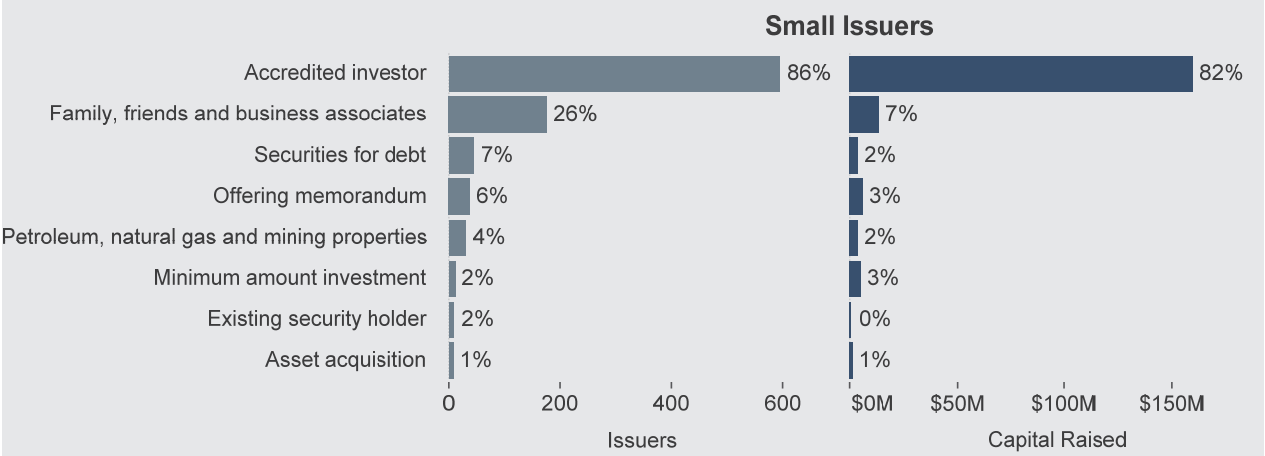
Figure 24 – Small Canadian Issuer's year of formation



SMALL ISSUERS RELY ON ACCREDITED INVESTORS AS MUCH AS LARGE ISSUERS

The accredited investor prospectus-exemption is used very broadly by both small and large issuers to raise capital from individuals and institutional investors. Approximately 86% of small issuers used the accredited investor exemption to raise capital. The accredited investor exemption also accounted for 82% of the total capital raised by small issuers. The family, friends and business associates exemption was used by just under 180 small Canadian issuers (approximately 26% or 1 in 4 small issuers) but only raised about 7% of small issuer capital (Figure 25). Many issuers that relied on the family, friends and business associates or offering memorandum exemption also relied on the accredited investor exemption concurrently to raise capital.

Figure 25 - Prospectus exemption use by small issuers

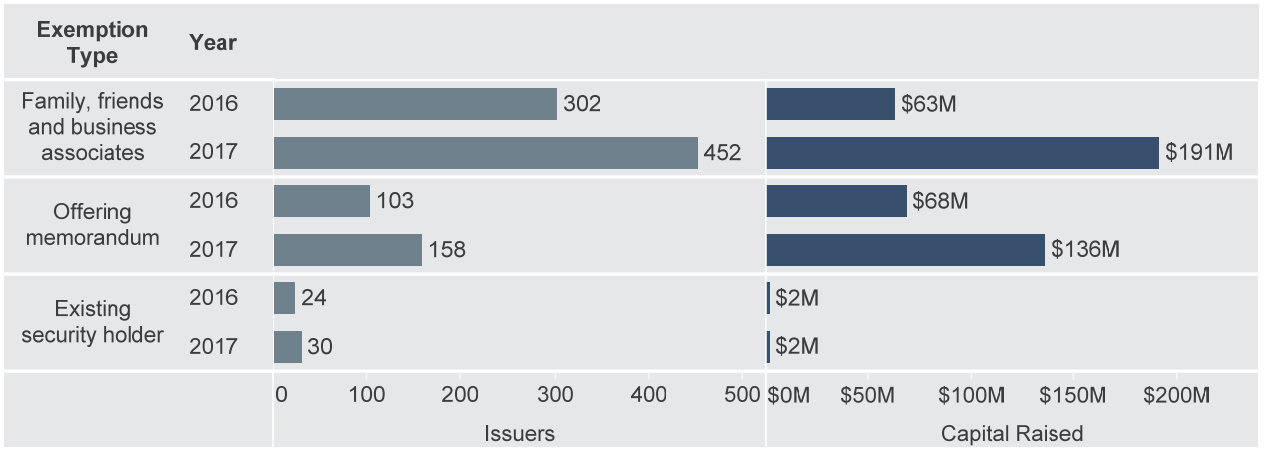


Note: The percentage of issuers across exemption types will not total 100% since some issuers may have raised capital under multiple prospectus exemptions and therefore be counted multiple times.

USE OF NEWER EXEMPTIONS HAS INCREASED

Collectively, the newer prospectus exemptions have gained traction among issuers in 2017. Among the four prospectus exemptions that were introduced in 2015 and 2016, the family, friends and business associates and offering memorandum exemptions have been the most frequently used and almost entirely by Canadian issuers raising capital from individual investors.[13] Since 2016, the combined amount raised under these two exemptions has doubled to approximately $327 million in 2017. The existing security holder exemption was used by only 30 issuers to raise a total of just under $2 million. There has been no reported use of the crowdfunding prospectus exemption in 2017.

Figure 26 - Newer prospectus exemptions



[13] For more information on the newer prospectus exemptions see "Summary of Key Capital Raising Prospectus Exemptions in Ontario," January 28, 2016 at <http://www.osc.gov.on.ca/documents/en/Securities-Category4/ni_20160128_45-106_key-capital-prospectus-exemptions.pdf>.

Although the family, friends and business associates and offering memorandum exemptions have been increasingly used by Canadian issuers, the total capital raised under both exemptions represents a small proportion of capital raised. Moreover, most issuers relying on these two exemptions raised larger sums of capital under other prospectus-exemptions, most notably the accredited investor exemption (Figure 27 and Figure 28). In 2017, there were fewer than 60 issuers that solely relied on the family, friends and business associates exemptions and fewer than 40 issuers that relied only on the offering memorandum exemption.

Figure 27 – Other exemptions used by issuers relying on the family, friends and business associates exemption

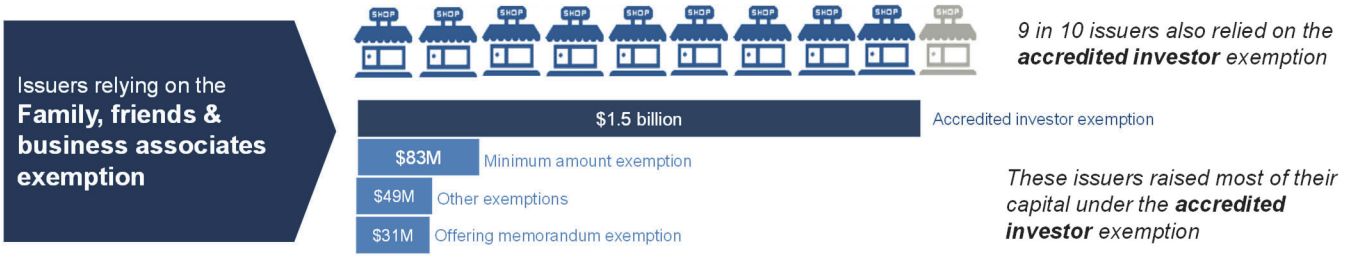
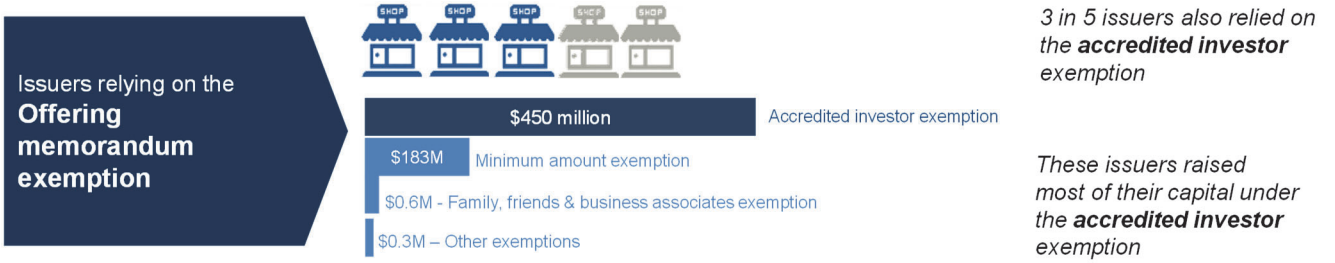


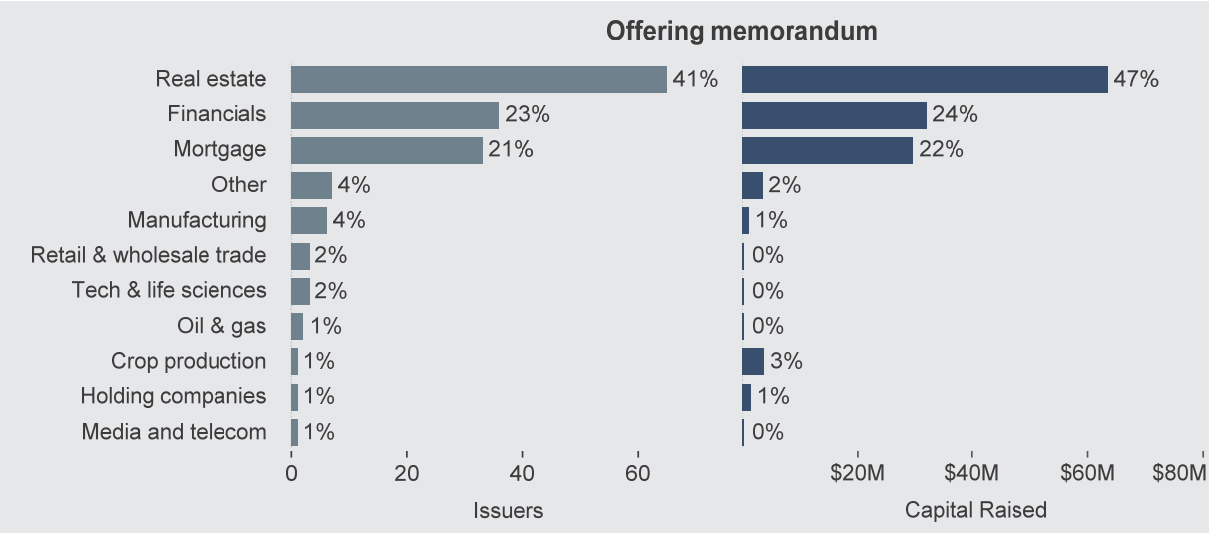
Figure 28 - Other exemptions used by issuers relying on the offering memorandum exemption



USE OF THE NEWER EXEMPTIONS IS CONCENTRATED IN CERTAIN INDUSTRIES

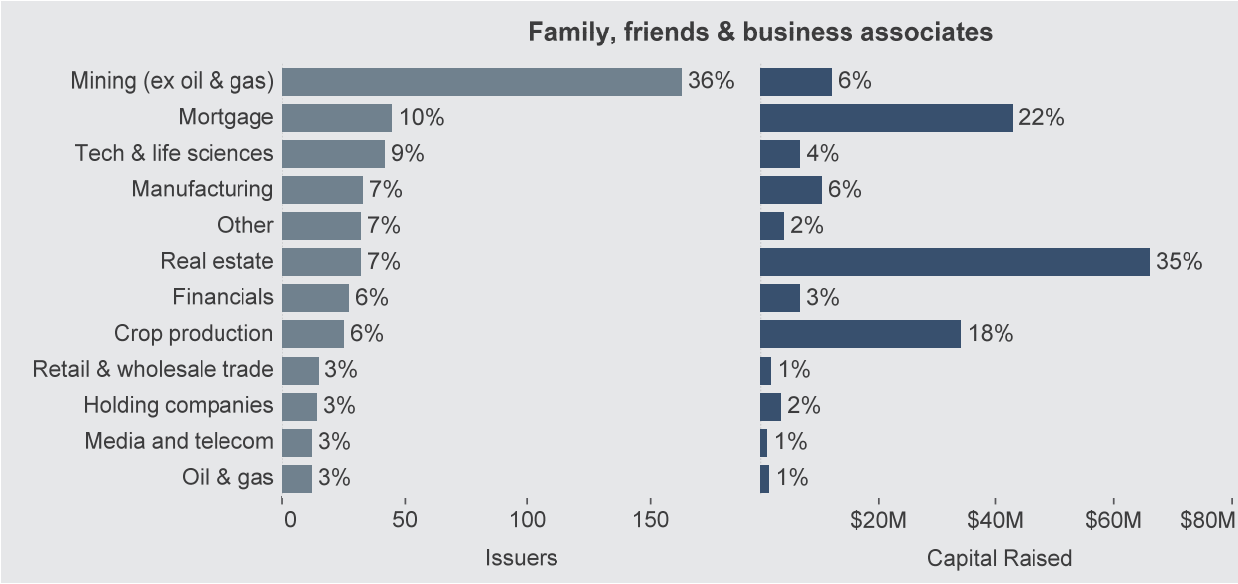
Since the offering memorandum exemption was introduced, it has largely been used by real estate and mortgage investment entities. In 2017, these issuers received approximately 70% of the total capital invested under the offering memorandum exemption, while most of the remaining capital (24%) was allocated to other financial issuers (Figure 29).

Figure 29- Key sectors/industries of issuers that relied on the offering memorandum exemption



Real estate and mortgage investment entities were also responsible for a sizeable share of the capital raised (57%) under the family, friends and business associates exemption. However, unlike the offering memorandum exemption, issuers from various other sectors were responsible for the remaining capital raised under the family, friends and business associates exemption. Most notable among these sectors was crop production which primarily consisted of cannabis issuers. Roughly 36% of the issuers relying on the family, friends and business associates exemption were in the mining industry, although this translated to only 6% of the capital raised under the exemption.

Figure 30 – Key sectors/industries of issuers that relied on the family, friends and business associates exemption



NEXT STEPS

The findings highlighted above and in future exempt market activity reports will help inform the OSC's on-going efforts to monitor this growing market, both from an operational compliance perspective and to understand its role in capital formation for future policy making. In the last two years, the OSC's Compliance and Registrant Regulation Branch has also completed a compliance review of exempt market dealers that facilitated the distribution of securities in reliance on the offering memorandum and family, friends and business associates exemptions.[14]

The amount of capital raised under the recently introduced offering memorandum and family, friends and business associates exemptions have more than doubled in the last year. Small issuers are also making use of these capital raising prospectus exemptions, but the accredited investor exemption continues to account for a much larger share of their total financing activity.

Although there has been no reported use of the crowdfunding prospectus exemption in 2017, there have been several exempt market dealers and other registered entities that have facilitated a crowdfunding-like model to raise capital predominantly from accredited investors. In 2017, these registered portals or intermediaries are estimated to have facilitated just under $100 million in capital raised from Ontario investors. In addition, the OSC, together with its CSA partners, plans to consider ways that crowdfunding can be a more effective capital-raising tool for start-ups and small issuers.

[14] Please refer to OSC Staff Notice *33-748 2017 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* and OSC Staff Notice 33-749 *2018 Annual Summary Report for Dealers, Advisers and Investment Fund Managers* for more information about compliance reviews and other topics of interest for exempt market dealers.

QUESTIONS

Please refer your questions to any of the following OSC staff:

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Questrade Wealth Management Inc. – ss. 127(1), 127.1

FILE NO.: 2018-63

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

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

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: November 27, 2018 at 8:30 a.m.

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

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated November 20, 2018 between Staff of the Commission and Questrade Wealth Management Inc., in respect of the Statement of Allegations filed by Staff of the Commission dated November 20, 2018.

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 22nd day of November, 2018.

"Grace Knakowski"
Secretary to the Commission

For more information

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

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

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

A. ORDER SOUGHT

1. Staff of the Enforcement Branch ("**Enforcement Staff**") of the Ontario Securities Commission (the "**Commission**") request that the Commission make an order pursuant to subsection 127(1) and (2) and section 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "**Act**") to approve the settlement agreement dated November 20, 2018 between Enforcement Staff and Questrade Wealth Management Inc. (the "**Respondent**").

B. FACTS

(a) Overview

2. It is essential to investor protection and market integrity that registered Portfolio Managers ("**PMs**") diligently identify and respond to conflicts of interest pursuant to their obligations under section 13.4 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. PMs must have in place proper procedures to anticipate and respond in advance to conflicts of interest that may arise. They must take reasonable steps to identify and respond to a conflict of interest before investing client money so as to ensure that they are acting in the best interest of their clients. PMs who are not able to demonstrate that they took appropriate steps to identify and respond to conflicts of interest will face regulatory consequences.

3. On July 27, 2017 Questrade Wealth Management Inc. ("**Questrade**") and WisdomTree Asset Management Canada, Inc. ("**WisdomTree**") announced that they and their affiliates had entered into three strategic agreements.

   a. WisdomTree agreed to purchase eight exchange-traded funds ("**ETFs**") managed by Questrade (the "**Transaction**").

   b. As part of the Transaction WisdomTree's affiliate was to become a consultant for Questrade's Portfolio IQ ("**PIQ**"), a managed online investment service. At the time, Questrade acted as PM with discretionary authority to invest over $60 million entrusted to it by its PIQ clients. One Capital Management LLC ("**OCM**") acted as a registered sub-advisor to Questrade and provided investment advice for managing the PIQ portfolios.

   c. Finally, WisdomTree was announced as the premier provider of ETFs offered by Questrade's affiliate, which agreed to jointly market WisdomTree's ETFs to investors pursuant to a Joint Marketing Agreement.

4. The day after the announcement, Questrade purchased approximately $15 million in WisdomTree ETFs for the PIQ portfolios (the "**July Trade**"). In the context of the Transaction, this significant purchase of WisdomTree ETFs required Questrade to determine if a conflict of interest existed between Questrade and its clients.

5. During the negotiation of the Transaction, WisdomTree had advised that it wanted Questrade's agreement that WisdomTree ETFs would be purchased for the PIQ portfolios before it would finalize the Transaction. Questrade refused, telling WisdomTree that the WisdomTree ETFs would not be included in the PIQ portfolios unless OCM determined that such a purchase was, as described by Questrade, "in the best interest" of the PIQ clients.

6. Before the Transaction was finalized, OCM advised WisdomTree that it would recommend including significant amounts of WisdomTree ETFs for the PIQ portfolios. At the time of this recommendation, however, OCM's PM had not documented why it believed the WisdomTree ETFs were in the best interest of the PIQ clients. Questrade's senior management was advised of OCM's recommendation but did not obtain any supporting documentation about the suitability of the WisdomTree ETFs at this time.

7. The day that the Transaction was finalized, WisdomTree asked that the July Trade be carried out. The next day, OCM sent instructions asking Questrade to execute the July Trade before the end of the day. Aside from its senior management, none of Questrade's staff had any prior knowledge that OCM was planning to recommend such a significant trade.

8. As PM of the PIQ portfolios, Questrade was ultimately responsible for determining whether the July Trade was suitable and that it did not conflict with the interests of its PIQ clients. To that end, Questrade relied upon OCM's recommendation of the WisdomTree ETFs for the PIQ portfolio.

9. Given OCM's request to execute the trade quickly, Questrade's staff did not wait to receive any due diligence documents from OCM and relied only upon OCM's oral assurances. Questrade also failed to document why it determined no conflict of interest arose from the July Trade until approximately a month after the July Trade, contrary to its own policies.

10. In the context of the Transaction, Questrade's review of the July Trade failed to meet the high standard of conduct that is expected of a registrant in taking appropriate steps to ensure that the July Trade was suitable for its clients, and that it did not create a conflict of interest, which potentially put its PIQ clients at risk and was contrary to the public interest.

(b) The Parties

11. Questrade is an Ontario corporation with its head office in Toronto, Ontario. It is registered with the Commission as an Investment Fund Manager ("**IFM**"), an Exempt Market Dealer ("**EMD**") and a PM. As a PM, Questrade has discretionary trading authority over the accounts of its PIQ clients.

12. Questrade was the trustee, manager and PM of eight ETFs, which were established under the laws of Ontario. Each of the Questrade ETFs was an exchange-traded mutual fund.

13. Before it sold the Questrade ETFs, Questrade's two primary lines of business were managing the Questrade ETFs and acting as the PM for PIQ.

14. Questrade, Inc. is an Ontario corporation with its head office in Toronto, Ontario. It is registered with the Commission as an Investment Dealer. Questrade, Inc. is a member of the Investment Industry Regulatory Organization of Canada.

15. Questrade and Questrade, Inc. are wholly owned subsidiaries of Questrade Financial Group Inc.

16. OCM is a corporation formed pursuant to the laws of Nevada, with its head office in Westlake Village, California. It is registered with the Commission as a PM in Ontario, subject to terms and conditions as a foreign advisor.

17. OCM has been engaged by Questrade to act as sub-advisor for the PIQ portfolios since PIQ's inception in 2014. OCM was also the sub-advisor to one of the Questrade ETFs that were the subject of the Transaction.

18. WisdomTree is an Ontario Corporation with its head office in Toronto, Ontario. WisdomTree is a wholly-owned subsidiary of WisdomTree Investments, Inc., a U.S. public company. WisdomTree is registered as an IFM and EMD in Ontario.

19. As a result of the Transaction, WisdomTree became the IFM for the Questrade ETFs as of December 6, 2017. Seven of the Questrade ETFs merged into existing ETFs managed by WisdomTree, and WisdomTree became the trustee and manager for one of the Questrade ETFs. Questrade is no longer the trustee or manager for any of the Questrade ETFs.

(c) Management of PIQ

20. In late 2013, Questrade began its search for a sub-advisor to provide sub-advisory services for its new PIQ. Ultimately, Questrade engaged OCM, pursuant to a sub-advisory agreement dated October 3, 2014, having determined that OCM had the requisite expertise and performance history to manage and make investment decisions in the best interest of the PIQ clients.

    Pursuant to the sub-advisory agreement, OCM provides day-to-day sub-advisory services to Questrade, which includes regularly monitoring and assessing the portfolios' constitution, the appropriateness of holdings within each respective portfolio, as well as determining any proposed changes to the model portfolio and communicating such changes to Questrade.

21. Questrade is ultimately responsible for determining whether trades are suitable for its investors in regard to the PIQ portfolios for which OCM provides sub-advisory services. Questrade is also ultimately responsible for identifying and responding to conflicts of interest related to the PIQ portfolios. OCM instructs Questrade on changes to be made to the PIQ portfolios. Questrade supervises OCM's portfolio management and investment decisions, and a Questrade PM evaluates all trades before they are executed.

(d) The Negotiation and Agreements with WisdomTree

22. From November 2016 to July 2017, Questrade and WisdomTree negotiated the terms of the Transaction.

23. Questrade and WisdomTree agreed that prior to concluding the Transaction, WisdomTree would meet with OCM to discuss the potential purchase of WisdomTree ETFs in the PIQ portfolios. WisdomTree expected that, should the WisdomTree ETFs' methodology and/or performance merit inclusion, the WisdomTree ETFs would be included in the PIQ portfolios.

24. WisdomTree's representative advised that he needed OCM's confirmation about a purchase of WisdomTree ETFs before he could sign the Transaction agreements.

25. In May 2017, there was a call between OCM, Questrade and WisdomTree to discuss the Transaction. During that call, there was some discussion about including WisdomTree ETFs in the PIQ portfolios. OCM indicated to WisdomTree that they would "make it work" as long as including the WisdomTree ETFs was in the "best interests" of the PIQ clients.

26. In July 2017, following discussions between OCM and WisdomTree about the WisdomTree ETFs, OCM advised WisdomTree that it intended to hold 94% of PIQ's fixed income assets and 70-75% of its equity assets in WisdomTree ETFs. WisdomTree's fixed income exchange traded funds had been launched only one month earlier. OCM's PM did not produce any written analysis explaining why it asserted each of the WisdomTree ETFs was in the best interest of the PIQ clients.

27. By July 19, 2017, Questrade's senior management was advised that OCM would recommend significant investments in WisdomTree ETFs. However, Questrade's ordinary compliance process was not followed as Questrade's senior management did not obtain any analysis prior to the July Trade as to why the recommended WisdomTree ETFs were suitable, and the PM was not advised of OCM's intention to make these significant changes to the PIQ portfolios until July 27, 2017.

28. Three agreements were ultimately concluded on July 26, 2017 and announced in press releases the following day:

    (a) a Purchase and Sale Agreement whereby WisdomTree agreed to acquire the rights to act as a trustee and manager of the eight Questrade ETFs for approximately $2.4 million;

    (b) a Consulting Agreement pursuant to which a WisdomTree affiliate would provide educational and related information to OCM and Questrade would facilitate quarterly meetings between the WisdomTree affiliate and OCM;

    (c) a Joint Marketing Agreement pursuant to which WisdomTree and Questrade Inc. would jointly market WisdomTree ETFs to investors.

29. Under the provisions of the Joint Marketing Agreement, Questrade, Inc. was to be reimbursed for a portion of certain joint marketing expenses. The amount of these reimbursements was conditional on, among other things, the amount of WisdomTree ETFs held by Questrade, Inc. clients or PIQ clients. As well, Questrade, Inc. agreed to repay these reimbursements if certain growth targets for holdings of WisdomTree ETFs were not met (the "**Reimbursement Provisions**"). Questrade Inc. has not received any reimbursements pursuant to the Joint Marketing Agreement.

(e) The July Trade: PIQ Portfolios' Investments in WisdomTree ETFs

30. On Tuesday, July 25, 2017, two days before the press releases were issued, the parties had agreed upon the final form of the Transaction agreements.

31. On the same day, WisdomTree emailed Questrade's management and asked Questrade to start the July Trade on July 26, 2017 or July 27, 2017. The email advised that OCM and WisdomTree's teams were both on standby to help execute the trades.

32. Aside from its senior management, none of Questrade's staff had any prior knowledge that OCM was planning to recommend the trade.

33. Questrade agreed to get the trade started the next day, and to this end, an internal email was sent confirming that the Transaction agreements were finalized and asking Questrade's in-house counsel to prepare for the trades "tomorrow first thing." Questrade's PM was not copied on this internal email.

34. On Thursday, July 27 at 2:35 pm, OCM sent instructions for the July Trade to Questrade's PM, which it requested be executed by the end of the day. This involved selling iShares fixed income ETFs and replacing them with approximately $15 million in WisdomTree ETFs, which represented 23% of the PIQ portfolio. Given the size and nature of the trade, Questrade's PM emailed his supervisor about the trade immediately after receiving the request from OCM.

35. When Questrade's PM's supervisor did not respond, the Questrade PM notified Questrade's CCO, flagging the Transaction and noting that the management expense ratios for the new WisdomTree ETFs were higher and the spreads were wider than those of the iShares fixed income ETFs. The Questrade PM then arranged two calls with the OCM PM to get more information about the July Trade and to understand its rationale.

36. The Questrade PM reviewed the trade for suitability. He had another call with OCM's PM regarding the rationale for the trade.

37. Questrade had not received any due diligence documents from OCM by the time OCM gave instructions to make the July Trade. The Questrade PM requested due diligence documents supporting the trade.

38. OCM assured the Questrade PM over the phone that OCM had a research note prepared. Although the research note was requested, this document was not provided to Questrade until July 30, 2017, after the July Trade had been executed. At the time of the July Trade, Questrade did not have any written analysis as to why the trade was suitable.

39. On July 28, 2017, Questrade's CCO reviewed the proposed trade and OCM's stated rationale for it, and discussed it with Questrade's CEO and CFO. The CCO obtained OCM's confirmation that the recommendation was coming independently from OCM and that it would have been made regardless of the Transaction. Questrade relied on the experience and expertise of OCM and its explanation for the trade in reaching its conclusion that the July Trade was in the best interest of PIQ clients. Questrade concluded that OCM's rationale for the request was an appropriate basis for the trade.

40. Having concluded that the instruction for the July Trade had been made independently by OCM and that it was not influenced by the Transaction, Questrade's CCO determined that there was no conflict of interest. Questrade approved the July Trade but the reasons for the determination that there was no conflict of interest were not documented until August 22, 2017.

41. The July Trade was executed on the afternoon of July 28, 2017.

(f) Withdrawal of Proposed August Trades

42. On August 3, 2017, OCM sent Questrade instructions for a PIQ trade replacing iShares equity ETFs with WisdomTree equity ETFs (the "**Proposed August Trade**"), which it asked to be executed by the end of the day. This trade would have resulted in a significant increase in WisdomTree ETFs in the PIQ portfolios, which would have represented 39% of the total PIQ portfolio. Prior to receiving this direction, Questrade's PM had no prior knowledge that the Proposed August Trade was being planned.

43. In light of the July Trade, Questrade's PM requested the rationale behind the Proposed August Trade. The request was escalated to Questrade's CCO, who reviewed the request and expressed concerns over the timing and size of the Proposed August Trade. Given how quickly OCM was recommending the change, and in light of the recent July Trade and the increased concentration in Wisdom Tree ETFs after the Transaction, the CCO had a concern that the Proposed August Trade could have the appearance of a conflict of interest. She discussed her concern with OCM, and based on those discussions, OCM withdrew the instructions for the Proposed August Trade.

44. The Proposed August Trade caused Questrade to review how it assessed the July Trade. On August 4, 2017, at the request of Questrade, OCM completed a compliance certification with respect to the July Trade, certifying it had acted in the best interests of clients and fulfilled its obligations of fair dealing.

45. On August 22, 2017, Questrade completed a post-trade review of the July Trade and provided a written opinion that the July Trade was "completed in the normal course of business achieving [Questrade's] obligation to act in the best interest of its clients".

(g) Reimbursement under the JMA

46. On January 23, 2018 and April 10, 2018, Questrade, Inc. and WisdomTree held joint educational webinars pursuant to the JMA. Aside from these two webinars, no other educational or marketing initiatives have taken place pursuant to the JMA.

47. On or about March 31, 2018, Questrade, Inc. sent WisdomTree an invoice for reimbursement of its staff and overhead costs incurred for the first webinar for $1,629, inclusive of taxes. Under the Reimbursement Provisions, these reimbursements would have to be repaid if the specified growth targets for holdings of WisdomTree ETFs were not met. When Questrade, Inc. recognized that the costs invoiced were not permissible reimbursements under National

Instrument 81-105 *Mutual Fund Sales Practices* ("**NI 81-105**"), Questrade, Inc. withdrew the invoice and did not pursue any reimbursement for those costs.

48. Questrade, Inc. has not received, and does not intend to receive, any reimbursement from WisdomTree for any payment that would be contrary to NI 81-105. Questrade, Inc. has provided an undertaking to Staff that it will not seek nor accept any reimbursement payments contemplated under the Joint Marketing Agreement that would be contrary to NI 81-105.

C. CONDUCT CONTRARY TO THE PUBLIC INTEREST

49. Questrade acted contrary to the public interest by failing to take appropriate steps to determine whether a conflict of interest existed before investing client money. As a result, Questrade failed to meet the high standards of conduct expected of a registrant when identifying and responding to conflicts of interest, which potentially put its PIQ clients at risk that the July Trade was not in the best interests of the client.

DATED this 22nd day of November, 2018.

Raphael T. Eghan
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1.3.2 Majd Kitmitto et al. – ss. 127(1), 127.1

FILE NO.: 2018-70

IN THE MATTER OF
MAJD KITMITTO,
STEVEN VANNATTA,
CHRISTOPHER CANDUSSO,
CLAUDIO CANDUSSO,
DONALD ALEXANDER (SANDY) GOSS,
JOHN FIELDING AND
FRANK FAKHRY

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

PROCEEDING TYPE: Enforcement Proceeding

HEARING DATE AND TIME: December 11, 2018 at 8:00 a.m.

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

PURPOSE

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

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

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 23rd of November, 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
MAJD KITMITTO,
STEVEN VANNATTA,
CHRISTOPHER CANDUSSO,
CLAUDIO CANDUSSO,
DONALD ALEXANDER (SANDY) GOSS,
JOHN FIELDING AND
FRANK FAKHRY

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

A. ORDERS SOUGHT:

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

   (i) Majd Kitmitto ("**Kitmitto**"), Steven Vannatta ("**Vannatta**"), Christopher Candusso ("**Christopher**"), Claudio Candusso ("**Claudio**"), Donald Alexander (Sandy) Goss ("**Goss**"), John Fielding ("**Fielding**") and Frank Fakhry ("**Fakhry**") (collectively, "the **Respondents**"):

   (a) pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5, as amended (the "**Act**"), that trading by each of the Respondents in any securities or derivatives ceases permanently, or for such period as is specified by the Commission;

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

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

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

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

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

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

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

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

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

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

(ii) Kitmitto, Vannatta, Goss and Fakhry:

(a) pursuant to paragraph 1 of subsection 127(1) of the Act, that Kitmitto, Vannatta, Goss and Fakhry's registrations under Ontario securities law be terminated, or be suspended or restricted for such period as is specified by the Commission, or that terms and conditions be imposed on their registrations.

B. FACTS:

Enforcement Staff make the following allegations of fact:

Overview

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

3. The Respondents carried out illegal insider tipping and trading during the period of April 25, 2014 to June 12, 2014 (the "**Relevant Period**").

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

5. Kitmitto also disseminated material, non-public information about Amaya to Goss. Goss was an investment adviser at Aston Hill Securities Inc. ("**AHS**"). Goss traded in Amaya securities and tipped his significant client, Fielding, another client, F.H., and his assistant, Fakhry, about Amaya. While possessed of the material, non-public information, they all traded in Amaya securities. Fakhry also tipped two of his relatives and a friend who was also a client. Both Goss and Fakhry recommended Amaya securities to numerous clients.

The Respondents

6. Kitmitto is a resident of Toronto, Ontario. During the Relevant Period, Kitmitto was a senior analyst at AHAMI who, among other things, covered securities in the technology and gaming sectors. Kitmitto was an access person ("**Access Person**") at AHAMI. The Personal Trading Policy of AHAMI's parent company, Aston Hill Financial Inc. ("**AHF**"), defined an Access Person as an employee "… deemed to have regular access to non-public information regarding transactions and compositions of funds managed by AHF or one of its affiliates."

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

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

9. Christopher is a resident of Toronto, Ontario. During the Relevant Period, he owned a women's skincare business.

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

11. Claudio is Christopher's father and a resident of Toronto, Ontario. During the Relevant Period, Claudio practiced dentistry in Sudbury, Ontario. Claudio and Christopher had a close relationship and were in regular contact. Claudio and Kitmitto were friends, and Claudio knew that Kitmitto worked at Aston Hill.

12. Goss is a resident of Toronto, Ontario. During the Relevant Period, he was an investment adviser at AHS. In 2014, he had a substantial book of business at AHS. He has been registered with the Commission since 1993.

13. Fielding is a resident of Toronto, Ontario. In 2014, he was a significant client of Goss at AHS. He had been a client of Goss at two previous brokerage firms since 2001. His investment company is Dark Bay International Ltd. ("**Dark Bay**"). He was a director of AHF, from February 2014 to August 2016. Fielding was introduced to AHF through Goss.

14. Fakhry is a resident of Toronto, Ontario. He joined AHS in September 2013 – two weeks after Goss – as an investment adviser. Fakhry was Goss' assistant at AHS and at their previous place of employment. In April 2014, he had a small book of business with a total of eight clients. He has been registered with the Commission since 1999.

AHAMI and AHS

15. The AHAMI offices were located next to AHS' offices. The two affiliated companies shared a common reception. Goss and Fakhry had offices at AHS.

16. Kitmitto and Goss were colleagues and friends. Kitmitto, Goss, and Fielding were all friends who socialized with one another and continually communicated with one another.

Kitmitto Learns Material, Non-Public Information about Amaya

17. In 2014:

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

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

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

        iii. AHS was an investment dealer, and a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**") and the Canadian Investor Protection Fund, providing professional, personalized trading and investment services to private investors.

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

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

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

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

19. Kitmitto agreed to sign the NDA and meet with Amaya. On April 25, 2014, at 1:36 p.m., Kitmitto advised the Canaccord representative in a Bloomberg chat, "I'll take the meeting Tuesday with Baazov." David Baazov ("**Baazov**") was the CEO of Amaya in 2014. At 1:47 p.m., Kitmitto sent an email to the head trader at AHAMI to purchase 200,000 Amaya securities for the AHAMI funds.

20. On or about April 28, 2014, Canaccord provided Kitmitto with an NDA. Before signing the NDA, Kitmitto met with a friend, M.K., who worked at Canaccord and knew about the proposed strategic transaction involving Amaya. He told Kitmitto that he should sign the NDA.

21. On or about Tuesday, April 29, 2014, Kitmitto signed the NDA, and attended a meeting at AHAMI's offices with representatives of Amaya and Canaccord, where he learned that the proposed strategic transaction involved Amaya acquiring all of the issued and outstanding shares of Oldford Group Limited ("**Oldford Group**"), the parent company of

the owner and operator of the PokerStars and Full Tilt Poker brands, in a transaction valued at over US$4 billion (the "**Acquisition**").

22. During the meeting, Kitmitto was presented with a hardcopy of a slide deck of the proposed Acquisition. The 20-page slide deck was dated April 2014 and titled "Amaya Investment Opportunity." Each page of the slide deck was marked "Private & Confidential." Page 14 of the slide deck titled "Sources and Uses" indicated at the top of the page that the transaction required approximately $600 million of equity. With respect to the $600 million of equity "approximately $150 million of indicated demand had been made at $20 per share, remaining equity requirement backstopped with bridge." AHAMI was being asked to participate in the equity financing of the Acquisition. Page 17 of the slide deck titled "Timeline" indicated at the top of the page that the target announcement date was May 12, 2014.

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

24. The Acquisition was not announced on May 12, 2014 as originally targeted. It was delayed on a number of occasions as set out below:

    (a) on Thursday, May 8, 2014 at 1:49 p.m., a Canaccord representative advised Kitmitto that the announcement of the Acquisition was delayed until Wednesday, May 21, 2014;

    (b) on Tuesday, May 27, 2014 at 11:37 a.m., a Canaccord representative advised Kitmitto that "looks like this is not going to get announced until the weekend" (Friday May 31 to Sunday June 1);

    (c) on Sunday, June 1, 2014 at 12:00 p.m., a Canaccord representative emailed Kitmitto re Slight delay, "delay until Thursday" (June 5);

    (d) on Thursday June 5, 2014 at 2:07 p.m., Kitmitto emailed a Canaccord representative saying, "Everything on track?" The representative replied, "Tuesday - all good" and later "Baaz's words" (June 10); and

    (e) on Monday, June 9, 2014 at 12:58 p.m., the Canaccord representative emailed Kitmitto saying, "Timing is Thursday. Board meting [sic] set, etc. Thanks again for your patience." (June 12).

25. The Acquisition was publicly announced on June 12, 2014 at 9:24 p.m. (the "**Announcement**")

Kitmitto Tipped His Friend, Colleague and Officemate Vannatta

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

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

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

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

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

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

Vannatta Concealed His Trading In Amaya

(a) AHF's Personal Trading Policy

29. Vannatta failed to pre-clear his April 29, May 6 and May 14, 2014 trades in Amaya with AHAMI's Chief Compliance Officer ("**CCO**"), contrary to AHF's Personal Trading Policy. Vannatta also failed to submit any of his brokerage account

statements for his three Scotia accounts on a monthly or quarterly basis to AHAMI's CCO, contrary to AHF's Personal Trading Policy.

(b) AHAMI's Internal Review

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

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

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

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

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

(c) Certificate

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

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

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

Vannatta's Misleading Statements to Enforcement Staff

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

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

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

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

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

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

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

Vannatta Tipped His Family Members

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

Kitmitto Tipped His Friend and Roommate Christopher

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

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

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

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

Christopher's Misleading Statements to Enforcement Staff

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

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

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

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

Christopher Tipped His Father and Landlord Claudio

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

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

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

Kitmitto Tipped His Colleague and Friend Goss

46. On or before April 29, 2014, Kitmitto informed Goss of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Pursuant to subsection 76(5)(e) of the Act, Goss became a person in a special relationship with Amaya.

47. On Tuesday, April 29, 2014 at 3:25 p.m., (after Kitmitto attended the meeting with Amaya between 1 p.m. and 2 p.m.), Goss sent an email to Kitmitto with no subject line stating, "What's up?".

48. Twenty minutes later, at 3:52 p.m., Goss began to acquire Amaya securities in his own account and by the Announcement of June 12, 2014, he had acquired a net position of 70,400 Amaya securities for an investment of $669,668, contrary to section 76(1) of the Act.

49. In addition to purchasing Amaya securities in his own account, Goss purchased securities of Amaya in his joint account with his wife, in his wife's account, and in his children's accounts. The Goss family accounts acquired 14,040 Amaya securities worth $135,051 prior to the Announcement.

50. After the Announcement, Goss sold the Amaya securities in the Goss family accounts for a profit of $224,028 (representing a return of 166%) and in his personal accounts for a profit of $1,004,481 (representing a return of 150%) for a total profit in the Goss accounts of $1,228,609 (representing a return of 153%).

51. Goss' net investment in Amaya prior to June 12, 2014, including the investment in the family accounts was approximately $804,000. This represented between 60 to 80% of his annual salary. The last time he made such a large trade was five years earlier.

52. The timing and nature of his trades, the communications between Goss and others, and the timing of the communications between Goss and others shows that he was aware of the Acquisition, including details contained in the slide deck provided to Kitmitto at his meeting with Amaya, and was informed about the delays of the Announcement.

53. Further, between April 28, 2014 and June 12, 2014, Goss recommended purchasing Amaya shares to 20 clients of AHS and non-clients who purchased Amaya securities and earned profits in excess of $8 million representing returns in excess of 169%. Two of these clients are discussed below.

Goss Tipped His Significant Client Fielding

54. On or before April 29, 2014, Goss informed Fielding of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Pursuant to subsection 76(5)(e) of the Act, Fielding became a person in a special relationship.

55. On April 29, 2014, eleven minutes after Goss sent the "What's up?" email to Kitmitto, Dark Bay – Fielding's investment holding company – began to purchase Amaya securities and between April 29 and May 14, 2014 acquired a net position of 200,000 Amaya securities, contrary to subsection 76(1) of the Act.

56. Fielding, through Dark Bay, invested over $1.4 million in Amaya securities at AHS from April 29 to May 14, 2014. Fielding is a frequent trader of securities. This was a large investment in securities for Dark Bay. After the Announcement, Dark Bay sold the Amaya securities for a profit of more than $4 million, representing a return of 287%.

57. The timing and nature of the trades in the Dark Bay account, Fielding's communications with others, and the timing of his communications with others show that Fielding had knowledge of the Acquisition and was informed about the delays of the Announcement.

Goss Tipped His Client F.H.

58. On or before May 2, 2014, Goss informed his client, F.H. of material, non-public information about Amaya, contrary to subsection 76(2) of the Act.

59. On May 2, 2014, Goss had a conversation with F.H. F.H. purchased 60,000 Amaya securities at AHS in his own account and in the accounts of family members. In one account, the purchase of Amaya securities was made on margin. In early June 2014, F.H. faxed Goss documents which suggested that F.H. was concerned that Amaya would not acquire PokerStars. Subsequent to two calls with Goss, on June 4, 2014, F.H. purchased 5,075 more Amaya securities at AHS in his account and the accounts of family members.

60. After the Announcement, F.H. sold his Amaya securities at AHS in his accounts and in his relatives' accounts for a cumulative profit of $1,105,184, representing a return of 216%.

Goss Tipped His Assistant Fakhry

61. On or before May 2, 2014, Goss informed Fakhry of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Pursuant to subsection 76(5)(e) of the Act, Fakhry became a person in a special relationship with Amaya.

62. Fakhry had never traded Amaya securities before May 2, 2014 and had not traded in any way in any of his accounts since March 2013. On May 2, Fakhry bought Amaya securities on margin and by June 12, 2014 had accumulated 11,000 Amaya securities for an investment of $90,764, contrary to subsection 76(1) of the Act.

63. On May 20, 2014, Fakhry borrowed $20,000 from his line of credit to fund his May 20, 2014 purchase of Amaya shares. His line of credit had been paid off in full since August 2013.

64. Fakhry's investment in Amaya in the Relevant Period was higher than his annual salary at AHS and almost equal to his net worth.

65. Fakhry informed two of his relatives, who were not his clients, and one of his clients of material, non-public information about Amaya, contrary to subsection 76(2) of the Act. Neither his two relatives nor his client had ever purchased Amaya securities before.

66. Fakhry sold of all his Amaya securities after the Announcement and earned a profit of $126,546, representing a return of 139%. His two relatives and the client whom he tipped also sold their Amaya securities after the Announcement and earned a profit of $207,023, representing a return of 101%.

67. Fakhry also recommended Amaya to five of his seven other clients. Those five clients purchased Amaya and earned a cumulative profit of $1,129,223, representing a return of 126%.

68. The timing of his trades, the communications between Fakhry and others, and the timing of the communications between Fakhry and others as well as the timing of trades of others and the communications and timing of communications among others show that Fakhry was aware of the Acquisition, including details contained in the slide deck provided to Kitmitto at his meeting with Amaya, and was informed about the delays of the Announcement.

69. For example, during the Relevant Period, the communications between Fakhry and one of his relatives began to increase significantly. During the period of April 1-29, 2014, there were no telephone calls between Fakhry and his relative. On May 3, 2014, Fakhry had two telephone calls with this relative. One of the calls lasted 26 minutes. His relative made his first purchase of Amaya securities on May 6, 2014. Between May 7, 2014 and June 14, 2014, they contacted each other on 21 occasions by telephone and on 114 occasions by text. Between May 6, 2014 and May 28, 2014, his relative accumulated a total of 11,700 Amaya securities for a cost of $119,575. After the Announcement, he sold 10,800 Amaya securities for a profit of $116,228, representing 105% return on his investment.

70. On May 28, 2014, Fakhry's relative texted his best friend. His text stated, "U going to sell at 20 if it goes there tomorrow?" His friend responded: "How you figure it's going there tomo?" Fakhry's relative replied: "That's the 'word'." His friend texted: "Plus that would be impossible" "No way". Fakhry's relative responded: "Dude. When a company that is not public merges with one that is …" His friend texted, "Ok, but there's no news and how could it go up almost double in one day?"

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

71. Enforcement Staff allege the following breaches of Ontario securities law and conduct contrary to the public interest during the Relevant Period:

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

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

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

    (d) Goss and Fakhry while in a special relationship with Amaya, engaged in conduct contrary to the public interest by recommending their clients purchase Amaya securities while each of Goss and Fakhry possessed material, non-public information about Amaya; and

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

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

DATED this 23rd day of November, 2018.

Matthew Britton
Senior Litigation Counsel
Enforcement Branch

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Fax: (416) 593-8321
Email: mbritton@osc.gov.on.ca

1.3.3 MOAG Copper Gold Resources Inc. et al. – ss. 127(1), 127.1

FILE NO.: 2018-41

IN THE MATTER OF
MOAG COPPER GOLD RESOURCES INC.,
GARY BROWN and
BRADLEY JONES

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

PROCEEDING TYPE: Enforcement Proceeding

HEARING DATE AND TIME: December 12, 2018 at 2:00 p.m.

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

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order(s) requested in the Statement of Allegations filed by Staff of the Commission on November 27, 2018.

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

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 27th day of November, 2018.

"Grace Knakowski"
Secretary to the Commission

For more information

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

IN THE MATTER OF
MOAG COPPER GOLD RESOURCES INC.,
GARY BROWN and
BRADLEY JONES

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

A. ORDER SOUGHT

Staff ("**Staff**") of the Enforcement Branch of the Ontario Securities Commission (the "**Commission**") request that the Commission make an order, ordering:

1. that trading in any securities of MOAG Copper Gold Resources Inc. ("**MOAG**") cease permanently or for the period specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**");

2. that trading in any securities or derivatives by Gary Brown ("**Brown**") or Bradley Jones ("**Jones**" and, together with Brown, the "**Individual Respondents**") cease permanently or for the period specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

3. that the acquisition of any securities by each Individual Respondent be prohibited permanently or for the period specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

4. that any exemptions contained in Ontario securities law not apply to each Individual Respondent permanently or for the period specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

5. that MOAG submit to a review of its practices and procedures and institute such changes as ordered by the Commission, pursuant to paragraph 4 of subsection 127(1) of the Act;

6. that MOAG and the Individual Respondents (collectively, the "**Respondents**") be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

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

8. that each Individual Respondent be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager permanently or for the period specified by the Commission, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

9. that each Individual Respondent be prohibited from becoming or acting as a registrant, investment fund manager or promoter, permanently or for the period specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

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

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

12. that the Individual Respondents pay the costs of the Commission investigation and hearing, pursuant to section 127.1 of the Act; and

13. such other order as the Commission considers appropriate in the public interest.

B. FACTS

Staff make the following allegations of fact:

I. Overview

1. This matter involves repeated, intentional breaches of a cease-trade order (the "**CTO**"), imposed by the Director, in deliberate contravention of Ontario securities law. Flouting Director orders undermines their purposes and confidence in the regulation of Ontario's capital markets.

2. Between October 2015 and February 2017, despite being subject to the CTO, MOAG issued and sold to 93 Taiwan residents approximately USD 7.4 million of unsecured, convertible debentures (the "**Debentures**"). Approximately USD 3.8 million of the Debentures were issued to holders of maturing debentures as rollovers ("**Rolled Debentures**"). The remainder ("**New Debentures**") – approximately USD 3.6 million – were issued for cash. The Individual Respondents engaged in various acts in furtherance of these trades in violation of the CTO.

II. Background

(A) Respondents

3. MOAG is a corporation that holds itself out as engaging in the exploration and evaluation of molybdenum, silver, copper and gold mineral properties. Between September 2015 and April 2017 (the "**Material Time**"), its registered and head offices were in Toronto, Ontario. MOAG is a reporting issuer in Ontario and the Commission is its principal regulator.

4. MOAG's common shares are listed on the Canadian Securities Exchange. It also has outstanding options and convertible debentures. Each Debenture had a one- to two-year term, bore interest at a rate of 10% per annum and was stated as being convertible into MOAG's common shares. All MOAG's securities are subject to the CTO.

5. Brown is a resident of Vancouver, British Columbia and a co-founder and significant shareholder of MOAG. Between September 2015 and December 2015, Brown acted as a director of MOAG and its President and Chief Executive Officer ("**CEO**").

6. Jones is a resident of Toronto, Ontario and MOAG's other co-founder and significant shareholder. During the Material Time, Jones acted on MOAG's behalf in various capacities. Initially, he was a director and Chief Financial Officer ("**CFO**"), then solely a director, then a director and MOAG's CEO and CFO, and finally, a consultant.

(B) Imposition of CTO

7. The CTO is rooted in a continuous disclosure review by the Commission's Corporate Finance Branch. According to MOAG's financial statements for the interim period ended March 31, 2015, MOAG had loaned CAD 432,000 to Brown (then a director of MOAG and its President and CEO) and CAD 434,000 to Jones (then a director of MOAG and its CFO). No disclosure was provided about the loan terms. In September 2015, Staff asked MOAG for a detailed explanation of the loans.

8. Ultimately, Brown, on MOAG's behalf, claimed that Jones had misappropriated all of the money that had been recorded as loans. With the support of MOAG's other director, Brown removed Jones as CFO and, on MOAG's behalf, requested the CTO. The related news release stated that MOAG's financial statements for the interim and annual periods ending between September 30, 2011 and March 31, 2015 were not in accordance with generally accepted accounting principles and that MOAG's Board of Directors (the "**Board**") believed they were materially misstated.

9. Based on this announcement, on October 13, 2015, the Director made the CTO and all trading in MOAG securities, whether direct or indirect, was to cease for 15 days. On October 26, 2015, after a hearing, the Director extended the CTO until a further order. The CTO remains in effect.

III. Violations of CTO

(A) Brown as Director, President and CEO and Jones as Director – Trading in Breach of the CTO between October 13, 2015 and December 18, 2015

10. Between October 13, 2015 and December 18, 2015, MOAG breached the CTO by issuing and selling USD 610,000 in New Debentures to seven investors. Brown and Jones (who was then solely a director of MOAG), engaged in various acts in furtherance of MOAG's trades in violation of the CTO.

11. Brown accepted investor funds on behalf of MOAG, communicated with MOAG's Taiwanese agent, H&W International Ltd. ("**H&W**") about the sales and, at Jones' behest, arranged for MOAG to pay H&W its commissions, which were at least 30% of the principal amount of each Debenture.

12. Jones coordinated the sales with H&W, prepared, printed and signed the Debenture certificates and accompanying cover letters, which he sent to the investors, and updated MOAG's Debenture records, including files containing materials such as copies of investors' identification and executed subscription agreements (collectively, the "**Trading Activities**").

13. Jones also requisitioned a shareholders meeting to remove Brown and MOAG's other director. MOAG responded by calling its own meeting. The proxy battle ended in December 2015 with Brown's and the other director's resignations. Jones became MOAG's CEO and CFO.

(B) Jones as Director, CEO and CFO – Trading in Breach of the CTO between December 19, 2015 and January 16, 2017

14. Between December 19, 2015 and January 16, 2017, MOAG repeatedly breached the CTO by issuing and selling USD 3.8 million in Rolled Debentures to 40 investors and USD 2.8 million in New Debentures to 62 investors.

15. Jones engaged in numerous acts in furtherance of MOAG's trades in deliberate breach of the CTO. In addition to the Trading Activities, Jones paid H&W's commissions and, on behalf of the Board, issued a news release announcing a proposed, USD 3 million private placement of convertible debentures. In response to Staff's resultant inquiries, Jones claimed that the announcement had been made in error. This was reiterated in a subsequent company news release, even though MOAG had issued New Debentures before, on the date of, and after, the announcement.

16. In 2016, MOAG also sought first a partial, and then a full revocation of the CTO, but, to date, has failed to establish that a revocation would not be prejudicial to the public interest. In November 2016, MOAG advised Staff that it wished to escalate the matter, but later decided not to do so.

17. In December 2016, Staff asked MOAG what it was planning to do, or had done, about a maturing USD 3 million tranche of convertible debentures. MOAG responded that the plan was to complete a financing to raise funds to pay for redemptions and interest, but that was on hold due to the CTO. MOAG did not disclose that it had already dealt with the debentures by rolling them over in violation of the CTO.

18. In January 2017, in response to repeated Staff inquiries, MOAG admitted that Debentures had been issued in breach of the CTO and that Jones had been involved in the trading. On January 16, 2017, Jones, who had resigned as MOAG's CEO and CFO the previous month, resigned as a director. On February 2, 2017, MOAG told Staff that MOAG "is no longer associated with Mr. Jones. And any funding activities which were Initiated [sic] by him ceased and did so well before his departure."

(C) Jones as Consultant – Trading in Breach of the CTO between January 17, 2017 and February 10, 2017

19. In fact, following Jones' resignation, Jones became a consultant to MOAG. On January 23, 2017 and February 10, 2017, Jones arranged for MOAG to issue and sell USD 210,000 in New Debentures to two investors. In connection with the sales, Jones engaged in the Trading Activities and paid H&W's commissions in willful breach of the CTO and Ontario securities law.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

Staff allege the following breaches of Ontario securities law and conduct contrary to the public interest:

1. by issuing and selling the Debentures, MOAG traded in securities within the meaning of the Act, breached the CTO, violated Ontario securities law and is liable under subsection 122(1)(c) of the Act;

2. by engaging in the acts in furtherance of MOAG's trades set out above, each Individual Respondent traded in securities within the meaning of the Act, breached the CTO, violated Ontario securities law and is liable under subsection 122(1)(c) of the Act;

3. each Individual Respondent, as a director or officer of MOAG, authorized, permitted or acquiesced in MOAG's non-compliance with Ontario securities law, as set out in paragraph 1 above, and is deemed liable for non-compliance under subsection 122(3) of the Act; and

4. as set out above, the Respondents engaged in conduct contrary to the public interest.

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 the 27th day of November, 2018.

Anna Huculak
Litigation Counsel, Enforcement Branch
Email: ahuculak@osc.gov.on.ca
Tel.: 416.593.8291

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

1.4 Notices from the Office of the Secretary

1.4.1 Majd Kitmitto et al.

FOR IMMEDIATE RELEASE
November 22, 2018

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

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

A copy of the Order dated November 21, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 Questrade Wealth Management Inc.

FOR IMMEDIATE RELEASE
November 22, 2018

QUESTRADE WEALTH MANAGEMENT INC.,
File No. 2018-63

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

The hearing will be held on November 27, 2018 at 8:30 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated November 22, 2018 and the Statement of Allegations dated November 22, 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)

1.4.3 Majd Kitmitto et al.

FOR IMMEDIATE RELEASE
November 23, 2018

MAJD KITMITTO,
STEVEN VANNATTA,
CHRISTOPHER CANDUSSO,
CLAUDIO CANDUSSO,
DONALD ALEXANDER (SANDY) GOSS,
JOHN FIELDING, and
FRANK FAKHRY,
File No. 2018-70

TORONTO – The Office of the Secretary issued a Notice of Hearing on November 23, 2018 setting the matter down to be heard on December 11, 2018 at 8:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated November 23, 2018 and the Statement of Allegations dated November 23, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.4 Daniel P. Reeve

FOR IMMEDIATE RELEASE
November 27, 2018

DANIEL P. REEVE,
File No. 2018-54

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

A copy of the Reasons and Decision and the Order dated November 26, 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)

1.4.5 Questrade Wealth Management Inc.

FOR IMMEDIATE RELEASE
November 27, 2018

QUESTRADE WEALTH MANAGEMENT INC.,
File No. 2018-63

TORONTO – Following a hearing held today, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Questrade Wealth Management Inc. in the above named matter.

A copy of the Order dated November 27, 2018 and the Settlement Agreement dated November 20, 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)

1.4.6 MOAG Copper Gold Resources Inc. et al.

FOR IMMEDIATE RELEASE
November 27, 2018

MOAG COPPER GOLD RESOURCES INC.,
GARY BROWN and
BRADLEY JONES,
File No. 2018-41

TORONTO – The Office of the Secretary issued a Notice of Hearing on November 27, 2018 setting the matter down to be heard on December 12, 2018 at 2:00 p.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated November 27, 2018 and Statement of Allegations dated November 27, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5 Notices from the Office of the Secretary with Related Statements of Allegations

1.5.1 Keir Reynolds

FOR IMMEDIATE RELEASE
November 21, 2018

KEIR REYNOLDS,
File No. 2018-64

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated November 21, 2018 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations dated November 21, 2018 is available at http:\\www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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IN THE MATTER OF
KEIR REYNOLDS

AMENDED 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 paragraphs 4 and 5 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c S.5 (the **Act**):

   (a) against Keir Reynolds (**Reynolds**) that:

      i. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, Reynolds cease trading in any securities or derivatives, or purchasing any securities, of any issuer he is in a special relationship with until July 3, 2021, except that:

         1. Reynolds may receive their securities as payment for services he provided to them (the **Compensation Shares**) pursuant to a valid agreement (the **Agreement**) and on the condition that he is not permitted to trade the Compensations Shares until the earlier of:

            A. three months after the Agreement has concluded, or

            B. July 3, 2021, being the end date of the three year trading ban pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act,

            provided Reynolds is otherwise entitled to do so under all applicable laws and regulations;

      ii. pursuant to paragraph 7 of subsection 127(1) of the Act, Reynolds resign any positions that he holds as a director or officer of any issuer that issues securities to the public;

      iii. pursuant to paragraph 8 of subsection 127(1) of the Act, Reynolds be prohibited until July 3, 2021 from becoming or acting as a director or officer of any issuer that issues securities to the public; and

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

B. FACTS

Staff make the following allegations of fact:

3. On July 3, 2018, Reynolds entered into a Settlement Agreement (the **Settlement Agreement**) with the British Columbia Securities Commission (**BCSC**).

4. Pursuant to the Settlement Agreement, Reynolds admitted to breaching British Columbia securities legislation, and agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of British Columbia.

5. Reynolds is subject to an order of the BCSC dated July 3, 2018 (the **BCSC Order**), which imposes sanctions, conditions, restrictions or requirements upon him.

(i) The BCSC Proceedings

Agreed Statement of Facts

6. In the Settlement Agreement, Reynolds agreed with the following facts:

Background

(a) Reynolds is a British Columbia resident who became a director of Mezzi Holdings Inc. (**Mezzi**) on February 18, 2014. Reynolds was appointed Chairman of Mezzi on April 7, 2014 and CEO of Mezzi on September 16, 2014.

(b) Mezzi is a company involved in the wearable smart technology industry. On June 20, 2014, Mezzi entered into a reverse takeover transaction (the **RTO**), whereby it was to be vended into a public company (the **Issuer**) that traded on the TSX-V and the Borse Frankfurt. The letter of intent with respect to the RTO was first publicly disclosed on April 25, 2014.

Misconduct

(c) As a result of his position as Chairman and CEO of Mezzi, Reynolds had knowledge of undisclosed material information concerning the pending RTO from at least February 2014.

(d) Between February 2014 and April 2014, with knowledge of the undisclosed material information concerning the pending RTO, Reynolds funded and directed trades in the account of another individual to buy 114,500 shares of the Issuer on the TSX-V. Neither Reynolds nor the individual who held the account made any profit as a result of this trading.

(e) Reynolds' trading of shares of the Issuer was contrary to section 57.2(2) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the **BC Act**).

Mitigating Factors

(f) Reynolds agreed to make early admissions with respect to the above-noted misconduct prior to the BCSC's issuance of a Notice of Hearing.

(ii) BCSC Settlement and Undertakings

Undertaking

(g) Reynolds undertook to pay $15,000 to the BCSC in respect of settlement.

The BCSC Order

7. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Reynolds, all of which were agreed to in paragraph 2 of the Settlement Agreement:

(a) under section 161(1)(d)(i) of the BC Act, Reynolds resign any position he holds as a director or officer of an issuer that issues securities to the public;

(b) under section 161(1)(d)(ii) of the BC Act, Reynolds is prohibited for three years from becoming or acting as a director or officer of any issuer that issues securities to the public; and

(c) under section 161(1)(b)(ii) of the BC Act, Reynolds is prohibited for three years from trading in or purchasing any securities or exchange contracts of an issuer he is in a special relationship with, except that he may receive their securities as payment for services he provided to them (the Compensation Shares) pursuant to a valid agreement (the Agreement) and on the condition that he is not permitted to trade the Compensation Shares until the earlier of:

(i) three months after the Agreement has concluded, or

(ii) the three year ban under section 161(1)(b)(ii) of the BC Act has expired,

provided he is otherwise entitled to do so under all applicable laws and regulations.

Consent to Regulatory Orders

8. Reynolds consented to regulatory Orders made by any provincial or territorial securities regulatory authority in Canada containing any or all of the Orders set out in paragraph 2 of the Settlement Agreement.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

9. Pursuant to the Settlement Agreement, Reynolds agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of British Columbia.

10. Reynolds is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.

11. Pursuant to paragraphs 4 and 5, respectively, of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company, or an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that a person or company is to be made subject to sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.

12. Staff allege that it is in the public interest to make an order against Reynolds.

13. 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 21st day of November, 2018.

Vivian Lee
Litigation Counsel
Enforcement Branch

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 NewGen Asset Management Limited et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the investment fund self-dealing restrictions in the Securities Act (Ontario) and National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to allow existing pooled funds to implement a multi-tier fund-of-fund structure involving investments in pooled funds under common management – Two existing pooled funds domiciled in Canada being reorganized into four-tier and three-tier fund-on-fund structures, respectively, providing exposure to the investment portfolio of a Cayman Master Fund under common management domiciled in the Cayman Islands – Relief granted to permit one-time *In Specie* subscriptions between pooled funds under common management in order to transfer the investment portfolio of a Canadian pooled fund to a Cayman Master Fund under common management.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(4), 113.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(a), 13.5(2)(b), 15.1.

November 16, 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
NEWGEN ASSET MANAGEMENT LIMITED
(the Filer)

AND

IN THE MATTER OF
NEWGEN EQUITY LONG-SHORT FUND RRSP,
NEWGEN EQUITY LONG-SHORT FUND LP AND
NEWGEN (OFFSHORE) LP

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on its behalf and on behalf of the NewGen Equity Long-Short Fund RRSP, formerly the NewGen Trading Fund RRSP, (the **Canadian RRSP Fund**), the NewGen Equity Long-Short Fund LP, formerly the NewGen Trading Fund LP, (the **Canadian LP**) and the NewGen (Offshore) LP (the **Cayman LP**), for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**),

(a) exempting the Canadian RRSP Fund, the Canadian LP, the Cayman LP and the Filer, as applicable, from:

(i) the restriction in the *Securities Act* (Ontario) (the **Act**) which prohibits an investment fund from knowingly making an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial securityholder; and

(ii) the restriction in the Act which prohibits an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (i) above (together with the restriction in paragraph (i) above, the **Related Issuer Relief**);

(iii) the restriction contained in subparagraph 13.5(2)(a)(ii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibits 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 a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director unless the fact is disclosed to the client and the written consent of the client to the purchase is obtained before the purchase (the **Consent Relief**); and

(iv) the restriction contained in subsection 13.5(2)(b)(iii) of NI 31-103 which prohibits a registered adviser from knowingly causing an investment portfolio managed by it to purchase or sell a security from or to the investment portfolio of an investment fund for which the responsible person acts as an adviser (the ***In Specie* Trade Relief**, and together with the Related Issuer Relief and the Consent Relief, the **Requested Relief**); and

(b) revoking a decision of the Filer obtained from the principal regulator dated July 28, 2015 granting the Related Issuer Relief and the Consent Relief (the **Original Decision**).

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 in respect of the Requested Relief.

Interpretation

Unless expressly defined herein, terms in this decision have the respective meanings given to them in National Instrument 14-101 *Definitions* and MI 11-102.

Representations

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

Filer

1. The Filer is a corporation incorporated under the laws of the Province of Ontario and has its head office in Toronto, Ontario.

2. The Filer is registered in the categories of: investment fund manager, portfolio manager and exempt market dealer in Ontario; investment fund manager and exempt market dealer in Newfoundland and Labrador and in Québec; portfolio manager and exempt market dealer in Alberta; and exempt market dealer in British Columbia and Saskatchewan.

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

4. The Filer is the investment fund manager and portfolio adviser of the Canadian RRSP Fund, the Canadian LP, the Cayman LP, and the portfolio adviser of the NewGen Equity Long/Short Fund (the **Cayman Master Fund**), described below. The President of the Filer, David Dattels, is a director of the board of the Cayman Master Fund.

5. As the Filer is the portfolio adviser for the Canadian RRSP Fund, the Canadian LP, the Cayman LP and the Cayman Master Fund (individually a **Fund**, and collectively, the **Funds**), the Filer is a “responsible person” within the meaning of the applicable provisions of NI 31-103.

6. The Filer has complete discretion to invest the assets of the Funds and is responsible for executing all portfolio transactions. Furthermore, the Filer, subject to compliance with applicable securities laws, may act as a distributor of securities of the Funds not otherwise sold through another registered dealer.

7. The Funds are not reporting issuers in any jurisdiction of Canada. Securities of the Canadian RRSP Fund, the Canadian LP and the Cayman LP may be offered for sale in any jurisdiction in Canada pursuant to prospectus exemptions under National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) or in other jurisdictions subject to available prospectus exemptions and applicable laws. Except for the classes of shares sold by the Cayman Master Fund to the Cayman LP, which can only be purchased by the Cayman LP, all of the other classes of shares of the Cayman Master Fund are sold outside of Canada pursuant to available prospectus exemptions and applicable laws.

8. Subject to the terms of this Decision, the Filer, or an affiliate of the Filer, is entitled to receive management fees and incentive allocations with respect to one or more classes of securities of the Canadian RRSP, the Canadian LP, the Cayman LP and/or the Cayman Master Fund.

Canadian RRSP Fund

9. The Canadian RRSP Fund was established as a mutual fund trust under the laws of the Province of Ontario, pursuant to a declaration of trust effective as of August 1, 2015. The Filer acts as trustee of the Canadian RRSP Fund pursuant to the approval under the *Loan and Trust Corporations Act* (Ontario) granted by the principal regulator to the Filer on December 21, 2012.

10. The investment objective of the Canadian RRSP Fund is to invest all or substantially all of its assets in the Canadian LP.

11. Securities of the Canadian RRSP Fund are eligible for investment by tax-free savings accounts (**TFSAs**) and trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and registered disability savings plans (collectively, **Tax Deferred Plans**), each as defined in the *Income Tax Act* (Canada). The Canadian RRSP Fund is designed to be a clone fund of the Canadian LP (described below) that allows the Filer to access those investors that seek to hold their fund investments in TFSAs and Tax Deferred Plans.

12. The Original Decision granted Related Issuer Relief and Consent Relief to allow the Canadian RRSP Fund to invest in the Canadian LP.

13. The Filer now proposes to reorganize the Canadian RRSP Fund and the Canadian LP, respectively, into multi-fund structures comprised of four tiers and three tiers, respectively (the **Reorganization**), each ultimately providing exposure to the investment portfolio of the Cayman Master Fund, as described below.

Canadian LP

14. The Canadian LP is an open-ended limited partnership established under the laws of the Province of Ontario pursuant to a Declaration of Limited Partnership under the *Limited Partnerships Act* (Ontario) dated January 19, 2010.

15. The general partner of the Canadian LP is NewGen Trading Fund GP Limited (the **General Partner**). The General Partner is incorporated under the laws of the Province of Ontario and is an affiliate of the Filer.

16. The investment objective of the Canadian LP is to, directly or indirectly, achieve superior absolute returns through an opportunistic trading strategy designed to exploit short-term market inefficiencies. The Canadian LP invests, directly or indirectly, (long and short) primarily in listed equities, but also has the flexibility to invest in a wide range of instruments to balance risk and/or enhance returns including, but not limited to, currencies, commodities (cash-settled only), futures (including index futures), credit default swaps, options and warrants.

17. The portfolio of the Canadian LP consists primarily of publicly-traded securities. The Canadian LP does not, directly or indirectly, hold more than 10% of its net asset value in “illiquid” assets (as defined in National Instrument 81-102 *Investment Funds* (**NI 81-102**)).

18. The Canadian LP is a flow-through vehicle for Canadian tax purposes. Its securities are not eligible for investment by TFSAs and Tax Deferred Plans.

Cayman Master Fund

19. The Cayman Master Fund was incorporated in the Cayman Islands as an exempted company on August 29, 2011.

20. The investment objective of the Cayman Master Fund is to achieve superior absolute returns through an opportunistic trading strategy designed to exploit short-term market inefficiencies. The Cayman Master Fund invests (long and short) primarily in listed equities, but also has the flexibility to invest in a wide range of instruments to balance risk and/or enhance returns including, but not limited to, currencies, commodities (cash-settled only), futures (including index futures), credit default swaps, options and warrants.

21. The Cayman Master Fund does not, directly or indirectly, hold more than 10% of its net asset value in "illiquid" assets (as defined in NI 81-102).

22. Securities of the Cayman Master Fund are not eligible for TFSAs and Tax Deferred Plans.

Multi-Fund Structure

23. The Canadian RRSP Fund was formed as a trust for the purpose of accessing a broader base of investors, including TFSAs, Tax Deferred Plans and other investors that may not wish to invest directly in a limited partnership for tax considerations. Rather than managing the Canadian RRSP Fund's and the Canadian LP's investment portfolios as separate pools, the Filer wanted to use economies of scale by managing a single investment pool within the Canadian LP and causing the Canadian RRSP Fund to invest indirectly in that pool by investing directly in the Canadian LP.

24. The Filer now wants to achieve further economies of scale by consolidating the pool of assets held by the Canadian LP with the similar pool of assets held by the Cayman Master Fund, while maintaining the Canadian LP and the Cayman Master Fund as separate legal structures.

25. The Canadian LP and the Cayman Master Fund have the same investment objectives and strategies, hold similar types of securities, and are currently being managed by the Filer in parallel in two different jurisdictions. By bringing the investment portfolios of the Canadian LP and the Cayman Master Fund together into one portfolio managed entirely within the Cayman Master Fund, the Filer expects to increase the asset base of the Cayman Master Fund and achieve operational and administrative efficiencies associated with managing a single investment pool.

26. To achieve this reorganization, the Filer proposes to cause the Canadian RRSP Fund to adopt a multi-fund structure with four tiers under which it will invest all or substantially all of its assets in the Canadian LP, which will in turn invest all or substantially all of its assets in a class of shares of the Cayman Master Fund through the intermediary of the Cayman LP, described below. Correspondingly, the Canadian LP will adopt a multi-fund structure with three tiers under which it will invest all or substantially all of its assets in the Cayman Master Fund, through the intermediary of the Cayman LP, described below.

27. The Cayman LP is a limited partnership flow-through vehicle established in the Cayman Islands that will be interposed between the Canadian LP and the Cayman Master Fund for tax reasons. The only investor in the Cayman LP will be the Canadian LP. The Cayman LP will not be sold to other investors. The purpose of the Cayman LP is to preserve certain aspects of the tax treatment to Canadian investors that is currently available through investments in the Canadian RRSP Fund and the Canadian LP, and therefore ensure that the Canadian investors will not experience any negative impact from a Canadian tax perspective before and after the proposed multi-fund structure is in place.

28. The Filer expects that the increased economies of scale that may be achieved through the multi-fund structure may provide additional benefits to security holders of the Canadian RRSP Fund, the Canadian LP and the Cayman Master Fund, including more favourable pricing and transaction costs on portfolio trades and increased access to investments where there is a minimum subscription or purchase amount.

29. The multi-fund structure will enable the Filer to maintain the Canadian RRSP Fund, the Canadian LP and the Cayman Master Fund as separate legal structures for tax and marketing reasons. The Cayman Master Fund allows the Filer to access foreign investors and offer them an investment vehicle in a form that is familiar to them, while the Canadian RRSP Fund and the Canadian LP allow the Filer to access Canadian investors seeking certain Canadian tax advantages or treatments.

30. To initially effect the Reorganization of the Canadian RRSP Fund and the Canadian LP into the proposed multi-fund structures, the Filer proposes to transfer the investment portfolio of the Canadian LP to the Cayman Master Fund on an *in specie* basis through the intermediary of the Cayman LP. Accordingly, the Canadian LP will transfer its investment portfolio to the Cayman LP on an *in specie* basis in exchange for securities of the Cayman LP, which will subsequently transfer the investment portfolio on an *in specie* basis to the Cayman Master Fund in exchange for shares of the Cayman Master Fund.

31. The multi-fund structure will allow the Canadian RRSP Fund and the Canadian LP to achieve their investment objectives in a cost-efficient manner and will not be detrimental to the interests of their security holders or of those of the Cayman Master Fund.

32. The assets of the Funds will be held by a custodian that meets or will meet the qualifications set out in subsections 6.2 and 6.3 of NI 81-102, other than that audited financial statements may not have been made public for the purpose of subsections 6.2 3(a) and 6.3 2(c) of NI 81-102.

33. The Funds that are subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) will prepare annual audited financial statements and interim unaudited financial statements in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106 applicable to them.

34. The Funds will have matching valuation dates and will be valued no less frequently than on a monthly basis.

35. Securities of the Funds will have matching redemption dates and will be redeemable no less frequently than on a monthly basis.

36. An investment by the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, in the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, will be effected at an objective price. An objective price for this purpose will be the net asset value (**NAV**) per security of the applicable class or series of the applicable Fund.

The Requested Relief

37. The Funds will be related mutual funds (under applicable securities legislation) by virtue of the common management by the Filer. The amounts invested by the Canadian RRSP Fund in the Canadian LP, by the Canadian LP in the Cayman LP, and by the Cayman LP in the Cayman Master Fund, may exceed 20% of the outstanding voting securities of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively. As a result, the Canadian RRSP Fund, the Canadian LP and the Cayman LP could become a substantial security holder of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively.

38. In the absence of the Related Issuer Relief, the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, would be precluded from purchasing and holding securities of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, due to the investment restrictions contained in the Legislation. Specifically, the Canadian RRSP Fund, the Canadian LP and the Cayman LP would be prohibited from becoming substantial security holders of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively.

39. Since the Funds do not offer their securities under a simplified prospectus and are therefore not subject to NI 81-102, they are unable to rely on the Related Issuer Relief codified for retail fund-on-fund investments under subsection 2.5(7) of NI 81-102 and accordingly seek the Related Issuer Relief under this decision.

40. In the absence of the Consent Relief, the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, would be precluded from investing in the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, unless the specific fact is disclosed to security holders of the Canadian RRSP Fund, the Canadian LP and the Cayman LP and their written consent is obtained prior to the purchase, as the Filer is a “responsible person” (as defined in section 13.5 of NI 31-103) in respect of the Funds.

41. In the absence of the *In Specie* Trade Relief, the Canadian LP would be precluded from selling its investment portfolio to the Cayman LP in exchange for securities of the Cayman LP, and the Cayman LP would in turn be precluded from then selling the investment portfolio to the Cayman Master Fund in exchange for securities of the Cayman Master Fund, as the Filer is a “responsible person” (as defined in section 13.5 of NI 31-103) in respect of the Funds.

42. The direct and indirect investments, as applicable, of the Canadian RRSP Fund, the Canadian LP and the Cayman LP in a Fund will represent the business judgment of a responsible person uninfluenced by considerations other than the best interests of the Canadian RRSP Fund, the Canadian LP and the Cayman LP.

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 Original Decision is revoked and the Requested Relief is granted provided that:

(a) securities of the Funds are distributed in Canada solely pursuant to exemptions from the prospectus requirements in NI 45-106;

(b) the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, will invest all or substantially all of their assets in the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively;

(c) the investment by the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, in the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, is compatible with the fundamental investment objectives of the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively;

(d) an investment by the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, in the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, will be effected at an objective price, calculated in accordance with section 14.2 of NI 81-106;

(e) the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, will not purchase or hold securities of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, unless, at the time of the purchase of securities of the applicable Fund, the Cayman Master Fund holds no more than 10% of its net assets in securities of other investment funds, which must be managed by a party at arm's length with the Filer and any affiliate;

(f) the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, will not invest in the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, unless the Canadian LP, the Cayman LP and the Cayman Master Fund comply with the provisions of NI 81-106 that apply to a "mutual fund in Ontario" as defined in the Act, to the extent such requirements apply to it;

(g) no management fees or incentive fees are payable by the Canadian RRSP Fund, the Canadian LP and the Cayman LP that, to a reasonable person, would duplicate a fee payable for the same service by any Fund in which each of them directly or indirectly invests its assets;

(h) no sales fees or redemption fees are payable by the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, in relation to their purchases or redemptions of securities of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively;

(i) the Filer does not cause the securities of the Canadian LP, the Cayman LP and the Cayman Master Fund, respectively, held by the Canadian RRSP Fund, the Canadian LP and the Cayman LP, respectively, to be voted at any meeting of holders of such securities, except that the Filer may arrange for such securities to be voted by the beneficial holders of securities of the Canadian RRSP Fund, the Canadian LP and the Cayman LP, as applicable, who are not the Filer or its affiliate, or an officer, director or substantial securityholder of the Filer or its affiliate;

(j) when purchasing and/or redeeming securities of the Cayman Master Fund, the Filer will, as portfolio adviser of the Funds, act honestly, in good faith and in the best interests of the Funds, and will exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances;

(k) the interim and annual financial statements of the Canadian RRSP Fund and the Canadian LP will disclose the top 25 positions of the Cayman Master Fund, each expressed as a percentage of NAV of the Cayman Master Fund as at the end of the financial reporting period;

(l) the offering memorandum, where available, or other disclosure document of the Canadian RRSP Fund and the Canadian LP, respectively, will be provided to investors in the Canadian RRSP Fund and the Canadian LP, as applicable, prior to the time of investment, and will disclose:

(i) that the Canadian RRSP Fund or the Canadian LP, as applicable, will indirectly invest all or substantially all of its assets in the Cayman Master Fund through the intermediary of the Cayman LP;

(ii) that the Filer is the investment fund manager and/or portfolio adviser of each Fund in the multi-fund structure of the Canadian RRSP Fund and the Canadian LP, as applicable;

(iii) the investment objective and investment strategies of the Cayman Master Fund;

(iv) the fees, expenses and any performance or special incentive distributions payable by any of the Funds in which the Canadian RRSP Fund and Canadian LP, as applicable, directly or indirectly invest their assets;

(v) that investors are entitled to receive from the Filer or its affiliate, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of each Fund in which the Canadian RRSP Fund and the Canadian LP, as applicable, directly or indirectly invest their assets;

(vi) that investors are entitled to receive from the Filer or its affiliate, on request and free of charge, the annual and interim financial statements of the Cayman Master Fund;

(m) each existing securityholder of the Canadian RRSP Fund and the Canadian LP receives, within one month from the date of this decision, the offering memorandum or disclosure document providing the disclosure contemplated in paragraph (l);

(n) the Filer will annually inform investors in the Canadian RRSP Fund and the Canadian LP, respectively, of their right to receive from the Filer, on request and free of charge, a copy of the offering memorandum, where available, or other similar disclosure document, and the annual and interim financial statements, of each Fund in which the Canadian RRSP Fund and the Canadian LP directly or indirectly invest their assets; and

(o) the *In Specie* Trade Relief is limited to the trades required to initially transfer the investment portfolio of the Canadian LP to the Cayman Master Fund and effect the Reorganization, and such trades comply with the following requirements:

(i) in the case of an *in specie* transaction that involves the purchase by the Canadian LP and the Cayman LP (each a **Transferor**), respectively, of securities of the Cayman LP and the Cayman Master Fund (each, a **Transferee**), respectively,

a. the Transferee would at the time of payment be permitted to purchase the portfolio securities delivered *in specie* by the transferor;

b. the portfolio securities are acceptable to the portfolio adviser of the Transferee, and consistent with the investment objective of the Transferee;

c. the portfolio securities transferred by the Transferor as purchase consideration will be valued: (i) on the same valuation day on which the purchase price of the Transferee's securities is determined; and (ii) at a value equal to the amount at which those portfolio securities were valued in calculating the net asset value used to establish the purchase price of the Transferee's securities, as if the portfolio securities were assets of the Transferee and as if the Transferee was subject to subparagraph 9.4(2)(b)(iii) of NI 81-102;

d. should the *in specie* transaction involve the transfer of illiquid portfolio securities, the portfolio adviser will obtain independent pricing determined on the basis of reasonable inquiry immediately before effecting the *in specie* transaction; and

e. each of the Transferor and Transferee will keep written records of an *in specie* transaction in a financial year of the Transferor and the Transferee, as applicable, reflecting details of the portfolio securities delivered to the Transferee, and the value assigned to such portfolio securities, for five years after the end of the financial year, the most recent two years in a reasonably accessible place; and

(ii) the Filer does not receive any compensation in respect of any *In Specie* transaction and, in respect of any delivery of portfolio securities further to an *In Specie* transaction, the only charge paid by the applicable Fund is the commission charged by the dealer executing the trade.

With respect to the Related Issuer Relief:

"Mark Sandler"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

With respect to the Consent Relief and the *In Specie* Trade Relief:

"Neeti Varma"
Acting Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.2 Ninepoint Partners LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of investment fund merger – approval required because merger does not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – the merger will not be a "qualifying exchange" or tax-deferred transaction under the Income Tax Act (Canada) – unitholders of the terminating fund provided with timely and adequate disclosure regarding the merger.

Applicable Legislative Provisions

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

November 20, 2018

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

AND

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

AND

IN THE MATTER OF
NINEPOINT PARTNERS LP
(the "Filer" or the "Manager")

AND

IN THE MATTER OF
NINEPOINT ENERGY OPPORTUNITIES TRUST
(the "Terminating Fund")

AND

NINEPOINT ENERGY FUND
(the "Continuing Fund" and collectively with the Terminating 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**") approving the proposed merger (as further described below) of the Terminating Fund into the Continuing Fund (the "**Merger**") pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 – *Investment Funds* ("**NI 81-102**") (the "**Merger Approval**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

1. the Ontario Securities Commission is the principal regulator (the "**Principal Regulator**") for this application; and

2. 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 (collectively 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.

Representations

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

The Filer and the Funds

1. The Filer is the manager of the Terminating Fund and of the Continuing Fund. The Filer is a limited partnership formed under the laws of Ontario. The Filer's general partner is Ninepoint Partners GP Inc., a corporation incorporated under the *Business Corporations Act* (Ontario). The Filer is registered as an exempt market dealer and a portfolio manager with the securities regulatory authorities in each of Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia and Saskatchewan. The Filer is registered as an "investment fund manager" in the provinces of Ontario, Newfoundland and Labrador and Québec, with its head office located in Toronto, Ontario. The Filer is also registered as a portfolio manager in the province of Québec.

2. The Terminating Fund is a non-redeemable investment fund established under the laws of the Province of Ontario that is governed by a trust agreement dated November 30, 2016, as amended on March 22, 2018 in connection with the change of the name of the Terminating Fund from "Sprott Energy Opportunities Trust" to "Ninepoint Energy Opportunities Trust" effective as of March 29, 2018. RBC Investor Services Trust is the trustee of the Terminating Fund.

3. The Terminating Fund's issued and outstanding units currently trade on the Toronto Stock Exchange ("**TSX**") under the ticker symbol NRGY.UN.

4. The Terminating Fund is a reporting issuer under applicable securities legislation of the Jurisdictions.

5. The Continuing Fund is a mutual fund established under the laws of the Province of Ontario that is governed by a trust agreement with RBC Investor Services Trust dated September 9, 1997, as amended and restated on October 1, 2001 and February 13, 2004, and as further amended on November 1, 2007, January 16, 2009, December 23, 2013, March 31, 2014, June 2, 2014 and April 23, 2018, assigned to the Manager as manager on August 1, 2017, together with amended and restated Schedules "A" and "B" each dated January 26, 2018, and assumed by the Manager as trustee on April 23, 2018, as amended.

6. Series A Units, Series D Units, Series F Units and Series I Units of the Continuing Fund are offered for sale pursuant to a simplified prospectus dated April 23, 2018, as amended.

7. The Continuing Fund is a reporting issuer under applicable securities legislation of the Jurisdictions.

8. Neither the Filer nor either of the Funds is in default of securities legislation in the Jurisdictions.

Unitholder Disclosure

9. The Terminating Fund's initial public offering prospectus dated December 6, 2016 described the Manager's intention that, on or about October 17, 2018, the Terminating Fund would, subject to applicable law, (i) convert into an exchange traded mutual fund ("**ETF**") with a similar investment objective and investment strategies to that of the Terminating Fund, or (ii) merge on a tax-deferred basis into an ETF or convert or merge into an open-end mutual fund, in each case managed by the Manager or an affiliate.

10. As described in the Terminating Fund's press release dated August 17, 2018, and in a notice sent to unitholders of the Terminating Fund with additional details regarding the Merger, the Manager originally intended that the Merger would be implemented on a tax-deferred "rollover" basis as a "qualifying exchange" as defined in section 132.2 of the *Income Tax Act* (Canada) (the "**Tax Act**") and would be completed without the approval of unitholders of the Terminating Fund in reliance on section 5.3(2)(a) of NI 81-102.

11. However, the Manager subsequently determined that certain tax attributes of the Continuing Fund would be lost if the Merger were effected as a "qualifying exchange" and determined that the Merger should not be implemented as a qualifying exchange. Consequently, the Manager determined that it would seek the approval of the unitholders of the Terminating Fund for the Merger as required by section 5.1(1)(f) of NI 81-102 at a special meeting that was held November 15, 2018 (the "**Meeting**"). The unitholders of the Terminating Fund approved the Merger at the Meeting.

12. By press release dated September 26, 2018, the Manager announced its intention to seek the approval of unitholders for the Merger.

13. The Manager filed a material change report in respect of the proposed Merger as required by Part 11 of NI 81-106.

14. The Independent Review Committee (the "**IRC**") of each of the Terminating Fund and the Continuing Fund has reviewed the proposed Merger from a conflict of interest perspective, and has advised the Manager that, in the applicable IRC's opinion, the Merger achieves a fair and reasonable result for the Terminating Fund and the Continuing Fund and their unitholders (the "**IRC Decisions**").

15. The notice of the meeting and the management information circular of the Terminating Fund (the "**Circular**") was mailed to unitholders and filed in accordance with applicable securities legislation.

16. The Circular, among other things, includes:

    (a) a description of the Merger and the Continuing Fund;

    (b) a description of the differences between the Terminating Fund and the Continuing Fund;

    (c) a description of the management fees of the Continuing Fund;

    (d) a description of the income tax considerations applicable to the Merger; and

    (e) the most recently filed fund facts for the Series F Units of the Continuing Fund.

17. The Circular also discloses that unitholders can obtain the current prospectus as well as the most recently filed annual information form, fund facts for the Series A, Series D and Series I Units of the Continuing Fund, annual financial statements and interim financial reports, and annual and interim management reports of fund performance of the Continuing Fund from the Filer upon request, on the Filer's website or on SEDAR at www.sedar.com.

18. Unitholders had the opportunity to consider the information in the Circular prior to voting on the Merger. As required under the trust agreement of the Terminating Fund, the approval of the unitholders of the Terminating Fund was given by at least 50% of unitholders of the Terminating Fund present at the Meeting in person or by proxy.

Reasons for and benefits of the Merger

19. The Manager believes that the Merger will be beneficial to unitholders of the Terminating Fund and the Continuing Fund for the following reasons:

    (a) investors in the Continuing Fund are entitled to buy or redeem all or any portion of their securities daily at the applicable net asset value, resulting in greater liquidity for securityholders in the Terminating Fund;

    (b) the Terminating Fund and the Continuing Fund have substantially similar fundamental investment objectives and strategies, as discussed in greater detail in the Circular;

    (c) unitholders of both the Terminating Fund and the Continuing Fund will enjoy increased economies of scale as part of a larger combined Continuing Fund;

    (d) the Continuing Fund will have a portfolio of greater value, allowing for increased portfolio diversification opportunities, which may lead to increased returns and/or a reduction of risk;

    (e) the management expense ratio (the "**MER**") of the Series F Units of the Continuing Fund is expected to be lower than the MER of the units of the Terminating Fund;

    (f) the Continuing Fund, as a result of its greater size, and thus larger profile in the marketplace, will benefit from potentially attracting more securityholders and enabling it to maintain a "critical mass"; and

    (g) as a result of implementing the Merger otherwise than as a "qualifying exchange" the tax attributes of the Continuing Fund will continue to be available.

Tax Implications of the Merger

20. The Manager has concluded that it is in the overall best interests of unitholders to effect the Merger on a taxable basis to preserve the Continuing Fund's unused capital losses (realized and accrued), which would otherwise expire if an election were made that the Merger be a "qualifying exchange" as defined in section 132.2 of the *Income Tax Act* (Canada) (the "**Tax Act**") and occur on a tax-deferred basis. As a result of effecting the Merger on a taxable basis, the unused capital losses of the Continuing Fund will be available to shelter capital gains realized by the Continuing Fund in future years and thereby reduce the amount of taxable distributions to be made to investors in the Continuing Fund in the future. The unused capital losses of the Terminating Fund will expire in either a taxable or a tax-deferred transaction.

21. Although the assets of the Terminating Fund transferred to the Continuing Fund will be disposed of for fair market value proceeds, if the Merger were to take place on the date hereof, the Manager does not anticipate that the result of the transfers would give rise to net income or net taxable capital gains of the Terminating Fund on an aggregate basis due to its existing accrued but unrealized losses and available loss carryforwards.

22. To the extent that unitholders of the Terminating Fund have an accrued capital loss on their units in a non-registered account, effecting the Merger on a taxable basis will allow such unitholders to realize that loss and use it against current and future capital gains or to carry it back as permitted under the Tax Act.

23. Conversely, to the extent that unitholders of the Terminating Fund have an accrued capital gain on their units in a non-registered account, effecting the Merger on a taxable basis will result in unitholders recognizing that capital gain although there is no corresponding cash distribution.

Implementation of the Merger

24. The trust agreement of the Terminating Fund will be amended to the extent necessary to provide unitholders of the Terminating Fund who wish to redeem their units with a special redemption right (the "**Special Redemption Right**"), allowing such unitholders to redeem their units prior to the Merger at a price equal to their net asset value on the same terms that would have been applied had the Terminating Fund terminated and redeemed all units as contemplated by its trust agreement. Unitholders were first notified of the Special Redemption Right and the applicable deadlines in the press release of the Terminating Fund issued on September 26, 2018. The notice period to surrender units under the Special Redemption Right was from October 1, 2018 until 4:00 p.m. (Toronto time) on October 26, 2018. The net asset value per unit for the Special Redemption Right was calculated on October 30, 2018 and unitholders received payment on or before November 9, 2018. Redeeming unitholders under the Special Redemption Right received a redemption price per unit equal to the net asset value per unit on October 30, 2018, less any costs and expenses incurred by the Terminating Fund in order to fund such redemption, including brokerage costs, if any.

25. If the necessary approvals are obtained, the following steps will be carried out to effect the Merger:

    (a) The Manager expects that the units of the Terminating Fund will be delisted from the TSX prior to the effective date of the Merger of on or about November 29, 2018 (the "**Merger Date**").

    (b) The fair market value of the Terminating Fund's assets will be determined at the close of business on the Merger Date, after giving effect to the redemption of units of the Terminating Fund pursuant to the Special Redemption Right and after the disposition of any securities required to be disposed of by the Terminating Fund prior to the Merger.

    (c) Each of the Terminating Fund and the Continuing Fund, if necessary, may make a distribution of net income and/or net realized capital gains in order that it is not liable to tax in the taxation year that includes the Merger. If the Merger were to take place on the date hereof, the Manager does not anticipate that either fund would make such a distribution.

    (d) The Terminating Fund will transfer all of its assets to the Continuing Fund for a purchase price equal to the fair market value of the assets transferred. The Continuing Fund will satisfy the obligation to pay the purchase price by assuming the liabilities of the Terminating Fund and by issuing to the Terminating Fund such number of Series F Units of the Continuing Fund determined based on an exchange ratio established as of the close of trading on the Merger Date. The exchange ratio will be calculated based on the relative net asset value of the Terminating Fund's units and the Series F Units of the Continuing Fund.

    (e) Immediately following the transfer of the assets of the Terminating Fund to the Continuing Fund and the issuance of the Series F Units of the Continuing Fund to the Terminating Fund, all units of the Terminating Fund will be automatically redeemed and each Terminating Fund unitholder will receive such number of

Series F Units of Continuing Fund as is equal to the number of units of the Terminating Fund held multiplied by the exchange ratio. No fractional Series F Units of the Continuing Fund or cash in lieu thereof will be issued or paid to unitholders of the Terminating Fund under the Merger.

(f) Holders of units of the Terminating Fund will become Series F unitholders of the Continuing Fund.

(g) Following the Merger Date, unitholders of the Terminating Fund will be able to commence switches, reclassifications, conversions and redemptions of the Series F Units of the Continuing Fund distributed to them under the Merger as permitted in accordance with the terms of the Series F Units.

26. As soon as possible following the steps set out above, the Terminating Fund will terminate.

27. The portfolio assets of the Terminating Fund to be acquired by the Continuing Fund as part of the Merger will be: (i) permitted to be acquired by the Continuing Fund under NI 81-102; and (ii) acceptable to the Manager for the Continuing Fund and consistent with the Continuing Fund's fundamental investment objectives.

28. Any cash acquired by the Continuing Fund in connection with the Merger will be invested in accordance with the investment objectives, strategies, and restrictions of the Continuing Fund and NI 81-102.

29. Any brokerage commissions payable as a result of a liquidation of any of the Terminating Fund's portfolio as part of the Merger will be borne by the Manager and not the Terminating Fund. In addition, no sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund or in connection with the acquisition by unitholders of the Terminating Fund of Series F Units of the Continuing Fund.

30. The Manager will not receive any compensation in respect of the acquisition, sale or redemption of the units of the Funds in connection with the Merger.

31. The Funds will bear none of the costs and expenses associated with the Merger.

32. The Funds are, and are expected to continue to be at all material times, mutual fund trusts under the Tax Act and, accordingly, units of the Funds are "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts.

Reasons for Seeking the Relief

33. The Merger Approval is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers as set out in section 5.6 of NI 81-102, namely because the Merger will not be completed as a "qualifying exchange" under the Tax Act. The Merger will otherwise comply with all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

34. In light of the disclosure that is included in the Circular, unitholders of the Terminating Fund had all the information necessary to determine whether the Merger is appropriate for them. Unitholders of the Terminating Fund will have the Special Redemption Right to permit them to exit the Terminating Fund should they not wish to become unitholders of the Continuing Fund.

35. The Filer has determined that it would be in the best interests of the unitholders and not prejudicial to the public interest to receive the Merger Approval.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Merger Approval is granted.

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

2.1.3 Algonquin Capital Corporation and the Top Funds

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the conflict of interest restrictions in the Securities Act (Ontario) and the self-dealing prohibitions in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit fund-on-fund structures involving between pooled funds under common management subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(4), 113, 144.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(a), 15.1.

November 23, 2018

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

AND

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

AND

IN THE MATTER OF
ALGONQUIN CAPITAL CORPORATION
(the Filer)

AND

IN THE MATTER OF
THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of each of the Filer, Algonquin Trust (the **Initial Top Fund**) and one or more investment funds which are not reporting issuers under the securities legislation of the principal regulator (the **Legislation**) and which are established, advised and managed by the Filer, in the future (the **Future Top Funds**, and together with the Initial Top Fund, the **Top Funds**) for a decision under the Legislation:

(1) in respect of the Fund-on-Fund Structure (as defined below) exempting the Filer and the Top Funds from:

(a) the restriction in the Legislation that prohibits an investment fund from knowingly making an investment in any person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial securityholder;

(b) the restriction in the Legislation that prohibits an investment fund from knowingly making an investment in an issuer in which:

(i) any officer or director of the investment fund, its management company or distribution company or an associate of them, or

(ii) any person or company who is a substantial securityholder of the investment fund, its management company or its distribution company,

has a significant interest;

(c) the restriction in the Legislation that prohibits an investment fund, its management company or its distribution company, from knowingly holding an investment described in paragraph (a) or (b) above (collectively, the **Related Issuer Relief**); and

(d) the restrictions contained in subsection 13.5(2)(a) 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 a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless (i) this fact is disclosed to the client and (ii) the written consent of the client to the purchase is obtained before the purchase (the **Consent Relief**, and together with the Related Issuer Relief, the **Requested Relief**),

to permit the Filer to cause the Top Funds to invest in the Underlying Funds (as defined below); and

(2) to revoke and replace the Prior Decision (as defined below) (the **Revocation**).

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:

(i) in respect of the Related Issuer Relief, in Alberta;

(ii) in respect of the Consent Relief, in each of the other provinces and territories of Canada; and

(iii) in respect of the Revocation, in each of the other provinces and territories of Canada.

Interpretation

Unless otherwise defined herein, terms in this decision have the respective meanings given to them in National Instrument 14-101 *Definitions*.

Representations

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

The Filer

1. The Filer is a corporation existing under the laws of Ontario with its head office in Toronto, Ontario.

2. The Filer is registered with the Ontario Securities Commission in the categories of investment fund manager, portfolio manager and exempt market dealer. The Filer is also registered as an exempt market dealer in Alberta, British Columbia, Manitoba and Nova Scotia and an exempt market dealer and investment fund manager in Québec and Newfoundland and Labrador.

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

4. Pursuant to a decision dated February 24, 2017 (the **Prior Decision**), the Filer, on behalf of the Top Funds, was granted the Requested Relief. The Prior Decision, however, did not include parameters for entities qualified to hold assets outside of Canada. As such, the Filer is now seeking the Requested Relief and the Revocation to obtain a new decision which includes parameters for entities qualified to hold assets outside of Canada.

Top Funds

5. The Initial Top Fund is organized under the laws of Ontario as a trust. Each Future Top Fund will be organized as a trust under the laws of Ontario or another jurisdiction in Canada.

6. Each Top Fund is or will be a “mutual fund” for the purposes of the Legislation.

7. The Initial Top Fund is not, and each Future Top Fund will not be, a reporting issuer in any province or territory of Canada.

8. The Filer is, or will be, the investment fund manager and the portfolio manager of the Initial Top Fund and each of the Future Top Funds. The Filer is the trustee of the Initial Top Fund. The Filer or a third party will act as trustee of a Top Fund.

9. Securities of the Initial Top Fund and each Future Top Fund are, or will be, offered on a private placement basis to qualified investors pursuant to available exemptions from the prospectus requirements under Canadian securities legislation.

10. The Initial Top Fund was created pursuant to a declaration of trust dated January 16, 2017, as amended.

11. The Initial Top Fund will invest all or substantially all of its assets in the Initial Underlying Fund.

12. In addition to the Initial Top Fund, each Top Fund will also invest all or substantially all of its assets in an Underlying Fund.

13. The investment objective of the Initial Top Fund is the same as the current investment objective of the Initial Underlying Fund and the strategy for the Initial Top Fund is to invest substantially all of its assets in the Initial Underlying Fund.

14. The Initial Top Fund is not in default of securities legislation in any province or territory of Canada.

Underlying Funds

15. Algonquin Debt Strategies Fund LP (the **Initial Underlying Fund**) is not, and each investment fund that is established, managed, and advised by the Filer in the future (the **Future Underlying Funds**, and together with the Initial Underlying Fund, the **Underlying Funds**) will not be, a reporting issuer in any province or territory of Canada.

16. The Initial Underlying Fund is a limited partnership formed under the laws of the Province of Ontario by a declaration dated December 15, 2014.

17. The investment objective of the Initial Underlying Fund is to generate positive absolute returns with an emphasis on capital preservation and with a low correlation to traditional equity and fixed income markets.

18. Each Future Underlying Fund will be structured as a limited partnership under the laws of the Province of Ontario or another jurisdiction in Canada, or as an entity organized under the laws of the Cayman Islands, Barbados, Bahamas or the British Virgin Islands (each an **Off-Shore Jurisdiction**). The Initial Underlying Fund is, and each Future Underlying Fund will be, a “mutual fund” for the purposes of the Legislation.

19. Securities of each Underlying Fund will be offered to qualified investors, including the Top Funds, on a private placement basis pursuant to available exemptions from the prospectus requirements under Canadian securities legislation.

20. The Filer is the investment fund manager and portfolio manager of the Initial Underlying Fund and will be the investment manager and the portfolio manager of each of the Future Underlying Funds.

Fund-on-Fund Structure

21. Securities of the Initial Underlying Fund, structured as a limited partnership, are not qualified investments for tax-free savings accounts (**TFSAs**) and trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and registered disability savings plans (collectively, **Tax Deferred Plans**), each as defined in the *Income Tax Act* (Canada).

22. The Initial Top Fund has been, and the Future Top Funds will be, formed as trusts for the purpose of accessing a broader base of investors, including TFSAs, Tax Deferred Plans and other investors that may not wish to invest directly in a limited partnership or an Off-Shore Jurisdiction entity. Rather than operating investment portfolios of the Initial Top Fund and the Initial Underlying Fund as separate pools, the Filer wishes to make use of economies of scale by managing only one investment pool in the Initial Underlying Fund.

23. There are tax advantages for non-Canadian unitholders to invest directly in Future Underlying Funds structured as entities under laws of an Off-Shore Jurisdiction. Accordingly, the Filer expects non-Canadian investors to invest directly in the Future Underlying Funds which are structured under the laws of an Off-Shore Jurisdiction. However, since similar

tax advantages are not available to Canadian resident investors, the Filer expects Canadian resident investors to invest directly in a Top Fund to get indirect exposure to the related Underlying Fund.

24. The Initial Top Fund was, and Future Top Funds will be, created by the Filer to allow investors in the Top Funds to obtain indirect exposure to the investment portfolio of the Initial Underlying Fund or Future Underlying Funds and their investment strategies through, primarily, direct investments by the Top Funds in securities of the Underlying Funds (the **Fund-on-Fund Structure**).

25. The Fund-on-Fund Structure will permit the Filer to manage a single portfolio of assets for both a Top Fund and an Underlying Fund in a single investment vehicle structure.

26. Managing a single pool of assets provides economies of scale, allows the Top Funds to achieve their investment objectives in a cost-efficient manner and will not be detrimental to the interest of other securityholders of an Underlying Fund.

27. The Fund-on-Fund Structure is expected to increase the asset base of the Underlying Funds, which is expected to result in additional benefits to unitholders of the Underlying Funds, including more favourable pricing and transaction costs on portfolio trades, increased access to investments when there is a minimum subscription or purchase amount, and better economies of scale through greater administrative efficiency.

28. An investment in an Underlying Fund by a Top Fund will be effected at an objective price. According to the Filer's policies and procedures, an objective price for this purpose, will be the net asset value (**NAV**) per security of the applicable class or series of the applicable Underlying Fund.

29. The portfolio of each Underlying Fund consists, or will consist, primarily of publicly traded securities, debt instruments and derivatives. No Underlying Fund holds, or will hold, more than 10% of its NAV in illiquid assets (as defined in National Instrument 81-102 – *Investment Funds* (**NI 81-102**)).

30. The amounts invested, from time to time, in an Underlying Fund by one or more of the Top Funds, may exceed 20% of the outstanding voting securities of any single Underlying Fund. Accordingly, each Top Fund could, either alone or together with Future Top Funds, become a substantial securityholder of an Underlying Fund.

31. The Initial Top Fund is currently a substantial securityholder of the Initial Underlying Fund.

32. No Underlying Fund will be a Top Fund in a Fund-on-Fund Structure.

33. Each Underlying Fund has, or is expected to have, other investors in addition to the Top Funds.

34. Securities of the Top Funds and their corresponding Underlying Funds have, or will have, matching monthly redemption dates and matching monthly valuation dates.

35. In all cases, the Filer manages, or will manage, the liquidity of each Top Fund having regard to the redemption features of the corresponding Underlying Fund(s) to ensure that it can meet redemption requests from investors of the Top Funds.

36. The Fund-on-Fund Structures involving Future Top Funds and Future Underlying Funds will be similarly structured to that of the Initial Top Fund and Initial Underlying Fund in that future structures will also reflect trust on limited partnership arrangements, where a Future Top Fund, formed as a trust, invests in an Underlying Fund(s) that is a Canadian entity, formed as a limited partnership. The Filer also expects future Fund-on-Fund Structures to resemble that of the Initial Top Fund and Initial Underlying Fund to the extent that they involve a Future Top Fund, formed as a trust, which invests in an Off-Shore Jurisdiction entity.

37. In addition, the Fund-on Fund structure may result in a Top Fund investing in an Underlying Fund (i) in which an officer or director of the Top Fund, of the Filer or of any associate of them, has a significant interest, and/or (ii) where a person or company who is substantial securityholder of the Top Fund or the Filer, has a significant interest.

38. Currently, there is no officer or director of any Top Fund, the Filer or its distribution company, or any associate of them, who has a significant interest in the Initial Underlying Fund, however, there may be circumstances in the future which may cause them to have a significant interest.

39. The Top Funds and Underlying Funds subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) will prepare annual audited financial statements and interim unaudited financial statements in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106 applicable to them.

40. The assets of the Initial Top Fund and the Future Top Funds, are, or will be, held by an entity that meets the qualifications set out in section 6.2 (for assets held in Canada) or section 6.3 (for assets held outside Canada) of NI 81-102, except that its audited financial statements may not have been made public. The assets of the Underlying Funds are, or will be, held by an entity that meets the qualifications set out in section 6.2 (for assets held in Canada) or section 6.3 (for assets held outside Canada) of NI 81-102, except that its audited financial statements may not have been made public, or an entity that meets the qualifications set out under applicable laws of an Off-Shore Jurisdiction (for assets of Underlying Funds established under the laws of an Off-Shore Jurisdiction).

41. In the absence of the Related Issuer Relief, the Top Funds would be constrained by the investment restrictions in Canadian securities legislation in terms of the degree to which they could implement the Fund-on-Fund Structure. Specifically, the Top Funds would be prohibited from: (i) becoming a substantial securityholders of the Underlying Funds, either alone or together with related investment funds; and (ii) a Top Fund investing in an Underlying Fund in which an officer or director of the Filer has a significant interest and/or a Top Fund investing in an Underlying Fund in which a person or company who is a substantial securityholder of the Top Fund or the Filer, has a significant interest.

42. In the absence of the Consent Relief, each Top Fund would be precluded from investing in one or more Underlying Funds unless the specific fact is disclosed to securityholders of the Top Fund and the written consent of the securityholders of the Top Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, who may be considered a responsible person (as per section 13.5 of NI 31-103) or an associate of a responsible person, may also be a partner, officer and/or director of the applicable Underlying Fund.

43. The Fund-on-Fund Structure represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the prospective investors in the Top Funds.

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; and (2) the Requested Relief is granted provided that:

(a) securities of a Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirement under Canadian securities legislation;

(b) the investment by a Top Fund in an Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;

(c) an investment in an Underlying Fund by a Top Fund will be effected at an objective price, calculated in accordance with section 14.2 of NI 81-106;

(d) a Top Fund will not invest in an Underlying Fund, unless the Underlying Fund complies with the provisions of NI 81-106 that apply to a “mutual fund in Ontario” as defined in the *Securities Act* (Ontario);

(e) no Top Fund will purchase or hold a security of an Underlying Fund unless at the time of purchasing securities of the Underlying Fund, the Underlying Fund holds no more than 10% of its NAV in securities of other mutual funds unless the Underlying Fund:

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

(ii) purchases or holds securities of a “money market fund” (as defined in NI 81-102); or

(iii) purchases or holds securities that are “index participation units” (as defined by NI 81-102) issued by an investment fund;

(f) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;

(g) no sales fee or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund other than brokerage fees incurred for the purchase or sale of an index participation unit issued by an investment fund;

(h) the Filer does not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the holders of such securities, except that the Filer may arrange for the securities the Top Fund holds of an Underlying Fund to be voted by the beneficial owners of the securities of the Top Fund who are not the Filer or an officer, director or substantial securityholder of the Filer;

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

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

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

(ii) that the Filer is the investment fund manager and portfolio manager of both the Top Fund and the Underlying Fund;

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

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

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

(vi) for each officer, director and/or substantial securityholder of the Filer, or of a Top Fund, that has a significant interest in an applicable Underlying Fund, and for the officers and directors and substantial securityholders who together in aggregate hold a significant interest in an applicable Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the applicable Underlying Fund's NAV, and the potential conflicts of interest which may arise from such relationship;

(vii) that investors are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of the Underlying Fund, if available; and

(viii) that investors are entitled to receive from the Filer, on request and free of charge, the annual audited financial statements and interim financial reports relating to the Underlying Fund in which the Top Fund invests; and

(k) the Filer shall annually inform investors in a Top Fund of their right to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of each Underlying Fund, if available, and the annual audited financial statements and interim financial reports relating to each Underlying Fund in which the Top Fund invests.

The Consent Relief

"Neeti Varma"
Acting Manager
Investment Funds & Structured Products Branch, Ontario Securities Commission

The Related Issuer Relief

"Mark J. Sandler"
Commissioner
Ontario Securities Commission

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

2.1.4 Children's Education Funds Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Relief granted to scholarship plan for extension of prospectus lapse date – Additional time needed to consider impact of certain proposed changes to operational practices on disclosure – Extension of lapse date will not impact currency of disclosure relating to the funds.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 62(2), 62(5).

November 15, 2018

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

AND

IN THE MATTER OF
CHILDREN'S EDUCATION FUNDS INC.
(the Filer)

AND

THE CHILDREN'S EDUCATION TRUST OF CANADA,
GROUP OPTION PLAN,
SELF INITIATED PLAN AND
ACHIEVERS PLAN
(each, a Plan, and collectively, the Plans)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption that the time limits pertaining to filing the renewal prospectus of the Plans be extended as if the lapse date of the Plans' prospectus dated November 6, 2017 (the **Current Prospectus**) is February 6, 2019 (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Ontario).

2. The Filer is registered as a scholarship plan dealer applicable securities legislation in each of the Jurisdictions. The Filer is also registered as an investment fund manager under applicable securities legislation in Newfoundland and Labrador, Ontario and Quebec.

3. Each Plan is an "Education Savings Plan" under s. 146.1 of the *Income Tax Act* (Canada). The Plans are currently administered by the Filer which is also the investment fund manager of the Plans.

4. Each Plan is a reporting issuer in each of the Jurisdictions.

5. Securities of the Plans are currently qualified for distribution in each of the Jurisdictions under the Current Prospectus and the Plans are reporting issuers under the laws of each of the provinces and territories of Canada.

6. None of the Plans, nor the Filer, is in default of securities legislation in any of the Jurisdictions.

7. The lapse date of the Current Prospectus is November 6, 2018 (the **Current Lapse Date**). Under the Legislation, the distribution of the securities of each Plan would have to cease on the Current Lapse Date unless: (a) each Plan files a pro forma prospectus at least 30 day prior to the Current Lapse Date, (b) the final prospectus is filed no later than 10 days after the Current Lapse Date; and (c) a receipt for the final prospectus is obtained within 20 days of the Current Lapse Date.

8. A pro forma prospectus for the Plans was filed on October 9, 2018 in connection with the continuous public offering of the securities of each Plan. Accordingly, without the Exemption Sought, the final prospectus for the Plans would have to be filed by November 16, 2018 and a receipt must be obtained by November 26, 2018 in order for the distribution of securities of the Plans to continue without interruption.

9. Given the anticipated timing of the completion of discussions between the Filer and the OSC regarding proposed changes to the Filer's operational and allocation practices affecting the Plans, the relevant disclosure in the final prospectus cannot be finalized prior to the current lapse date. The Exemption Sought is requested in order to allow sufficient time to finalize this disclosure without resulting in the Plans being forced to cease distribution of their securities because the Current Prospectus has lapsed.

10. Since the date of the Current Prospectus, there has been no undisclosed material change in the Plans. Accordingly, the Current Prospectus continues to provide accurate information regarding the Plans.

11. Should any material changes be proposed in the interim, the Plans' prospectus will be amended accordingly. Therefore, the Exemption Sought will not affect the currency or accuracy of the information contained in the Current Prospectus, and therefore will not be prejudicial to the public interest.

Decision

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

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

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

2.2 Orders

2.2.1 Evolve Funds Group Inc. and Allianz Global Investors U.S. LLC – 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.

November 21, 2018

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
EVOLVE FUNDS GROUP INC. AND
ALLIANZ GLOBAL INVESTORS U.S. LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Evolve Funds Group Inc. (the **Principal Adviser**) and Allianz Global Investors U.S. LLC (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 established under the laws of Ontario with its head office located in Toronto, Ontario.

2. The Principal Adviser is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, as an adviser in the category of portfolio manager and as a commodity trading manager in Ontario.

3. The Sub-Adviser is a Delaware limited liability company, with its principal office in New York, New York. The Sub-Adviser is a direct, wholly-owned subsidiary of Allianz Global Investors U.S. Holdings LLC, which in turn is owned indirectly by Allianz SE, a diversified global financial institution.

4. The Sub-Adviser is not a resident of any province or territory of Canada.

5. The Sub-Adviser is currently registered as an investment advisor in the United States with the U.S. Securities and Exchange Commission.

6. The Sub-Adviser is not an affiliate of the Principal Adviser.

7. 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 United States, 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 the United States.

8. The Sub-Adviser engages in the business of an adviser in respect of Contracts in the United States.

9. The Sub-Adviser is not registered in any capacity under the CFA.

10. The Sub-Adviser is registered in the capacity of an exempt market dealer under applicable securities law in each of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

11. The Sub-Adviser is also currently relying on the international adviser exemption in each of British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario and Québec and the international investment fund manager exemption in Ontario and Québec. However, with respect to the Principal Adviser, the Sub-Adviser intends to avail 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**").

12. 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 the United States.

13. The Principal Adviser is or will be the investment fund manager of and provides or will provide 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 all the other provinces and territories of Canada (the **Investment Funds**) and (ii) other Investment Funds that may be established 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 and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

14. 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.

15. The discretionary portfolio management services provided or to be provided by the Principal Adviser to the Clients include acting as an adviser with respect to both securities and Contracts where such investments are part of the investment program of such Clients.

16. In connection with the Principal Adviser acting as an adviser to the Clients in respect of the purchase or sale of securities and 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 securities and 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 Clients, including discretionary authority to buy or sell Contracts for the Clients (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.

17. 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.

18. By providing the Sub-Advisory Services, the Sub-Adviser and the Sub-Adviser Individuals will be engaging in, or holding himself, herself, itself or themselves 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.

19. 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.

20. The relationship among the Principal Adviser, the Sub-Adviser and any Clients will be consistent with the requirements of section 8.26.1 of NI 31-103.

21. 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.

22. 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 has entered or 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**).

23. 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 will 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.

24. The Principal Adviser will deliver to the Clients all applicable reports and statements required under applicable securities, commodity futures and derivatives legislation.

25. The prospectus or other offering document (in either case, the **Offering Document**), if any, for each Client that is an Investment Fund 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 (as defined above); 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.

26. Prior to purchasing any securities of a Client directly from the Principal Adviser, all investors in the Client who are Ontario residents will receive, or have received, the Required Disclosure in writing (which may be in the form of an Offering Document).

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 for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the Required Disclosure; and

(h) prior to purchasing any securities of a Client that is an Investment Fund directly from the Principal Adviser, each investor in any of these Investment Funds who is an Ontario resident received, or will receive, the Required Disclosure in writing; 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 16th day of November, 2018.

"Mark J. Sandler"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.2.2 Pond Technologies Holdings Inc. – s. 1(11)(b)

Headnote

Subsection 1(11)b – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer is already a reporting issuer in British Columbia and Alberta – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in British Columbia and Alberta substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

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

AND

IN THE MATTER OF
POND TECHNOLOGIES HOLDINGS INC.

ORDER
(Paragraph 1(11)(b))

UPON the application of Pond Technologies Holdings Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to paragraph 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law;

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

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant was incorporated on September 18, 1972 under the *Company Act* (British Columbia) under the name "Keywest Resources Ltd." (subsequently renamed "K.W. Resources Ltd." on June 19, 1984, further renamed "Consolidated K.W. Resources Ltd." on November 22, 1990, further renamed "Tako Resources Ltd." on February 14, 1992, further renamed "Consolidated Tako Resources Ltd." on December 12, 1997, further renamed "International Tako Resources Ltd." on December 1, 1999, further renamed "International Tako Industries Inc." on November 26, 2002, further renamed "Ironhorse Oil & Gas Inc." on May 12, 2004, and further renamed "Pond Technologies Holdings Inc." on January 30, 2018) and continued under the *Business Corporations Act* (Alberta) pursuant to articles of continuance dated November 26, 2002.

2. The Applicant's head office is located at 250 Shields Court, Unit 8, Markham, Ontario L3R 9W2. The Applicant's registered office is located at Suite 3810, Bankers Hall West, 888 – 3rd Street SW, Calgary, Alberta, T2P 5C5.

3. The authorized share capital of the Applicant consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of first preferred shares, of which a total of 19,414,430 Common Shares and nil first preferred shares were issued and outstanding as of August 31, 2018.

4. The Applicant's Common Shares are listed and posted for trading on the TSX Venture Exchange (**TSXV**) under the stock symbol "POND". The Applicant's securities are not traded on any other stock exchange or trading or quotation system.

5. The Applicant does not have a shareholder which holds sufficient securities of the Applicant to affect materially the control of the Applicant.

6. The Applicant is currently a reporting issuer under the *Securities Act* (British Columbia) (the **BC Act**) and the *Securities Act* (Alberta) (the **Alberta Act**).

7. The Alberta Securities Commission is the principal regulator for the Applicant. The Commission will be the principal regulator for the Applicant once it has obtained reporting issuer status in Ontario. Upon the granting of this Order, the Applicant will amend its SEDAR profile to indicate that the Commission is its principal regulator.

8. The Applicant is not currently a reporting issuer or the equivalent in any jurisdiction in Canada other than Alberta and British Columbia and is not in default of any of its obligations under the Act, the BC Act or the Alberta Act or the rules and regulations made thereunder.

9. As of the date hereof, the Applicant is not on the list of defaulting issuers maintained pursuant to the BC Act or pursuant to the Alberta Act.

10. The continuous disclosure requirements of the Alberta Act and the BC Act are substantially the same as the continuous disclosure requirements under the Act.

11. The continuous disclosure materials filed by the Applicant under the BC Act and the Alberta Act are available on the System for Electronic Document Analysis and Retrieval.

12. The Applicant is not in default of any of the rules, regulations or policies of the TSXV.

13. Pursuant to section 18 of Policy 3.1 of the TSXV, a listed issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "Significant Connection to Ontario" (as defined in Policy 1.1 of the TSXV) and, upon becoming aware that it has a Significant Connection to

Ontario, promptly make a bona fide application to the Commission to be deemed a reporting issuer in Ontario.

14. The Applicant has determined that it has a "Significant Connection to Ontario" in accordance with the applicable provisions of the policies of the TSXV as its mind and management is principally resident in Ontario, its head office is located in Ontario, and a significant number of the registered and beneficial holders of the Applicant's Common Shares (well in excess of 20% of the issued and outstanding Common Shares of the Applicant) are resident in Ontario.

15. Neither the Applicant, nor any of its officers or directors, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision;

    other than Mr. Robert McLeese, in his capacity as owner and dealing representative of an exempt market dealer, who was required to make nominal payments to the Commission for certain late financial statement and administrative form filings in 2011, 2015 and 2017.

16. Neither the Applicant, nor any of its officers or directors, is or has been subject to:

    (a) any known ongoing or concluded investigations by a Canadian securities regulatory authority, or a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

17. None of the officers or directors of the Applicant is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

    (a) any cease trade or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years;

    other than Mr. Thomas Masney who was (i) a director of Pan Pacific Aggregates PLC from November 2008 to November 2012, which made a proposal to its creditors that was approved on June 7, 2011 and (ii) a director of Pumptown Quarry Inc. from November 2008 to August 2012, which made a proposal to its creditors that was approved by the Supreme Court of British Columbia on July 21, 2009.

18. The Applicant will remit all filing fees due and payable by it pursuant to OSC Rule 13-502 Fees by no later than two business days from the date of this Order.

AND UPON the Commission being satisfied that to do so is in the public interest;

IT IS HEREBY ORDERED pursuant to paragraph 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

DATED at Toronto on this 8th day of November, 2018.

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

2.2.3 Gazit-Globe Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application by a reporting issuer for an order that it is not a reporting issuer under Legislation of the Jurisdictions – issuer's securities are traded only on a market or exchange outside of Canada – based on diligent enquiry, residents of Canada (i) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the issuer worldwide, and (ii) do not directly or indirectly comprise more than 2% of the total number of securityholders of the issuer worldwide – issuer is subject to Israeli and U.S. securities law requirements – issuer has provided notice through a press release that it has submitted an application to cease to be a reporting issuer under Legislation of the Jurisdictions.

Applicable Legislative Provisions

Securities Act (Ontario), s. 1(10)(a)(ii).
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.

November 16, 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
GAZIT-GLOBE LTD.
(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, Prince Edward Island, Newfoundland and Labrador, Yukon, 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 is a corporation organized under the laws of the State of Israel.

2. The Filer's head and registered office is located at 10 Nissim Aloni St., Tel Aviv, Israel, 6291924.

3. The Ontario Securities Commission is the principal regulator of the Filer on the basis that the Province of Ontario is the Canadian jurisdiction in which the Filer has the most significant connection, which determination was made on the basis that the Province of Ontario is the location of the Filer's quotation and trade reporting system in Canada.

4. The Filer's authorized share capital consists of 500,000,000 ordinary shares (**Ordinary Shares**). There are currently 191,838,991 Ordinary Shares issued and outstanding.

5. As of September 12, 2018, the Filer also has the following five series of debt securities outstanding having an aggregate principal amount of NIS 8,770,165,046 (approximately C$3.2 billion) as of such date (collectively, the **Debentures**), each of which were offered outside of Canada and are listed for trading only on the Tel Aviv Stock Exchange (the **TASE**):

   (i) NIS 2.069 billion aggregate principal amount of 5.1% Series D Debentures, with principal payment obligations in 3 annual installments starting from March 2019 (each of the first 2 installments will be at the rate of 30% and the last installment will be at the rate of 40%);

   (ii) NIS 633 million aggregate principal amount of 6.5% Series J Debentures, with principal payment obligations in 10 equal installments, each of 1% of the principal, paid twice a year on March 31

in each of the years 2015 through 2019 and on September 30 in each of the years 2014 through 2018. The balance of the principal (90%) will be paid in one installment on September 30, 2019. The Series J Debentures are secured against certain real estate assets of the Filer;

(iii) NIS 2.653 billion aggregate principal amount of 5.35% Series K Debentures, with principal payment obligations in 5 installments with the first installment paid in September 2018 at the rate of 10%, the second installment payable in September 2020 at the rate of 15%, the third, fourth and fifth installments payable in September of the years 2022-2024 each at the rate of 25%;

(iv) NIS 2.958 billion aggregate principal amount of 4.0% Series L Debentures, with principal payment obligations in 5 installments with the first installment payable in June 2023 at the rate of 10%, the second and third installments payable in June 2024-2025 at the rate of 15% each, and the fourth and fifth installments payable in June of the years 2026-2027 at the rate of 30% each; and

(v) NIS 860 million aggregate principal amount of 2.78% Series M Debentures, with principal payment obligations in five installments with the first installment payable on June 30, 2021 at the rate of 5%, the second installment payable on June 30, 2022 at the rate of 10%, the third installment payable on June 30, 2023 at the rate of 5%, the fourth installment payable on June 30, 2025 at the rate of 30%, the fifth installment payable on June 30, 2026 at the rate of 10%, and the sixth installment payable on June 30, 2028 at the rate of 40%.

6. None of the Debentures are convertible or exchangeable into any other voting or equity securities of the Filer.

7. In October 2013, the Filer sought and obtained a listing for its Ordinary Shares on the Toronto Stock Exchange (the **Listing**). As a result of the Listing, the Filer became a reporting issuer in Canada.

8. On September 6, 2018, the Filer filed an application with the Toronto Stock Exchange to voluntarily delist the Ordinary Shares from the Toronto Stock Exchange (the **Delisting**) and its application to delist was granted on September 12, 2018 with an effective date of September 27, 2018. The principal reason for the Delisting was due to a lack of any significant trading activity in the Ordinary Shares on the Toronto Stock Exchange as well as initiatives undertaken by the Filer in respect of general and administrative expense reduction.

9. The Ordinary Shares of the Filer continue to be listed on the New York Stock Exchange (the **NYSE**) and the TASE. The TASE is the principal market for the Ordinary Shares.

10. The Filer is currently subject to (i) reporting requirements under the securities laws of the State of Israel; and (ii) reporting requirements of the United States Securities *Exchange Act of 1934*, as amended, as a "Foreign Private Issuer", and is not in default of any such reporting requirements.

11. Under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions relating to Foreign Issuers*, the Filer is classified as an "SEC foreign issuer".

12. After extensive investigation, the Filer has concluded that securityholders resident in Canada do not:

(a) beneficially own, directly or indirectly, more than 2% of a class or series of outstanding securities (including debt securities) of the Filer worldwide; and

(b) comprise more than 2% of the total number of securityholders of the Filer, directly or indirectly, worldwide.

13. In support of the representations set forth above concerning the percentage of outstanding securities and the total number of security holders in Canada, the Filer has conducted the following investigations and analysis:

(a) undertaken a thorough and diligent examination of the Filer's shareholders' register (the **Shareholders' Register**);

(b) undertaken a thorough and diligent examination of the Filer's non-objecting beneficial owner list (the **NOBO List**) with respect to the 31,203,469 Ordinary Shares held through The Depository Trust Company (**DTC**);

(c) undertaken a thorough and diligent examination, through inquiries made to the TASE and certain TASE members, regarding the beneficial owners of Ordinary Shares held through Bank Hapoalim Nominee Company (the **Israeli Depository**) with respect to the 160,468,887 Ordinary Shares held through the Israeli Depository (the **Israeli Depository List**); and

(d) undertaken a thorough and diligent examination, through inquiries made to the TASE and certain TASE members, regarding the beneficial owners of Debentures held through the Israeli Depository with respect to 100% of the issued and outstanding Debentures.

14. The Filer calculated Canadian resident shareholders using the most recent data available to the Filer, and by assuming that the figures with respect to Canadian holders of Ordinary Shares on the NOBO List is equal to the figures with respect to Canadian holders of Ordinary Shares held by Canadian-resident objecting beneficial owners (**OBOs**). OBOs account for approximately 5% of all outstanding Ordinary Shares.

15. With respect to the total percentage of issued and outstanding Ordinary Shares owned by Canadian resident shareholders, the results of the investigations and assumptions referred to in paragraphs 13 and 14 above were as follows:

(a) The Filer has a total of 191,838,991 Ordinary Shares issued and outstanding.

(b) A total of 166,635 Ordinary Shares are held by shareholders on the Shareholders' Register, representing 0.1% of all issued and outstanding Ordinary Shares. Of this amount, 150,000 of such Ordinary Shares are held by Canadian resident shareholders.

(c) A total of 21,454,209 Ordinary Shares are held by shareholders on the NOBO List, representing 11.1% of all issued and outstanding Ordinary Shares. Of this amount, 98,486 of such Ordinary Shares are held by Canadian resident shareholders.

(d) A total of 160,468,887 Ordinary Shares are held by shareholders on the Israeli Depository List, representing 83.6% of all issued and outstanding Ordinary Shares. Of this amount, 3,133,266 of such Ordinary Shares are held by Canadian resident shareholders.

(e) As a result of the above calculations (including the assumptions with respect to OBOs as set forth in paragraph 14 above), the total percentage of Canadian ownership of the Filer is estimated to be 1.8% of the issued and outstanding Ordinary Shares.

16. With respect to the total percentage of Canadian resident shareholders, the results of the investigations and assumptions referred to in paragraphs 13 and 14 above were as follows:

(a) The Filer has a total of 8,218 holders of Ordinary Shares worldwide.

(b) There are a total of 48 shareholders on the Shareholders' Register, representing 0.6% of the Filer's shareholders worldwide. Of this amount, only one such shareholder is a Canadian resident.

(c) There are a total of 564 shareholders on the NOBO List, representing 6.9% of the Filer's shareholders worldwide. Of this amount, 65 shareholders are Canadian residents.

(d) There are a total of 7,043 shareholders on the Israeli Depository List, representing 85.7% of the Filer's shareholders worldwide. Of this amount, 11 shareholders are Canadian residents.

(e) As a result of the above calculations (including the assumptions with respect to OBOs as set forth in paragraph 14 above), the total percentage of Canadian resident shareholders is estimated to be 1.7% of the total number of shareholders of the Filer worldwide.

17. All of the Debentures were distributed primarily in a foreign jurisdiction, principally Israel, are listed only on the TASE and are the subject of book-entry positions with only the Israeli Depository. The Filer undertook a comprehensive inquiry in order to confirm the residency of the beneficial owners of each series of Debentures, which consisted of a thorough and diligent examination through (i) inquiries made to the TASE (who collects the information directly from its TASE members) and (ii) direct inquiries made to those TASE members that did not provide the information directly to the TASE regarding the beneficial owners of Debentures held through the Israeli Depository. As a result of this inquiry, the Filer determined that there are only 18 beneficial owners of the Debentures in Canada, which represented less than 0.1% of all beneficial owners of the Debentures, and the Canadian beneficial owners of the Debentures owned approximately NIS 114,744,666 (approximately C$41.7 million) principal amount of the Debentures, which represented approximately 1.3% of the principal amount of all of the outstanding Debentures.

18. Accordingly, the Filer's security ownership in Canada as a proportion to the Filer's global security ownership is *de minimis*.

19. During the preceding 12 months, the Filer has not taken any steps to indicate that there is a market for its securities in Canada, except by virtue of the fact that the Filer maintained its listing, and had its

Ordinary Shares traded, on the Toronto Stock Exchange prior to the Filer's recent Delisting from the Toronto Stock Exchange.

20. Prior to the Delisting, the Filer only attracted a *de minimis* number of Canadian investors. In particular, the daily average volume of trading in the Ordinary Shares in Canada during the 12 months prior to the Delisting was 0.10% of the worldwide daily average volume of trading of the Ordinary Shares during that 12 month period. Furthermore, since the Listing in 2013, the Toronto Stock Exchange accounted for only 0.08% of the worldwide trading volume of the Ordinary Shares.

21. The Filer has no intention to distribute any securities to the public in Canada or seek financing by way of a public offering of its securities in Canada.

22. None of the Filer's securities are traded on a marketplace in Canada and the Filer does not intend to have its securities listed for trading on a marketplace in Canada.

23. The Filer's securityholders, including those resident in Canada, have access to the Filer's continuous disclosure documents which are made available electronically via the EDGAR database, as required by the U.S. Securities and Exchange Commission, via the TASE database, as required by Israeli securities laws, and through the Filer's corporate website at http://www.gazitglobe.com/investor-relations/.

24. The Filer has undertaken to deliver to Canadian resident owners of Ordinary Shares or Debentures, as the case may be, all disclosure documents that the Filer is required to send or provide to United States resident owners of Ordinary Shares or Debentures, as the case may be, in the same manner and at the same time that such documents are required to be sent or provided to United States resident owners of Ordinary Shares or Debentures, as the case may be, under applicable United States federal securities laws or exchange requirements.

25. The Filer is not in default under the securities legislation in any jurisdiction of Canada.

26. The Filer is unable to rely on the simplified procedure set out in Section 19 of NP 11-206 because the Filer does not meet the requirement of having fewer than 51 securityholders in total worldwide.

27. On September 13, 2018, the Filer issued and filed a news release announcing that the Filer had submitted an application to the securities regulatory authorities to cease to be a reporting issuer in each of the provinces and territories of Canada.

28. The Filer, upon grant of the Order Sought, will no longer be a reporting issuer 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.

"Mark Sandler"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.2.4 Majd Kitmitto et al.

FILE NO.: 2018-9

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

Mark J. Sandler, Commissioner and Chair of the Panel

November 21, 2018

ORDER

WHEREAS on November 21, 2018, the Ontario Securities Commission held a confidential conference at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

ON HEARING the submissions of the representatives for Staff of the Commission and for Majd Kitmitto, Christopher Candusso, and Claudio Candusso, and Steven Vannatta on his own behalf;

IT IS ORDERED THAT:

1. an attendance is scheduled for December 11, 2018 at 8:00 a.m., or such other dates and times as provided by the Office of the Secretary and agreed to by the parties.

"Mark J. Sandler"

2.2.5 Daniel P. Reeve – ss. 127(1), 128(10)

FILE NO.: 2018-54

IN THE MATTER OF
DANIEL P. REEVE

Timothy Moseley, Vice-Chair and Chair of the Panel

November 26, 2018

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

WHEREAS the Ontario Securities Commission held a hearing in writing, to consider a request by staff of the Ontario Securities Commission (**Staff**) for an order imposing sanctions against Daniel P. Reeve (**Reeve**) pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

ON READING the Reasons for Judgment of the Ontario Superior Court of Justice (the **OSCJ**) dated October 13, 2017, and the Reasons for Sentence of the OSCJ dated June 22, 2018, with respect to Reeve, and on reading the materials filed by Staff;

IT IS ORDERED THAT:

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

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

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

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

5. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Reeve is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

6. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Reeve is prohibited permanently from becoming or acting as a registrant or promoter.

"Timothy Moseley"

2.3 Orders with Related Settlement Agreements

2.3.1 Questrade Wealth Management Inc. – ss. 127(1), 127.1

FILE NO.: 2018-63

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

Robert P. Hutchison, Commissioner and Chair of the Panel
Deborah Leckman, Commissioner
Lawrence P. Haber, Commissioner

November 27, 2018

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

WHEREAS on November 27, 2018, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Application made jointly by Questrade Wealth Management Inc. (the **Respondent**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated November 20, 2018 (the **Settlement Agreement**);

ON READING the Joint Application for a Settlement Hearing, including the Statement of Allegations dated November 22, 2018 and the Settlement Agreement, and on hearing the submissions of the representatives for the Respondent and Staff, and considering the undertaking of the Respondent dated November 20, 2018 attached as Annex I to this Order and the Consent of the parties to an Order in substantially this form;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved, pursuant to subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

2. the Respondent is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act; and

3. the Respondent pay costs in the amount of $100,000, pursuant to section 127.1 of the Act.

“Robert P. Hutchison”

“Deborah Leckman”

“Lawrence P. Haber”

ANNEX I

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION

1. This Undertaking is given in connection with the settlement agreement dated November 20, 2018 (the "Settlement Agreement") between Questrade Wealth Management Inc. (the "Respondent") and Staff of the Commission ("Staff"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

2. The Respondent undertakes to the Commission to:

   a. make a voluntary payment in the amount of $2,900,000 to be designated for allocation or use by the Commission in accordance with paragraph (i) or (ii) of subsection 3.4(2)(b) of the Act as follows:

      i. by certified cheque, bank draft or wire transfer of $1,350,000 prior to the hearing before the Commission to approve this Settlement Agreement; and

      ii. by making four quarterly payments of $387,500 on February 27, 2019, May 27, 2019, August 27, 2019, and November 27, 2019; and

   b. deliver a certified cheque, bank draft or wire transfer of $100,000 prior to the hearing before the Commission to approve this Settlement Agreement in respect of the costs referred to in paragraph 56(c) of the Settlement Agreement.

QUESTRADE WEALTH MANAGEMENT INC.

By: *"Edward Kholodenko"*
Edward Kholodenko
President & CEO

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND
QUESTRADE WEALTH MANAGEMENT INC.

PART I – INTRODUCTION

1. It is essential to investor protection and market integrity that registered Portfolio Managers ("PMs") diligently identify and respond to conflicts of interest pursuant to their obligations under section 13.4 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. PMs must have in place proper procedures to anticipate and respond in advance to conflicts of interest that may arise. They must take reasonable steps to identify and respond to a conflict of interest before investing client money so as to ensure that they are acting in the best interest of their clients. PMs who are not able to demonstrate that they took appropriate steps to identify and respond to conflicts of interest will face regulatory consequences.

PART II – OVERVIEW

2. On July 27, 2017 Questrade Wealth Management Inc. ("Questrade") and WisdomTree Asset Management Canada, Inc. ("WisdomTree") announced that they and their affiliates had entered into three strategic agreements.

   (a) WisdomTree agreed to purchase eight exchange-traded funds ("ETFs") managed by Questrade (the "Transaction").

   (b) As part of the Transaction WisdomTree's affiliate was to become a consultant for Questrade's Portfolio IQ ("PIQ"), a managed online investment service. At the time, Questrade acted as PM with discretionary authority to invest over $60 million entrusted to it by its PIQ clients. One Capital Management LLC ("OCM") acted as a registered sub-advisor to Questrade and provided investment advice for managing the PIQ portfolios.

   (c) Finally, WisdomTree was announced as the premier provider of ETFs offered by Questrade's affiliate, which agreed to jointly market WisdomTree's ETFs to investors pursuant to a Joint Marketing Agreement.

3. The day after the announcement, Questrade purchased approximately $15 million in WisdomTree ETFs for the PIQ portfolios (the "July Trade"). In the context of the Transaction, this significant purchase of WisdomTree ETFs required Questrade to determine if a conflict of interest existed between Questrade and its clients.

4. During the negotiation of the Transaction, WisdomTree had advised that it wanted Questrade's agreement that WisdomTree ETFs would be purchased for the PIQ portfolios before it would finalize the Transaction. Questrade refused, telling WisdomTree that the WisdomTree ETFs would not be included in the PIQ portfolios unless OCM determined that such a purchase was, as described by Questrade, "in the best interest" of the PIQ clients.

5. Before the Transaction was finalized, OCM advised WisdomTree that it would recommend including significant amounts of WisdomTree ETFs for the PIQ portfolios. At the time of this recommendation, however, OCM's PM had not documented why it believed the WisdomTree ETFs were in the best interest of the PIQ clients. Questrade's senior management was advised of OCM's recommendation but did not obtain any supporting documentation about the suitability of the WisdomTree ETFs at this time.

6. The day that the Transaction was finalized, WisdomTree asked that the July Trade be carried out. The next day, OCM sent instructions asking Questrade to execute the July Trade before the end of the day. Aside from its senior management, none of Questrade's staff had any prior knowledge that OCM was planning to recommend such a significant trade.

7. As PM of the PIQ portfolios, Questrade was ultimately responsible for determining whether the July Trade was suitable and that it did not conflict with the interests of its PIQ clients. To that end, Questrade relied upon OCM's recommendation of the WisdomTree ETFs for the PIQ portfolio.

8. Given OCM's request to execute the trade quickly, Questrade's staff did not wait to receive any due diligence documents from OCM and relied only upon OCM's oral assurances. Questrade also failed to document why it determined no conflict of interest arose from the July Trade until approximately a month after the July Trade, contrary to its own policies.

9. In the context of the Transaction, Questrade's review of the July Trade failed to meet the high standard of conduct that is expected of a registrant in taking appropriate steps to ensure that the July Trade was suitable for its clients, and that it did not create a conflict of interest, which potentially put its PIQ clients at risk and was contrary to the public interest.

10. The parties shall jointly file a request that the Ontario Securities Commission (the "Commission") issue a Notice of Hearing (the "Notice of Hearing") to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "Act"), it is in the public interest for the Commission to make certain orders against Questrade in respect of the conduct described herein.

PART III – JOINT SETTLEMENT RECOMMENDATION

11. Staff of the Commission ("Staff") recommend settlement of the proceeding commenced by the Notice of Hearing, (the "Proceeding") against Questrade according to the terms and conditions set out in Part VII of this settlement agreement (the "Settlement Agreement"). Staff and Questrade consent to the making of an order in the form attached as Schedule "A" ("the "Order") based on the facts set out below.

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

PART IV – AGREED FACTS

A. THE PARTIES

13. Questrade is an Ontario corporation with its head office in Toronto, Ontario. It is registered with the Commission as an Investment Fund Manager ("IFM"), an Exempt Market Dealer ("EMD") and a PM. As a PM, Questrade has discretionary trading authority over the accounts of its PIQ clients.

14. Questrade was the trustee, manager and PM of eight ETFs,[1] which were established under the laws of Ontario. Each of the Questrade ETFs was an exchange-traded mutual fund.

15. Before it sold the Questrade ETFs, Questrade's two primary lines of business were managing the Questrade ETFs and acting as the PM for PIQ.

16. Questrade, Inc. is an Ontario corporation with its head office in Toronto, Ontario. It is registered with the Commission as an Investment Dealer. Questrade, Inc. is a member of the Investment Industry Regulatory Organization of Canada.

17. Questrade and Questrade, Inc. are wholly owned subsidiaries of Questrade Financial Group Inc.

18. OCM is a corporation formed pursuant to the laws of Nevada, with its head office in Westlake Village, California. It is registered with the Commission as a PM in Ontario, subject to terms and conditions as a foreign advisor.

19. OCM has been engaged by Questrade to act as sub-advisor for the PIQ portfolios since PIQ's inception in 2014. OCM was also the sub-advisor to one of the Questrade ETFs that were the subject of the Transaction.

20. WisdomTree is an Ontario Corporation with its head office in Toronto, Ontario. WisdomTree is a wholly-owned subsidiary of WisdomTree Investments, Inc., a U.S. public company. WisdomTree is registered as an IFM and EMD in Ontario.

21. As a result of the Transaction, WisdomTree became the IFM for the Questrade ETFs as of December 6, 2017. Seven of the Questrade ETFs merged into existing ETFs managed by WisdomTree, and WisdomTree became the trustee and manager for one of the Questrade ETFs. Questrade is no longer the trustee or manager for any of the Questrade ETFs.

[1] Questrade Russell US Midcap Growth Index ETF Hedged to CAD, Questrade Russell US Midcap Value Index ETF Hedged to CAD, Questrade Russell 1000 Equal Weight US Technology Index ETF Hedged to CAD, Questrade Russell 1000 Equal Weight US Industrials Index ETF Hedged to CAD, Questrade Russell 1000 Equal Weight US Health Care Index ETF Hedged to CAD and Questrade Russell 1000 Equal Weight US Consumer Discretionary Index ETF Hedged to CAD, Questrade Fixed Income Core Plus ETF and Questrade Global Total Equity ETF

B. BACKGROUND

Management of PIQ

22. In late 2013, Questrade began its search for a sub-advisor to provide sub-advisory services for its new PIQ. Ultimately, Questrade engaged OCM, pursuant to a sub-advisory agreement dated October 3, 2014, having determined that OCM had the requisite expertise and performance history to manage and make investment decisions in the best interest of the PIQ clients.

23. Pursuant to the sub-advisory agreement, OCM provides day-to-day sub-advisory services to Questrade, which includes regularly monitoring and assessing the portfolios' constitution, the appropriateness of holdings within each respective portfolio, as well as determining any proposed changes to the model portfolio and communicating such changes to Questrade.

24. Questrade is ultimately responsible for determining whether trades are suitable for its investors in regard to the PIQ portfolios for which OCM provides sub-advisory services. Questrade is also ultimately responsible for identifying and responding to conflicts of interest related to the PIQ portfolios. OCM instructs Questrade on changes to be made to the PIQ portfolios. Questrade supervises OCM's portfolio management and investment decisions, and a Questrade PM evaluates all trades before they are executed.

The Negotiation and Agreements with WisdomTree

25. From November 2016 to July 2017, Questrade and WisdomTree negotiated the terms of the Transaction.

26. Questrade and WisdomTree agreed that prior to concluding the Transaction, WisdomTree would meet with OCM to discuss the potential purchase of WisdomTree ETFs in the PIQ portfolios. WisdomTree expected that, should the WisdomTree ETFs' methodology and/or performance merit inclusion, the WisdomTree ETFs would be included in the PIQ portfolios.

27. WisdomTree's representative advised that he needed OCM's confirmation about a purchase of WisdomTree ETFs before he could sign the Transaction agreements.

28. In May 2017, there was a call between OCM, Questrade and WisdomTree to discuss the Transaction. During that call, there was some discussion about including WisdomTree ETFs in the PIQ portfolios. OCM indicated to WisdomTree that they would "make it work" as long as including the WisdomTree ETFs was in the "best interests" of the PIQ clients.

29. In July 2017, following discussions between OCM and WisdomTree about the WisdomTree ETFs, OCM advised WisdomTree that it intended to hold 94% of PIQ's fixed income assets and 70-75% of its equity assets in WisdomTree ETFs. WisdomTree's fixed income exchange traded funds had been launched only one month earlier. OCM's PM did not produce any written analysis explaining why it asserted each of the WisdomTree ETFs was in the best interest of the PIQ clients.

30. By July 19, 2017, Questrade's senior management was advised that OCM would recommend significant investments in WisdomTree ETFs. However, Questrade's ordinary compliance process was not followed as Questrade's senior management did not obtain any analysis prior to the July Trade as to why the recommended WisdomTree ETFs were suitable, and the PM was not advised of OCM's intention to make these significant changes to the PIQ portfolios until July 27, 2017

31. Three agreements were ultimately concluded on July 26, 2017 and announced in press releases the following day:

    (a) a Purchase and Sale Agreement whereby WisdomTree agreed to acquire the rights to act as a trustee and manager of the eight Questrade ETFs for approximately $2.4 million;

    (b) a Consulting Agreement pursuant to which a WisdomTree affiliate would provide educational and related information to OCM and Questrade would facilitate quarterly meetings between the WisdomTree affiliate and OCM;

    (c) a Joint Marketing Agreement pursuant to which WisdomTree and Questrade Inc. would jointly market WisdomTree ETFs to investors.

32. Under the provisions of the Joint Marketing Agreement, Questrade, Inc. was to be reimbursed for a portion of certain joint marketing expenses. The amount of these reimbursements was conditional on, among other things, the amount of WisdomTree ETFs held by Questrade, Inc. clients or PIQ clients. As well, Questrade, Inc. agreed to repay these

reimbursements if certain growth targets for holdings of WisdomTree ETFs were not met (the "Reimbursement Provisions"). Questrade Inc. has not received any reimbursements pursuant to the Joint Marketing Agreement.

The July Trade: PIQ Portfolios' Investments in WisdomTree ETFs

33. On Tuesday, July 25, 2017, two days before the press releases were issued, the parties had agreed upon the final form of the Transaction agreements.

34. On the same day, WisdomTree emailed Questrade's management and asked Questrade to start the July Trade on July 26, 2017 or July 27, 2017. The email advised that OCM and WisdomTree's teams were both on standby to help execute the trades.

35. Aside from its senior management, none of Questrade's staff had any prior knowledge that OCM was planning to recommend the trade.

36. Questrade agreed to get the trade started the next day, and to this end, an internal email was sent confirming that the Transaction agreements were finalized and asking Questrade's in-house counsel to prepare for the trades "tomorrow first thing." Questrade's PM was not copied on this internal email.

37. On Thursday, July 27 at 2:35 pm, OCM sent instructions for the July Trade to Questrade's PM, which it requested be executed by the end of the day. This involved selling iShares fixed income ETFs and replacing them with approximately $15 million in WisdomTree ETFs, which represented 23% of the PIQ portfolio. Given the size and nature of the trade, Questrade's PM emailed his supervisor about the trade immediately after receiving the request from OCM.

38. When Questrade's PM's supervisor did not respond, the Questrade PM notified Questrade's CCO, flagging the Transaction and noting that the management expense ratios for the new WisdomTree ETFs were higher and the spreads were wider than those of the iShares fixed income ETFs. The Questrade PM then arranged two calls with the OCM PM to get more information about the July Trade and to understand its rationale.

39. The Questrade PM reviewed the trade for suitability. He had another call with OCM's PM regarding the rationale for the trade.

40. Questrade had not received any due diligence documents from OCM by the time OCM gave instructions to make the July Trade. The Questrade PM requested due diligence documents supporting the trade.

41. OCM assured the Questrade PM over the phone that OCM had a research note prepared. Although the research note was requested, this document was not provided to Questrade until July 30, 2017, after the July Trade had been executed. At the time of the July Trade, Questrade did not have any written analysis as to why the trade was suitable.

42. On July 28, 2017, Questrade's CCO reviewed the proposed trade and OCM's stated rationale for it, and discussed it with Questrade's CEO and CFO. The CCO obtained OCM's confirmation that the recommendation was coming independently from OCM and that it would have been made regardless of the Transaction. Questrade relied on the experience and expertise of OCM and its explanation for the trade in reaching its conclusion that the July Trade was in the best interest of PIQ clients. Questrade concluded that OCM's rationale for the request was an appropriate basis for the trade.

43. Having concluded that the instruction for the July Trade had been made independently by OCM and that it was not influenced by the Transaction, Questrade's CCO determined that there was no conflict of interest. Questrade approved the July Trade but the reasons for the determination that there was no conflict of interest were not documented until August 22, 2017.

44. The July Trade was executed on the afternoon of July 28, 2017.

Withdrawal of Proposed August Trades

45. On August 3, 2017, OCM sent Questrade instructions for a PIQ trade replacing iShares equity ETFs with WisdomTree equity ETFs (the "Proposed August Trade"), which it asked to be executed by the end of the day. This trade would have resulted in a significant increase in WisdomTree ETFs in the PIQ portfolios, which would have represented 39% of the total PIQ portfolio. Prior to receiving this direction, Questrade's PM had no prior knowledge that the Proposed August Trade was being planned.

46. In light of the July Trade, Questrade's PM requested the rationale behind the Proposed August Trade. The request was escalated to Questrade's CCO, who reviewed the request and expressed concerns over the timing and size of the

Proposed August Trade. Given how quickly OCM was recommending the change, and in light of the recent July Trade and the increased concentration in Wisdom Tree ETFs after the Transaction, the CCO had a concern that the Proposed August Trade could have the appearance of a conflict of interest. She discussed her concern with OCM, and based on those discussions, OCM withdrew the instructions for the Proposed August Trade.

47. The Proposed August Trade caused Questrade to review how it assessed the July Trade. On August 4, 2017, at the request of Questrade, OCM completed a compliance certification with respect to the July Trade, certifying it had acted in the best interests of clients and fulfilled its obligations of fair dealing.

48. On August 22, 2017, Questrade completed a post-trade review of the July Trade and provided a written opinion that the July Trade was "completed in the normal course of business achieving [Questrade's] obligation to act in the best interest of its clients".

Reimbursements under the JMA

49. On January 23, 2018 and April 10, 2018, Questrade, Inc. and WisdomTree held joint educational webinars pursuant to the JMA. Aside from these two webinars, no other educational or marketing initiatives have taken place pursuant to the JMA.

50. On or about March 31, 2018, Questrade, Inc. sent WisdomTree an invoice for reimbursement of its staff and overhead costs incurred for the first webinar for $1,629, inclusive of taxes. Under the Reimbursement Provisions, these reimbursements would have to be repaid if the specified growth targets for holdings of WisdomTree ETFs were not met. When Questrade, Inc. recognized that the costs invoiced were not permissible reimbursements under National Instrument 81-105 *Mutual Fund Sales Practices* ("NI 81-105"), Questrade, Inc. withdrew the invoice and did not pursue any reimbursement for those costs.

51. Questrade, Inc. has not received, and does not intend to receive, any reimbursement from WisdomTree for any payment that would be contrary to NI 81-105. Questrade, Inc. has provided an undertaking to Staff that it will not seek nor accept any reimbursement payments contemplated under the Joint Marketing Agreement that would be contrary to NI 81-105.

PART V – CONDUCT CONTRARY TO THE PUBLIC INTEREST

52. Questrade acted contrary to the public interest by failing to take appropriate steps to determine whether a conflict of interest existed before investing client money. As a result, Questrade failed to meet the high standards of conduct expected of a registrant when identifying and responding to conflicts of interest, which potentially put its PIQ clients at risk that the July Trade was not in the best interests of the client.

53. In the context of Questrade's admitted conduct contrary to the public interest, the terms of settlement agreed to by the parties reflect the important specific and general deterrence objectives of the Commission.

PART VI – FACTORS RELEVANT TO SANCTIONS

54. Questrade intends to request that the panel at the Settlement Hearing (as defined below) consider the following mitigating circumstances:

    (a) Staff do not allege dishonest or wilful misconduct by Questrade or Questrade's senior management.

    (b) In the course of Staff's investigation, Questrade has represented to Staff that no transaction fees incurred by Questrade arising from the July Trade were passed on to investors, and that publicly available market data shows that the relative market prices for the relevant iShares fixed income ETFs and WisdomTree ETFs are very similar.

    (c) Questrade has engaged an independent consultant to conduct a suitability review for all clients in all affected PIQ portfolios. The independent consultant will review the appropriateness of WisdomTree ETFs for the model portfolios. The independent consultant will provide Staff with the conclusions of the review at the same time it provides its conclusions to Questrade.

    (d) During Staff's investigation, Questrade provided prompt, detailed and candid cooperation to Staff.

    (e) As a result of Staff's investigation, Questrade, on its own initiative, has taken steps to improve its system of compliance, including internal controls, relating to the identification, avoidance, management and mitigation of conflicts of interest. Specifically, Questrade has engaged in an extensive review and testing of its systems of

controls and supervision. As a result of this review, Questrade has implemented enhanced procedures, controls and supervisory and monitoring systems (the "Enhanced Control and Supervision Procedures"). Questrade has provided a summary of the Enhanced Control and Supervision Procedures to Staff. The Enhanced Control and Supervision Procedures include substantive improvements to Questrade's Management Account Relationship Disclosure Policy, its Conflicts of Interest Policy and its Compliance Program. Questrade engaged an independent consultant to conduct final testing and review of the Enhanced Control and Supervision Procedures and has implemented further changes recommended by the independent consultant.

PART VII – TERMS OF SETTLEMENT

55. Questrade agrees to the terms of settlement set out below.

(a) Questrade has given an undertaking (the "Undertaking") to the Commission in the form attached as Schedule "B" to this Settlement Agreement, which includes an undertaking by Questrade to:

i. make a voluntary payment in the amount of $2,900,000 to be designated for allocation or use by the Commission in accordance with paragraph (i) or (ii) of subsection 3.4(2)(b) of the Act as follows:

(A) by certified cheque, bank draft or wire transfer of $1,350,000 prior to the hearing before the Commission to approve this Settlement Agreement; and

(B) by making four quarterly payments of $387,500 on February 27, 2019, May 27, 2019, August 27, 2019, and November 27, 2019; and

ii. deliver a certified cheque, bank draft or wire transfer of $100,000 prior to the hearing before the Commission to approve this Settlement Agreement in respect of the costs referred to in paragraph 56(c) below.

56. Questrade consents to the Order, pursuant to which it is ordered that:

(a) this Settlement Agreement be approved;

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

(c) Questrade pay costs in the amount of $100,000 pursuant to section 127.1 of the Act.

PART VIII – FURTHER PROCEEDINGS

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

58. Questrade acknowledges that, if the Commission approves this Settlement Agreement and Questrade fails to comply with any term in it or in the Undertaking, the Commission is entitled to bring any proceedings necessary to enforce compliance with the terms of the Settlement Agreement or the Undertaking.

59. Questrade waives any defences to a proceeding referenced in paragraphs 57 and 58 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement or the Undertaking.

PART IX – PROCEDURE FOR APPROVAL OF SETTLEMENT

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

61. Questrade's Ultimate Designated Person will attend the Settlement Hearing on behalf of Questrade.

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

63. If the Commission approves this Settlement Agreement:

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

    (b) neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

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

PART X – DISCLOSURE OF SETTLEMENT AGREEMENT

64. If the Commission does not make the Order:

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

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

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

PART XI – EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED at Toronto, Ontario this 20th day of November, 2018.

QUESTRADE WEALTH MANAGEMENT INC.

By: *"Edward Kholodenko"*
Edward Kholodenko
President & CEO

DATED at Toronto, Ontario this 20th day of November, 2018.

STAFF OF THE ONTARIO SECURITIES COMMISSION

By: "Jeff Kehoe"
Jeff Kehoe
Director, Enforcement Branch

Schedule "A" – DRAFT ORDER

FILE NO.: 2018-63

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

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

WHEREAS on ●, 2018 the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario to consider the Application made jointly by Questrade Wealth Management Inc. (the **Respondent**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated ●, 2018 (the **Settlement Agreement**);

AND WHEREAS pursuant to the Settlement Agreement, the Respondent has given an undertaking (the **Undertaking**) to the Commission dated [**date**], in the form attached as Schedule "A" to this Order, which includes an undertaking to:

1. make a voluntary payment, in the amount of $2,900,000 to be designated for allocation or use by the Commission in accordance with paragraph (i) or (ii) of subsection 3.4(2)(b) of the *Securities Act*, RSO 1990, c S.5 (the **Act**) as follows:

    a. by certified cheque, bank draft or wire transfer of $1,350,000 prior to the hearing before the Commission to approve this Settlement Agreement; and

    b. by making four quarterly payments of $387,500 on February 27, 2019, May 27, 2019, August 27, 2019, and November 27, 2019; and

2. deliver a certified cheque, bank draft or wire transfer of $100,000 prior to the hearing before the Commission to approve this Settlement Agreement in respect of costs referred to in paragraph 56(c) of the Settlement Agreement;

ON READING the Joint Application Record for a Settlement Hearing, including the Statement of Allegations dated ?, 2018 and the Settlement Agreement and the Undertaking, and on hearing the submissions of counsel for both parties;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved pursuant to subsection 127(1) of the Securities Act, RSO 1990 c S.5, as amended (the **Act**).

2. the Respondent is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

3. the Respondent pay costs in the amount of $100,000, pursuant to section 127.1 of the Act.

_____
[Commissioner]

_____
[Commissioner]

_____
[Commissioner]

Schedule "B" – DRAFT UNDERTAKING TO THE COMMISSION

IN THE MATTER OF
QUESTRADE WEALTH MANAGEMENT INC.

UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION

1. This Undertaking is given in connection with the settlement agreement dated _____ (the "Settlement Agreement") between Questrade Wealth Management Inc. (the "Respondent") and Staff of the Commission ("Staff"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

2. The Respondent undertakes to the Commission to:

   a. make a voluntary payment in the amount of $2,900,000 to be designated for allocation or use by the Commission in accordance with paragraph (i) or (ii) of subsection 3.4(2)(b) of the Act as follows:

      i. by certified cheque, bank draft or wire transfer of $1,350,000 prior to the hearing before the Commission to approve this Settlement Agreement; and

      ii. by making four quarterly payments of $387,500 on February 27, 2019, May 27, 2019, August 27, 2019, and November 27, 2019; and

   b. deliver a certified cheque, bank draft or wire transfer of $100,000 prior to the hearing before the Commission to approve this Settlement Agreement in respect of the costs referred to in paragraph 56(c) of the Settlement Agreement.

QUESTRADE WEALTH ANAGEMENT INC.

By: "Edward Kholodenko"
Edward Kholodenko
President & CEO

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

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

IN THE MATTER OF
DANIEL P. REEVE

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

Citation: Reeve (Re), 2018 ONSEC 55
Date: 2018-11-26
File No.: 2018-54

Hearing:	In Writing	
Decision:	November 26, 2018	
Panel:	Timothy Moseley	Vice-Chair and Chair of the Panel
Appearances:	Vivian Lee	For Staff of the Commission
	No submissions were made by or on behalf of Daniel P. Reeve	

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REASONS AND DECISION

I. INTRODUCTION AND BACKGROUND

[1] On October 13, 2017, the respondent Daniel P. Reeve was convicted in the Ontario Superior Court of Justice of defrauding at least 41 investors of approximately $10 million.[1] Justice Skarica sentenced Mr. Reeve to 14 years in custody, the statutory maximum for fraud under the *Criminal Code*[2], and ordered Mr. Reeve to pay more than $10 million in restitution to his victims.[3]

[2] Staff of the Ontario Securities Commission (**Staff** or the **Commission**) seeks an order from the Commission to protect Ontario investors by permanently prohibiting Mr. Reeve from participating in Ontario's capital markets. Staff relies on the inter-jurisdictional enforcement provisions found in subsection 127(10) of the Ontario *Securities Act* (the **Act**)[4], which provide that the Commission may make an order in the public interest in respect of a person who has been convicted of an offence arising from a course of conduct related to securities.

[3] For the reasons that follow, I find that Mr. Reeve's conviction arose from transactions and a course of conduct related to securities and it is in the public interest to issue an order imposing the permanent bans requested by Staff.

II. SERVICE AND PARTICIPATION

[4] On September 26, 2018, the Commission issued a Notice of Hearing naming Mr. Reeve as respondent, in relation to a Statement of Allegations dated September 24, 2018. On October 3, 2018, Mr. Reeve was served personally with the Notice of Hearing, Statement of Allegations and Staff's written hearing materials.[5] I find that service was properly effected on Mr. Reeve on October 3, 2018.

[5] The Notice of Hearing states that this proceeding shall be heard in writing and that Mr. Reeve had 21 days from the date of service to file a request for an oral hearing, and 28 days from the date of service to file a hearing brief and written submissions. Pursuant to Rule 11(3) of the Ontario Securities Commission *Rules of Procedure and Forms* (**OSC Rules of Procedure**)[6], the deadlines for Mr. Reeve to request an oral hearing and to serve and file written submissions were October 24 and 31, 2018, respectively. No request for an oral hearing was made and no materials were filed on behalf of Mr. Reeve.

[6] I am satisfied that Mr. Reeve was provided with adequate notice of this proceeding. Pursuant to the *Statutory Powers Procedure Act*[7] and the OSC Rules of Procedure[8], the Commission may proceed in Mr. Reeve's absence.

III. CRIMINAL CONVICTION AND SENTENCING

A. Conduct at issue and conviction

[7] Mr. Reeve's criminal conduct is described in detail in Justice Skarica's Reasons for Judgment and his subsequent Reasons for Sentence.

[8] Mr. Reeve was a financial planner who owned and operated investment offices in and around Kitchener, Ontario. He established a financial investment business, wrote several investment books and made media appearances regarding his approach to investing.[9]

[9] From January 1, 2007, to September 30, 2009, Mr. Reeve solicited investors to make various investments that he characterized as "low-risk", "no-risk" and/or "guaranteed". Through approximately 70 transactions during this time, 41 investors deposited approximately $12 million with Mr. Reeve. Despite Mr. Reeve's promises that these investments would return between 12 to 20 percent (and sometimes more), investors lost more than $10 million.[10]

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1 *R v Reeve*, 2017 ONSC 5376 (**Reasons for Judgment**) at para 1; *R v Reeve*, 2018 ONSC 3744 (**Reasons for Sentence**) at para 2.

2 RSC 1985, c C-46.

3 Reasons for Sentence at paras 210 and 211.

4 RSO 1990, c S.5.

5 Exhibit 1, Affidavit of Service of Rose Del Sordo sworn October 5, 2018.

6 (2017), 40 OSCB 8988, r 11(3)(e)-(g).

7 RSO 1990, c S.22, s 7(2).

8 OSC Rules of Procedure, r 21(3).

9 Reasons for Sentence at paras 1 and 10.

10 Reasons for Judgment at paras 2659, 2667 and 2696.

[10] Unbeknownst to investors, Mr. Reeve deliberately diverted investor funds to the following "three priority purposes":

a. shareholder loans to him and his ex-wife for, among other things, satisfying spousal support and equalization obligations;

b. payment of expenses incurred by his failing companies; and

c. repayments to other investors in a Ponzi-like distribution.[11]

[11] Mr. Reeve was charged with one count of fraud over $5,000 and one count of theft over $5,000, contrary to subsection 380(1) and paragraph 334(a) of the *Criminal Code*.[12]

[12] After a trial that lasted many months spanning a period of almost two years, Justice Skarica found Mr. Reeve guilty on both counts.[13] Justice Skarica entered a conviction on the fraud charge but conditionally stayed the count of theft over $5,000, given that the two counts dealt with the same set of facts.[14]

[13] Justice Skarica characterized the matter as "an overwhelming case of fraud and theft perpetrated by a devious, clever, calculating, cold-hearted man who has absolutely no remorse for the many lives that he ruined."[15] He described the fraud and its impact on the victims as follows:

> … For purposes of greed and ego, Mr. Reeve initiated a number of Ponzi schemes and scams that lasted over a period of two and a half years. Mr. Reeve was in a trust relationship with the vast majority of the investors and the 41 core victims. Most of the victims were long-time clients and/or friends. No person was too vulnerable to be victimized. Mr. Reeve was aware of the victims' financial and personal circumstances. He was aware of their vulnerabilities whether financial, physical, emotional or psychological. Mr. Reeve was fully aware of the devastating impact that the loss of all or most of their life savings would have on the victims. The fraud was substantial – $10-12 million. Mr. Reeve was unlicensed. He took full advantage of the high regard he had in the community and the personal trust and faith the victims had in him. There has been not a nickel in restitution. In my opinion, despite Mr. Reeve's assurances of eventual repayment, no restitution will ever be made ...[16]

B. Sentencing

[14] Following a sentencing hearing in June 2018, Justice Skarica sentenced Mr. Reeve to the statutory maximum of 14 years in custody.[17] In deciding to impose the maximum sentence, Justice Skarica observed that "many, if not most, of the victims, were left with lives of complete devastation, absolute destitution and utter despair", and that Mr. Reeve, "like a true predator, walked away … with absolutely no empathy or remorse for the suffering and scarring left behind".[18]

[15] Justice Skarica also ordered Mr. Reeve to pay restitution in the amount of $10,887,885 and a fine in the same amount, to be reduced by any amount paid towards the restitution order. Justice Skarica further ordered that Mr. Reeve serve an additional 10 years in prison if he fails to pay the fine within 10 years.[19]

IV. ANALYSIS

[16] Paragraph 1 of subsection 127(10) of the Act provides that an order may be made under subsection 127(1) in respect of a person if the person "has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives".

[17] Staff's request for an order pursuant to subsection 127(1), made in reliance upon subsection 127(10), therefore presents two issues:

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11 Reasons for Judgment at para 2625, 2640, 2667, 2683, 2688 and 2691-2692.

12 Reasons for Judgment at para 2.

13 Reasons for Judgment at para 2658; Reasons for Sentence at para 2.

14 Reasons for Judgment at para 2658.

15 Reasons for Judgment at para 2697.

16 Reasons for Sentence at para 156.

17 Reasons for Sentence at para 163.

18 Reasons for Sentence at para 161.

19 Reasons for Sentence at paras 190, 199-201 and 211-214.

a. Did Mr. Reeve's conviction arise from a transaction, business or course of conduct related to securities or derivatives?

b. If so, what, if any, sanctions should the Commission order against Mr. Reeve?

A. Did Mr. Reeve's conviction arise from a transaction, business or course of conduct related to securities or derivatives?

[18] The term "security" is defined in subsection 1(1) of the Act to include an "investment contract". That term is not defined in the Act, but as the Supreme Court of Canada has held, an investment contract will be found where (1) there is an investment of funds with a view to profit, (2) in a common enterprise, and (3) the profits are to be derived solely from the efforts of others.[20]

[19] I now apply that three-pronged test to the facts of this case. In doing so, I rely on Justice Skarica's reasons, which stand as findings of fact for the purpose of the Commission's considerations under subsection 127(10) of the Act.[21]

1. Investment of funds with a view to profit

[20] There can be no dispute that the transactions at issue were investments of funds with a view to profit. As noted above in paragraph [9], the victims of the fraud made their investments having been promised high rates of return.

2. Investment of funds in a common enterprise, where the profits are to be derived solely from the efforts of others

[21] In describing the second and third prongs of the test to determine the existence of an investment contract, the Supreme Court of Canada held that:

> ... such an enterprise exists when it is undertaken for the benefit of the supplier of capital (the investor) and of those who solicit the capital (the promoter). In this relationship, the investor's role is limited to the advancement of money, the managerial control over the success of the enterprise being that of the promoter; therein lies the community. In other words the "commonality" necessary for an investment contract is that between the investor and the promoter. There is no need for the enterprise to be common to the investors between themselves.[22]

[22] At least from the point of view of the investors in this case, *i.e.*, the victims of the fraud, the transactions at issue were undertaken for their benefit. The investors did nothing more than advance the funds. They believed, based upon representations made to them by Mr. Reeve, that he would ensure that their investments would be in legitimate enterprises that would generate returns. They understood that Mr. Reeve had at least some managerial control over their investments. These facts establish commonality between the investors and Mr. Reeve, in circumstances where the anticipated profits were to be derived solely from the efforts of others.

3. Conclusion

[23] The transactions in respect of which Mr. Reeve was convicted of fraud were investments with a view to profit, in a common enterprise between Mr. Reeve and the investors, where the profits were to be derived solely from the efforts of someone other than the investors. As a result, all three prongs of the test referred to above are satisfied and the investment contracts were securities as that term is defined in the Act. It follows that Mr. Reeve's conviction arose from transactions, and a course of conduct, relating to securities. The test prescribed by subsection 127(10) of the Act is satisfied.

B. What, if any, sanctions should the Commission order against Mr. Reeve?

[24] Having found that the test in subsection 127(10) of the Act has been met, I must now determine what sanctions, if any, should be ordered against Mr. Reeve.

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20 *Pacific Coast Coin Exchange v Ontario (Securities Commission)*, 1977 CanLII 37 (SCC), [1978] 2 SCR 112 (***Pacific Coast***) at 128.

21 *Black (Re)*, 2014 ONSEC 16, (2014) 37 OSCB 5847 at paras 24-26.

22 *Pacific Coast* at 129-30.

1. Legislative framework and public interest considerations

[25] Subsection 127(10) of the Act facilitates the inter-jurisdictional enforcement of orders imposed following breaches of securities law. The subsection does not itself empower the Commission to make an order; rather it provides a basis for an order under subsection 127(1).

[26] Orders made under subsection 127(1) of the Act are "protective and preventative" and are made to restrain potential conduct that could be detrimental to the integrity of the capital markets and therefore prejudicial to the public interest.[23]

[27] In determining specific sanctions, the Commission may consider, among other factors, the seriousness of the misconduct, the harm suffered by investors, specific and general deterrence and any aggravating or mitigating factors.[24]

2. Facts of this case

[28] As this Commission has repeatedly held, fraud is one of the most egregious violations of securities law. It causes direct and immediate harm to its investors, and it significantly undermines confidence in the capital markets.[25]

[29] I respectfully agree with Justice Skarica's characterization of this matter as "an overwhelming case of fraud".[26] In my view, each of the following facts is relevant to an assessment of the gravity of Mr. Reeve's conduct and the effects of that conduct on the victims and on confidence in Ontario's capital markets:

a. the fraud involved a large number of victims (41) in approximately 70 transactions;[27]

b. the transactions resulted in the loss of approximately $10 million;[28]

c. Mr. Reeve took advantage of the high regard he enjoyed in the investment and general community;[29]

d. Mr. Reeve's conduct was a breach of trust;[30]

e. the victims included the disabled, the elderly, the emotionally vulnerable, grieving spouses, close long-time friends, loyal clients and complete strangers;[31]

f. the fraud was well publicized in southwestern Ontario and has the potential to affect investor confidence in investment firms and, ultimately, the Canadian financial system;[32]

g. the circumstances of the fraud were so egregious that they warranted the maximum sentence under the Criminal Code;[33] and

h. Mr. Reeve took no responsibility and showed no remorse for his misconduct.[34]

[30] Justice Skarica agreed with the Crown that there were no mitigating circumstances in this case. To the contrary, Justice Skarica stated that this case presented virtually every aggravating circumstance recognized by the *Criminal Code* and the case law.[35]

[31] As noted above, in this proceeding Mr. Reeve neither appeared nor responded to Staff's submissions to put forward any potential mitigating factors.

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23 *Committee for Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 26 at paras 42-43.

24 *Belteco Holdings Inc (Re)* (1998), 21 OSCB 7743 at 7746-7747; *MCJC Holdings* (2002), 25 OSCB 1133 at 1136.

25 *Black Panther (Re)*, 2017 ONSEC 8, (2017) 40 OSCB 3727 at para 48.

26 Reasons for Judgment at para 2697.

27 Reasons for Sentence at para 111.

28 Reasons for Sentence at para 111.

29 Reasons for Sentence at para 111.

30 Reasons for Sentence at para 114 and 156.

31 Reasons for Sentence at para 111.

32 Reasons for Sentence at para 111.

33 Reasons for Sentence at para 163.

34 Reasons for Sentence at paras 15, 99-100, 112 and 158.

35 Reasons for Sentence at paras 110 and 148.

3. Analysis

[32] It is important that this Commission impose sanctions that will protect Ontario investors by specifically deterring Mr. Reeve from engaging in similar or other misconduct in Ontario, and by acting as a general deterrent to other like-minded persons.

[33] This case is among the most serious to have come before the Commission. Only a permanent ban on Mr. Reeve participating in the capital markets would adequately protect investors and those markets.

V. CONCLUSION

[34] For the reasons set out above, I find that it is in the public interest to impose the sanctions requested by Staff. I will therefore order that:

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

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

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

d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Mr. Reeve shall resign any positions that he holds as director or officer of any issuer or registrant;

e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Mr. Reeve shall be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Mr. Reeve shall be prohibited permanently from becoming or acting as a registrant or promoter.

[35] Staff's requested order would have, in items (d), (e) and (f) above, referred explicitly to both "registrants" and "investment fund managers". I adopt the Commission's reasons in *Inverlake Property Investment Group Inc (Re)*[36] and *Vantooren (Re)*,[37] in which the Commission found such a distinction unnecessary. As a result, the order I shall issue refers only to registrants, which term includes investment fund managers.

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

"Timothy Moseley"

[36] 2018 ONSEC 35, (2018) 41 OSCB 5309 at para 39.

[37] 2018 ONSEC 36, (2018) 41 OSCB 5603 at para 30.

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
DataWind Inc.	20 November 2018	26 November 2018
Red Eagle Mining Corporation	20 November 2018	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

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

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Arrow Global Advantage Alternative Class
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 16, 2018
NP 11-202 Preliminary Receipt dated November 20, 2018
Offering Price and Description:
Series A, F and ETF Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Arrow Capital Management Inc.
Project #2843979

Issuer Name:
Bloom Canada Dividend Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 23, 2018
NP 11-202 Preliminary Receipt dated November 26, 2018
Offering Price and Description:
Series A, Series A6, Series D, Series F, Series F6, Series I
Underwriter(s) or Distributor(s):
Bloom Investment Counsel, Inc.
Promoter(s):
N/A
Project #2846655

Issuer Name:
CI Balanced ETF Portfolio
CI Balanced Growth ETF Portfolio
CI Balanced Income ETF Portfolio
CI Growth ETF Portfolio
CI Income ETF Portfolio
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 21, 2018
NP 11-202 Preliminary Receipt dated November 21, 2018
Offering Price and Description:
Class A, AT5, F, FT5, I, P, PT5, O, OT5, E and ET5 units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
CI Investments Inc.
Project #2845333

Issuer Name:
TD Diversified Monthly Income Fund
TD Balanced Growth Fund
TD U.S. Blue Chip Equity Fund
TD Global Equity Focused Fund
TD Asian Growth Fund
TD Emerging Markets Fund
TD Precious Metals Fund
TD Canadian Bond Index Fund
TD Nasdaq® Index Fund
TD Retirement Conservative Portfolio
TD Retirement Balanced Portfolio
TD Advantage Balanced Income Portfolio
TD Comfort Conservative Income Portfolio
TD Comfort Balanced Income Portfolio
TD Comfort Balanced Portfolio
TD Comfort Balanced Growth Portfolio
TD Comfort Growth Portfolio
TD Comfort Aggressive Growth Portfolio
TD Fixed Income PoolPrincipal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated November 22, 2018
Received on November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Waterhouse Canada Inc.
Promoter(s):
TD Asset Management Inc.
Project #2785920

Issuer Name:
Horizons Blockchain Technology & Hardware Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated November 22, 2018
Received on November 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #2740774

Issuer Name:
Horizons S&P/TSX 60 Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated November 22, 2018
Received on November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #2799066

Issuer Name:
Horizons Enhanced Income Energy ETF
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Long Form Prospectus dated November 22, 2018
Received on November 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2739811

Issuer Name:
Horizons Seasonal Rotation ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated November 22, 2018
Received on November 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2797351

Issuer Name:
Mackenzie Canadian Balanced Fund
Mackenzie Canadian Growth Class
Mackenzie Canadian Large Cap Dividend Class
Mackenzie Canadian Large Cap Dividend Fund
Mackenzie Cundill Canadian Security Class
Mackenzie Ivy European Class
Mackenzie Ivy Foreign Equity Currency Neutral Class
Mackenzie Ivy International Class
Mackenzie US Mid Cap Growth Currency Neutral Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated November 20, 2018
Received on November 20, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
LBC Financial Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2804068

Issuer Name:
Middlefield Healthcare & Life Sciences ETF
Middlefield REIT INDEXPLUS ETF
Principal Regulator – Alberta (ASC)
Type and Date:
Preliminary Long Form Prospectus dated
Received on November 26, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
N/A
Project #2847445

Issuer Name:
Munro Global Growth Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 23, 2018
NP 11-202 Preliminary Receipt dated November 23, 2018
Offering Price and Description:
Class I units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
CI Investments Inc.
Project #2846295

Issuer Name:
Ninepoint Alternative Health Fund (formerly Ninepoint UIT Alternative Health Fund)
Ninepoint Gold and Precious Minerals Fund (formerly, Sprott Gold and Precious Minerals Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated November 26, 2018
Received on November 26, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Ninepoint Partners LP
Project #2745066

Issuer Name:
TD Managed Income Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Maximum Equity Growth Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated November 22, 2018
Received on November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
TD Waterhouse Canada Inc.
TD Investment Services Inc.
Promoter(s):
TD Asset Management Inc.
Project #2822091

Issuer Name:
YTM Capital Fixed Income Alternative Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 22, 2018
NP 11-202 Preliminary Receipt dated November 22, 2018
Offering Price and Description:
Series A, Series A Founders, Series F, Series F Founders, and Series I units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
YTM Capital Asset Management Ltd.
Project #2845550

Issuer Name:
RBC Emerging Markets Bond Fund
RBC Conservative Bond Pool
RBC Core Bond Pool
RBC Core Plus Bond Pool
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated November 19, 2018
NP 11-202 Receipt dated November 26, 2018
Offering Price and Description:
Series A, Advisor Series, Series D, Series F and Series O units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
RBC Direct Investing Inc.
The Royal Trust Company
RBC Dominion Securities Inc.
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
Project #2774740

Issuer Name:
EdgePoint Canadian Portfolio
EdgePoint Global Portfolio
EdgePoint Canadian Growth & Income Portfolio
EdgePoint Global Growth & Income Portfolio
Principal Regulator – Ontario
Type and Date:
Amended and Restated to Final Simplified Prospectus dated November 5, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
EdgePoint Wealth Management Inc.
Project #2742445

Issuer Name:
Lysander TDV Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated November 21, 2018
NP 11-202 Receipt dated November 22, 2018
Offering Price and Description:
Series A, Series D and Series F Units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2831545

Issuer Name:
Mackenzie Canadian Balanced Fund
Mackenzie Canadian Growth Class
Mackenzie Canadian Large Cap Dividend Class
Mackenzie Canadian Large Cap Dividend Fund
Mackenzie Cundill Canadian Security Class
Mackenzie Ivy European Class
Mackenzie Ivy Foreign Equity Currency Neutral Class
Mackenzie Ivy International Class
Mackenzie US Mid Cap Growth Currency Neutral Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated November 20, 2018
NP 11-202 Receipt dated November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
LBC Financial Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Project #2804068

Issuer Name:
Marquis Balanced Class Portfolio
Marquis Balanced Growth Class Portfolio
Marquis Balanced Growth Portfolio
Marquis Balanced Income Portfolio
Marquis Balanced Portfolio
Marquis Equity Portfolio
Marquis Growth Portfolio
Marquis Institutional Balanced Growth Portfolio
Marquis Institutional Balanced Portfolio
Marquis Institutional Bond Portfolio
Marquis Institutional Canadian Equity Portfolio
Marquis Institutional Equity Portfolio
Marquis Institutional Global Equity Portfolio
Marquis Institutional Growth Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 26, 2018
Offering Price and Description:
Series A, F, G, I, O, T and V
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2833374

Issuer Name:
MD Precision Canadian Balanced Growth Fund (formerly MD Balanced Fund)
MD Bond Fund
MD Short-Term Bond Fund
MD Precision Canadian Moderate Growth Fund (formerly MD Dividend Income Fund)
MD Equity Fund
MD Growth Investments Limited (Series A, Series I, Series F and Series D shares)
MD Dividend Growth Fund
MD International Growth Fund
MD International Value Fund
MD Money Fund (Series A and Series D units)
MD Select Fund
MD American Growth Fund
MD American Value Fund
MD Strategic Yield Fund
MD Strategic Opportunities Fund
MD Fossil Fuel Free Bond Fund
MD Fossil Fuel Free Equity Fund
MD Precision Conservative Portfolio
MD Precision Balanced Income Portfolio
MD Precision Moderate Balanced Portfolio
MD Precision Moderate Growth Portfolio
MD Precision Balanced Growth Portfolio
MD Precision Maximum Growth Portfolio
MDPIM Canadian Equity Pool
MDPIM US Equity Pool
Principal Regulator – Ontario
Type and Date:
Amended and Restated to Final Simplified Prospectus dated November 13, 2018
NP 11-202 Receipt dated November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
MD Financial Management Inc.
Project #2757613

Issuer Name:
MDPIM Canadian Bond Pool
MDPIM Canadian Long Term Bond Pool
MDPIM Dividend Pool
MDPIM Strategic Yield Pool
MDPIM Canadian Equity Pool
MDPIM US Equity Pool
MDPIM International Equity Pool
MDPIM Strategic Opportunities Pool
MDPIM Emerging Markets Equity Pool
MDPIM S&P/TSX Capped Composite Index Pool
MDPIM S&P 500 Index Pool
MDPIM International Equity Index Pool
Principal Regulator – Ontario
Type and Date:
Amended and Restated to Final Simplified Prospectus dated November 13, 2018
NP 11-202 Receipt dated November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
MD Financial Management Inc.
Project #2757644

Issuer Name:
NEI Money Market Fund
NEI Canadian Bond Fund
NEI Global Total Return Bond Fund
NEI Global High Yield Bond Fund
NEI Conservative Yield Portfolio
NEI Balanced Yield Portfolio
NEI Balanced RS Fund
NEI Tactical Yield Portfolio
NEI Growth & Income Fund
NEI Canadian Dividend Fund
NEI Canadian Equity RS Fund
NEI Canadian Equity Fund
NEI U.S. Dividend Fund
NEI U.S. Equity RS Fund
NEI Canadian Small Cap Equity RS Fund
NEI Canadian Small Cap Equity Fund
NEI Global Dividend RS Fund
NEI Global Value Fund
NEI Global Equity RS Fund
NEI Global Equity Fund
NEI International Equity RS Fund
NEI Environmental Leaders Fund
NEI Emerging Markets Fund
NEI Select Income RS Portfolio
NEI Select Income & Growth RS Portfolio
NEI Select Income & Growth Portfolio
NEI Select Balanced RS Portfolio
NEI Select Balanced Portfolio
NEI Select Growth RS Portfolio
NEI Select Growth Portfolio
NEI Select Maximum Growth Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated November 12, 2018
NP 11-202 Receipt dated November 20, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Northwest & Ethical Investments Inc.
Project #2767696

Issuer Name:
Primerica Balanced Yield Fund (formerly Primerica Conservative Growth Fund)
Primerica Canadian Balanced Growth Fund (formerly Primerica Growth Fund)
Primerica Canadian Money Market Fund
Primerica Global Balanced Growth Fund (formerly Primerica Moderate Growth Fund)
Primerica Global Equity Fund (formerly Primerica Aggressive Growth Fund)
Primerica Income Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated November 20, 2018
NP 11-202 Receipt dated November 20, 2018
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
PFSL Investments Canada Ltd.
Promoter(s):
PFSL Investments Canada Ltd.
Project #2832013

Issuer Name:
Russell Investments Multi-Factor Global Balanced
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated November 21, 2018
NP 11-202 Receipt dated November 22, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #2830077

Issuer Name:
TD S&P 500 Index ETF (to be renamed TD U.S. Equity Index ETF)
TD S&P 500 CAD Hedged Index ETF (to be renamed TD U.S. Equity CAD Hedged Index ETF)
TD S&P/TSX Capped Composite Index ETF (to be renamed TD Canadian Equity Index ETF)
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated November 15, 2018
NP 11-202 Receipt dated November 20, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
TD Asset Management Inc.
Project #2705854

NON-INVESTMENT FUNDS

Issuer Name:
Accord Financial Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 23, 2018
NP 11-202 Preliminary Receipt dated November 23, 2018
Offering Price and Description:
$20,000,000.00
*% Convertible Unsecured Subordinated Debentures
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc,
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Cormack Securities Inc.
Echelon Wealth Partners Inc.
HSBC Securities (Canada) Inc.
Mackie Research Capital Corporation
Promoter(s):
–
Project #2846353

Issuer Name:
Castlebar Capital Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary CPC Prospectus dated November 20, 2018
NP 11-202 Preliminary Receipt dated November 21, 2018
Offering Price and Description:
$200,000.00
1,000,000 Common Shares
$0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Lucas Birdsall
Project #2845423

Issuer Name:
Exelerate Health Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary CPC Prospectus dated November 23, 2018
NP 11-202 Preliminary Receipt dated November 26, 2018
Offering Price and Description:
$300,000.00
3,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Mark Kohler
Project #2846713

Issuer Name:
Fairfax Financial Holdings Limited
Type and Date:
Preliminary Short Form Prospectus dated November 21, 2018
(Preliminary) Receipted on November 22, 2018
Offering Price and Description:
Exchange Offer for US$600,000,000.00 of its 4.850% Senior Notes due 2028
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2845549

Issuer Name:
Libby K Industries Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary CPC Prospectus dated November 19, 2018
NP 11-202 Preliminary Receipt dated November 20, 2018
Offering Price and Description:
Minimum Offering: $250,000.00 or 2,500,000 Common Shares
Maximum Offering: $500,000.00 or 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Mark Orsmond
Project #2844596

Issuer Name:
Nexien BioPharma Inc.
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated November 21, 2018 to Preliminary Long Form Prospectus dated August 22, 2018
NP 11-202 Preliminary Receipt dated November 22, 2018
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2809626

Issuer Name:
Sagittarius Capital Corporation
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated November 19, 2018 to Preliminary Long Form Prospectus dated August 22, 2018
NP 11-202 Preliminary Receipt dated November 20, 2018
Offering Price and Description:
Minimum Offering: 8,000,000 Units ($2,000,000.00)
Maximum Offering: Up to 16,000,000 Units (Up to $4,000,000.00)
Over-Allotment Option: Up to 15% of Maximum, 2,400,000 Units ($600,000.00)
Offering Price: $0.25 per Unit
Underwriter(s) or Distributor(s):
Leede Jones Gable Inc.
Promoter(s):
Ohad Haber
Project #2810334

Issuer Name:
Superior Plus Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated November 19, 2018
NP 11-202 Preliminary Receipt dated November 20, 2018
Offering Price and Description:
$1,500,000,000.00
Common Shares
Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2844578

Issuer Name:
Tocvan Ventures Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 21, 2018
NP 11-202 Preliminary Receipt dated November 22, 2018
Offering Price and Description:
5,000,000 UNITS AT A PRICE OF $0.10 PER UNIT
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Derek A. Wood
Project #2845629

Issuer Name:
BIP Investment Corporation
Brookfield Infrastructure Finance Pty Ltd
Brookfield Infrastructure Finance LLC
Brookfield Infrastructure Finance ULC
Brookfield Infrastructure Finance Limited
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
Senior Preferred Shares
C$3,000,000,000.00
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2836768

Issuer Name:
Brookfield Infrastructure Finance Limited
BIP Investment Corporation
Brookfield Infrastructure Finance Pty Ltd
Brookfield Infrastructure Finance LLC
Brookfield Infrastructure Finance ULC
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
Debt Securities
C$3,000,000,000.00
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2836758

Issuer Name:
Brookfield Infrastructure Finance LLC
Brookfield Infrastructure Finance ULC
Brookfield Infrastructure Finance Limited
BIP Investment Corporation
Brookfield Infrastructure Finance Pty Ltd
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
Debt Securities
C$3,000,000,000.00
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2836754

Issuer Name:
Brookfield Infrastructure Finance Pty Ltd
Brookfield Infrastructure Finance LLC
Brookfield Infrastructure Finance ULC
Brookfield Infrastructure Finance Limited
BIP Investment Corporation
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
Debt Securities
C$3,000,000,000.00
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2836763

Issuer Name:
Brookfield Infrastructure Finance ULC
Brookfield Infrastructure Finance Limited
BIP Investment Corporation
Brookfield Infrastructure Finance Pty Ltd
Brookfield Infrastructure Finance LLC
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
Debt Securities
C$3,000,000,000.00
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2836750

Issuer Name:
HEXO Corp.
Principal Regulator – Quebec
Type and Date:
Final Shelf Prospectus dated November 19, 2018
NP 11-202 Receipt dated November 20, 2018
Offering Price and Description:
$800,000,000.00 – COMMON SHARES, WARRANTS, SUBSCRIPTION RECEIPTS, UNITS
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2840680

Issuer Name:
High Tide Inc.
Principal Regulator – Alberta (ASC)
Type and Date:
Final Long Form Prospectus dated November 20, 2018
NP 11-202 Receipt dated November 20, 2018
Offering Price and Description:
36,728,474 Common Shares and 18,364,236 Warrants issuable for no additional cost upon the exercise or deemed exercise of 13,307,418 Special Warrants
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Mackie Research Capital Corporation
Laurentian Bank Securities Inc.
Promoter(s):
Harkirat (Raj) Grover
Project #2822451

Issuer Name:
IGM Financial Inc.
Principal Regulator – Manitoba
Type and Date:
Final Shelf Prospectus dated November 23, 2018
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
$3,000,000,000.00 Debt Securities (unsecured) First Preferred Shares, Common Shares, Subscription Receipts
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2843399

Issuer Name:
Summit Industrial Income REIT
Principal Regulator – Ontario
Type and Date:
Amendment #1 dated November 22, 2018 to Final Shelf Prospectus dated April 26, 2017
NP 11-202 Receipt dated November 23, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2612535

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Sherpa Asset Management Inc.	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	November 19, 2018
New Registration	Alitis Investment Counsel Inc.	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	November 20, 2018
New Registration	Trestle Asset Management Inc.	Portfolio Manager	November 23, 2018
New Registration	Power Pacific Investment Management Inc.	Portfolio Manager and Investment Fund Manager	November 26, 2018

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