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Table of Contents

Chapter 1

Notices

1.1 Notices

1.1.1 Maria Psihopedas

FILE NO: 2018-18

IN THE MATTER OF
MARIA PSIHOPEDAS

NOTICE OF WITHDRAWAL

The Applicant, Maria Psihopedas, withdraws the application for hearing and review dated April 5, 2018 and amended on April 20, 2018.

DATED this 20th day of December, 2018

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Katanga Mining Limited et al. – ss. 127, 127.1

FILE NO.: 2018-76

IN THE MATTER OF
KATANGA MINING LIMITED,
ARISTOTELIS MISTAKIDIS,
TIM HENDERSON,
LIAM GALLAGHER,
JEFFREY BEST,
JOHNNY BLIZZARD,
JACQUES LUBBE and
MATTHEW COLWILL

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

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: Tuesday, December 18, 2018 at 9:00 a.m.

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

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated December 14, 2018, between Staff of the Commission and the respondents in respect of the Statement of Allegations filed by Staff of the Commission dated December 14, 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 17th day of December, 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
KATANGA MINING LIMITED,
ARISTOTELIS MISTAKIDIS,
TIM HENDERSON,
LIAM GALLAGHER,
JEFFREY BEST,
JOHNNY BLIZZARD,
JACQUES LUBBE and
MATTHEW COLWILL

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 December 14, 2018 between Aristotelis Mistakidis ("**Mistakidis**"), Tim Henderson ("**Henderson**"), Liam Gallagher ("**Gallagher**"), Jeffrey Best ("**Best**"), Johnny Blizzard ("**Blizzard**"), Jacques Lubbe ("**Lubbe**"), and Matthew Colwill ("**Colwill**") (collectively, the "**Individual Respondents**"), Katanga Mining Limited (collectively with the Individual Respondents, the "**Respondents**") and Enforcement Staff.

B. FACTS

Enforcement Staff make the following allegations of fact:

OVERVIEW

2. Directors and officers set the "tone from the top" and are responsible for establishing and enforcing a culture of compliance.

3. In this case, the Individual Respondents engaged in conduct at Katanga Mining Limited[1] that undermined Katanga's corporate governance and internal controls and, which, in the specific instances detailed in Part I below, resulted in Katanga making financial disclosure that was misleading in a material respect. This conduct breached Ontario securities law and was contrary to the public interest.

4. Katanga operates copper and cobalt mining and refinery facilities in the Democratic Republic of the Congo ("**DRC**"), a country perceived to have significant risk of public sector corruption.

5. Glencore[2] has been Katanga's majority shareholder since 2009. Glencore acquired control of Katanga through a series of transactions that commenced in 2007. Glencore worked with and invested alongside entities associated with Dan Gertler ("**Gertler**") in certain of these transactions. During the Material Time[3] and until February 2017, entities associated with Gertler were beneficial shareholders of Katanga. In February 2017, entities associated with Gertler beneficially held at least 11% of Katanga's common shares.

6. For differing periods during the Material Time, Gallagher, Henderson and Mistakidis (the "**Glencore Respondents**") served on Katanga's board of directors (the "**Board**") and exercised significant influence over operational and financial decisions at Katanga. Together with Katanga's officers, the Glencore Respondents were involved in conduct that undermined Katanga's internal controls as detailed in Part I and Part III below. This conduct was contrary to the public interest and it manifested in Katanga failing to comply with Ontario securities law.

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1 Hereafter, solely or collectively with its subsidiaries, "**Katanga**".

2 Glencore plc (solely or collectively with its subsidiaries, "**Glencore**") is one of the world's largest commodities firms and is based in Switzerland with its primary listing on the London Stock Exchange. As further described in paragraphs 27-28 below, Glencore was Katanga's sole customer, and financed Katanga's operations.

3 The conduct set out in this document concerns the 6-year period from January 1, 2012 to December 31, 2017 (the "**Material Time**").

7. In particular, Katanga:

   (a) Misstated its financial position and the results of its operations; and

   (b) Failed to maintain adequate disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting ("**ICFR**") and to disclose material weaknesses in its ICFR.

8. The Individual Respondents authorized, permitted or acquiesced in the above non-compliance with Ontario securities law by Katanga (Part I and Part III) and acted in a manner contrary to the public interest (Part II) in their roles as directors and officers of Katanga, as detailed below.

9. Separately, during the Material Time, Katanga's Annual Information Form ("**AIF**") disclosure failed to adequately describe the heightened risks associated with: (i) its operating environment, specifically the elevated risk of public sector corruption in the DRC; and (ii) its reliance on individuals and entities associated with Gertler (the "**Gertler Associates**"), including the risk that a cessation or deterioration in Katanga's business relationships with the Gertler Associates could have an adverse impact on Katanga's business.

THE RESPONDENTS

(1) Katanga

10. Katanga is an Ontario reporting issuer with its shares listed on the Toronto Stock Exchange.

11. Katanga was first incorporated under the laws of Bermuda in 1996 and continued under the Yukon *Business Corporations Act* on August 31, 2011. Katanga's registered office is in Whitehorse, Yukon with its head office in Zug, Switzerland.

12. Katanga's operations are primarily carried out through its 75%-owned subsidiary, Kamoto Copper Company SA ("**KCC**"), pursuant to a joint venture agreement (the "**JV Agreement**") with La Génerale des Carrières et des Mines S.A. ("**Gécamines**"), which owns 25% of KCC.[4] Gécamines is a DRC state-owned entity.

13. The JV Agreement was signed in July 2009 and required, among other things, that Katanga make certain payments to Gécamines including: (i) royalties equivalent to 2.5% of KCC's net revenues; and (ii) a fixed *pas de porte*[5] payable in installments at the end of each year up to 2016.

14. Between January 2012 and February 2017, Glencore owned approximately 75% of Katanga's shares. In February 2017, Glencore purchased an additional approximately 11% of Katanga's shares from entities affiliated with Gertler following the September 2016 resolution of proceedings under the *Foreign Corrupt Practices Act* (US) brought by the US Securities and Exchange Commission and the US Department of Justice against Och-Ziff Capital Management Group LLC ("**Och-Ziff**") which implicated Gertler in corrupt acts and bribery in the DRC (the "**Och-Ziff Settlements**").

(2) Aristotelis Mistakidis

15. Mistakidis was a Glencore nominee director of Katanga from January 2008 to November 2017.

16. Mistakidis is a member of Glencore's senior management. From 2008 to 2013, Mistakidis was a co-head of Glencore's global copper and zinc department, and from 2013 to November 2017, he headed Glencore's global copper department. Glencore's 2017 Annual Report identified Mistakidis as having the third highest shareholding of all Glencore management personnel, owning 3.12% of Glencore plc's voting shares. Gallagher and Henderson reported to Mistakidis.

(3) Tim Henderson

17. Henderson was a Glencore nominee director of Katanga from May 2015 to November 2017.

18. From 2008 to 2014, Henderson served as an operations consultant to Glencore pursuant to a consulting agreement with the company. In this role, Henderson held the title of Glencore's executive director of operations for Africa and divided his time overseeing Glencore's various copper mining operations in Africa, including Katanga. In January 2015, Henderson's responsibilities with Glencore expanded to include Glencore's copper mining operations in South America and Australia.

[4] Gécamines held 20% of KCC directly and 5% of KCC through its affiliate La Société Immobilière du Congo, another DRC state-owned entity.

[5] Katanga's public filings translate "*pas de porte*" as "entry premium".

(4) Liam Gallagher

19. Gallagher was a Glencore nominee director of Katanga and a member of Katanga's audit committee (the "**Audit Committee**") from November 2012 to November 2017.

20. From 2009 to November 2017, Gallagher was an employee of Glencore and held the position of Asset Manager for Katanga. From 2013 and onward, Katanga was the only asset that Gallagher managed for Glencore. In the Asset Manager role, Gallagher managed Katanga as a financial asset of Glencore. His responsibilities as Asset Manager included, in particular, the review of the monthly financial results from the viewpoint of Glencore.

(5) Jeffrey Best

21. Best was the Chief Executive Officer ("**CEO**") and a director of Katanga from September 2011 to February 2015. Best first joined Katanga as its Chief Operating Officer ("**COO**") in May 2011.

(6) Johnny Blizzard

22. Blizzard is the current CEO and a director of Katanga. Blizzard first joined Katanga as its COO in January 2015 and became its CEO on February 12, 2015.

(7) Jacques Lubbe

23. Lubbe was the Chief Financial Officer ("**CFO**") of Katanga from November 2013 to February 2015, and from October 2016 to November 2017.

(8) Matthew Colwill

24. Colwill was the CFO of Katanga from February 2015 to October 2016. Between October 2011 and November 2013, Colwill was a Finance Manager at KCC.

BACKGROUND

(1) Katanga's Operations

25. During the Material Time, KCC's principal operations were located in the DRC and comprised the following:

(a) Mining Operations:

Ore was mined at open-pit and underground mines;

(b) Processing Operations at the KTC Concentrator ("**KTC**"):

Ore mined was then milled and treated to produce copper concentrate. During the Material Time, Katanga sold and designated some of this production as for sale ("**Concentrate for Sale**");

(c) Processing Operations at the Luilu Metallurgical Plant ("**Luilu**"):

Copper concentrate underwent further processing to produce copper cathode ("**Copper Cathode**"). Katanga reported the copper content of Concentrate for Sale ("**Contained Copper**") and Copper Cathode as "**Total Copper**"; and

(d) Processing Operations at the Cobalt Plant:

Residue from the processing at Luilu was further processed to produce cobalt metal.

26. Between 2012 and 2015, Katanga reported the following production and sales of concentrate and Copper Cathode:

	(Tonnes)			
	2012	2013	2014	2015
Concentrate produced	**495,642**	**710,449**	**905,750**	**859,647**
Concentrate for Sale[6]	141,935	224,394	-	-
Contained Copper	***31,523***	***48,713***	***1,010***	***6,858***
Copper Cathode	***61,440***	***87,479***	***157,016***	***106,816***
Total Copper	***92,963***	***136,192***	***158,026***	***113,674***
Concentrate sold	83,134	108,171	0	0
Copper Cathode sold	59,368	90,626	151,474	116,469

27. Beginning in 2007, Katanga entered into a series of agreements for the sale of products of its mining operations to Glencore (the "**Off-take Agreements**"). The Off-take Agreements provide for 100% of the produced copper and cobalt materials to be sold to Glencore for the life of any mines and plants operated, acquired and/or developed by Katanga in the DRC. Therefore, Glencore was Katanga's sole customer during the Material Time (with the exception of certain instances in which Katanga sold concentrate to third parties).

28. In addition to being Katanga's sole customer (other than as referred to in the paragraph above), Glencore financed Katanga's operations. It did this through: (i) prepayments under the Off-take Agreements; and (ii) loan facilities for capital expenditures including improvements and expansion of Katanga's production facilities.

(2) Review, MCTO and Restatement

29. As a result of inquiries made during the course of Enforcement Staff's investigation, Katanga commenced an internal review of certain of its accounting practices (the "**Review**"). This Review, announced on July 31, 2017, was led by Katanga's independent directors (the "**Independent Directors**"). The Independent Directors engaged Canadian legal counsel and a multinational accounting firm to assist the Independent Directors in conducting the Review, which was undertaken with the cooperation and assistance of management and in consultation with Katanga's external auditor.

30. On August 14, 2017, Katanga issued a news release announcing, among other things, that: (i) its annual and interim financial statements and related Management's Discussion & Analysis ("**MD&A**") (collectively, the "**Filings**") for the period Q4 2014 to Q1 2017 should not be relied upon; and (ii) the filing of Katanga's Q2 2017 interim Filings would be delayed.

31. On August 15, 2017, the Commission issued a Management Cease Trade Order against the directors and officers of Katanga (the "**MCTO**"). The MCTO remains in effect.

32. On November 20, 2017, Katanga issued a news release announcing, among other things: (i) Enforcement Staff's investigation; (ii) the conclusion of the Review; (iii) the restatement of its 2016 annual Filings and Q1 2017 interim Filings (the "**Restatement**"); and (iv) the resignation of the Glencore Respondents and Lubbe.

CONDUCT CONTRARY TO THE PUBLIC INTEREST AND ONTARIO SECURITIES LAW

33. The following Parts detail Enforcement Staff's allegations of conduct contrary to Ontario securities law and the public interest:

(a) Part I: Misleading disclosure relating to the results of Katanga's operations;

(b) Part II: Corporate governance deficiencies, and misleading compensation and reporting structure disclosure; and

(c) Part III: Internal control failures.

[6] Concentrate for Sale was a subset of concentrate produced.

34. In addition, Part IV details additional allegations against Katanga only with respect to misleading risk disclosure.

PART I: MISLEADING DISCLOSURE RELATING TO THE RESULTS OF KATANGA'S OPERATIONS

(1) Introduction

35. During the Material Time, Katanga and the Individual Respondents (as described below) engaged in practices that resulted in Katanga misstating its financial position and the results of its operations by:

(a) Overstating Total Copper by incorrectly recording Contained Copper in 2012 to 2014;

(b) Improperly capitalizing impaired and overstated inventory;

(c) Overstating 2014 Copper Cathode; and

(d) Misstating 2015 Copper Cathode and Contained Copper.

This resulted in Katanga making materially misleading disclosure in its annual and interim financial statements and MD&As during the Material Time.

(2) Misleading Disclosure Regarding Total Copper Production from 2012 to 2014

36. In 2012 and 2013, Katanga overstated its Total Copper production by incorrectly recording Contained Copper.

37. In 2012 and 2013, Katanga calculated Concentrate for Sale as the difference between: (i) the total concentrate production; and (ii) the concentrate that was fed to Luilu.

38. However, during this time, the calculation of both concentrate production and feed were known to be flawed, primarily due to weaknesses in Katanga's metal accounting practices, and the calculations failed to account for unrecorded discharges. This led to an overstatement of concentrate being reported on Katanga's books.

39. As a result, Katanga overstated:

(a) Concentrate for Sale:

In 2012 and 2013, Katanga reported an aggregate of 366,329 tonnes of Concentrate for Sale but only 191,305 tonnes of concentrate sold, a difference of approximately 175,000 tonnes, some portion of which was overstated.

(b) Contained Copper and therefore Total Copper:

In 2012 and 2013, Katanga reported an aggregate of 80,236 tonnes of Contained Copper. However, the aggregate copper content of the 191,305 tonnes of concentrate reported as sold during that period only amounted to 39,331 tonnes, a difference of approximately 40,000 tonnes, some portion of which was overstated.

40. In addition, Katanga continued to report that copper concentrate was being produced for sale after the suspension of copper concentrate sales in August 2013. Katanga disclosed in its annual MD&A for 2013, that it halted concentrate sales in Q3 2013 due to an increase in export taxes and increased processing capacity downstream.

41. During this time, Katanga should have ceased reporting Concentrate for Sale. As a result, the Total Copper reported in 2013 was overstated by at least 15,501 tonnes, being the Contained Copper reported between September and December 2013.

42. Commencing in January 2014, Katanga did in fact cease reporting Concentrate for Sale. However, in April 2014, Katanga reported 1,010 tonnes of Contained Copper, resulting in the overstatement of Contained Copper and Total Copper reported in Q2 2014 by 1,010 tonnes.

43. As a result of the above, Katanga made statements that were misleading in a material respect in its Q2 2014 interim MD&A, and its 2012 and 2013 annual MD&As, contrary to section 122(1)(b) of the Act.

(3) Misleading Disclosure Regarding Improper Capitalization of Impaired and Overstated Inventory

44. In Q2 2014, Katanga improperly capitalized impaired ore and overstated concentrate inventories totaling approximately USD$122 million, as described below.

45. Overstated concentrate had been accumulating on Katanga's books since at least 2012 primarily as a result of Katanga's metal accounting weaknesses and failure to account for unrecorded discharges, as described above. In or about May 2014, at the request of its CFO, Katanga's management undertook an exercise to quantify Katanga's actual concentrate inventory and determine the extent of the overstatement. In or around the same time, Katanga's management also undertook a net realizable value ("**NRV**") analysis of its ore stockpiles. These exercises revealed that:

    (a) Concentrate inventories were overstated by approximately 121,000 tonnes, with a recorded value of USD$106.9 million; and

    (b) The book value of ore inventories exceeded its NRV by approximately USD$72 million.

46. According to the Restatement, by the end of Q2 2014, the book value continued to exceed the NRV of the ore inventories by USD$55.7 million.

47. Instead of writing down the overstated concentrate and impaired ore inventories in a single write-down when finalizing Katanga's Q2 2014 financial results, Katanga inappropriately reclassified some of the inventory as fixed assets[7] as follows:

    (a) USD$66.6 million of overstated concentrate inventory (approximately 80,000 tonnes) was transferred from inventory and capitalized to fixed assets and depreciated using the unit of production method. According to the Restatement, USD$1.4 million had been depreciated at the time of the Restatement; and

    (b) USD$55.7 million of ore inventory (being the NRV overstatement and comprising the equivalent of close to 860,000 tonnes of the recorded ore inventories) was transferred from inventory and capitalized to fixed assets and depreciated using the unit of production method. According to the Restatement, USD$2.6 million had been depreciated at the time of the Restatement.

48. On November 20, 2017, Katanga released its Restatement, which addressed various inappropriate accounting practices and inaccurate historical disclosure, including the abovementioned improper adjustments.

49. The Restatement indicates that the balance of the overstated concentrate inventories (approximately USD$40 million) was expensed during fiscal 2014.

50. The improper adjustments discussed above resulted in misstatements in Katanga's quarterly and annual Filings between Q2 2014 and Q1 2017, including, on an annual basis:

    (a) An understatement of Katanga's 2014 and prior years cost of sales of approximately USD$88 million;

    (b) An overstatement of Katanga's fixed assets as at December 31, 2014 of approximately USD$118 million; and

    (c) An overstatement of Katanga's fixed assets as at December 31, 2015 and 2016 and March 31, 2017 of approximately USD$116 million.

51. As set out above, Katanga made statements in its annual Filings for 2014, 2015 and 2016 and its interim Filings for Q1 2017 that were misleading in a material respect. As a result, Katanga breached section 122(1)(b) of the Act.

52. In their capacity as directors and officers, Gallagher, Best and Lubbe authorized, permitted or acquiesced in Katanga's misleading statements, during the period in which they were directors and officers respectively, and are deemed to have failed to comply with Ontario securities law pursuant to section 129.2 of the Act. Additionally, as a member of Katanga's Audit Committee, Gallagher's conduct was contrary to the principles of National Instrument 52-110 *Audit Committees* ("**NI 52-110**").[8]

[7] This would cause the overstatement to be written off through normal course depreciation of the fixed assets.

[8] (2004), 27 OSCB 3252, as amended.

(4) Misleading Disclosure Regarding Copper Cathode Production in 2014

53. In 2014, Katanga overstated its 2014 Copper Cathode production by approximately 8,000 tonnes.

54. Each month in 2014, Katanga engaged in a practice referred to internally as "borrowing" and "paying back" of Copper Cathode.

55. Through "borrowing", Copper Cathode produced in month two would be reported as having been produced in month one (i.e. "borrowed") and then be omitted from the reported Copper Cathode production results for month two (i.e. "paid back"). However, in practice, there was no direct correlation between "borrowings" and "pay-back" each month and an aggregate "borrowing" existed at each month-end in 2014.

56. Prior to Q4 2014, these aggregate "borrowings" caused misstatements of reported copper cathode production at each reporting period.

57. However, by October 31, 2014, the aggregate "borrowings" had more than doubled to an overstatement of approximately 2,700 tonnes. At that time, Katanga recorded year-to-date production of 128,211 tonnes of Copper Cathode.

58. During a Glencore conference call with analysts on December 10, 2014, Mistakidis stated that Katanga's production forecast for 2014 was 165,000 tonnes.

59. Katanga had recorded November 2014 year-to-date production of 139,713 tonnes of Copper Cathode. This meant that Katanga had to report at least 17,277 tonnes of Copper Cathode for December 2014 to report 158,000 tonnes of Total Copper for the year.

60. In late December 2014, the Glencore Respondents participated in instructing management to report 2014 total copper of approximately 158,000 tonnes. At this time, Mistakidis and Gallagher were directors of Katanga and Henderson was a de facto officer of Katanga.

61. Katanga ultimately reported Copper Cathode production of 17,303 tonnes in December 2014 that included a net overstatement of 5,410 tonnes and, as a result, the aggregate overstatement had increased to approximately 8,000 tonnes by December 31, 2014.

62. On February 11, 2015, Katanga released its annual MD&A for 2014 and reported:

    (a) 42,807 tonnes of Copper Cathode for Q4 2014, an overstatement of approximately 6,800 tonnes; and

    (b) 157,016 tonnes of Copper Cathode for 2014, an overstatement of approximately 8,000 tonnes.

63. The overstatement of Copper Cathode production in December 2014 was too large to be satisfied by "borrowing" January 2015 Copper Cathode alone. Instead, Katanga recorded the approximately 8,000 tonnes by:

    (a) "Borrowing" approximately 1,400 tonnes from January 2015 Copper Cathode (the "**January 2015 Lots**"[9]) and reporting it as December 2014 production; and

    (b) Issuing a provisional invoice (the "**December 2014 Invoice**") to Glencore for 6,650 tonnes of non-existent Copper Cathode (the "**Non-Existent Lots**"). The invoice was dated December 31, 2014 in the amount of USD$43 million and was subsequently settled by Glencore.

64. Both the January 2015 Lots and the Non-Existent Lots were improperly recorded as stock-in-transit as at December 31, 2014.

65. The above-mentioned overstatement of Katanga's 2014 Copper Cathode resulted in the following misstatements:

    (a) An understatement of Q4 2014 and 2014 cost of sales of approximately USD$41.8 million; and

    (b) An overstatement of finished product inventories as at December 31, 2014 of approximately USD$41.8 million, (collectively, the "**2014 Copper Cathode Misstatements**").[10]

[9] Finished Copper Cathode was bundled into lots for shipping. Each lot comprised approximately 30 tonnes and was assigned a unique sequential lot number.

[10] According to the Restatement, the recording of the December 2014 Invoice also resulted in an overstatement of receivables and deferred revenue of $41.9 million as at December 31, 2014.

66. Best and Lubbe both resigned on February 12, 2015, and were succeeded by Blizzard and Colwill respectively. Blizzard and Colwill subsequently learned of the 2014 overstatement of Copper Cathode in Q1 2015.

67. As set out above, Katanga made statements in its 2014 annual Filings that were misleading in a material respect, contrary to section 122(1)(b) of the Act.

68. To varying degrees, Mistakidis, Gallagher, Henderson, Best and Lubbe authorized, permitted or acquiesced in misleading statements made by Katanga in the 2014 annual Filings and are deemed to have failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

69. In addition, Blizzard and Colwill certified Katanga's 2014 annual Filings, which were misleading in a material respect, contrary to section 2.1 of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**")[11] and section 122(1)(b) of the Act. Additionally, as a member of Katanga's Audit Committee, Gallagher's conduct was contrary to the principles of NI 52-110.

70. Blizzard and Colwill ought to have exercised the required due diligence and oversight and sought guidance in their review and certification of the previously filed 2014 annual Filings.

(5) Misleading Disclosure Regarding Production in 2015

71. In response to the 2014 Copper Cathode Misstatements, Katanga improperly:

(a) Issued credit notes to Glencore in respect of the Non-Existent Lots;

(b) Understated 2015 Copper Cathode production;

(c) Removed the Non-Existent Lots from stock-in-transit; and

(d) Understated the amount of concentrate fed to Luilu and recorded the copper content of that concentrate as Contained Copper.

72. As noted above, the 2014 "borrowings" of approximately 8,000 tonnes were reported as stock-in-transit as at December 31, 2014. By January 31, 2015, the January 2015 Lots had been shipped to Glencore and were no longer recorded as stock-in-transit. However, the January 2015 Lots were not "paid back" but instead recorded again as Copper Cathode production in January 2015.

73. The Non-Existent Lots were "paid back" and removed from stock-in-transit between May and August 2015. To do this, Katanga issued credit notes to Glencore (the "**2015 Credit Notes**") for the full value of the December 2014 Invoice and reduced the Copper Cathode reported in those months.

74. On September 11, 2015, Katanga announced that it was suspending the processing of copper and cobalt.

75. In order to reflect a "pay-back" of the January 2015 Lots "borrowed" in December 2014, Katanga reduced the Copper Cathode recorded for September 14, 2015 by approximately 1,400 tonnes.

76. As a result of the above, Katanga reported 106,816 tonnes of Copper Cathode for 2015. This amount was understated by approximately 8,225 tonnes. More specifically:

(a) Katanga's Q2 2015 interim MD&A reported 35,974 tonnes of Copper Cathode, an understatement of 4,040 tonnes;

(b) Katanga's Q3 2015 interim MD&A reported 33,709 tonnes of Copper Cathode, an understatement of 4,185 tonnes; and

(c) These understatements resulted in an overstatement of Katanga's 2015 cost of sales by approximately USD$41.8 million in its 2015 annual Filings, (collectively, the "**2015 Copper Cathode Misstatements**").

77. In an effort to offset the impact of the 2015 Copper Cathode Misstatements, Katanga engaged in further inappropriate accounting practices by:

[11] (2004), 27 OSCB 3230, as amended.

(a) recording 6,857 tonnes of Contained Copper as part of Katanga's Total Copper between May and August 2015; and

(b) reducing the reported concentrate fed to Luilu between May and August 2015 (collectively, the "**Related Misstatements**").

78. There was not an adequate basis under applicable accounting practices for recording the abovementioned 6,857 tonnes of Contained Copper and Katanga's system of metal accounting was prone to inaccuracies and manipulation. The recording of this Contained Copper meant that Katanga ultimately reported 2015 Total Copper that closely approximated its actual 2015 Copper Cathode production.

79. However, some part of the abovementioned concentrate feed adjustment was the result of actual measurements of concentrate diverted to the Luilu ponds at that time. The unsupported portion of the adjustment to the concentrate feed caused:

(a) The Q2 and Q3 2015 costs of sales to be understated by at least USD$18.5 million at the KCC level and USD$9.7 million at the Katanga level after tax and minority interests; and

(b) The value of concentrate inventory to be overstated at every quarter end between Q2 2015 and Q4 2017. This amounted to approximately USD$18.5 million at the KCC level and USD$9.7 million at the Katanga level at September 30, 2015.[12]

80. The Related Misstatements were not addressed in the Restatement.[13] In 2018, Katanga's financial management, with input from the external auditors and the Audit Committee, assessed the effect of the Related Misstatements on the 2015 financial statements as immaterial.

81. As set out above, Katanga made statements in its 2015 annual Filings and its Q2 and Q3 2015 interim MD&As in respect of the 2015 Copper Cathode Misstatements that were misleading in a material respect, contrary to section 122(1)(b) of the Act.

82. To varying degrees, Mistakidis, Henderson, Gallagher, Colwill and Blizzard authorized, permitted or acquiesced in statements made by Katanga in the 2015 annual Filings that were misleading in a material respect at the time.

83. In addition, Blizzard and Colwill certified Katanga's 2015 annual Filings, which were misleading in a material respect, contrary to section 2.1 of NI 52-109 and section 122(1)(b) of the Act. Additionally, as a member of Katanga's Audit Committee, Gallagher's conduct was contrary to the principles of NI 52-110.

84. Blizzard and Colwill ought to have exercised the required due diligence and oversight and sought guidance in their review and certification of the 2015 annual Filings.

PART II: CORPORATE GOVERNANCE DEFICIENCIES, AND MISLEADING COMPENSATION AND REPORTING STRUCTURE DISCLOSURE

85. The Individual Respondents were responsible for setting the "tone from the top" at Katanga by establishing and enforcing a culture of compliance.

86. During the Material Time, in addition to their formal reporting to the Board, Katanga's CEO and CFO reported to the Glencore Respondents and the Glencore Respondents exercised significant influence over operational and financial decisions at Katanga.[14]

87. Additionally, certain members of Katanga management received additional compensation directly from Glencore (the "**Glencore Compensation**") that was not previously disclosed. The compensation was paid in cash and in equity of Glencore. Such compensation should have been disclosed in Katanga's executive compensation disclosure in Katanga's management information circulars during the Material Time. Katanga did not disclose the existence of the Glencore Compensation until the Restatement in November 2017.

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12 The Restatement adjusted for the overstatement of $41.8 million in 2014 referred to in paragraph 65, but did not adjust for the Related Misstatements.

13 After the processing suspension in or around September 2015, a clean up and pond excavation at the site resulted in the identification of previously unaccounted for copper concentrate at the mine. Katanga sold 5,862 tonnes of copper contained in concentrate in 2017.

14 During the Material Time, the Board was comprised of the three Independent Directors, Katanga's CEO and two (later three) directors nominated by Glencore.

88. As set out in Part I above, the Individual Respondents engaged in conduct that undermined Katanga's corporate governance, internal controls and culture of compliance. This resulted in matters not being adequately disclosed to, and discussed with, the Independent Directors and the external auditor. This conduct contributed to the breaches set out in Part I above. As a result, the Respondents acted in a manner contrary to the public interest.

89. This "tone from the top" contributed to a culture in which Katanga staff failed to adhere to documented policies and overrode controls as set out in Part I.

90. In addition, as set out in Part I, Gallagher failed to exercise the impartial judgment necessary to fulfill his responsibilities as a member of the Audit Committee and failed to disclose to the other members of the Audit Committee such knowledge as he had of the matters set out in Part I. Gallagher's conduct was contrary to the principles of NI 52-110 and the public interest.

PART III: INTERNAL CONTROL FAILURES

(1) Introduction

91. NI 52-109 is a core element of the continuous disclosure regime for reporting issuers. Its objective is to improve the quality, reliability and transparency of annual filings, interim filings and other materials that issuers file or submit under securities legislation. It does this principally by requiring that:

(a) Issuers establish and maintain DC&P and ICFR;

(b) Issuers disclose any material weaknesses in their ICFR; and

(c) The issuer's CEO and CFO certify its disclosure, including the existence of any material weaknesses and conclusions regarding the effectiveness of the issuer's ICFR and DC&P.

92. Material weaknesses existed in Katanga's ICFR during the Material Time and contributed to misleading disclosure discussed in Part I above. Katanga did not disclose any material weaknesses in its ICFR until the Restatement.

93. In addition, the weaknesses in the culture of compliance at Katanga rendered Katanga's ICFR and DC&P ineffective during the Material Time, leading to the misleading disclosure discussed in Part I and Part II above. As such, Katanga failed to maintain adequate ICFR and DC&P.

(2) Material Weaknesses in ICFR

94. As set out in Part I above, the Individual Respondents engaged in conduct that undermined Katanga's corporate governance, internal controls and culture of compliance.

95. In addition, Katanga's inadequate metal accounting practices did not provide reasonable assurance that information required to be disclosed by Katanga was reported accurately. This included relying on:

(a) Flawed calculations for its concentrate inventory balances as set out in Part I above; and

(b) Manual systems to record key production metrics for the purposes of its financial and operational reporting. These systems required manual inputs and did not maintain an adequate audit trail, making them susceptible to manipulation.

96. These weaknesses resulted in the misleading disclosure of production activities and costs as set out in Part I above.

97. In its Restatement in 2017, Katanga first disclosed the following material weaknesses in its ICFR:

> Control environment material weaknesses – […] The Company has concluded that it did not adequately establish and enforce a strong culture of compliance and controls which includes the adherence to policies, procedures and controls necessary to present financial statements in accordance with IFRS;
>
> Management override material weaknesses – The Company did not maintain effective controls to prevent or detect the circumvention or override of controls. Certain of the accounting adjustments identified in the Review are a result of senior management and executive directors in office at that time overriding the Company's control processes; and

> Monitoring material weaknesses – […] The Company has determined that certain of the accounting adjustments identified in the Review were not identified earlier due to inadequate monitoring controls, including inadequate controls and procedures to properly quantify and verify the value of in-process concentrate inventories, inadequate controls with respect to quarter-end and year-end sales cut-off procedures, insufficient involvement of internal audit in the testing of the accuracy of external financial reporting and inadequate procedures to ensure the effective implementation of internal audit recommendations on high risk areas, particularly with respect to metal accounting.

98. Katanga failed to disclose these material weaknesses in its MD&As during the Material Time, contrary to section 3.2 of NI 52-109. As a result, Katanga's interim and annual MD&As for the reporting periods between January 1, 2012 to March 31, 2017 were misleading in a material respect, contrary to section 122(1)(b) of the Act.

99. In respect of the matters set out in Part I above, the Individual Respondents authorized, permitted or acquiesced in the misleading statements Katanga made in its interim and annual MD&As relating to ICFR between January 1, 2012 and March 31, 2017, for the reporting periods in which they were officers and/or directors and are deemed to have failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

100. In addition, Katanga's CEO and CFO certified Katanga's interim and annual MD&As for the reporting periods between January 1, 2012 and March 31, 2017 which contained the misleading statements relating to ICFR and are deemed to have failed to comply with Ontario securities law pursuant to section 122(1)(b) and section 2.1 of NI 52-109 for the reporting periods in which they were officers respectively.

(3) Failed to Maintain ICFR and DC&P

101. ICFR and DC&P are more than written policies and procedures. It is the responsibility of the directors and officers to communicate clear expectations within an issuer that its ICFR and DC&P must be followed.

102. In respect of the allegations in Part I above, the Individual Respondents authorized, permitted or acquiesced in Katanga's failure to adhere to documented policies and controls for the reporting periods in which they were officers and/or directors respectively. This contributed to Katanga making materially misleading disclosure in its interim and annual MD&As as outlined above. As a result, Katanga failed to maintain adequate ICFR and DC&P, contrary to section 3.1 of NI 52-109.

103. Katanga stated in its interim and annual MD&As for the reporting periods between January 1, 2012 and March 31, 2017 that its CEO and CFO had concluded that:

(a) Katanga's ICFR had been designed effectively to provide reasonable assurance regarding the reliability of the preparation and presentation of the financial statements for external purposes and were effective; and

(b) Katanga's DC&P provided a reasonable level of assurance that they were effective.

104. These statements were misleading in a material respect, contrary to section 122(1)(b) of the Act.

105. The Individual Respondents authorized, permitted or acquiesced in the misleading statements by Katanga relating to the effectiveness of ICFR and DC&P in its interim and annual MD&As for the reporting periods between January 1, 2012 and March 31, 2017, for the reporting periods in which they were officers and/or directors respectively, and are deemed to have failed to comply with Ontario securities law pursuant to section 129.2 of the Act.

106. In addition, Katanga's CEO and CFO certified Katanga's interim and annual MD&As for the reporting periods between January 1, 2012 and March 31, 2017 with respect to the effectiveness of Katanga's ICFR and DC&P, which were materially misleading. As such, Best, Blizzard, Lubbe and Colwill breached section 2.1 of NI 52-109 and section 122(1)(b) of the Act for the reporting periods in which they were officers respectively.

PART IV: ADDITIONAL ALLEGATIONS AGAINST KATANGA ONLY - MISLEADING RISK DISCLOSURE[15]

(1) Introduction

107. During the Material Time, Katanga failed to disclose the risks posed by its reliance on the Gertler Associates.

[15] The allegations outlined in Part IV are made against Katanga only, and not against the Individual Respondents.

(2) Gertler Associates Represented Katanga in its Dealings with the DRC Government

108. Glencore acquired control of Katanga through a series of transactions that commenced in 2007. Glencore worked with and invested alongside entities associated with Gertler in certain of these transactions. During the Material Time and until February 2017, entities associated with Gertler were beneficial shareholders of Katanga. In February 2017, entities associated with Gertler beneficially held at least 11% of Katanga's common shares.

109. During the Material Time, there were references in non-governmental reports, as well as media reports about Gertler's close relationship with Joseph Kabila, the President of the DRC, and allegations of Gertler's possible involvement in corrupt activities in the DRC. Until September 2016, however, there were no allegations relating to Gertler by any government agency responsible for anti-corruption enforcement.

110. In September 2016, the US Securities and Exchange Commission and the US Department of Justice announced the Och-Ziff Settlements. Och-Ziff's deferred prosecution agreement refers to corrupt practices by an unidentified "DRC Partner" described as an "Israeli businessman". Katanga's senior management and the Board understood the "DRC Partner" to be Gertler.

111. Following the Och-Ziff Settlements in September 2016, Glencore bought out Gertler's interest in Katanga (approximately 11%) in February 2017 and Katanga took steps to terminate its business relationships with the Gertler Associates in 2017.

112. During the Material Time, Katanga relied upon and paid the Gertler Associates to maintain relations with the DRC government and for a variety of other services which required interactions with DRC government officials to represent Katanga's interests. These services, provided by Gertler Associates through their offices and employees in the DRC, included legal, tax, and customs clearing services.

113. For example:

(a) In or about October 2010, Pieter Deboutte ("**Deboutte**"), an individual who represented Gertler's interests in the DRC, was tasked with responsibility for engaging with the DRC government on Katanga's behalf.

(b) During the period from October 2010 to December 2013, Deboutte and his associates represented Katanga on a number of matters involving the DRC government.

(c) Katanga first formalized its relationship with Deboutte in December 2013, when KCC entered into a contract for various services with De Novo Congo ("**De Novo**"), as referred to in paragraph 112 above, including the maintenance of relations with relevant sector ministries, the Presidency, national and provincial assemblies, the prime minister's office, the Governor and provincial government, the judicial system and responsible security bodies. The agreement provided that KCC pay De Novo a total fixed fee of USD$6 million plus applicable taxes for each of 2013 and 2014.

(d) Beginning in or about January 2015, Deboutte and his associates continued to provide services to KCC through an entity named Jarvis Congo ("**Jarvis**"). KCC paid Jarvis at the same rate as it previously agreed to pay De Novo.

114. Katanga did not disclose its reliance on the Gertler Associates, including Deboutte, De Novo and Jarvis.

(3) Katanga Paid Royalties and *pas de porte* to AHIL – a Gertler Associate

115. During the Material Time, Gécamines directed that royalties and *pas de porte* payable to Gécamines under the JV Agreement be paid to a Gertler Associate instead of Gécamines.[16]

116. Between December 2013 and July 2015 and on the direction of Gécamines, Katanga paid the royalties and *pas de porte* previously due to Gécamines under the JV Agreement to a Gertler Associate. Katanga was instructed by Gécamines to make the required royalty and *pas de porte* payments to Africa Horizons Investment Ltd. ("**AHIL**"), a Gertler Associate. Katanga did not disclose these facts until 2018.

117. In particular, in 2013, Katanga received instructions from Gécamines to make royalty and *pas de porte* payments to AHIL. Katanga made the payments to AHIL in December 2013. In its 2013 AIF, Katanga disclosed that the royalties and *pas de porte* were payable to Gécamines but did not disclose that they were actually paid to AHIL.

[16] This resulted in Katanga's liability to Gécamines being offset to the extent of the payments.

118. Katanga continued to pay royalties and *pas de porte* in 2014 to AHIL pursuant to further directions from Gécamines. This included prepayments directed by Gécamines amounting to over USD$30 million. Katanga disclosed in its 2014 AIF that royalties and *pas de porte* were required to be paid under the JV Agreement, but did not disclose that they were paid to AHIL.

119. In January 2015, KCC entered into a formal agreement with Gécamines and AHIL (the "**Tripartite Royalty Agreement**"), which formally assigned Gécamines' right to receive royalties to AHIL and amended the JV Agreement accordingly.

120. In March and July 2015, Katanga made a series of additional royalty and *pas de porte* prepayments to AHIL, totalling over USD$83 million. Katanga disclosed in its 2015 AIF that royalties and *pas de porte* were required to be paid under the JV Agreement, without identifying the payee. Katanga did not disclose: (i) the amendment of the JV Agreement; (ii) the Tripartite Royalty Agreement; or (iii) that it prepaid royalties and *pas de porte* to AHIL.

121. Katanga disclosed in its 2016 AIF that KCC was required to pay royalties to a "third party". Katanga did not disclose the payment of royalties and *pas de porte* to AHIL prior to 2017 and did not disclose the connection between AHIL and Gertler until 2018.

122. During the Material Time, Katanga made royalty and *pas de porte* payments to AHIL totaling over USD$146 million.

(4) Misleading Entity-Specific Risk Disclosure

123. As a reporting issuer operating in the DRC, Katanga did not properly consider the disclosure it was required to provide in connection with its ongoing engagement of the Gertler Associates and the related risks.

124. Katanga's AIFs for the period 2012 to 2016 provided risk disclosure including:[17]

> Katanga may also be subject to certain international laws including, but not limited to, the *Corruption of Foreign Officials Act*, the *Bribery Act* (UK) and *Foreign Corrupt Practices Act* (USA). Despite Katanga's efforts to comply with applicable requirements, there can be no assurance that the Corporation has been or will be at all times in complete compliance with such requirements, that compliance will not be challenged nor that the costs of complying with current and future requirements will not materially or adversely affect Katanga's future cash flow, results of operations and financial condition.

125. Katanga's AIF disclosure failed to adequately describe the heightened risks associated with: (i) its operating environment, specifically the elevated risk of public sector corruption in the DRC; and (ii) the nature and extent of its reliance on the Gertler Associates (including Deboutte, De Novo and Jarvis), including the risk that a cessation or deterioration in Katanga's business relationships with the Gertler Associates could have an adverse impact on Katanga's business.

126. As a result of the above, Katanga's AIFs for the period 2012 to 2016 failed to make appropriate entity-specific risk disclosure and were misleading in a material respect, contrary to section 122(1)(b) of the Act.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

127. Enforcement Staff allege the following breaches of Ontario securities law and/or conduct contrary to the public interest:

In respect of allegations in Parts I, II, III and IV,

(a) Katanga:

(i) Made statements that were misleading in a material respect in its AIFs for 2012 to 2016, contrary to section 122(1)(b) of the Act;

(ii) Made statements that were misleading in a material respect in its interim and annual MD&As for the reporting periods between January 1, 2012 and March 31, 2017, contrary to section 122(1)(b) of the Act;

(iii) Made statements that were misleading in a material respect in its interim financial statements for Q1 2017 and its annual financial statements for 2014 to 2016, contrary to section 122(1)(b) of the Act;

(iv) Failed to maintain adequate ICFR and DC&P for the reporting periods between January 1, 2012 to March 31, 2017, contrary to section 3.1 of NI 52-109;

[17] This quotation is from Katanga's AIF dated March 28, 2014. There were different versions of this disclosure over the Material Time.

(v) Failed to disclose material weaknesses in ICFR in its interim and annual MD&As for the reporting periods between January 1, 2012 to March 31, 2017, contrary to section 3.2 of NI 52-109; and

(vi) Acted in a manner contrary to the public interest.

In respect of allegations in Parts I, II and III only:

(b) Mistakidis:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect relating to the effectiveness of its ICFR and DC&P in its interim and annual MD&As for the reporting periods between January 1, 2012 and March 31, 2017, and in respect of the 2014 Copper Cathode Misstatements in its 2014 annual MD&A and in respect of its 2015 Copper Cathode Misstatements in its Q2 and Q3 2015 interim MD&As and 2015 annual MD&A, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements relating to the 2014 Copper Cathode Misstatements and 2015 Copper Cathode Misstatements that were misleading in a material respect in its annual financial statements for 2014 and 2015, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between January 1, 2012 to March 31, 2017, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR in its interim and annual MD&As for the reporting periods between January 1, 2012 to March 31, 2017, contrary to section 129.2 of the Act; and

(v) Acted in a manner contrary to the public interest.

(c) Henderson:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim and annual MD&As for the reporting periods between January 1, 2014 and March 31, 2017, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its annual financial statements for 2014 and 2015, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between January 1, 2014 to March 31, 2017, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR in its interim and annual MD&As for the reporting periods between January 1, 2014 to March 31, 2017, contrary to section 129.2 of the Act; and

(v) Acted in a manner contrary to the public interest.

(d) Gallagher:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim and annual MD&As for the reporting periods between October 1, 2012 and March 31, 2017, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim financial statements for Q1 2017 and its annual financial statements for 2014 to 2016, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between October 1, 2012 to March 31, 2017, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR in its interim and annual MD&As for the reporting periods between October 1, 2012 to March 31, 2017, contrary to section 129.2 of the Act; and

(v) Acted in a manner contrary to the principles of NI 52-110 and the public interest.

(e) Best:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim and annual MD&As for the reporting periods between January 1, 2012 and December 31, 2014, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its annual financial statements for 2014, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between January 1, 2012 and December 31, 2014, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR in interim and annual MD&As for the reporting periods between January 1, 2012 and December 31, 2014, contrary to section 129.2 of the Act;

(v) Certified Katanga's interim and annual MD&As for the reporting periods between January 1, 2012 and September 30, 2014, which were materially misleading, contrary to section 2.1 of NI 52-109 and section 122(1)(b) of the Act; and

(vi) Acted in a manner contrary to the public interest.

(f) Blizzard:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim and annual MD&As for the reporting periods between January 1, 2015 and March 31, 2017, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its annual financial statements for 2015, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between January 1, 2015 to March 31, 2017, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR in its interim and annual MD&As for the reporting periods between January 1, 2015 and March 31, 2017, contrary to section 129.2 of the Act;

(v) Certified Katanga's interim MD&As for the reporting periods between January 1, 2015 and March 31, 2017, its annual MD&As for 2014 to 2016, and its annual financial statements for 2014 to 2015, which were materially misleading, contrary to section 2.1 of NI 52-109 and section 122(1)(b) of the Act; and

(vi) Acted in a manner contrary to the public interest.

(g) Lubbe:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its (a) interim MD&As for the reporting periods between January 1, 2014 and September 30, 2014, and January 1, 2017 to March 31, 2017; and (b) annual MD&As for 2013, 2014 and 2016, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim financial statements for Q1 2017 and its annual financial statements for 2014 and 2016, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between November 1, 2013 and December 31, 2014, and between October 1, 2016 and March 31, 2017, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR its: (a) interim MD&As for the reporting periods between January 1, 2014 and September 30, 2014, and January 1, 2017 to March 31, 2017; and (b) annual MD&As for 2013, 2014 and 2016, contrary to section 129.2 of the Act;

(v) Certified Katanga's: (a) interim MD&As for the reporting periods between January 1, 2014 and September 30, 2014, and July 1, 2016 and March 31, 2017; and (b) annual MD&A for 2016, which were materially misleading, contrary to section 2.1 of NI 52-109 and section 122(1)(b) of the Act; and; and

(vi) Acted in a manner contrary to the public interest.

(h) Colwill:

(i) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its interim and annual MD&As for the reporting periods between January 1, 2015 and September 30, 2016, contrary to section 129.2 of the Act;

(ii) Authorized, permitted or acquiesced in Katanga making statements that were misleading in a material respect in its annual financial statements for 2015, contrary to section 129.2 of the Act;

(iii) Authorized, permitted or acquiesced in Katanga failing to maintain adequate ICFR and DC&P for the reporting periods between January 1, 2015 and September 30, 2016, contrary to section 129.2 of the Act;

(iv) Authorized, permitted or acquiesced in Katanga failing to disclose material weaknesses in ICFR in its interim and annual MD&As for the reporting periods between January 1, 2015 and September 30, 2016, contrary to section 129.2 of the Act;

(v) Certified Katanga's interim MD&As for the reporting periods between January 2015 and September 30, 2016, annual MD&A for 2015, and annual financial statements for 2014 and 2015, which were materially misleading, contrary to section 2.1 of NI 52-109 and section 122(1)(b) of the Act; and

(vi) Acted in a manner contrary to the public interest.

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

DATED at Toronto, December 14, 2018.

Carlo Rossi
Senior Litigation Counsel
Enforcement Branch
Ontario Securities Commission
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Email: crossi@osc.gov.on.ca

Lawyer for Staff of the Ontario Securities Commission

1.4 Notices from the Office of the Secretary

1.4.1 Katanga Mining Limited et al.

FOR IMMEDIATE RELEASE
December 17, 2018

KATANGA MINING LIMITED,
ARISTOTELIS MISTAKIDIS,
TIM HENDERSON,
LIAM GALLAGHER,
JEFFREY BEST,
JOHNNY BLIZZARD,
JACQUES LUBBE and
MATTHEW COLWILL,
File No. 2018-76

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 the respondents in the above named matter.

The hearing will be held on December 18, 2018 at 9:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated December 17, 2018 and Statement of Allegations dated December 14, 2018 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 Issam El-Bouji

FOR IMMEDIATE RELEASE
December 20, 2018

ISSAM EL-BOUJI,
File No. 2018-28

TORONTO – Take notice that the hearing on the merits in the above named matter shall commence on May 1, 2019 at 10:00 a.m. and continue on May 2, 6, 8, 9, 10, 14, 15, 16, 17 and 22, 2019.

The April 29, 2019 date is vacated.

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 Maria Psihopedas

FOR IMMEDIATE RELEASE
December 21, 2018

MARIA PSIHOPEDAS,
File No. 2018-18

TORONTO – The Application filed on April 5, 2018 and amended on April 20, 2018, made by the party named above to review a decision of a Director of the Commission dated March 7, 2018 has been withdrawn.

A copy of the Notice of Withdrawal dated December 20, 2018 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.4 SBC Financial Group Inc. and Prabhjot Singh Bakshi

FOR IMMEDIATE RELEASE
December 24, 2018

SBC FINANCIAL GROUP INC. and
PRABHJOT SINGH BAKSHI,
File No. 2018-67

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 December 21, 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:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Investors Canadian Equity Fund et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approval – securityholders of merging funds provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 5.6(1), 5.7(1)(b).

November 15, 2018

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

AND

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

AND

IN THE MATTER OF
THE MERGERS OF
INVESTORS CANADIAN EQUITY FUND,
IG MACKENZIE CANADIAN EQUITY GROWTH FUND,
INVESTORS CANADIAN GROWTH FUND,
INVESTORS CANADIAN LARGE CAP VALUE FUND,
INVESTORS CANADIAN SMALL CAP FUND,
IG MACKENZIE IVY CANADIAN BALANCED FUND,
INVESTORS U.S. DIVIDEND GROWTH FUND,
INVESTORS U.S. LARGE CAP VALUE FUND,
IG PUTNAM LOW VOLATILITY U.S. EQUITY FUND,
INVESTORS CANADIAN BOND FUND,
IG PUTNAM EMERGING MARKETS INCOME FUND,
IG MACKENZIE CUNDILL GLOBAL VALUE FUND,
INVESTORS GLOBAL REAL ESTATE FUND,
ALTO MONTHLY INCOME & GLOBAL GROWTH FUND
(the "Merging Funds") into
INVESTORS CANADIAN SMALL CAP GROWTH FUND,
INVESTORS NORTH AMERICAN EQUITY FUND,
INVESTORS MUTUAL OF CANADA,
INVESTORS CORE U.S. EQUITY FUND,
IG MACKENZIE INCOME FUND,
IG PUTNAM U.S. HIGH YIELD INCOME FUND,
INVESTORS GLOBAL FUND,
ALLEGRO BALANCED GROWTH FUND
(the "Continuing Funds", and collectively with the Merging Funds, referred to as the "Funds")

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(referred to as "IGIM" and collectively with the Funds referred to as the "Filers")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filers for a decision under the securities legislation (the "**Legislation**") of the Jurisdictions for approval under paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* ("**NI 81-102**") of the mergers (the "**Mergers**") of the Merging Funds into the applicable Continuing Funds (the "**Exemption**").

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

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

(b) the Filers have provided notice that section 4.7(1) of Multi-Lateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

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

Interpretation

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

- The Merging Funds and the Continuing Funds (as defined below) managed by IGIM are herein individually and collectively referred to as the "**Funds**";

- Investors Canadian Equity Fund, IG Mackenzie Canadian Equity Growth Fund, Investors Canadian Growth Fund, Investors Canadian Large Cap Value Fund, Investors Canadian Small Cap Fund, IG Mackenzie Ivy Canadian Balanced Fund, Investors U.S. Dividend Growth Fund, Investors U.S. Large Cap Value Fund, IG Putnam Low Volatility U.S. Equity Fund, Investors Canadian Bond Fund, IG Putnam Emerging Markets Income Fund, IG Mackenzie Cundill Global Value Fund, Investors Global Real Estate Fund and Alto Monthly Income & Global Growth Fund are herein collectively referred to as the "**Merging Funds**";

- Investors Canadian Small Cap Growth Fund, Investors North American Equity Fund, Investors Mutual of Canada, Investors Core U.S. Equity Fund, IG Mackenzie Income Fund, IG Putnam U.S. High Yield Income Fund, Investors Global Fund and Allegro Balanced Growth Fund are herein collectively referred to as the "**Continuing Funds**".

Representations

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

The Filers

1. The head office of IGIM is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. IGIM is a corporation continued under the laws of Ontario. It is the trustee and manager of the Funds.

2. IGIM is registered as a Portfolio Manager and an Investment Fund Manager in Manitoba, Ontario, and Quebec and as an Investment Fund Manager in Newfoundland and Labrador.

3. IGIM is not in default of any of the requirements of securities legislation of any of the provinces and territories in Canada.

The Funds

4. All of the Funds are open-end mutual funds established or continued under a Master Declaration of Trust under the laws of Manitoba.

5. Securities of the Funds are qualified for distribution in each province and territory of Canada pursuant to a simplified prospectus ("**SP**"), annual information form ("**AIF**") and fund facts ("**Fund Facts**") prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* dated June 30, 2018, as amended on September 30, 2018 (the "**Prospectus**").

6. The net asset values of each series of the Funds are calculated on a daily basis on each day that IGIM is open for business.

7. The Funds are reporting issuers under the Legislation in each Jurisdiction and are not on the list of defaulting reporting issuers maintained under the Legislation in each Jurisdiction, and are not in default of any of the requirements of the Legislation of any of the provinces and territories of Canada.

The Mergers

8. IGIM proposes that each Merging Fund be merged into a corresponding Continuing Fund (each a "**Merger**" and collectively the "**Mergers**") as follows:

Merging Fund		Continuing Fund
Investors Canadian Equity Fund Investors Mackenzie Canadian Equity Growth Fund Investors Canadian Growth Fund Investors Canadian Large Cap Value Fund	*to merge into*	Investors North American Equity Fund
Investors Canadian Small Cap Fund	*to merge into*	Investors Canadian Small Cap Growth Fund
IG Mackenzie Ivy Canadian Balanced Fund	*to merge into*	Investors Mutual of Canada
Investors U.S. Dividend Growth Fund Investors U.S. Large Cap Value Fund IG Putnam Low Volatility U.S. Equity Fund	*to merge into*	Investors Core U.S. Equity Fund
Investors Canadian Bond Fund	*to merge into*	IG Mackenzie Income Fund
IG Putnam Emerging Markets Income Fund	*to merge into*	IG Putnam U.S. High Yield Income Fund
IG Mackenzie Cundill Global Value Fund Investors Global Real Estate Fund	*to merge into*	Investors Global Fund
Alto Monthly Income & Global Growth Portfolio	*to merge into*	Allegro Balanced Growth Portfolio

9. Approval of the Mergers is required because the Mergers do not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. More specifically, contrary to section 5.6(1)(a)(ii), a reasonable person might consider that the fundamental investment objectives of the Continuing Funds and the Merging Funds are not substantially similar.

10. The Mergers will proceed on a tax-deferred basis so securityholders of the Merging Funds will not realize any capital gain or loss as a result of the Mergers.

11. Except as set out in paragraph 9, the Mergers will comply with all of the other criteria for pre-approved reorganizations and transfers set out in paragraph 5.6 of NI 81-102.

12. Subject to obtaining all necessary approvals, the Merging Funds will merge into the Continuing Funds on or about the close of business on February 8, 2019 (the "**Effective Date**"), and the Continuing Funds will continue as publicly offered open-end mutual funds, whereas the Merging Funds will be wound up as soon as reasonably possible.

13. Securityholders of the Merging Funds will continue to have the right to redeem securities of the Merging Funds for cash at any time up to the close of business on the Effective Date.

14. The fee structure of each Continuing Fund is the same as the fee structure of its corresponding Merging Fund and, on the Effective Date, the fees payable by the Continuing Funds will be the same as, or lower than, the fees payable by their corresponding Merging Funds. Accordingly, there will be no increase in fees payable by securityholders of the Merging Funds as a result of the Mergers.

15. IGIM will pay for all costs associated with the securityholder meetings to vote on the Mergers, including legal, proxy solicitation, printing, and mailing expenses, as well as any brokerage transaction fees associated with any Merger related trades and regulatory fees.

16. IGIM has determined that the Mergers will not be a material change to the Continuing Funds because they will not entail a change in the business, operations or affairs of the Continuing Funds that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the Continuing Funds.

17. IGIM intends to proceed with any Merger that obtains securityholder and regulatory approval, even if other Mergers fail to obtain securityholder and/or regulatory approval.

18. If implemented, IGIM intends to implement the Mergers as follows:

    Step 1: Prior to the Merger, the Merging Fund and the Continuing Fund will determine the amount of income and net capital gains each has realized during the taxation year up to the Effective Date. These Funds will then distribute sufficient income and net capital gains to their securityholders to ensure that the Funds will not pay any taxes.

    Step 2: Each Merging Fund will transfer or sell all of its net assets (being its investment portfolio, other assets including cash, and liabilities) to it's corresponding Continuing Fund in exchange for units of equivalent value in the Continuing Fund, as determined on the date of the Merger

    Step 3: Following Step 2, each Merging Fund will immediately thereafter redeem its own units at their net asset value per unit. Securityholders of the Merging Fund will receive units of the equivalent Series of the Continuing Fund in an amount equal to the fair market value of their units in the Merging Fund. After this step, securityholders of each Merging Fund will become securityholders of it's corresponding Continuing Fund.

    Step 4: Within 60 days after the Merger, the Merging Funds each will be wound-up.

Securityholder Meetings

19. Securityholder meetings for the Merging Funds are being convened on or about December 4, 2018, to approve the Mergers. This will give the securityholders the opportunity to approve the Mergers as required by paragraph 5.1(1)(f) of NI 81-102.

20. A notice of meeting in the form of a "Notice and Access" document (the "**Notice Document**") along with a form of proxy and the Fund Facts document(s) for the series of the Continuing Fund into which the investment of a securityholder of a Merging Fund will be merged as a result of the Merger of their Fund will be mailed to securityholders of the Merging Funds beginning on or about October 23, 2018 in compliance with the "Notice and Access" requirements pursuant to an exemption granted to IGIM on behalf of the Funds dated November 29, 2016 (the "**2016 Exemption**").

21. A management information circular (the "**Circular**") will be made available to securityholders and posted on the website of IGIM or the Funds in compliance with the 2016 Exemption. The Circular will, among other things, describe the tax implications of the Mergers, as well as the material differences between each Merging Fund and the corresponding Continuing Fund for all the Mergers, so securityholders of the Merging Funds will have sufficient information to permit them to make an informed decision of whether or not to approve each Merger at the meetings of their Funds.

22. The Notice Document will disclose that the Circular and audited annual financial statements of the Continuing Funds can be obtained by accessing them at the website of IGIM or the SEDAR website, or requesting paper copies of each by calling a toll-free telephone number as well as any other disclosure requirements mandated by the 2016 Exemption.

23. A news release was issued on September 17, 2018 announcing the proposed Mergers and amendments to the Prospectus and Fund Facts of each retail series of each Merging Fund, and a material change report was filed on SEDAR on September 17, 2018 with respect to the Mergers as required by the Legislation of the Jurisdictions.

IRC Review

24. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, IGIM has referred the Mergers to the Funds' independent review committee (the "**IRC**") for its review. On September 14, 2018, the IRC provided a recommendation to the Manager that the Mergers, if implemented, would achieve a fair and reasonable result for the Funds.

Reasons for the Mergers

25. The Mergers are being proposed to simplify and streamline IGIM's product offering by merging Funds whose investment objectives have a large amount of overlap. It is expected that the elimination of similar fund offerings across product lines will result in a product line-up that is easier for investors to understand.

26. The Mergers are also being proposed because it is anticipated that the larger asset size of the combined Continuing Funds may provide the potential for efficiencies in the management of the investment portfolios of the securityholders, which may include lower portfolio transaction costs in some instances.

27. In conjunction with the Mergers, IGIM has called a meeting of the securityholders of the Investors Canadian Small Cap Growth Fund to approve a change of its investment objective that will permit the Fund to seek exposure to small- and mid- cap Canadian corporations, rather than simply small-cap Canadian Corporations. It is anticipated that this change, if approved by their securityholders, will benefit the Merging Fund involved in this Merger, Investors Canadian Small Cap Fund.

28. Overall, it is anticipated by IGIM that these changes will enhance the potential for improved long-term performance of the Funds.

Decision

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

The Decision of the Decision Makers under the Legislation is that the Exemption sought is granted, provided the securityholders of each Merging Fund approve the Merger.

"Christopher Besko"
Director, General Counsel
The Manitoba Securities Commission

2.1.2 First Asset Investment Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to exchange traded mutual funds for extension of lapse date of their prospectus – Filer will incorporate offering of the ETFs under the same offering documents as related family of funds when they are renewed – Extension of lapse date will not affect the currency or accuracy of the information contained in the current prospectus.

Applicable Legislative Provisions

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

December 5, 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
FIRST ASSET INVESTMENT MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
FIRST ASSET CORE CANADIAN EQUITY ETF,
FIRST ASSET CORE U.S. EQUITY ETF AND
FIRST ASSET ACTIVE CREDIT ETF
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the prospectuses of the Funds, each dated February 1, 2018 (the **Prospectuses**) be extended to those time limits that would apply if the lapse date were April 27, 2019 (the **Requested Relief**).

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

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

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

Interpretation

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

Representations

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

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

2. The Filer is registered as a portfolio manager in Ontario and as an investment fund manager under the securities legislation of each of Ontario, Québec and Newfoundland and Labrador. The Filer is the investment fund manager of each Fund.

3. Each Fund is an exchange-traded mutual fund (**ETF**) established under the laws of Ontario, and is a reporting issuer as defined in the securities legislation of each of the Jurisdictions.

4. None of the Filer or the Funds is in default of securities legislation in any of the Jurisdictions.

5. The Funds currently distribute securities in the Jurisdictions under the Prospectuses, and units of the Funds trade on the Toronto Stock Exchange.

6. Pursuant to subsection 62(1) of the Act, the lapse date of each Prospectus is February 1, 2019 (the **Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of the Funds would have to cease on the Lapse Date unless: (i) each Fund files a pro forma prospectus at least 30 days prior to February 1, 2019; (ii) the final prospectus is filed no later than 10 days after February 1, 2019; and (iii) a receipt for the final prospectus is obtained within 20 days of February 1, 2019.

7. The Filer is also the investment fund manager of 16 other ETFs (the **Affiliated Funds**) that currently distribute their securities to the public under a prospectus that has a lapse date of April 27, 2019 (the **Master Prospectus**).

8. As part of the renewal of the Master Prospectus in 2019, the Filer intends to consolidate the prospectus of all its ETFs into the Master Prospectus, such that all ETFs for which the Filer acts as investment fund manager will be offered under the Master Prospectus.

9. Offering the Funds under the same prospectus as the other ETFs would assist in disseminating information with respect to the ETFs in matters such as switching between a Fund and the other exchange-traded funds. Further, the Affiliated Funds share many common operational and administrative features with the Funds, and combining them in the same prospectus will allow investors to more easily compare their features.

10. Accordingly, the Filer would like to extend the times provided in subsection 62(2) of the Act in respect of the Lapse Date to those times that would apply if the Lapse Date were April 27, 2019, in order to permit the Filer to combine the Prospectuses with the Master Prospectus.

11. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the Master Prospectus, and unreasonable to incur the costs and expenses associated therewith, so that the Master Prospectus can be filed on or before the Lapse Date.

12. Further, the Filer may make minor changes to the features of the Affiliated Funds as part of the process of renewing the Master Prospectus. The ability to incorporate the Funds into the Master Prospectus will ensure that the Filer can make the operational and administrative features of the Funds and the Affiliated Funds consistent with each other, if necessary.

13. There have been no material changes in the affairs of the Funds since the date of the Prospectuses. Accordingly, the Prospectus and current ETF Facts of each Fund represent current information regarding the Fund.

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

15. New investors of the Funds will receive delivery of the most recently filed ETF Facts of the applicable Fund(s). The Prospectus will still be available upon request.

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

Decision

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

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

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

2.1.3 Netgear, Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act, s. 53 – Prospectus Requirements – Distributions by an issuer to its shareholders in securities of another company that it owns (e.g. spin-off transactions) – The issuer will distribute the shares of the other company as a dividend to the issuer's shareholders; the other company is not a reporting issuer; the issuer has a *de minimis* connection to Canada; as a result of the transfer, the shareholders of the issuer will hold their interests in the subsidiary directly as opposed to indirectly through their shareholdings of the issuer.

Applicable Legislative Provisions

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

December 18, 2018

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

AND

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

AND

IN THE MATTER OF
NETGEAR, INC.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption (the Exemption Sought) from the prospectus requirement in the Legislation in connection with the proposed distribution (the Spin-Off) by the Filer of the common stock of Arlo Technologies Inc. (Arlo), a subsidiary of the Filer, by way of a dividend in specie to common stock shareholders of the Filer resident in Canada (Canadian Shareholders).

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

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

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

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

Interpretation

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

Representations

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

1. the Filer is incorporated in Delaware with principal executive offices in San Jose, California, U.S.A.; the Filer is a global networking company that delivers innovative products to consumers, businesses and service providers;

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

3. the authorized capital stock of the Filer consists of 200 million shares of common stock (Netgear Shares), U.S.$0.001 par value per share, and 5 million shares of preferred stock, U.S.$0.001 par value per share; as of October 26, 2018, there were 31,585,939 Netgear Shares and no preferred shares issued and outstanding;

4. the Netgear Shares are listed on the Nasdaq Stock Market (NASDAQ) and trade under the symbol “NTGR”; other than the foregoing listing on NASDAQ, no securities of the Filer are listed or posted for trading on any exchange or market in Canada or outside of Canada; the Filer has no present intention of listing its securities on any Canadian stock exchange;

5. the Filer is subject to the 1934 Act;

6. based on a geographic breakdown snapshot of registered holders prepared for the Filer by the Filer’s transfer agent, Computershare Trust Company, N.A., as of September 30, 2018 there were no registered Canadian Shareholders, so 0% of the outstanding Netgear Shares were held by registered Canadian Shareholders; the Filer does not expect this percentage to have materially changed since that date;

7. based on a geographic analysis of beneficial shareholders prepared for the Filer by Broadridge Financial Solutions, Inc., as of October 22, 2018, there were 160 beneficial Canadian Shareholders, representing approximately 0.76% of the beneficial holders of Netgear Shares worldwide, holding approximately 551,043 Netgear Shares, representing approximately 1.7% of the outstanding Netgear Shares; the Filer does not expect these numbers to have materially changed since that date;

8. based on the information above, the number of registered and beneficial Canadian Shareholders and the proportion of Netgear Shares held by such shareholders are de minimis;

9. the Filer separated its security camera business (the Arlo Business) from the rest of its global networking business into its wholly-owned subsidiary, Arlo through a series of restructuring steps prior to Arlo’s initial public offering (IPO);

10. Arlo is a corporation incorporated in Delaware with principal executive offices in San Jose, California, U.S.A.; the majority of its executive officers or directors ordinarily reside outside of Canada; it holds directly and through its subsidiaries the Arlo Business;

11. Arlo’s authorized capital stock is 500 million shares of common stock (Arlo Shares), par value U.S.$0.001 per share and 50 thousand shares of preferred stock, par value $0.001 per share; as of October 19, 2018, it has 74,247,250 issued and outstanding Arlo Shares, of which 62,500,000 Arlo Shares or approximately 84.2% are held directly by the Filer;

12. under its IPO, Arlo distributed 11,747,250 Arlo Shares to the public; the IPO closed on August 7, 2018; the Filer owns 62,500,000 Arlo Shares or approximately 84.2% of the outstanding Arlo Shares; the Filer is proposing to Spin-Off, pro rata to its shareholders, all of the Arlo Shares held by the Filer;

13. the distribution agent will distribute to each holder of Netgear Shares entitled to Arlo Shares, in connection with the Spin-Off, the number of whole Arlo Shares to which the holder is entitled in the form of a book-entry authorization; no fractional Arlo Shares will be issued; instead, the distribution agent will aggregate fractional shares into whole shares, sell such whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds (less applicable taxes, costs and expenses, including brokers fees and commissions) pro rata to each holder of Netgear Shares who would otherwise have been entitled to receive fractional shares; interest will not be paid on the amounts of payment made in lieu of fractional Arlo Shares;

14. holders of Netgear Shares will not be required to pay any consideration for the Arlo Shares, or to surrender or exchange Netgear Shares or take any other action to receive their Arlo Shares; the Spin-Off will occur automatically and without any investment decision on the part of holders of Netgear Shares;

15. subject to the satisfaction of certain conditions, it is currently anticipated that the Spin-Off will become effective on or about December 31, 2018; following the Spin-Off, Arlo will cease to be a subsidiary of the Filer;

16. the Arlo Shares to be distributed pursuant to the Spin-Off are listed on the New York Stock Exchange (the NYSE); Arlo is subject to the requirements of the 1934 Act and the rules and regulations of the NYSE;

17. after the completion of the Spin-Off, the Arlo Shares will continue to be listed and traded on the NYSE;

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

19. the Spin-Off will be effected under the laws of the State of Delaware;

20. because the Spin-Off will be effected by way of a dividend of Arlo Shares to holders of Netgear Shares, no shareholder approval of the Spin-Off is required (or being sought) under Delaware law;

21. in connection with the Spin-Off, Arlo will file with the SEC an information statement under the 1934 Act, detailing the proposed Spin-Off (the Information Statement);

22. after the Information Statement has been filed with the SEC, holders of Netgear Shares will receive a notice of internet availability of the Information Statement detailing the terms and conditions of the Spin-Off; all materials relating to the Spin-Off sent by or on behalf of the Filer and Arlo in the United States (including relating to the Information Statement) will be sent concurrently to Canadian Shareholders;

23. the Information Statement will contain prospectus level disclosure about Arlo;

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

25. Arlo will send concurrently to holders of Arlo Shares resident in Canada the same disclosure materials required to be sent under applicable United States securities laws to holders of Arlo Shares resident in the United States;

26. there will be no active trading market for the Arlo Shares in Canada following the Spin-Off and none is expected to develop; consequently, it is expected that any resale of Arlo Shares distributed in connection with the Spin-Off will occur through the facilities of NYSE or any other exchange or market outside of Canada on which Arlo Shares may be quoted or listed at the time that the trade occurs or to a person or company outside of Canada;

27. the Spin-Off to Canadian Shareholders would be exempt from the prospectus requirement pursuant to section 2.31(2) of National Instrument 45-106 *Prospectus Exemptions* but for the fact that Arlo is not a reporting issuer under the securities legislation of any jurisdiction in Canada; and

28. neither the Filer nor Arlo is in default of any securities legislation in any jurisdiction of Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the first trade in the Arlo Shares acquired pursuant to the Spin-Off is deemed to be a distribution subject to section 2.6 of National Instrument 45-102 *Resale of Securities*.

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

2.1.4 Brandes Investment Partners & Co. and Greystone Canadian Equity Income & Growth Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of investment fund merger – approval required because merger do not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – the fundamental investment objective of the terminating fund and continuing fund are not substantially similar and the merger may not be on a tax deferred transaction – 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.

December 7, 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
BRANDES INVESTMENT PARTNERS & CO.
(the Filer)

AND

GREYSTONE CANADIAN EQUITY INCOME & GROWTH FUND
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction (the **Legislation**) approving the proposed merger (the **Merger**) of the Terminating Fund into Morningstar Strategic Canadian Equity Fund (the **Continuing Fund**, and together with the Terminating Fund, the **Funds**) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

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

The Filer

1. The Filer is a corporation existing under the laws of Nova Scotia having its registered head office in Toronto, Ontario. The Filer operates under the retail trade name Bridgehouse Asset Managers.

2. The Filer is registered as an investment fund manager in each of Ontario, Quebec, and Newfoundland and Labrador, as a portfolio manager and exempt market dealer in all provinces and territories, and as a mutual fund dealer in all provinces and territories except Quebec.

3. The Filer is the investment fund manager of each of the Funds.

The Funds

4. The Funds are open-end mutual funds established as trusts under the laws of the province of Ontario.

5. Units of each of the Funds are currently qualified for sale by a simplified prospectus, annual information form and fund facts dated May 10, 2018, as amended, which have been filed and receipted in Ontario and each of the Jurisdictions.

6. Each of the Funds is a reporting issuer under the applicable securities legislation of the Jurisdictions, and is subject to the requirements of NI 81-102 and National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

7. Neither the Filer nor the Funds is in default under the securities legislation of any of the Jurisdictions.

8. Each of the Funds follows the standard investment restrictions and practices established under the Legislation, except to the extent that the Fund has received an exemption to deviate therefrom.

9. The net asset value (**NAV**) of each Fund is calculated on each day that the Toronto Stock Exchange is open for business in accordance with the Funds' valuation policy and as described in each Fund's prospectus.

Reason for Approval Sought

10. Regulatory approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. In particular, the investment objectives of the Continuing Fund are not, or may be considered not to be, "substantially similar" to the investment objectives of the Terminating Fund. In addition, the Merger may not be a tax-deferred transaction as described in paragraph 5.6(1)(b) of NI 81-102. Except for these two reasons, the Merger will otherwise comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

11. The investment objectives of the Terminating Fund and the Continuing Fund are as follows:

Greystone Canadian Equity Income & Growth Fund **(Terminating Fund)**	**Morningstar Strategic Canadian Equity Fund** **(Continuing Fund)**
The fundamental investment objective of Greystone Canadian Equity Income & Growth Fund is to achieve long-term capital appreciation and dividend income by investing primarily in the equity securities of Canadian issuers.	The fundamental investment objective of Morningstar Strategic Canadian Equity Fund is to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian issuers.

12. The Merger may be implemented on a tax-deferred basis or a taxable basis. Due to recent changes in market conditions, the Filer, as of the date of this decision, is not in a position to fully assess and determine the tax consequences of the Merger. In deciding whether to proceed with the Merger on a tax-deferred basis or a taxable basis, the Filer is weighing the impact of the Merger on each of the Terminating Fund and Continuing Fund, and on the unitholders in the Terminating Fund and the Continuing Fund. The Filer's determination will be communicated to unitholders in the Terminating Fund prior to, or on the day of, the Meeting. Disclosure as to the tax consequences of the implementation of the Merger on both a tax-deferred basis and a taxable basis is described in the Circular (as defined below).

13. Other than the criterion described in paragraph 10, the Merger complies with all the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Merger

14. The Filer intends to merge the Terminating Fund into the Continuing Fund.

15. A press release describing the proposed Merger was issued and the press release and material change report, which give notice of the proposed Merger, were filed via SEDAR on September 27, 2018.

16. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**), the Filer presented the terms of the Merger to the Independent Review Committee (**IRC**) for its review. The IRC determined that the Merger, if implemented, will achieve a fair and reasonable result for each of the Funds.

17. The Filer is convening a special meeting of the unitholders of the Terminating Fund in order to seek the approval of the unitholders of the Terminating Fund to complete the Merger, as required by paragraph 5.1(1)(f) of NI 81-102 (the **Meeting**). The Meeting will be held on or about December 11, 2018.

18. The Filer has concluded that the Merger is not a material change to the Continuing Fund, and accordingly, there is no intention to convene a meeting of unitholders of the Continuing Fund to approve the Merger pursuant to paragraph 5.1(1)(g) of NI 81-102.

19. By way of order dated December 5, 2016, the Filer was granted relief (the **Notice-and-Access Relief**) from the requirement set out in paragraph 12.2(2)(a) of NI 81-106 to send a printed management information circular to unitholders while proxies are being solicited, and, subject to certain conditions, instead allows a notice-and-access document (as described in the Notice-and-Access Relief) to be sent to such unitholders. In accordance with the Filer's standard of care owed to the Funds pursuant to securities legislation, the Filer will only use the notice-and-access procedure for a particular meeting where it has concluded that it is appropriate and consistent with the purposes of notice-and-access (as described in the Companion Policy to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer) to do so, also taking into account the purpose of the meeting and whether the Funds would obtain a better participation rate by sending the management information circular with the other proxy-related materials.

20. Pursuant to the requirements of the Notice-and-Access Relief, a notice-and-access document and form of proxy in connection with the Meeting, along with the most recent fund facts of the relevant series of the Continuing Fund, was mailed to unitholders of the Terminating Fund commencing on November 6, 2018 and were concurrently filed via SEDAR. The management information circular (**Circular**), which the notice-and-access document provides a link to, was also filed via SEDAR at the same time.

21. If all required approvals for the Merger are obtained, it is intended that the Merger will occur after the close of business on or about December 14, 2018 (the **Effective Date**). The Filer therefore anticipates that each unitholder of the Terminating Fund will become a unitholder of the Continuing Fund after the close of business on the Effective Date. The Terminating Fund will be wound up as soon as reasonably possible following the Merger.

22. The Circular describes all relevant facts concerning the Merger, including the investment objectives, strategies and fee structure of the Funds, the tax implications and other consequences of the Merger, as well as the IRC's recommendation of the Merger, so that unitholders of the Terminating Fund may make an informed decision before voting on whether to approve the Merger. The Circular also describes the various ways in which unitholders can obtain a copy of the simplified prospectus, annual information form and fund facts for the Continuing Fund, and the most recent interim and annual financial statements and management reports of fund performance.

23. Unitholders of the Terminating Fund will continue to have the right to redeem units of the Terminating Fund at any time up to the close of business on the business day immediately preceding the Effective Date. Following the Merger, all optional plans which were established with respect to the Terminating Fund will be re-established in comparable plans with respect to the Continuing Fund unless unitholders advise otherwise.

24. The costs of effecting the Merger (consisting of primarily legal and regulatory fees, and proxy solicitation, printing and mailing costs) will be borne by the Filer.

25. No sales charges will be payable by unitholders of the Funds in connection with the Merger.

26. The investment portfolio and other assets of the Terminating Fund to be acquired by the Continuing Fund in order to effect the Merger are currently, or will be on the Effective Date, acceptable to the portfolio manager of the Continuing Fund and are, or will be, consistent with the investment objectives of the Continuing Fund.

Merger Steps

27. The specific steps to implement the Merger are as follows:

    (a) Prior to the Effective Date, the Terminating Fund will sell securities that do not meet the investment objective and investment strategies of the Continuing Fund. As a result, the Terminating Fund may temporarily hold cash or cash equivalents and may not be fully invested in accordance with its objectives for a short period of time prior to the Merger.

    (b) The value of the Terminating Fund's investment portfolio and other assets will be determined at the close of business on the Effective Date of the Merger in accordance with the constating documents of the Terminating Fund.

    (c) Prior to the Effective Date, each of the Terminating Fund and the Continuing Fund will declare, pay and automatically reinvest a distribution to its unitholders of net realized capital gains and net income, if any, to ensure that it will not be subject to tax for its current tax year.

    (d) Prior to the Effective Date, the Terminating Fund will transfer substantially all of its assets to the Continuing Fund. In return, the Continuing Fund will issue to the Terminating Fund units of the Continuing Fund having an aggregate NAV equal to the value of the assets transferred to the Continuing Fund.

    (e) The Continuing Fund will not assume liabilities of the Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Effective Date of the Merger.

    (f) Immediately thereafter, units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund in exchange for their securities in the Terminating Fund on a dollar-for-dollar, series-for-series basis.

    (g) The Terminating Fund will be wound-up as soon as reasonably possible following the Merger.

28. The result of the Merger will be that unitholders of the Terminating Fund will cease to be unitholders of the Terminating Fund and will become unitholders of the Continuing Fund. The Continuing Fund will continue as a publicly offered open-end mutual fund.

Benefits of the Merger

29. In the opinion of the Filer, the Merger will be beneficial to unitholders of the Funds for the following reasons:

    (a) The Merger will result in a more streamlined and simplified product line-up that is easier for investors to understand.

    (b) The Merger will eliminate similar fund offerings, thereby reducing the administrative and regulatory costs of operating the Terminating Fund and the Continuing Fund as separate funds.

    (c) The Continuing Fund has a portfolio of greater value, allowing for increased portfolio diversification opportunities compared to the corresponding Terminating Fund.

    (d) The Continuing Fund, as a result of greater size, benefits from a larger profile in the marketplace by potentially attracting more unitholders and enabling it to maintain a "critical mass".

    (e) The Continuing Fund, as a result of greater size, will allow the operating expenses to be spread over a larger asset base, which may positively impact the management expense ratio of the Continuing Fund.

    (f) Unitholders of the Terminating Fund will receive units of the Continuing Fund that have a management fee that is lower than that charged in respect of the series of units of the Terminating Fund that they currently hold.

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, provided that the Filer obtains the prior approval of the unitholders of the Terminating Fund for the applicable Merger at the applicable Meeting, or any adjournments thereof.

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

2.1.5 Electrameccanica Vehicles Corp.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Securities Act s. 76 Prospectus Requirement Exemption from resale restrictions – The Filer was an OTC reporting issuer in British Columbia by operation of MI 51-105; the Filer ceased to be an OTC reporting issuer under MI 51-105 when its securities became listed on NASDAQ; the Filer has filed and continues to file all required continuous disclosure; the Filer has applied to be designated a reporting issuer in British Columbia.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. s. 74.

October 23, 2018

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

AND

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

AND

IN THE MATTER OF
ELECTRAMECCANICA VEHICLES CORP.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that grants the Filer an exemption from the prospectus requirement for the first trade of Restricted Securities (defined below) held by certain security holders of the Filer (the Exemption Sought).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon by the Filer in Alberta; and

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

Interpretation

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

Representations

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

1. it is incorporated under the laws of British Columbia and its head office is located in Vancouver, British Columbia;

2. its authorized capital consists of an unlimited number of common shares and an unlimited number of preferred shares;

3. as of October 4, 2018, the Filer had 27,786,111 common shares (Shares), 18,171,450 common share purchase warrants (Warrants) and 4,343,750 stock options (Options) outstanding;

4. the Filer is subject to the reporting obligations of section 13 of the 1934 Act; the Filer is not in default of its reporting obligations under section 13 of the 1934 Act;

5. on June 27, 2017, the Filer became an "OTC reporting issuer" in British Columbia as defined in Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (MI 51-105) when the Financial Industry Regulatory Authority in the United States assigned a ticker symbol in respect of the Shares;

6. from July 19, 2017 to August 8, 2018, the Shares were posted for trading on the OTCQB in the United States;

7. the Filer ceased to be an OTC reporting issuer in British Columbia effective August 9, 2018 when its Shares commenced trading on the NASDAQ Capital Market (NASDAQ) under the symbol "SOLO";

8. under National Instrument 45-102 *Resale of Securities* (NI 45-102), the first trade of any outstanding Shares, Warrants or Options issued by the Filer under certain prospectus exemptions when it was an OTC reporting issuer or before it was an OTC reporting issuer that were not traded by the original security holder in accordance with the provisions of MI 51-105 will be deemed to be a distribution unless, among other things, the Filer is and has been a reporting issuer in a jurisdiction of Canada for four months immediately preceding the trade (the Seasoning Period Requirement);

9. in addition, under NI 45-102, the first trade of any Shares to be distributed by the Filer on exercise of the Warrants or Options (Underlying Shares) will be deemed to be a distribution unless, among other things, the Filer has satisfied the Seasoning Period Requirement;

10. the Restricted Securities are held by security holders located in British Columbia, Ontario and Alberta and by security holders outside of Canada;

11. as of October 4, 2018, the Filer had 22,784,720 Shares, Warrants to acquire 12,657,856 Underlying Shares and Options to acquire 4,343,750 Underlying Shares outstanding that are subject to the Seasoning Period Requirement (the Restricted Securities);

12. since June 30, 2017, the Filer has filed on SEDAR all disclosure documents it was required to file under MI 51-105 and National Instrument 51-102 *Continuous Disclosure Obligations*; the Filer also files continuous disclosure reports under United States securities laws and all public documents of the Filer are available on the Filer's EDGAR profile under the filings section of the SEC website (www.sec.gov);

13. the Filer is not in default of any of the requirements of securities legislation in any jurisdiction of Canada, except for the failure to comply with the legending requirements in section 2.5 of NI 45-102 in connection with the distribution of securities to purchasers in Ontario when the Filer was an OTC reporting issuer; the certificates for the securities distributed to Ontario purchasers were imprinted with the following legend:

> *The Holder of this security must not trade the security in or from a jurisdiction of Canada unless the conditions in section 13 of Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets are met.*;

14. the conditions for resale set out in subsection 13(1) of MI 51-105 include the following, which are equally or more restrictive than the conditions set out in section 2.5 of NI 45-102:

    (a) a four month period has passed from the date of distribution (at least six months has passed for a control person);

    (b) the number of securities the person proposes to trade, plus the number of securities of the OTC reporting issuer of the same class that the person has traded in the preceding 12 months period, does not exceed 5% of the OTC reporting issuer's outstanding securities of the same class;

    (c) the person trades the security through an investment dealer registered in a jurisdiction of Canada;

(d) the investment dealer executed the trade through any of the over-the-counter markets in the United States of America;

(e) there has been no unusual effort made to prepare the market or create demand for the security;

(f) no extraordinary commission or other consideration is paid to a person for the trade; and

(g) if the person trading the security is an insider of the OTC reporting issuer, the person reasonably believes that the OTC reporting issuer is not in default of securities legislation;

15. during the time it was an OTC reporting issuer, the Filer complied with the applicable legending requirements in MI 51-105;

16. after ceasing to be an OTC reporting issuer, the Filer has complied with the applicable legending requirements in subsection 2.5(2)3(ii) of NI 45-102 by having the following legend imprinted on the certificates for any securities distributed:

> *Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) [insert the distribution date], and (ii) the date the issuer became a reporting issuer in any province or territory*; and

17. the British Columbia Securities Commission designated the Filer to be a reporting issuer in British Columbia on October 15, 2018.

Decision

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

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

(a) the Filer is a reporting issuer in a jurisdiction of Canada at the time of the trade;

(b) for Restricted Securities that were distributed under a prospectus exemption listed in Appendix D of NI 45-102 or to which section 2.5 of NI 45-102 applies:

(i) at least four months have elapsed from the distribution date of the Restricted Securities or, in the case of Underlying Shares, at least four months have elapsed from the distribution date of the Warrants or Options that entitled the security holder to acquire the Underlying Shares;

(ii) the Filer has provided to security holders holding Restricted Securities where at least four months have not elapsed from the distribution date of the Restricted Securities written notice of the applicable legend restriction notation set out in subparagraph (i) or subparagraph (ii) of item 3 of section 2.5 of NI 45-102, as applicable;

(iii) the trade is not a control distribution as defined in NI 45-102;

(iv) no unusual effort is made to prepare the market or to create a demand for the Restricted Securities that are the subject of the trade;

(v) no extraordinary commission or consideration is paid to a person in respect of the trade; and

(vi) if the selling security holder is an insider or officer of the Filer, the selling security holder has no reasonable grounds to believe that the Filer is in default of securities legislation in any jurisdiction; and

(c) for Restricted Securities that were distributed under a prospectus exemption listed in Appendix E of NI 45-102 or to which section 2.6 of NI 45-102 applies:

(i) the trade is not a control distribution as defined in NI 45-102;

(ii) no unusual effort is made to prepare the market or to create a demand for the shares that are the subject of the trade;

(iii) no extraordinary commission or consideration is paid to a person in respect of the trade; and

(iv) if the selling security holder is an insider or officer of the Filer, the selling security holder has no reasonable grounds to believe that the Filer is in default of securities legislation in any jurisdiction.

"Nigel P. Cave"
Vice Chair
British Columbia Securities Commission

2.1.6 RBC Global Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemption Relief Applications in Multiple Jurisdictions – relief from section 4.1 of NI 81-102 for dealer-managed mutual funds to invest in distributions of debt securities for which dealer-manager acts as underwriter during distribution period or 60 day period following distribution – debt securities will not have "approved rating" by "credit rating organization" as required by subsection 4.1(4) – limited supply of new debt offerings have approved ratings, and trend is expected to continue – dominant position of related dealers in debt underwriting limits funds' ability to acquire debt securities for the funds – all purchases must be consistent with fund investment objectives and subject to approval of independent review committee – debt offerings must have at least one underwriter in addition to related dealer and at least one arm's length purchaser purchasing at least 5% of the offerings – related funds can collectively purchase no more than 50% of offering and must pay no more than lowest price paid by arm's length purchaser(s) – funds must not be money market fund funds and cannot purchase asset backed commercial paper pursuant to relief. National Instrument 81-102 Mutual Funds, section 4.1.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.1, 19.1.

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
RBC GLOBAL ASSET MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
THE EXISTING AND FUTURE MUTUAL FUNDS
TO WHICH NATIONAL INSTRUMENT 81-102 (NI 81-102) APPLIES
AND OF WHICH THE FILER OR AN AFFILIATE OR ASSOCIATE OF THE FILER
IS NOW OR IN THE FUTURE THE MANAGER AND/OR A PORTFOLIO ADVISER
(each, a Fund and, collectively, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, in respect of the Filer, any associate or affiliate of the Filer and each Fund, for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for a decision:

(a) for relief (the **Requested Relief**) from the prohibition in section 4.1(1) of NI 81-102 (the **Investment Prohibition**) to permit the investment by the Funds in debt securities of an issuer during the period of the distribution (the **Distribution**) or during the period of 60 days after the Distribution (the **60-Day Period**, together with the Distribution, the **Distribution Period**), notwithstanding the involvement of the Filer or an associate or affiliate of the Filer as an underwriter in the Distribution and notwithstanding that the debt securities do not have a designated rating by a designated rating organization as contemplated by section 4.1(4)(b) of NI 81-102; and

(b) to revoke and replace the relief granted by the principal regulator dated July 30, 2010 as it pertains to the Filer and any associate or affiliate of the Filer and the Funds (the **Existing Relief**) by the decision herein.

Under the Process for Exemptive Relief Applications in Multiple Jurisdiction (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 on in each of the other provinces and territories of Canada (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Unless otherwise defined herein, terms defined in MI 11-102, in National Instrument 14-101 *Definitions*, in NI 81-102 and in National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**), have the same meaning in this decision.

Representations

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

1. The Filer is organized under the *Canada Business Corporations Act* with its head office located in Toronto, Ontario.

2. The Filer is registered under securities legislation in each of the jurisdictions of Canada as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer, and under securities legislation in Ontario, Quebec and Newfoundland and Labrador as an investment fund manager. The Filer is also registered as a commodity trading manager in Ontario only.

3. The Filer or an affiliate or associate of the Filer is or will be the manager and/or portfolio adviser or both of the Funds.

4. Each of the Funds is or will be a mutual fund established under the laws of Ontario or one of the other Jurisdictions. None of the Funds are or will be a "money market fund" as defined in NI 81-102.

5. The securities of the Funds are or will be offered for sale pursuant to a prospectus filed in one or more of the Jurisdictions. Each of the Funds is or will be a dealer managed mutual fund that is or will be a reporting issuer in one or more of the Jurisdictions.

6. Each of the Funds has or will have an independent review committee (**IRC**) appointed under NI 81-107.

7. None of the Filer and any of the Funds is in default of securities legislation in any Jurisdiction.

8. RBC GAM is currently an affiliate of RBC Dominion Securities Inc. and RBC Capital Markets Corporation as well as certain other dealers, and the Filer may become an affiliate or associate of additional dealers in the future (each, a **Related Dealer** and, collectively, the **Related Dealers**), any of which may act as an underwriter in a Distribution.

9. The Existing Relief, among other things, exempts the Filer and any affiliate and associate of the Filer and the Funds from the prohibition in section 4.1(1) of NI 81-102 (previously defined as the **Investment Prohibition**) to permit the investment by the Funds in debt securities of an issuer during the Distribution or the 60-Day Period, notwithstanding the involvement of the Filer or any associate or affiliate of the Filer as an underwriter in the Distribution and notwithstanding that the debt securities do not have a "designated rating" by a "designated rating organization".

10. Under the Existing Relief, if securities are acquired in the Distribution, a Fund and any related Funds for which the Filer or its affiliate or associate acts as manager and/or portfolio adviser can collectively acquire no more than 20% of the securities distributed under the Distribution in which a Related Dealer acts as underwriter (the **20% Limit**).

11. The Filer is seeking to revoke the Existing Relief and replace it with the Requested Relief in order to replace the 20% Limit with a condition that permits a Fund and any related Funds for which the Filer or its affiliate or associate acts as manager and/or portfolio adviser to acquire up to 50% of the securities distributed under the Distribution in which a Related Dealer acts as underwriter (the **50% Limit**).

12. The Funds need the Requested Relief from the Investment Prohibition because:

    (a) there is a limited supply of debt securities issued by an issuer other than the federal or a provincial government (**Non-Government Debt Securities**);

    (b) frequently, the only source of new issues of Non-Government Debt Securities will be offerings that are, in whole or in part, underwritten by a Related Dealer; and

    (c) frequently, Non-Government Debt Securities that the Filer wishes to purchase for the Funds do not have an "designated rating" by an "designated rating organization".

13. In practice, the Filer is rarely able to purchase 20% of an offering on behalf of the Funds pursuant to the Existing Relief. This is due to the fact that high yield debt securities offerings are routinely oversubscribed and the Filer cannot submit an order for more than 20% of the offering due to the 20% Limit. As a result, much less than 20% of the securities offered are purchased on behalf of the Funds. The 50% Limit reflects the offering participation rate that the Filer believes is required to enhance the ability of the Funds to obtain meaningful exposure to high yield debt securities in order to meet the Funds' investment objectives based on the average size of offerings of high yield debt securities and the assets under management of the Funds that invest in high yield debt securities.

14. The Filer makes investment decisions independently of their Related Dealers concerning Distributions in which Related Dealers act as underwriters, and this is reflected in policies and procedures approved by the IRCs of the Funds.

15. In almost all Distributions in respect of which the Requested Relief is required, the details of the Distribution and a Related Dealer's involvement as an underwriter in the particular Distribution will not be known by the Filer sufficiently long enough in advance to make an application for relief on a case-by-case basis.

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 as follows:

(a) the Existing Relief, as it pertains to the Filer and any associate or affiliate of the Filer and the Funds, is revoked; and

(b) the Requested Relief is granted in respect of purchases of Non-Government Debt Securities by each Fund provided that:

    (i) at the time of each investment, the purchase is consistent with, or is necessary to meet, the investment objective of a Fund and represents the business judgment of the manager and/or portfolio adviser of a Fund uninfluenced by considerations other than the best interests of that Fund or in fact is in the best interests of that Fund;

    (ii) the manager of a Fund complies with section 5.1 of NI 81-107 and the manager and IRC of a Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the investment in the securities;

    (iii) the IRC of a Fund has approved the transaction in accordance with section 5.2(2) of NI 81-107;

    (iv) if the Non-Government Debt Securities are acquired during the Distribution,

        (1) at least one underwriter acting as underwriter in the Distribution is not a Related Dealer,

        (2) at least one purchaser who is independent and arm's length to the Fund(s) and the Related Dealers must purchase at least 5% of the securities distributed under the Distribution,

        (3) the price paid for the securities by a Fund in the Distribution shall be no higher than the lowest price paid by any of the arm's length purchasers who participate in the Distribution, and

        (4) a Fund and any related Funds for which the Filer or any of the affiliate or associate of the Filer acts as manager and/or portfolio adviser can collectively acquire no more than 50% of the securities distributed under the Distribution in which a Related Dealer acts as underwriter;

(v) if the Non-Government Debt Securities are acquired in the 60-Day Period,

(1) the ask price of the securities is readily available as provided in Commentary 7 to section 6.1 of NI 81-107,

(2) the price paid for the securities by a Fund is not higher than the available ask price of the security, and

(3) the purchase is subject to market integrity requirements as defined in NI 81-107;

(vi) the Non-Government Debt Securities acquired by the Funds pursuant to the Requested Relief cannot be asset backed commercial paper; and

(vii) no later than the time a Fund files its annual financial statements, the manager of the Fund will file the particulars of each investment made by the Fund pursuant to the Requested Relief during its most recently completed financial year.

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

2.1.7 Héroux-Devtek Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the requirements related to acceptable accounting principles for acquisition statements in respect of a business acquisition report to allow the report to include acquisition statements to be prepared in accordance with Spanish generally accepted accounting principles (Spanish GAAP) provided that: (i) the statements include notes describing the material differences between IFRS and Spanish GAAP that relate to recognition, measurement and presentation, quantifying the effect of each such difference and including a tabular reconciliation between profit or loss reported in such financial statements and profit or loss computed in accordance with IFRS; and (ii) the statements are accompanied by an auditor's report and audited in accordance with International Standards on Auditing.

Applicable Legislative Provisions

National Policy 52-107 Acceptable Accounting Principles and Auditing Standards, ss. 3.11, 5.1.

December 11, 2018

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

AND

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

AND

IN THE MATTER OF
HÉROUX-DEVTEK INC.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for exemptive relief, pursuant to Section 5.1 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**"), from the requirements related to acceptable accounting principles for acquisition statements in Section 3.11 of NI 52-107 in respect of the business acquisition report (the "**BAR**") to be filed by the Filer pursuant to Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") in connection with the indirect acquisition by the Filer of 100% of the share capital of Compañia Española de Sistemas Aeronáuticos, S.A. (the "**Exemption Sought**").

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

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

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

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

Interpretation

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

Representations

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

1. The Filer was initially incorporated on March 17, 1942 by letters patent issued pursuant to Part I of the *Companies Act* (Québec), was continued under Part IA of the *Companies Act* (Québec) on September 30, 1982 and is now governed by the *Business Corporations Act* (Québec) which was enacted on February 14, 2011.

2. The Filer's head and registered office is located at Suite 658, East Tower, 1111 Saint-Charles Street West, Longueuil, Québec, J4K 5G4.

3. The Filer is an international company specializing in the design, development, manufacture and repair and overhaul of landing gear and actuation systems and components for the aerospace market. The Filer is the third largest landing gear company worldwide, supplying both the commercial and defence sectors of the aerospace market with new landing gear systems and components, as well as aftermarket products and services. The Filer also manufactures, hydraulic systems, fluid filtration systems and electronic enclosures.

4. The Filer's common shares are listed on the Toronto Stock Exchange under the "HRX" ticker symbol.

5. The Filer is a reporting issuer under the securities legislation in each of the Jurisdictions and Passport Jurisdictions, and is not in default under the securities legislation of the Jurisdictions and the Passport Jurisdictions.

6. The financial statements of the Filer are prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as required pursuant Section 3.2 of NI 52-107. The financial year end of the Filer is March 31 of each year.

7. On October 1, 2018, the Filer completed the indirect acquisition, through its subsidiary Heroux-Devtek Spain, S.L.U., of 100% of the share capital of Compañia Española de Sistemas Aeronáuticos, S.A. ("**CESA**") from Airbus Defence and Space, S.A.U. for total consideration of €137 million (approx. $206 million) (the "**CESA Acquisition**").

8. CESA is a company incorporated under the laws of Spain, with registered office at Avenia de John Lennon, 28096 Getafe (Madrid), Spain. Prior to the CESA Acquisition, the financial year end of CESA was December 31 of each year.

9. The CESA Acquisition qualifies as a "significant acquisition" for the Filer since, based on the audited financial statements of the Filer for the year ended March 31, 2018 and the audited financial statements of CESA for the year December 31, 2017, the assets of CESA represent approximately 26% of the Filer's consolidated assets, the Filer's consolidated investments in and advances to CESA represent approximately 32% of the Filer's consolidated assets, and CESA's loss represents, in absolute value, approximately 21% of the Filer's consolidated profit.

10. As a result of this qualification, the Filer must file, on or before December 14, 2018, a BAR containing, among other disclosure, the following financial statements required pursuant to Section 8.4 of NI 51-102:

    (a) the annual financial statements of CESA for the years ended December 31, 2017 and 2016, consisting of a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the years ended December 31, 2017 and 2016, a statement of financial position as at December 31, 2017 and 2016 and notes to the financial statements;

    (b) the interim financial statements of CESA for the nine-month periods ended September 30, 2018 and 2017; and

    (c) pro forma financial statements of the Filer, consisting of a pro forma statement of financial position of the Filer as at September 30, 2018 that gives effect, as if it had taken place as at such date, to the CESA Acquisition, and pro forma income statements and pro forma earnings per share of the Filer for the year ended March 31, 2018 and the six-month period ended September 30, 2018 that give effect to the CESA Acquisition as if it had taken place on April 1, 2017 (using the financial results of CESA for the year ended December 31, 2017 and the six month period ended June 30, 2018), with adjustments to conform amounts for CESA to the Filer's accounting policies.

11. Pursuant to legislation applicable to Spanish businesses, the annual financial statements of CESA prepared in accordance with generally accepted accounting principles in Spain ("**Spanish GAAP**") and audited in accordance with Spanish auditing standards must be filed with a Spanish governmental authority, Registro Mercantil Central, and are made accessible to the public, even though CESA's securities are not listed on any marketplace.

12. From the beginning of its due diligence process, the Filer analyzed in detail the recognition, measurement, classification, presentation and disclosure differences between CESA's accounting policies under Spanish GAAP and those followed by the Filer under IFRS. Spanish experts informed the Filer that Spanish GAAP were largely harmonized with IFRS, and the Filer's analysis of CESA's financial statements found differences mainly related to accounting policy choices rather than accounting standard requirements. The only accounting treatment that the Filer, as part of its due diligence process, found not in compliance with IFRS pertained to the classification of government grants, which would result in a reclassification of approximately €700,000 mainly in shareholder's equity.

13. When faced with the possibility of converting CESA's financial statements to IFRS in order to file the BAR, the Filer engaged local experts to specifically look at the differences between Spanish GAAP and IFRS in connection with CESA's financial statements. The Filer was informed that Spanish GAAP had largely been harmonized with IFRS in 2007-2008. The Filer's local experts performed a gap analysis of differences between Spanish GAAP and IFRS and found the only difference which affected CESA's financial statements would be related to the

classification of government grants, thereby confirming the Filer's prior analysis. While other differences exist between Spanish GAAP and IFRS, these differences either do not apply to CESA due to the nature of its business, recent transactions or policy elections, or do not constitute a material difference.

14. CESA's independent auditors advised the Filer that they would be able to confirm that their audit of CESA's annual financial statements complies with International Standards on Auditing, as required pursuant to Section 3.12 of NI 52-107.

15. Prior to the CESA Acquisition, CESA did not prepare financial statements for any interim period.

16. Since CESA does not qualify as a "designated foreign issuer" under NI 52-107 because its shares are not listed on any marketplace, and the Spanish legislation requiring filing of its annual financial statements does not qualify as "foreign disclosure requirements" under NI 52-107 because it does not relate to securities laws or the rules of a marketplace, the Filer is not able to rely on Subsection 3.11(1)(e) of NI 52-107 to include in the BAR financial statements of CESA prepared in accordance with Spanish GAAP and, instead, would be required to perform a full IFRS conversion and prepare new financial statements for CESA in accordance with IFRS.

Decision

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

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

(a) the financial statements of CESA included in the BAR are prepared in accordance with Spanish GAAP and contain notes describing the material differences between IFRS and Spanish GAAP that relate to recognition, measurement and presentation, quantifying the effect of each such difference, and also contain a tabular reconciliation between profit or loss reported in such financial statements and profit or loss computed in accordance with IFRS; and

(b) the annual financial statements of CESA included in the BAR, including the notes referred to in (a) above, are accompanied by an auditor's report and audited in accordance with International Standards on Auditing, as required pursuant to Section 3.12 of NI 52-107.

"Gilles Leclerc"
Surintendant des marches de valeurs

2.1.8 Solium Capital Inc. and Brian Craig

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – reporting insider granted relief from the requirement in subsection 107(2) of the Securities Act (Ontario) to file an insider report within five days of each disposition of securities occurring pursuant to an automatic securities disposition plan, provided that the insider files an insider report in respect of all dispositions under the automatic securities disposition plan on an annual basis.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 107(2).
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 3.3.

Citation: *Re Solium Capital Inc.*, 2018 ABASC 185

December 14, 2018

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

AND

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

AND

IN THE MATTER OF
SOLIUM CAPITAL INC.
(Solium)

AND

BRIAN CRAIG
(Craig) (collectively, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filers for a decision (the **Exemption Sought**) under the securities legislation (the **Legislation**) of the Jurisdictions exempting Craig, a director of Solium, from the requirement in section 3.3 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (**NI 55-104**) and subsection 107(2) of the *Securities Act* (Ontario) (the **Ontario Act**) to file an insider report within five days following the disposition of securities under his ASDP (as defined below), subject to certain conditions.

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 55-104 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

Solium

1. Solium is a corporation existing under the laws of the Province of Alberta and is a reporting issuer under the securities legislation of each of the provinces of Canada. Solium is not in default of securities legislation in any jurisdiction.

2. The head office of Solium is located in Calgary, Alberta.

3. The authorized share capital of Solium consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of preferred shares, issuable in series. As at November 9, 2018, Solium had 56,623,640 Common Shares and no preferred shares of any series issued and outstanding.

4. The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol “SUM”.

Craig

5. Craig is a director of Solium, is a reporting insider and is not in default of securities legislation in any jurisdiction.

6. As at November 9, 2018, Craig beneficially owned, controlled or directed 3,041,300 Common Shares (representing approximately 5.4% of the then

outstanding Common Shares) as well as 12,624 restricted share units.

7. Craig wishes to sell up to a total of 600,000 Common Shares pursuant to the ASDP (as defined below).

The Automatic Securities Disposition Plan

8. Scotia Capital Inc. (the **Broker**), Solium and Craig entered into an automatic securities disposition plan (the **ASDP**) dated effective November 9, 2018 to facilitate the automatic sale of up to 600,000 Common Shares beneficially owned by Craig that have been deposited into an account managed by the Broker in accordance with the trading parameters and other instructions set out in the ASDP.

9. As set out in the ASDP and as otherwise covenanted by Craig, Craig can only make changes to the trading parameters and other instructions set out in the ASDP or voluntarily terminate the ASDP if all of the following conditions are met:

   (a) Craig has obtained the prior written consent of Solium in accordance with Solium's disclosure policy;

   (b) Craig has provided notice to the public of the proposed change or termination by describing it in a filing on the System for Electronic Disclosure by Insiders (**SEDI**) and in a news release, which shall include a representation that, at the time of the amendment or termination, there is no blackout period in effect in respect of the securities of Solium and that Craig is not aware of any material fact or material change about Solium that has not been generally disclosed;

   (c) Craig has provided the Broker with a certificate from Solium confirming, among other things, compliance with Solium's disclosure and insider trading policies and that, to its knowledge, Craig does not have knowledge of a material fact or material change about Solium that has not been generally disclosed; and

   (d) such termination or amendment is made in good faith and not as a part of a plan or scheme to evade the prohibitions of Section 147 of the *Securities Act* (Alberta) (the **Alberta Act**), Section 76 of the Ontario Act or comparable provisions in other applicable securities legislation

10. The ASDP does not provide for any waiting period following the voluntary termination of the ASDP by Craig before he can enroll in a new ASDP. However, this decision does not provide the Requested Relief in respect of any new ASDP.

11. The Broker is a securities broker that is at arm's length to Solium and Craig.

12. The Broker has been appointed as an independent broker to effect sales of the Common Shares pursuant to the terms and conditions of the ASDP. The dispositions under the ASDP will be effected by the Broker in accordance with the pre-determined instructions as to the number and dollar value of the Common Shares to be sold, and other relevant information, all as set out in the ASDP.

13. Subject to the restrictions set forth in the ASDP, the Broker will execute the trades in such a way as to attempt to minimize the negative price impact on the market and to attempt to maximize the prices obtained for the Common Shares.

14. Except to set trading parameters in the manner described, Craig does not have the authority to make investment decisions or influence or control any disposition effected by the Broker pursuant to the ASDP and the Broker and Craig will not consult regarding any disposition.

15. Craig will not disclose to the Broker any information concerning Solium that could reasonably be expected to influence the execution of any disposition under the ASDP.

16. The ASDP includes a waiting period of 30 days between the date of adoption of the ASDP and the date that the first disposition may be made under the ASDP.

17. The ASDP has been structured to comply with applicable securities legislation and guidance, including section 147(7)(c) of the Alberta Act, section 175(2)(b) of the General Regulation under the Ontario Act and Ontario Securities Commission Staff Notice 55-701 *Automatic Securities Disposition Plans and Automatic Securities Purchase Plans*.

18. At the time of execution of, and entering into the ASDP, Craig represented that he did not possess knowledge of a material fact or material change with respect to Solium that had not been generally disclosed and that he was entering into the ASDP in good faith and not as part of a plan or scheme to evade the insider trading prohibitions under applicable Canadian securities legislation.

19. At the time of execution of, and entering into the ASDP, Solium certified to the Broker that, to the knowledge of Solium, Craig did not have knowledge of any material fact or material change with respect to Solium that has not been generally disclosed.

20. The Common Shares are not subject to any liens, security interests or other impediments to transfer (except for limitations imposed by any applicable laws).

21. The ASDP will terminate on the earliest to occur of:

    (a) December 9, 2020;

    (b) the completion of all sales contemplated by the ASDP;

    (c) receipt by the Broker of notice of: (i) Solium having entered into a definitive agreement pursuant to which it will be subject to a take-over bid, tender or exchange offer with respect to the Common Shares or an arrangement, merger, acquisition, reorganization, recapitalization or comparable transaction affecting the securities of Solium as a result of which the Common Shares are to be exchanged or converted into shares of another company; (ii) Craig's death or mental incapacity; or (iii) the commencement or impending commencement of any proceedings in respect of or triggered by Craig's bankruptcy or insolvency;

    (d) the termination of the ASDP by the Broker following receipt of notice of the occurrence of any legal, contractual or regulatory restriction applicable to Craig;

    (e) the termination of the ASDP by Solium following three business days' prior written notice to the Broker and to the public by way of news release; and

    (f) the voluntary termination of the ASDP by Craig in accordance with paragraph 9 above.

22. Craig will not amend or terminate the ASDP if a blackout period is in effect in respect of the securities of Solium or if he has knowledge of a material fact or material change about Solium that has not been generally disclosed. Craig will only amend or terminate the ASDP in good faith and not as part of a plan or scheme to evade the prohibitions of section 147 of the Alberta Act, section 76 of the Ontario Act or comparable prohibitions in other applicable securities legislation.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that Craig shall file a report through SEDI, by March 31 of each calendar year, of all dispositions under the ASDP during the prior calendar year not previously disclosed in a SEDI filing, disclosing either of the following:

    (a) each disposition on a transaction-by-transaction basis; or

    (b) all dispositions as a single transaction using the average unit price of the securities.

"Tom Graham, CA"
Director, Corporate Finance
Alberta Securities Commission

2.1.9 Teck Resources Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 43-101 Standards of Disclosure for Mineral Projects – Prohibition against including inferred resources in an economic analysis – An issuer wants to disclose the results of a study containing an economic evaluation using inferred mineral resources – The economic analysis using inferred resources is reasonable from a technical point of view and is a material fact in the affairs of the issuer; the issuer will include appropriate cautionary language in all disclosure of the economic analysis using inferred resources; any such disclosure will be accompanied by disclosure of an economic analysis that does not include inferred resources.

Applicable Legislative Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 2.3(1)(b), 9.1(1).

December 4, 2018

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

AND

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

AND

IN THE MATTER OF
TECK RESOURCES LIMITED
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision (the Exemption Sought) under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the prohibition in section 2.3(1)(b) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) against making any disclosure of results of an economic analysis that includes or is based on inferred mineral resources.

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

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

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

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

Interpretation

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

Representations

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

The Filer

1. the Filer is a company continued under the *Canada Business Corporations Act* with its registered and principal offices located at Suite 3300, 550 Burrard Street, Vancouver, British Columbia, V6C 0B3;

2. the Filer is a diversified resource company committed to responsible mining and mineral development with major business units focused on copper, steelmaking coal, zinc and energy; the Filer has interests in mining and processing operations in Canada, the United States, Peru and Chile, including the Quebrada Blanca copper mine in Chile;

3. the share capital of the Filer consists of an unlimited number of Class A common shares, Class B subordinate voting shares and preference shares, issuable in series; as at October 31, 2018, the Filer had a total of 7,768,304 Class A common shares, 566,405,116 Class B subordinate voting shares and no preference shares issued and outstanding; the Class A common shares are listed on the Toronto Stock Exchange under the ticker symbol TECK.A; the Class B subordinate voting shares are listed on the Toronto Stock Exchange under the ticker symbol TECK.B and on the New York Stock Exchange under the symbol TECK;

4. the Filer is a reporting issuer or its equivalent in each of the provinces and territories of Canada and is not in default of securities legislation in any of those jurisdictions;

The Quebrada Blanca Property

5. the Quebrada Blanca property, located in northern Chile, is owned by a Chilean private company, Compañía Minera Teck Quebrada Blanca S.A. (CMTQB); the Filer currently owns, indirectly, 100% of the Series A shares of CMTQB through two wholly-owned Chilean subsidiaries, representing a 90% equity interest in CMTQB; Empresa Nacional de Minera, a Chilean government entity, owns 100% of the Series B preferred shares of CMTQB, which are non-funding and participating only, representing a 10% equity interest in CMTQB;

6. in addition to developing the Quebrada Blanca Phase II project (QB2 or Project), CMTQB currently operates the "Quebrada Blanca mine", relating to the supergene deposit at the site, and open-pit mining operation and dump leach circuit; the supergene deposit was exhausted earlier in 2018 although cathode production is expected to continue through 2019 as leaching of dump material and secondary extraction from old heap material continues;

7. the Project has involved developing a plan to mine the hypogene resource at the Quebrada Blanca property; it will be an open pit mine and include the construction of a concentrator, tailings storage facility, concentrate pipeline, water supply pipeline, desalination plant, concentrate filtration plan and port to produce copper and molybdenum concentrates;

8. in February, 2017, the Filer filed a technical report in respect of the Project entitled "QUEBRADA BLANCA PHASE II FEASIBILITY STUDY 2016" prepared in accordance with NI 43-101 (Prior Technical Report), which included an economic analysis that did not include an inferred resource; since the filing of the Prior Technical Report, further exploration has been carried out by the Filer and its affiliates in respect of QB2 to further define the confidence level associated with the hypogene resource, as well as to update geological models and undertake further metallurgical testing; further engineering studies and optimizations have also been undertaken by the Filer and its affiliates;

9. the Filer commenced a further economic analysis (Economic Analysis) with respect to QB2 through 2018, and it is undergoing final internal review; the Economic Analysis was prepared under the supervision of qualified persons employed by Teck or its affiliates;

10. the mine pit design considered by the Economic Analysis includes 409 million tonnes of proven reserves, 793 million tonnes of probable reserves and 199 million tonnes of inferred resources from the hypogene deposit; the Economic Analysis identifies a further 36 million tonnes of measured resources, 1.436 billion tonnes of indicated resources and 3.194 billion tonnes of inferred resources outside of the mine pit design, but within the resource shell; various factors restricted infill drilling of the hypogene deposit within the mine pit area; the Economic Analysis optimization, mine planning and financial analysis considered realistic mining conditions and the likely continuity of the ore body; the mine plan used for the Economic Analysis contemplates a long-life operation of approximately 28 years, constrained by tailings capacity; inferred resources constitute approximately 14% of the scheduled reserves and resources of 1.401 billion tonnes included in the mine pit design considered by the

Economic Analysis (which includes a portion of the supergene resource not previously included in the supergene mine plan and associated low grade supergene material); approximately 66% of the inferred material will only be processed after 2039;

11. the Filer intends to:

    (a) disclose the results of the updated Economic Analysis on the Project after such analysis is complete following the Filer's internal review process; to the extent the final results of the Economic Analysis are available, the Filer expects to include discussion of such results in a press release as soon as possible (Press Release); the timing and issuance of the Press Release is dependent on a number of factors relating to developments at the Project; the Filer may also discuss the final results of the Economic Analysis in subsequent press releases, investor presentations or other documents; the Press Release and other documents first filed or made available to the public in a jurisdiction of Canada containing the results of the Economic Analysis are referred to as the "Initial Disclosure Documents"; and

    (b) subsequently file a subsequent technical report, if required, that includes the Economic Analysis within the applicable time periods prescribed under section 4.2 of NI 43-101 (Subsequent Technical Report);

12. both the Initial Disclosure Documents and Subsequent Technical Report will include disclosure of the Economic Analysis that includes or is based on inferred mineral resources, (which is referred to in this Decision as the "Sanction Case"), in addition and as supplement to a comparison base case economic analysis that will exclude or is not based on inferred mineral resources (which is referred to in this Decision as the "Base Case");

13. the Sanction Case continues to form the basis of the Filer's continued investment decisions regarding QB2, and will form the basis upon which the Filer's Board of Directors will consider moving ahead with the Project;

14. the Filer considers the inclusion of the Sanction Case Economic Analysis in the Subsequent Technical Report, and the disclosure of the Sanction Case Economic Analysis in the Initial Disclosure Documents, in addition and as a supplement to the Base Case Economic Analysis, as reasonable from a technical point of view; and

15. the Sanction Case Economic Analysis is a material fact in the affairs of the Filer.

Decision

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

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

    (a) the Filer includes, in the Initial Disclosure Documents and all other disclosure of the Sanction Case Economic Analysis, proximate cautionary statements to investors regarding the uncertainty associated with inferred resources, which addresses the substance of the cautionary language set out in subsection 2.3(3) of NI 43-101; and

    (b) any disclosure of the Sanction Case Economic Analysis is accompanied by disclosure of the Base Case Economic Analysis.

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

2.1.10 NCM Asset Management Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of mutual fund mergers pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 Investment Funds – approval required because mergers do not meet the criteria for pre-approved reorganizations and transfers – the fundamental investment objectives of the terminating funds and the continuing funds are not substantially similar, the mergers cannot be completed on a tax-deferred basis and the portfolio assets of the terminating funds are not acceptable to the portfolio manager of the continuing funds because the assets are not consistent with the continuing fund's investment objectives – securityholders are provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

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

Citation: *Re NCM Asset Management Ltd.*, 2018 ABASC 170

October 30, 2018

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

AND

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

AND

IN THE MATTER OF
NCM ASSET MANAGEMENT LTD. (the Manager)

AND

NCM HIGH INCOME FUND (HIF),
NCM TACTICAL OPPORTUNITIES FUND (TO), AND
NCM PREMIUM GROWTH CLASS (PG)
(each, a Terminating Fund)

AND

NCM CONSERVATIVE INCOME PORTFOLIO (CIP),
NCM GROWTH AND INCOME PORTFOLIO (GIP), AND
NCM BALANCED INCOME PORTFOLIO (BIP)
(each, a Continuing Fund, and together with the Terminating Funds, the Funds)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Manager and the Funds (collectively, the **Filers**) for a decision under the securities legislation (the **Legislation**) of the Jurisdictions approving (the **Requested Approval**) the proposed mergers of HIF with CIP, TO with GIP and PG with BIP (each, a **Proposed Merger**) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**).

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

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

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

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

Interpretation

Unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 81-101 *Investment Funds* (**NI 81-101**), and NI 81-102 have the same meaning if used in this decision.

Representations

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

The Manager and the Funds

1. The Manager is a corporation continued under the federal laws of Canada with its head office in Calgary, Alberta. The Manager is registered as an investment fund manager in Alberta, Newfoundland and Labrador, Ontario and Québec, and as a portfolio manager in Alberta and Ontario. The Manager acts as investment fund manager and portfolio manager of each Fund.

2. HIF is a trust formed under the laws of the Province of Alberta. TO is a separate class of special shares of NCM Opportunities Corp. (**NOC**), a mutual fund corporation amalgamated under the laws of the Province of Alberta. PG is a separate class of special shares of NCM Core Portfolios Ltd. (**NCP**), a mutual fund corporation incorporated under the laws of the Province of Alberta.

3. Each Continuing Fund is an open-end trust formed under the laws of the Province of Alberta.

4. Each Fund is a reporting issuer in each of the provinces of Canada and is subject to the requirements of NI 81-101 and NI 81-102. Securities of each Fund are currently offered for sale in each of the provinces of Canada under a simplified prospectus, annual information form, and fund facts document dated August 27, 2018.

5. None of the Filers are in default of securities legislation in any jurisdiction of Canada.

6. Each Fund follows the standard investment restrictions and practices in NI 81-102, except pursuant to the terms of any exemptive relief that has been previously obtained.

7. The net asset value for each series of securities of each Fund is calculated on a daily basis on each day that the Toronto Stock Exchange is open for trading (each, a **Business Day**) and securities of each Fund are generally redeemable on any Business Day.

The Proposed Mergers

8. Upon receipt of this approval, the following steps will be carried out to effect the Proposed Mergers:

   (a) Each of HIF, TO and PG will liquidate their investment portfolios by converting portfolio investments into cash or cash equivalent instruments.

   (b) HIF, TO or PG, as applicable, may declare, pay, and automatically reinvest distributions or ordinary dividends or capital gains dividends to securityholders of the applicable Terminating Fund in a manner determined by the Manager to be fair and equitable.

   (c) The value of the portfolio and other assets and liabilities of each Terminating Fund will be determined at the close of business on the Business Day immedi-ately preceding the effective date of termination (the **Effective Date**) in accordance with the constating docu-ments of the Terminating Fund.

   (d) On the Effective Date, each Continuing Fund will acquire all or substantially all of the assets and assume all or substantially all of the liabilities attributed to the applicable Terminating Fund from such Terminating Fund in exchange for the issuance by the Continuing Fund to the Terminating Fund of securities of the Continuing Fund having an aggregate net asset value equal to the value of the assets and liabilities so transferred or assumed.

   (e) Immediately following such transfer and assumption, such Terminating Fund will redeem the securities of the Terminating Fund at their net asset value and distribute securities of the corresponding series of the applicable Continuing Fund in payment of the redemption proceeds on a series by series basis, such that the securityholders of the Terminating Fund will become securityholders of the Continuing Fund following such redemption and distribution, and the assets and liabilities attributable to the Terminating Fund will be included in the portfolio of the Continuing Fund.

   (f) The securities of each Continuing Fund received by the applicable Terminating Fund, as applicable, will have an aggregate net asset value equal to the value of the portfolio assets that the Continuing Fund is so acquiring, less the assumed liabilities.

   (g) As soon as reasonably possible following the applicable Effective Date, each Terminating Fund will be terminated.

9. Upon completion of each Proposed Merger, except as set out herein, the fee structures, valuation procedures, investment fund manager, and portfolio manager in respect of each Continuing Fund will be identical, in all material respects, to those in respect of the applicable Terminating Fund. Further, upon completion of each Proposed Merger, securityholders of each Terminating Fund will receive the equivalent value of the corresponding series of securities of the respective Continuing Fund with comparable rights and privileges as the series of securities of the Terminating Fund they previously held. Except for the MG Series of PG, the management fee of each series of each Continuing Fund will be the same as or lower than that of the corresponding series of its respective Terminating Fund.

10. The following are the only material differences between each Terminating Fund and its respective Continuing Fund:

   (a) Each of TO and PG is a class of shares of a mutual fund corporation, whereas its corresponding Continuing Fund will be an open-end trust.

   (b) Except for the MG Series of PG, the management fee of each series of each Continuing Fund will be the same as or lower than that of the corresponding

series of its respective Terminating Fund; the MG Series of PG is today available only to investors who acquire shares through BMO Nesbitt Burns Inc. and maintain a minimum investment in PG, and this arrangement will be discontinued upon the completion of the Proposed Mergers.

(c) TO may pay a performance fee to the Manager; no performance fee is payable in respect of any other Fund, including GIP, the Continuing Fund of TO.

(d) Each Terminating Fund has different investment objectives and investment strategies from its corresponding Continuing Fund.

11. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, the Manager presented the terms of the Proposed Mergers to the Independent Review Committee (**IRC**) of the Terminating Funds for its review. The IRC reviewed the potential conflict of interest matters related to the Proposed Mergers and determined that the Proposed Mergers, if implemented, would achieve a fair and reasonable result for each of the Terminating Funds.

12. Disclosure relating to the Proposed Mergers are contained in the simplified prospectus, annual information form, and fund facts document of the Funds filed on August 27, 2018.

13. A special meeting of securityholders of each Terminating Fund was held on October 18, 2018 to vote on the applicable Proposed Merger, as required pursuant to paragraph 5.1(1)(f) of NI 81-102 and pursuant to the Terminating Fund's constating documents and the *Business Corporations Act* (Alberta). The Proposed Mergers were approved.

14. The management information circular dated September 14, 2018 (the **Circular**) in respect of the special meetings contained a description of the Proposed Mergers and of the Continuing Funds, a summary of the IRC's determination, the related Canadian federal income tax considerations for each Terminating Fund and its securityholders, and a description of the material differences between being a shareholder of a corporation and being a unitholder of a trust. The Circular also included the most recently filed fund facts document of each Continuing Fund and disclosed that securityholders of each Terminating Fund may obtain, at no cost, the applicable Continuing Fund's current simplified prospectus, annual information form, and fund facts document by contacting the Manager or by accessing the website of the Manager or SEDAR. The Circular provided sufficient information to securityholders to permit them to make an informed decision about the Proposed Mergers.

15. Securities of each Continuing Fund received by securityholders of the applicable Terminating Fund as a result of the applicable Proposed Merger will be deemed to have been purchased under the front end sales charge option (without payment of any sales charge). As a result, any securityholders in a Terminating Fund whose securities were subject to a deferred sale commission (**DSC**) will receive securities in the Continuing Fund which have no DSC.

16. Securityholders of each Terminating Fund will continue to have the right to redeem their securities or exchange their securities for securities of any other mutual funds in the NCM family of mutual funds or to redeem their securities for cash at any time up to the close of business on the Business Day immediately before the Effective Date. Securityholders of a Terminating Fund who switch their securities for securities of other mutual funds for which the Manager is the manager will not incur any charges. Securityholders of a Terminating Fund who redeem their securities may be subject to redemption charges.

17. None of the costs and expenses associated with any of the Proposed Mergers will be borne by the Funds. All such costs will be borne by the Manager. There are no charges payable by securityholders of any Terminating Fund who acquire securities of a Continuing Fund as a result of a Proposed Merger. Securityholders of the Terminating Funds will continue to have the right to redeem or switch into another mutual fund in the NCM Group of Funds at any time up to the close of business on the Business Day prior to the Proposed Mergers occuring.

18. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of the applicable Terminating Fund. The Proposed Mergers are planned to take place on or about October 31, 2018 (the Merger Date). As soon as reasonably possible following its Merger Date, the Terminating Fund will be terminated in accordance with its constating documents.

19. The Filers have complied, or will comply, with Part 11 of NI 81-106 in connection with the making of the decision to proceed with each Proposed Merger.

Reasons for Requested Approval

20. The investment objectives of each Terminating Fund are not substantially similar to the invest-ment objectives of its corresponding Continuing Fund, as required by subparagraph 5.6(1)(a)(ii) of NI 81-102, because (a) each Continuing Fund is designed to

be a fund of funds while each Terminating Fund was established to make direct investments; and (b) in the case of the TO merger with GIP, the Terminating Fund's investment objectives are to produce cash distributions and the potential for long term capital appreciation by investing primarily in corporate debt securities and other similar investments, whereas the Continuing Fund's investment objectives are to provide investors with long term capital appreciation by investing in underlying funds in a diversified portfolio consisting primarily of fixed-income securities and to a lesser extent equity securities, together with some current income; and (c) in the case of the PG merger with BIP, the Terminating Fund's investment objectives are to provide investors with dividend income and potential for long term capital appreciation, whereas the Continuing Fund's investment objectives are to provide investors with a balance of income and long term capital appreciation.

21. The management fee for Series A of BIP will not be equal to or lower than the management fee for Series MG of PG.

22. The Proposed Mergers are intended to be completed on a taxable basis and will not be a "qualifying exchange" or other form of tax-deferred transaction and so will not satisfy the requirement under paragraph 5.6(1)(b) of NI 81-102. However, except for a small proportion of securityholders that will realize a capital gain, securityholders of each Terminating Fund are generally not expected to be materially affected by the disposition of their securities pursuant to the applicable Proposed Mergers at their fair market value because they will either realize a capital loss or they hold their securities in a registered plan.

23. Prior to each Proposed Merger, the Terminating Fund will liquidate its portfolio assets, which will cause the Terminating Fund to realize income, losses, capital gains or capital losses. If a Terminating Fund has insufficient losses or expenses to offset such amounts, HIF, or NCP, in respect of PG, or NOC, in respect of TO, as applicable, may declare, pay, and automatically reinvest distributions or capital gains dividends to securityholders of such Terminating Fund, with the aim of ensuring that any tax liabilities attributed to such Terminating Fund are borne by the securityholders of the Terminating Fund.

24. The portfolio sub-advisor of the Continuing Funds has been provided with a copy of the current investment portfolios of the Terminating Funds and has determined that substantially all of the portfolio securities of the Terminating Funds are not acceptable to it, if such securities were to be transferred to the Continuing Funds.

25. Each Proposed Merger satisfies all of the criteria for pre-approved reorganizations and transfers set forth in subsection 5.6(1) of NI 81-102, except as follows:

    (a) A reasonable person would not consider each Terminating Fund to have substantially similar fundamental investment objectives as its respective Continuing Fund, as contemplated by subparagraph 5.6(1)(a)(ii) of NI 81-102.

    (b) A reasonable person would not consider PG to have a substantially similar fee structure as BIP, due to the difference in fees between the terminating Series MG and the continuing Series A, as contemplated by subparagraph 5.6(1)(a)(ii) of NI 81-102.

    (c) Each Proposed Merger will not be a "qualifying exchange" within the meaning of section 132.2 of the ITA or a tax-deferred transaction under section 85(1), 85.1(1), 86(1), or 87(1) of the ITA, as required by paragraph 5.6(1)(b) of NI 81-102.

    (d) The portfolio assets of each Terminating Fund to be acquired by its respective Continuing Fund as part of the transaction are not currently acceptable to the portfolio adviser of such Continuing Fund and are not currently consistent with such Continuing Fund's fundamental investment objectives, as contemplated by subparagraph 5.6(1)(d)(ii) of NI 81-102.

26. Section 5.6 of NI 81-102 is not available in these circumstances for the reasons set out above. Therefore, in accordance with paragraph 5.5(1)(b) of NI 81-102, the Filers applied, pursuant to section 5.7 of NI 81-102, for approval in order to effect each Proposed Merger as described above.

Benefits of the Mergers

27. The anticipated benefits to securityholders of the Proposed Mergers are as follows:

    (a) The Manager believes each Continuing Fund will have greater appeal to prospective investors and will have the benefit of a more significant profile in the marketplace. The Continuing Funds each have a significant fixed income component, which the Manager believes will attract more investors and hence increase the asset base of the Contin-uing Funds allowing such Continuing Funds to realize economies of scale. The Manager will be able to concentrate its marketing efforts

by streamlining its platform. The ability to attract assets in the Continuing Funds will benefit investors by helping to ensure that the Continuing Funds remain viable, long-term, and attractive investment vehicles for existing and potential investors.

(b) It is expected that each of the Continuing Funds will be able to attract a larger amount of assets under management than its corresponding Terminating Fund, which will allow the Continuing Fund's portfolio managers to achieve increased efficiencies and flexibility. On the other hand, administrative and regulatory costs of operating the Terminating Funds as stand-alone mutual funds are expected to increase if the Terminating Funds continue their current growth trajectories.

(c) The Proposed Mergers will allow the Manager to provide investors with a more streamlined, single solution range of products that the Manager believes will make it easier for investors to understand and to select a suitable mutual fund based on their risk tolerance and investment objectives.

(d) Except for the MG Series of PG, which will be continued into the A Series of BIP, the Continuing Funds will have the same, or lower, fees than the Terminating Funds.

(e) It is expected that increased asset bases in each of the Continuing Funds will likely result in a lower expense ratio.

(f) The investment objectives of the Continuing Funds are broader and more conservative than those of the applicable Terminating Funds.

Decision

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

The decision of the Decision Makers is that the Requested Approval is granted.

"Timothy Robson"
Manager, Legal
Corporate Finance
Alberta Securities Commission

2.1.11 Serinus Energy Plc

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities – less than 10% of the aggregate of any class or series of issuer's securities are beneficially owned by residents of Canada – relief conditional on issuer complying with disclosure requirements of the United Kingdom, including the rules and regulations of the AIM and and filing such disclosure, and other conditions.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, s. 8.1.

Citation: *Re Serinus Energy Plc*, 2018 ABASC 189

December 21, 2018

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

AND

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

AND

IN THE MATTER OF
SERINUS ENERGY PLC
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be exempted from the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**).

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

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

(b) the Filer has provided notice that sub-section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British

Columbia, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is an international oil and gas exploration and production company whose business consists primarily of the exploration for, and development, production and acquisition of, petroleum and natural gas interests in Tunisia and Romania.

2. In May 2018, the Filer completed a corporate reorganization whereby, among other things, it continued from under the *Business Corporations Act* (Alberta) to under the *Companies (Jersey) Law, 1991*, listed its ordinary shares (**Ordinary Shares**) on the Alternative Investment Market (**AIM**) of the London Stock Exchange and voluntarily delisted such shares from the Toronto Stock Exchange.

3. The Filer has a number of subsidiaries that are directly or indirectly wholly-owned by the Filer.

4. The head office of the Filer is located in Calgary, Alberta.

5. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the **Reporting Jurisdictions**), and is not in default of any securities legislation in any jurisdiction of Canada.

6. The authorized share capital of the Filer consists of an unlimited number of Ordinary Shares, of which approximately 217,318,805 are issued and outstanding. The Filer has no debt securities outstanding.

7. The Ordinary Shares are listed on the AIM under the symbol “SENX” and the Warsaw Stock Exchange under the symbol “SEN”. As a result of the Filer’s listing on AIM, the Filer is subject to the disclosure requirements of the United Kingdom, including the AIM Rules for Companies (the **AIM Rules**), which regulate, among other things, reporting by oil and gas companies.

8. The Filer is not in default of any of the disclosure requirements of the United Kingdom, including the AIM Rules.

9. None of the Ordinary Shares are listed for trading on any “marketplace” in Canada (as such term is defined in National Instrument 21-101 *Marketplace Operation*), and the Filer has no current intention to list any securities on any marketplace in Canada.

10. The Filer prepares disclosure with respect to its oil and natural gas activities in accordance with the AIM Rules (the **Oil and Gas Disclosure**).

11. The Filer made a good faith investigation effective October 1, 2018 to confirm the residency of the holders of the Ordinary Shares. The investigation included obtaining geographical surveys of beneficial holders of Ordinary Shares and a list of registered holders of Ordinary Shares from the Filer’s transfer agent, Computershare Investor Services (Jersey) Limited (the **Searches**). On the basis of the Searches, and applying the principles of interpretation set forth in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**), the Filer has concluded that residents of Canada do not beneficially own more than 10% of the Ordinary Shares on a fully-diluted basis.

12. The Filer qualifies as a "designated foreign issuer" under NI 71-102, and as such relies on and complies with the exemptions from Canadian continuous disclosure requirements afforded to designated foreign issuers under Part 5 of NI 71-102.

Decision

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

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

(a) the Filer continues to be subject to and in compliance with the disclosure requirements of the United Kingdom, including the AIM Rules;

(b) residents of Canada do not beneficially own more than 10% of the aggregate number of any class or series of securities of the Filer or a subsidiary of the Filer, on a fully-diluted basis, or more than 10% of the aggregate principal amount of any debt securities of the Filer or a subsidiary of the Filer;

(c) the Filer issues in Canada, and files on SEDAR, a news release stating that it will provide the Oil and Gas Disclosure prepared in accordance with the AIM Rules rather than in accordance with NI 51-101; and

(d) the Filer files the Oil and Gas Disclosure with the securities regulatory authority or regulator in each of the Reporting Jurisdictions as soon as practicable after the earlier of the date the Oil and Gas Disclosure is required to be filed under the AIM Rules and the date it is filed under the AIM Rules.

"Timothy Robson"
Manager, Legal
Corporate Finance
Alberta Securities Commission

2.1.12 Logan Resources Ltd.

Headnote

National Instrument 44-101 Short Form Prospectus Offerings – requirement to have a current AIF and not be an issuer whose operations have ceased, or whose principal asset is cash, cash equivalents, or its exchange listing – Qualification – An issuer that does not have a current AIF or whose operations have ceased, or whose principal asset is cash, cash equivalents, or its exchange listing wishes to use the short form prospectus system in NI 44-101 – the issuer seeks to complete a reverse-takeover transaction – transaction is conditional on the issuer completing a public offering of subscription receipts, and to save time and costs issuer would like to file a short form prospectus – issuer does not meet the qualification criteria for a short form prospectus without an exemption because, it is a venture issuer and has never filed an AIF and it has ceased its operations as a mining company and its principal asset is cash – issuer has shown that there is an adequate market following and adequate disclosure without meeting the qualification criteria, and in such cases relief may be appropriate.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Offerings, ss. 2.2, 8.1.

December 21, 2018

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

AND

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

AND

IN THE MATTER OF
LOGAN RESOURCES LTD.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the qualification criteria in sections 2.2(d)(ii) and 2.2(e) (the Qualification Criteria) of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) that the Filer have a current annual information form (AIF) and not be an issuer whose operations have ceased, or whose principal asset is cash, cash equivalents or its exchange listing, do not apply to the Filer in connection with the Offering, as such term is defined below (the Exemption Sought).

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

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

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

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

Interpretation

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

Representations

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

1. the Filer was incorporated under the laws of the Province of British Columbia on June 26, 1978;

2. the head office of the Filer is located in Vancouver, British Columbia;

3. the Filer is a reporting issuer under the securities legislation of British Columbia and Alberta, and an electronic filer within the meaning of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR);

4. the Filer is not in default of securities legislation in any jurisdiction or any of the rules, regulations or polices of the TSX Venture Exchange (the TSXV);

5. the Filer has filed current audited annual financial statements for its fiscal year ended March 31, 2018 on SEDAR;

6. as a venture issuer under National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), the Filer is not required to file an AIF;

7. the Filer is authorized to issue an unlimited number of common shares (each, a Share), of which 42,737,750 Shares are issued and outstanding as at December 20, 2018; the Shares are listed for trading on the TSXV under the symbol “LGR”;

8. on January 30, 2018, the Filer announced its proposed acquisition of Voleo, Inc. (Voleo), a private company incorporated under the laws of Canada, which, if completed, will result in Voleo becoming a wholly-owned subsidiary of the Filer (the Transaction);

9. the Transaction will result in a reverse takeover of the Filer by Voleo and thus will be a restructuring transaction for the purposes of NI 44-101;

10. the Transaction is subject to the prior approval of the TSXV and the Filer meeting TSXV Initial Listing Requirements upon completion of the Transaction;

11. in connection with the Transaction, the Filer is required to undertake a public offering of subscription receipts (each, a Subscription Receipt) to raise minimum gross proceeds of $5,000,000 and maximum gross proceeds of $10,000,000, or such other amount as is determined by the Filer and Voleo (the Offering);

12. each Subscription Receipt will entitle the holder thereof to receive one unit (Unit), without payment of additional consideration, upon the completion of the Transaction; each Unit will consist of one Share and one half of one common share purchase warrant (each whole warrant, a Warrant); each Warrant will entitle the holder thereof to purchase one additional Share of the Filer at any time up to 24 months from the closing of the Offering;

13. at the closing of the Offering, the subscription funds will be deposited with TSX Trust Company, as escrow agent; if the Transaction does not close within 120 days of the closing of the Offering, the applicable subscription funds will be returned by the Filer to the holder;

14. prior completion of the Offering is a condition to the closing of the Transaction;

15. assuming completion of the Transaction, the Filer will adopt the business of Voleo, Voleo will be the reverse takeover acquirer and the Filer will be the reverse takeover acquiree;

16. the Filer wishes to file a short form prospectus pursuant to NI 44-101 to qualify the distribution of the Subscription Receipts under the Offering (the Prospectus), but the Filer does not meet the Qualification Criteria because the Filer does not have a current AIF, its operations have ceased and its principal assets are cash and cash equivalents;

17. the Filer and Voleo were both required to obtain the approval of their respective shareholders for completion of the Transaction, and such approvals were obtained on July 18, 2018 and June 18, 2018, respectively;

18. in connection with obtaining shareholder approval, the Filer and Voleo prepared a joint management information circular in the form prescribed by TSXV Form 3D1 *Information Required in an Information Circular for a Reverse Take-Over or Change of Business* (the Information Circular);

19. the Information Circular is dated May 30, 2018; after review by the TSXV, it was mailed to shareholders of the Filer and Voleo, and filed on SEDAR;

20. the Information Circular includes prospectus-level disclosure with respect to Voleo and its business, including audited annual consolidated financial statements of Voleo for the fiscal years ended December 31, 2017 and 2016, including the notes thereto, and the unaudited consolidated financial statements of Voleo for the fiscal years ended December 31, 2016 and 2015, including the notes thereto, and information with respect to the Filer, on a pro forma consolidated basis, assuming completion of the Transaction;

21. the Filer will incorporate the Information Circular by reference into the Prospectus;

22. an exemption from paragraph 2.2(d) of NI 44-101 is provided under subsection 2.7(2) of NI 44-101 to permit a successor issuer that does not have a current AIF to qualify to file a prospectus in the form of a short form prospectus, subject to certain conditions; in particular, the condition in paragraph 2.7(2) of NI 44-101 that an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular: (i) complied with applicable securities legislation; and (ii) included disclosure in accordance with section 14.2 or 14.5 of Form 51-102F5 *Information Circular* (51-102F5) for the successor issuer;

23. the Filer is unable to rely on the exemption in subsection 2.7(2) of NI 44-101 because it has not yet completed the Transaction and is therefore not a "successor issuer" as defined in NI 44-101; and

24. the Filer has filed on SEDAR a notice pursuant to section 2.8 of NI 44-101 declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of any preliminary short form prospectus.

Decision

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

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

(a) the Information Circular complies with applicable securities legislation and includes disclosure in accordance with section 14.2 or 14.5 of 51-102F5 in relation to the Transaction; and

(b) the Filer complies with the representations in sections 11, 12, 13, 14, 15, 20 and 21.

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

2.2 Orders

2.2.1 Hiku Brands Company Ltd.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application for an order than the issuer is not a reporting issuer under applicable securities laws – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation except it has not filed certain continuous disclosure documents

Applicable Legislative Provisions

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

December 11, 2018

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

AND

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

AND

IN THE MATTER OF
HIKU BRANDS COMPANY LTD.
(the Filer)

ORDER

Background

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

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

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

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

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

Interpretation

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

Representations

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

1. the Filer is incorporated under the *Business Corporations Act* (British Columbia);

2. the Filer's head office is located in Vancouver, British Columbia;

3. the Filer's authorized share capital consists of an unlimited number of common shares (Common Shares) and an unlimited number of preferred shares;

4. on September 5, 2018, all of the Common Shares were acquired by Canopy Growth Corporation by way of a plan of arrangement under the *Business Corporations Act* (British Columbia);

5. the Common Shares were delisted from the Canadian Securities Exchange at the close of business on September 6, 2018;

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

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

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

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

10. the Filer is not in default of securities legislation in any jurisdiction, other than the obligation of the Filer to file on or before November 29, 2018 its interim financial statements and related management's discussion and analysis for the interim period ended September 30, 2018 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the Filings); and

11. the Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* as it is in default for failure to file the Filings.

Order

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

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

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

2.2.2 Mainstream Minerals Corporation – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF
MAINSTREAM MINERALS CORPORATION

ORDER
(Section 144 of the Act)

WHEREAS the securities of Mainstream Minerals Corporation (the **Applicant**) are subject to a cease trade order dated April 25, 2016, issued by the Director of the Ontario Securities Commission (the Commission), pursuant to paragraph 2 of subsection 127(1) and subsection 127(4.1) of the Act (the **Ontario Cease Trade Order**), directing that all trading in the securities of the Applicant, whether direct or indirect, cease until the Ontario Cease Trade Order is revoked by the Director;

AND WHEREAS the Ontario Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law, as described in the Ontario Cease Trade Order;

AND WHEREAS the Applicant has applied to the Commission for a full revocation of the Ontario Cease Trade Order (the **Application**) pursuant to section 144 of the Act;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation formed pursuant to articles of incorporation under the *Canada Business Corporations Act* on July 19, 2006. The Applicant's head office is located at 47 Fordham Bay, Winnipeg, Manitoba, R3T 3B8.

2. The Applicant is a mineral exploration company, owning the Bobjo mineral exploration property located in Kenora, Ontario, and intends to continue carrying on its business as a mineral exploration company.

3. The Applicant has been a reporting issuer under the Act and is currently a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (collectively, the **Reporting Jurisdictions**) and is not a reporting issuer or equivalent in any other jurisdiction in Canada. The Applicant's principal regulator is the Manitoba Securities Commission.

4. The Applicant's authorized capital consists of an unlimited number of common shares (the **Common Shares**), of which 67,102,130 Common Shares are issued and outstanding.

5. The Applicant has no other securities, including debt securities, issued and outstanding.

6. The Common Shares were delisted from trading on the TSX Venture Exchange (the **TSXV**) on August 17, 2017 for failure to maintain minimum TSXV listing requirements. The Common Shares have not been, and are not currently, listed on any other exchange or market in Canada or elsewhere.

7. The Ontario Cease Trade Order was issued as a result of the Applicant's failure to file the following continuous disclosure materials within the timeframe stipulated by the applicable legislation:

   (a) audited annual financial statements for the year ended November 30, 2015;

   (b) management's discussion and analysis relating to the audited annual financial statements for the year ended November 30, 2015; and

   (c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**);

   (collectively, the **2015 Annual Filings**).

8. As a result of the failure to file the 2015 Annual Filings within the timeframe stipulated by the applicable legislation, the Applicant is also subject to: (a) a cease trade order dated April 21, 2016 issued by the Manitoba Securities Commission (the **Manitoba Cease Trade Order**) and; (b) a cease trade order dated April 22, 2016 issued by the British Columbia Securities Commission (the **BC Cease Trade Order**) (collectively with the Ontario Cease Trade Order, the **Cease Trade Orders**).

9. The Applicant has concurrently applied to the Manitoba Securities Commission for a full revocation of the Manitoba Cease Trade Order and the British Columbia Securities Commission for a full revocation of the BC Cease Trade Order.

10. Subsequent to the issuance of the Ontario Cease Trade Order, the Applicant also failed to file, within

the timeframe stipulated by the applicable legislation: (a) interim financial statements, interim management discussion and analysis and certifications required by NI 52-109 for the periods ended February 28, 2016, May 31, 2016 and August 31, 2016 (collectively, the **2016 Interim Filings**); (b) audited annual financial statements, management's discussion and analysis and certifications required by NI 52-109 for the year ended November 30, 2016 (collectively, the **2016 Annual Filings**); (c) interim financial statements, management's discussion and analysis and certifications required by NI 52-109 for the periods ended February 28, 2017, May 31, 2017 and August 31, 2017 (collectively, the **2017 Interim Filings**); and (d) audited annual financial statements, management's discussion and analysis and certifications required by NI 52-109 for the year ended November 30, 2017 (collectively, the **2017 Annual Filings**); and (e) interim financial statements, management's discussion and analysis and certifications required by NI 52-109 for the periods ended February 28, 2018, May 31, 2018 and August 31, 2018 (collectively, the **2018 Interim Filings**).

11. Since the issuance of the Ontario Cease Trade Order, the Applicant has filed the following on the System for Electronic Document Analysis and Retrieval (**SEDAR**): (a) the 2015 Annual Filings; (b) the 2016 Annual Filings; (c) the 2017 Annual Filings; and (d) the 2018 Interim Filings.

12. The Applicant has not filed: (a) the 2016 Interim Filings; or (b) the 2017 Interim Filings (collectively, the **Outstanding Interim Filings**) and has requested the Commission to exercise its discretion in accordance with section 6 of National Policy 12-202 *Revocation of Certain Cease Trade Orders* and elect not to require the Applicant to file the Outstanding Interim Filings.

13. Except for the Outstanding Interim Filings, the Applicant is: (a) up-to-date with all of its continuous disclosure obligations; (b) not in default of any requirements under applicable securities legislation or the rules and regulations made pursuant thereto in any of the Reporting Jurisdictions, except for the existence of the Cease Trade Orders; and (c) not in default of any of its obligations under the Cease Trade Orders.

14. The Applicant has paid all outstanding participation fees, filing fees and late fees owing and has filed all forms associated with such payments in each Reporting Jurisdiction.

15. The Applicant's SEDAR and System for Electronic Disclosure by Insiders profiles are current and accurate.

16. The Applicant is not considering nor is it involved in any discussions related to, a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

17. Since the issuance of the Cease Trade Orders, there have not been any material changes in the business, operations or affairs of the Applicant that have not been disclosed to the public.

18. The Applicant held an annual and special meeting of shareholders on September 25, 2018, which was adjourned and reconvened on October 23, 2018 (the **Annual Meeting**). The management proxy materials mailed in connection with the Annual Meeting were posted on SEDAR on September 18, 2018. All matters of business at the Annual Meeting were passed, except for a special resolution that would have authorized a consolidation of the Common Shares.

19. Upon revocation of the Cease Trade Orders, the Applicant will disseminate a news release announcing the revocation of the Cease Trade Orders, and will concurrently file such news release on SEDAR.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Ontario Cease Trade Order;

IT IS ORDERED pursuant to section 144 of the Act that the Ontario Cease Trade Order is revoked.

DATED at Toronto, Ontario on this 11th day of December, 2018.

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 Compass Gold Corporation – 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 Alberta and British Columbia – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta and British Columbia are 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
COMPASS GOLD CORPORATION

ORDER
(clause 1(11)(b))

UPON the application of Compass Gold Corporation (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 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 representing to the Commission as follows:

1. The Applicant was incorporated under the *Business Corporations Act* (Alberta) on February 26, 1988 under the name "Quebont Gold Resources Inc.", changed its name to "Nordic Gold Corporation" pursuant to articles of amendment dated July 12, 1988 and continued under the name "Compass Gold Corporation" under the *Business Corporations Act* (British Columbia) on October 2, 2008. The Applicant was continued under the *Business Corporations Act* (Ontario) on December 4, 2017.

2. The head office of the Applicant is located at 330 Bay Street, Suite 1400, Toronto, Ontario M5H 2S8. The registered office of the Applicant is located at 365 Bay Street, Suite 800, Toronto, Ontario M5H 2V1.

3. The authorized share capital of the Applicant consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of preferred shares, issuable in series (**Preferred Shares**).

4. As of the date hereof, 29,738,522 Common Shares, options exercisable to purchase an aggregate of 2,145,000 Common Shares and warrants exercisable to purchase an aggregate of 13,426,079 Common Shares are issued and outstanding. No Preferred Shares are issued and outstanding.

5. The Applicant became a reporting issuer under the *Securities Act* (British Columbia) (the **BC Act**) on November 29, 1999.

6. The Applicant made its first filing with the Alberta Securities Commission on June 9, 1989.

7. The Applicant is not a reporting issuer or the equivalent in any jurisdiction in Canada other than Alberta or British Columbia.

8. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to the BC Act or the *Securities Act* (Alberta) (the **Alberta Act**) and is not in default of any of its obligations under the BC Act or the Alberta Act or the rules and regulations made thereunder.

9. The continuous disclosure materials filed by the Applicant under the securities legislation in British Columbia and Alberta are available on the System for Electronic Document Analysis and Retrieval.

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

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

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

13. The TSXV requires all of its listed issuers, which are not otherwise reporting issuers in Ontario, to assess whether they have a significant connection with Ontario, as defined in Policy 1.1 of the TSXV Corporate Finance Manual, and, upon first becoming aware that it has a significant connection to Ontario, to promptly make a bona fide application to the Commission to be designated a reporting issuer in Ontario.

14. The Applicant has determined that it has a significant connection to Ontario in accordance with the policies of the TSXV. Following the completion of a reverse take-over transaction on November 29, 2017 (the **RTO**), the head office of the Applicant

was moved to Ontario and the mind and management of the Applicant now reside in Ontario. Further, following completion of a private placement conducted by the Applicant in connection with the RTO, more than 20% of the total number of equity securities of the Applicant are owned by registered and beneficial shareholders resident in Ontario.

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

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

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

    (a) been subject to 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.

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

    (a) any known ongoing or concluded investigation 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.

19. 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 orders, or orders 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.

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

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

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

Dated this 26th day of November, 2018.

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.2.4 Avion Gold Corporation

Headnote

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

Applicable Legislative Provisions

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

December 20, 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
AVION GOLD CORPORATION
(the "Filer")

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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.

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.2.5 SBC Financial Group Inc. and Prabhjot Singh Bakshi – ss. 127(1), 127(10)

FILE NO.: 2018-67

IN THE MATTER OF
SBC FINANCIAL GROUP INC. and
PRABHJOT SINGH BAKSHI

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

December 21, 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 SBC Financial Group Inc. (**SBC**) and Prabhjot Singh Bakshi (**Bakshi**) pursuant to subsections 127(1) and 127(10) of the Securities Act, RSO 1990, c S.5 (the Act);

ON READING the decision of the British Columbia Securities Commission (the **BCSC**) dated April 16, 2018 and the sanctions decision of the BCSC dated September 5, 2018 with respect to SBC and Bakshi, and on reading the materials filed by Staff;

IT IS ORDERED:

1. Against SBC that:

   (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by SBC shall cease until September 5, 2028;

   (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by SBC shall cease until September 5, 2028;

   (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to SBC until September 5, 2028; and

   (d) pursuant to paragraph 8.5 of subsection 127(1) of the Act, SBC is prohibited until September 5, 2028 from becoming or acting as a registrant or promoter;

2. Against Bakshi that:

   until the later of September 5, 2028 and the date that Bakshi pays to the BCSC the amounts set out in paragraphs 87(c) and 87(d) of the BCSC's Sanctions Decision dated September 5, 2018 (the **BCSC Sanctions Decision**):

   (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Bakshi shall cease, except that he may trade for his own account (including one RRSP account) through a registered dealer, if he provides the registered dealer with copies of the BCSC Sanctions Decision and this order;

   (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Bakshi shall cease, except that he may purchase securities for his own account (including one RRSP account) through a registered dealer, if he provides the registered dealer with copies of the BCSC Sanctions Decision and this order;

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

   (d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Bakshi shall resign any positions that he holds as a 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, Bakshi is prohibited 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, Bakshi is prohibited from becoming or acting as a registrant or promoter.

"D. Grant Vingoe"

2.2.6 LME Clear Limited – s. 147

Headnote

Application under section 147 of the Securities Act (Ontario) (Act) for an order exempting LME Clear Limited from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 147.

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

AND

IN THE MATTER OF
LME CLEAR LIMITED

ORDER
(Section 147 of the OSA)

WHEREAS LME Clear Limited (**LMEC**) has filed an application (**Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the OSA requesting an order exempting LMEC from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA in order to provide its central counterparty (**CCP**) services to Ontario market participants;

AND WHEREAS LMEC has represented to the Commission that:

1.1 LMEC is a private company incorporated in England and Wales on April 21, 2011, under registered number 07611628. LMEC's registered office and head office is at 10 Finsbury Square, London EC2A 1AJ. All corporate documentation relating to LMEC is filed with Companies House in the United Kingdom (**UK**).

1.2 LMEC is 100% owned by HKEX Investment UK Limited (**HKEX UK**), a holding company which also owns 100% of the shares in the London Metal Exchange (**LME**), through LME Holdings Limited. LMEC has no subsidiaries.

1.3 LMEC is authorised as a CCP pursuant to Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**), which sets out clearing and bilateral risk-management requirements for derivative contracts, reporting requirements for derivative contracts, and uniform requirements for the performance of activities of CCPs and trade repositories. LMEC is primarily supervised by the Bank of England (the **Bank**), is regulated as a Recognised Central Counterparty in accordance with the *Financial Services and Markets Act 2000* (**FSMA**) in the United Kingdom, and is a designated system under the *Financial Markets and Insolvency (Settlement Finality) Regulations 1999*. Its authorisation was obtained on 3 September 2014. LMEC is also authorised to provide Automated Trading Services in Hong Kong and is the clearing organisation for the LME under its Foreign Board of Trade Licence in the US.

1.4 LMEC is of the opinion that it fully observes the international standards applicable to financial market infrastructures described in the April 2012 report named *Principles for financial market infrastructures* (**PFMI**), having prepared a detailed assessment of its compliance against the PFMI and the associated disclosure framework as of September 2018, which has been reviewed and validated by the Bank.

1.5 LMEC is subject to regulatory supervision by the Bank. LMEC is required to deliver to the Bank monthly returns showing LME Clear's activities, including:

- initial margin;
- default fund size;
- cash and non-cash collateral data;
- stress testing results for counterparty credit and liquidity risk;

- capital data; and
- details of any significant changes in the organisation, governance, structure or ownership of LMEC.

1.6 The Bank reviews LMEC's annual financial statements and auditors' reports and does an annual risk classification of LMEC, including an assessment of the adequacy of LMEC's capital and risk management procedures. In addition, the Bank may carry out site audits.

1.7 In addition, LME Clear provides quarterly updates to the Securities & Futures Commission of Hong Kong (**SFC**) as part of its Automated Trading System Licence on the total volume of all trades cleared and settled and open interest, as well as details of the margin and collateral balances, and the default fund contribution of each Hong Kong Member (if any).

1.8 A member of LMEC (Member) is a member of the London Metal Exchange who has been admitted to use the clearing system of LMEC in accordance with Rule 3 of the LMEC Rules and Procedures (**LMEC Rules**) and the membership procedures. Members may be either an Individual Clearing Member (**ICM**) or a General Clearing Member (**GCM**). ICMs are permitted to clear transactions on their own behalf only. GCMs may clear transactions on their own behalf and also in respect of transactions effected (i) by the GCM with its clients, or (ii) by its clients with other non-members. Members may elect to use either the LME Base Service, the LMEprecious Service or both.

1.9 LMEC anticipates that banks based in Ontario and certain other market participants that have a head office or principal place of business in Ontario may be interested in becoming Members of LMEC.

1.10 The LMEC Rules act as the master agreement between LMEC and its Members in respect of all transactions cleared by LMEC.

1.11 LMEC provides services to persons who are admitted to membership on the terms of the LMEC Rules (LMEC Rule 3.1.1). The LMEC Rules are binding on Members (LMEC Rule 2.1.1) by virtue of the LME Clear Membership Agreement. LMEC's membership criteria have been designed to operate on an objective basis to all applicants. LMEC applies its membership criteria to applicants on a non-discriminatory basis, with the aim of ensuring fair and open access to its clearing system.

1.12 LMEC's membership criteria covers professional qualifications, financial integrity, regulated status of an applicant, and the ability of the applicant to meet and continue to meet the standards set out by LMEC.

1.13 The membership criteria are set out in membership procedures which are contained in the LMEC Rules, Part B. There are some additional criteria for applicants applying to become a GCM which are summarised below.

1.14 The criteria to become a GCM are that the applicant must:

(a) meet the conditions (if any) in LMEC's pro forma membership agreement;

(b) satisfy the minimum net capital for a Member; and

(c) pay its contribution to the LMEC default fund.

1.15 A Member clearing for the LME business must also:

(a) be a clearing member of the LME (this status is only available to certain categories of LME member specified in the LME Rules);

(b) be a member of the LMEsmart system; and

(c) meet the minimum net capital requirement for a Member of US$10,000,000;

1.16 A GCM is required be regulated in the conduct of its business under the securities and/or banking legislation of an European Economic Area State or of any other country or countries acceptable to LMEC, and must not be prohibited by such legislation or its regulator from becoming a Member or from performing the obligations of a Member under the LMEC Rules. A GCM must also have sufficient financial resources and operational capacity to clear transactions on behalf of clients.

1.17 The LMEC Executive Risk Committee may approve an application to become a Member upon a determination that the applicant meets the membership criteria and after conducting a risk assessment and assigning an internal credit rating to the applicant.

1.18 Each Member shall provide to LMEC and maintain on a daily basis for so long as it is a Member, eligible collateral with a value sufficient to satisfy its margin requirement, which shall comprise as security, cover and/or credit support for the performance by that Member of all of its present and future obligations to LMEC pursuant to the LME Rules or the operation of the LMEC's clearing system.

1.19 The margin requirement for each Member will be the amount which LME Clear may determine and notify the Member from time to time.

1.20 LMEC requires all Members posting non-cash collateral to execute one or more security deeds and/or pledge agreements granting charges in favour of LMEC over all collateral and default fund contributions held by Members with LMEC.

1.21 The LMEC Rules (including in particular the default procedures contained within them) govern the processes that apply to Members in the case of a clearing Member default; clearing Members remain responsible for the credit risk of their Clients. These procedures facilitate transparent and practical market action in stress situations. In broad terms LMEC will look to neutralise risk by hedging the overall house position of a defaulting Member against the most liquid market dates and roll forward any prompt physical delivery positions to manage its risk. LMEC will then seek to auction the defaulting Member's remaining house portfolio to other participants as its preferred method of disposal; however it will also be able to execute the close out of all remaining open house positions if required. A Member must successfully complete simulated default tests to demonstrate they have the appropriate expertise and operational processes in place prior to beginning clearing operations. Once live, all Members are required to participate in fire drills regularly to confirm their operational readiness to manage a Member default.

1.22 LMEC seeks an exemption from the clearing agency recognition requirement in relation to all products eligible to be cleared on LMEC (**Eligible Products**). The Eligible Products as at the time of this order are as follows:

(a) Exchange Traded Forwards relating to metals;

(b) Exchange Traded Futures relating to metals;

(c) Exchange Traded Futures relating to metal indices;

(d) Exchange Traded American Options relating to metals;

(e) Exchange Traded Average Price Options (TAPOs) relating to metals;

(f) Exchange Traded Monthly Average Futures relating to metals;

(g) Exchange Traded LMEprecious futures; and

(h) Exchange Traded LMEprecious options.

1.23 LMEC would provide its services to participants in Ontario without establishing an office, accessing systems from, or having a physical presence in Ontario or elsewhere in Canada.

1.24 LMEC submits that it does not pose a significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction.

AND WHEREAS LMEC has agreed to the respective terms and conditions as set out in Schedule "A" to this order;

AND WHEREAS based on the Application and the representations that LMEC has made to the Commission, the Commission has determined that granting an order to exempt LMEC from the requirement to be recognized as a clearing agency would not be prejudicial to the public interest;

AND WHEREAS LMEC has acknowledged to the Commission that the scope of and the terms and conditions imposed by the Commission attached hereto as Schedule "A" to this order, or the determination whether it is appropriate that LMEC continue to be exempted from the requirement to be recognized as a clearing agency, may change as a result of the Commission's monitoring of developments in international and domestic capital markets, LMEC's activities, or as a result of any changes to the laws in Ontario affecting trading in or clearing and settlement of derivatives or securities;

IT IS HEREBY ORDERED by the Commission that pursuant to section 147 of the OSA, LMEC is exempt from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA;

PROVIDED THAT LMEC complies with the terms and conditions attached hereto as Schedule "A".

DATED this 21st day of December 2018.

“Deborah Leckman”

“Robert P. Hutchison”

SCHEDULE "A"

Terms and Conditions

Definitions:

For the purposes of this Schedule "A":

"client clearing" means the ability of a Clearing Member to clear transactions on LMEC for and on behalf of a client.

Unless the context requires otherwise, other terms used in this Schedule "A" shall have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this order).

COMPLIANCE WITH ONTARIO LAW

1. LMEC will comply with Ontario securities law (as defined in the OSA) and, where applicable, Ontario commodity futures law (as defined in the *Commodity Futures Act* (Ontario)).

SCOPE OF PERMITTED CLEARING SERVICES IN ONTARIO

2. LMEC's activities in Ontario will be limited to the clearing of transactions described in paragraph 1.22 of LMEC's representations set out above in this order.

REGULATION OF LMEC

3. LMEC will maintain its status as a CCP under EMIR and FSMA or any comparable successor legislation and will continue to be subject to the regulatory oversight of the Bank or any successor supervisory authority.

4. LMEC will continue to comply with its ongoing regulatory requirements as a CCP under EMIR and FSMA or any comparable successor legislation and with the ongoing regulatory requirements of the Bank or any successor supervisory authority.

GOVERNANCE

5. LMEC will promote within LMEC a governance structure that minimizes the potential for any conflict of interest between LMEC and its shareholders that could adversely affect the clearing services permitted under this order or the effectiveness of LMEC's risk management policies, controls and standards.

FILING REQUIREMENTS

Filings with the Bank

6. LMEC will provide staff of the Commission the following information to the extent that it is required to provide or to file such information with the Bank or its successor:

   (a) details of any material legal proceeding instituted against LMEC;

   (b) notification that LMEC has failed to comply with an undisputed obligation to pay money or deliver property to a Clearing Member for a period of thirty days after receiving notice from the Clearing Member of LMEC's past due obligation;

   (c) notification that LMEC has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate LMEC or has a proceeding for any such petition instituted against it;

   (d) notification that LMEC has initiated its recovery plan;

   (e) the appointment of a receiver or the making of any voluntary arrangement with creditors;

   (f) the entering of LMEC into any resolution regime or the placing of LMEC into resolution by a resolution authority;

   (g) material changes to its bylaws and rules where such changes would impact the services permitted by this order to be used by Ontario residents (whether as a Clearing Member or otherwise); and

(h) new services or clearing of new types of products to be offered to a Clearing Member having a head office or principal place of business in Ontario (Ontario Clearing Member) or services or products that will no longer be available to an Ontario Clearing Member.

Prompt Notice

7. LMEC will promptly notify staff of the Commission of any of the following:

(a) any material change or proposed material change to LMEC's status as a CCP under EMIR or FSMA or in its regulatory oversight by the Bank.

(b) any material problems with the clearing and settlement of transactions that could materially affect the safety and soundness of LMEC;

(c) the admission of any new Ontario Clearing Members;

(d) any event of default by, or removal of the ability to clear transactions through LMEC of, any Ontario Clearing Member; and

(e) any system failure, malfunction or delay, or security incident, at LMEC that is material and that affects an Ontario Clearing Member including cybersecurity incidents.

Quarterly Reporting

8. LMEC will maintain and submit the following information to the Commission in a manner and form acceptable to the Commission on a quarterly basis within 30 days of the end of each calendar quarter, and at any time promptly upon the request of staff of the Commission:

(a) current list of all Ontario Clearing Members with their corresponding legal entity identifier (**LEI**), if any;

(b) a list of all Ontario Clearing Members against whom disciplinary or legal action has been taken in the quarter by LMEC with respect to activities at LMEC, or to the best of LMEC's knowledge, by any other authority that has or may have jurisdiction with respect to the relevant Ontario Clearing Member's clearing activities at LMEC;

(c) a list of all investigations by LMEC in the quarter relating to Ontario Clearing Members;

(d) a list of all Ontario-resident applicants who have been denied Clearing Member status in the quarter by LMEC;

(e) quantitative information in respect of the services used by Ontario Clearing Members for transactions in the asset classes listed in paragraph 1.22 of LMEC's representations set out above in this order, including in particular the following:

(i) as at the end of the quarter, level, maximum and average daily open interest, number of transactions and notional value of transactions cleared during the quarter for each Ontario Clearing Member;

(ii) the percentage of end of quarter level and average daily open interest, number of transactions and the notional value cleared during the quarter for all Clearing Members that represents the end of quarter and average daily open interest, number of transactions and the notional value of transactions cleared during the quarter for each Ontario Clearing Member;

(iii) the aggregate initial margin amount required by LMEC ending on the last trading day during the quarter for each Ontario Clearing Member;

(iv) the portion of the initial margin required by LMEC ending on the last trading day of the quarter for all Clearing Members that represents the initial margin required during the quarter for each Ontario Clearing Member; and

(v) the aggregate total margin amount required by LMEC ending on the last trading day during the quarter for each Ontario Clearing Member;

(f) the default fund contribution, for each Ontario Clearing Member on the last trading day during the quarter, and its proportion to the total default fund contributions;

(g) if known to LMEC, for each Clearing Member (identified by LEI) offering client clearing to an Ontario resident that seeks to clear transactions through such Clearing Member, the identity of the Ontario resident client (including LEI, if any) receiving such services, and the value and volume cleared by asset class or transaction type during the quarter for and on behalf of each Ontario resident client;

(h) a summary of the risk management analysis related to the adequacy of LMEC's default funds, including but not limited to stress testing and backtesting results; and

(i) a copy of all circulars published during the quarter that describe and show changes to the LMEC Rules made during the quarter.

INFORMATION SHARING

9. LMEC will promptly provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws that would prevent the sharing of such information and subject to the application of solicitor-client privilege.

10. Unless otherwise prohibited under applicable law, LMEC will share information relating to regulatory and enforcement matters and otherwise cooperate with other recognized and exempt clearing agencies on such matters, as appropriate.

2.2.7 PGIM, Inc. – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (Contracts) for certain investors in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions of exemption correspond to the relevant terms and conditions of the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.

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, ss. 1.1, 8.26.
Ontario Securities Commission Rule 13-502 Fees.

December 17, 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
PGIM, INC.

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of PGIM, Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order of the Commission, pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant's behalf (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions.

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

AND WHEREAS for the purposes of this Order:

"CFA Adviser Registration Requirement" means the provisions of section 22 of the CFA that prohibit a person or company from acting as an adviser with respect to trading in Contracts unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the Commodity Futures Trading Commission of the United States;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

"NFA" means the National Futures Association of the United States;

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, as amended from time to time;

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended from time to time;

"OSA Adviser Registration Requirement" means the provisions of section 25 of the OSA that prohibit a person or company from acting as an adviser with respect to investing in, buying or selling securities unless the person or company is registered in the appropriate category of registration under the OSA;

"Permitted Client" means a client in Ontario that is a "permitted client", as that term is defined in section 1.1 of NI 31-103, except that for purposes of this Order such definition shall exclude a person or company registered as an adviser or dealer under the securities or derivatives legislation, including commodity futures legislation, of a jurisdiction of Canada;

"SEC" means the Securities and Exchange Commission of the United States;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*; and

"United States" means the United States of America

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a company incorporated under the laws of the State of Delaware, United States. Its principal place of business is located in New Jersey, U.S.A.

2. The Applicant engages in the business of an adviser with respect to securities and with respect to Contracts in the United States. The Applicant provides investment management services on a fully discretionary basis to its clients through funds and separately managed accounts across multiple strategies and financial instruments including Foreign Contracts.

3. The Applicant is currently (a) registered with the SEC as an investment adviser; (b) registered with the CFTC as a commodity trading advisor and commodity pool operator; and (c) a member of the NFA.

4. The Applicant is not registered in any capacity under the CFA or the OSA, however it is currently availing itself of the International Adviser Exemption in each of Ontario, Alberta, British Columba, Nova Scotia and Québec.

5. The Applicant is not in default of securities legislation, commodity futures legislation or derivatives legislation of any jurisdiction in Canada. The Applicant is in compliance in all material respects with securities laws, commodity futures laws and derivatives laws of the United States.

6. In Ontario, certain institutional investors that are Permitted Clients seek to engage the Applicant as a discretionary investment manager for purposes of implementing certain specialized investment strategies.

7. The Applicant seeks to act as a discretionary commodity futures advisory manager for Canadian institutional investors that are Permitted Clients. The Applicant's advisory services to Permitted Clients would primarily include the use of specialized investment strategies employing Foreign Contracts.

8. Were the proposed advisory services limited to securities (as defined in subsection 1(1) of the OSA) the Applicant would be able to rely on the International Adviser Exemption and carry out such activities for Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement.

9. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients as to trading in Foreign Contracts, in the absence of this Order, the Applicant would be required to satisfy the CFA Adviser Registration Requirement by applying for and obtaining registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

10. To the best of the Applicant's knowledge, the Applicant confirms that there are currently no regulatory actions of the type contemplated by the *Notice of Regulatory Action* attached as Appendix "B", except as otherwise disclosed to the Commission.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make this Order;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Applicant and the Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of providing advice to Permitted Clients as to the trading of Foreign Contracts provided that:

(a) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

(b) the Applicant's head office or principal place of business remains in the United States;

(c) the Applicant is registered in a category of registration, or operates under an exemption from registration, under the applicable securities or commodity futures legislation of the United States that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;

(d) the Applicant continues to engage in the business of an adviser (as defined in the CFA) in the United States;

(e) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodity futures legislation or derivatives legislation of a jurisdiction of Canada) was derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

(f) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

  (i) the Applicant is not registered in Ontario to provide the advice described in paragraph (a) of this Order;

  (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

  (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

  (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and

  (v) the name and address of the Applicant's agent for service of process in Ontario;

(g) if the Applicant is not registered under the OSA and does not rely on the International Adviser Exemption, the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A";

(h) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or, to the best of the Applicant's knowledge after reasonable inquiry, any predecessors or the specified affiliates of the Applicant by completing and filing Appendix "B" within 10 days of the commencement of each such action, provided that the Applicant may also satisfy this condition by filing with the Commission,

  (i) within 10 days of the date of this Order, a notice making reference to and incorporating by reference the disclosure made by the Applicant pursuant to federal securities laws of the United States that is identified on the Investment Adviser Public Disclosure website, and

  (ii) promptly, a notification of any Form ADV amendment and/or filing with the SEC that relates to legal and/or regulatory actions; and

(i) if the Applicant is not subject to the requirement to pay a participation fee in Ontario because it is not registered under the OSA and does not rely on the International Adviser Exemption, by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of Ontario Securities Commission Rule 13-502 *Fees* as if the Applicant relied on the International Adviser Exemption; 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 Applicant to act as an adviser to a Permitted Client; and

(c) five years after the date of this Order.

Dated at Toronto, Ontario, this 21st day of December 2018.

”Deborah Leckman”
Commissioner
Ontario Securities Commission

“Robert.P.Hutchison”
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT (ONTARIO)

1. Name of person or company ("**International Firm**"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:
   E-mail address:
   Phone:
   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "**Relief Order**"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "**Agent for Service**"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "**Proceeding**") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service; and.

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX B

NOTICE OF REGULATORY ACTION[1]

1. Has the firm, or any predecessors or specified affiliates of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

		Yes	No
(a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	___	___
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	___	___
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	___	___
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	___	___
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	___	___
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	___	___
(g)	Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	___	___

   If yes, provide the following information for each action:

Name of entity	
Type of action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] Terms defined for the purposes of Form 33-506F6 *Firm Registration* to Ontario Securities Commission Rule 33-506 *(Commodity Futures Act) Registration Information* have the same meaning if used in this Appendix except that any reference to "firm" means the person or company relying on relief from the requirement to register as an adviser or dealer under the *Commodity Futures Act* (Ontario).

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm:
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 SBC Financial Group Inc. and Prabhjot Singh Bakshi – ss. 127(1), 127(10)

IN THE MATTER OF
SBC FINANCIAL GROUP INC. and
PRABHJOT SINGH BAKSHI

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

Citation: *SBC Financial Group Inc. (Re)*, 2018 ONSEC 60
Date: 2018-12-21
File No. 2018-67

Hearing:	In Writing	
Decision:	December 21, 2018	
Panel:	D. Grant Vingoe	Vice-Chair and Chair of the Panel
Appearances:	Vivian Lee	For Staff of the Commission
	No submissions made by or on behalf of SBC Financial Group Inc. and Prabhjot Singh Bakshi	

TABLE OF CONTENTS

REASONS AND DECISION

I. INTRODUCTION AND BACKGROUND

[1] In a decision issued by the British Columbia Securities Commission (the **BCSC**) on April 16, 2018,[1] the BCSC Hearing Panel (the **BCSC Panel**) found that SBC Financial Group Inc. (**SBC**) and Prabhjot Singh Bakshi (**Bakshi**) (together, the **Respondents**) engaged in unregistered trading and illegal distributions of securities, contrary to sections 34(a) and 61 of the British Columbia *Securities Act* (the **BC Act**).[2] The BCSC Panel also found that Bakshi was liable for SBC's contraventions of BC securities law, contrary to section 168.2(1) of the BC Act.

[2] In a second decision, dated September 5, 2018 (the **BCSC Sanctions Decision**),[3] the BCSC Panel imposed various sanctions on the Respondents. The BCSC Panel ordered that, among other things:

a. Bakshi be prohibited from trading in securities for a period of at least ten years, subject to a limited exception;

b. Bakshi be prohibited from becoming or acting as a director or officer of any issuer or registrant, for a period of at least ten years;

c. Bakshi disgorge funds and pay an administrative penalty;

d. SBC be prohibited from trading in securities for a period of ten years; and

e. SBC disgorge funds.

[3] Staff of the Ontario Securities Commission (**Staff** or the **Commission**) relies on the inter-jurisdictional enforcement provisions found in subsection 127(10) of the Ontario *Securities Act* (the **Act**)[4] and requests that the Commission issue an order that replicates the non-monetary sanctions imposed by the BCSC Panel.

[4] For the reasons that follow, I find that it is in the public interest to issue an order substantially in the form requested by Staff.

II. BRITISH COLUMBIA SECURITIES COMMISSION PROCEEDING

A. The Respondents

[5] Bakshi was the sole officer, director and shareholder of SBC.[5] He was also a former registrant in various categories, however he ceased to be registered in any capacity under the BC Act in February 2009, before the start of the misconduct that was sanctioned by the BCSC Panel.[6]

[6] SBC was a British Columbia corporation controlled by Bakshi. SBC was placed into bankruptcy on January 23, 2015 and subsequently dissolved for failing to file records on November 21, 2016. SBC was never registered in any capacity under the BC Act.[7]

[7] Neither Respondent ever filed a prospectus under the BC Act.[8]

[8] The Respondents held themselves out to investors as being in the investment management and financial services business.[9]

[9] Between August 2010 and September 2014[10] (the **Material Time**) the Respondents solicited investments in two different products: an interest-bearing loan arrangement between investors and SBC, and a Hawaiian real estate transaction.[11]

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1 *Re SBC Financial Group Inc.*, 2018 BCSECCOM 113 (**BC Merits Decision**).
2 RSBC 1996, c 418.
3 *Re SBC Financial Group Inc.*, 2018 BCSECCOM 267 (**BC Sanctions Decision**).
4 RSO 1990 c S.5.
5 BC Merits Decision at para 12.
6 BC Merits Decision at para 9.
7 BC Merits Decision at para 10.
8 BC Merits Decision at para 11.
9 BC Merits Decision at paras 18 and 119.
10 BC Merits Decision at paras 72 and 139.
11 BC Merits Decision at para 14.

B. The SBC Loan Transactions

[10] The interest-bearing loan arrangements between investors and SBC were typically documented by at least one of the following documents: a Lender Loan Questionnaire, a letter agreement or a promissory note. The terms of the notes varied among investors. Promised returns were between 5-30% and maturity dates varied from two months to 5 years. The most common term to maturity was three years.[12]

[11] Bakshi provided investors with regular account statements which purported to show their investments and returns.[13] Investors had the option of receiving their purported interest payments or allowing their returns to compound.[14]

[12] The BCSC Panel found that the limitation period operational under section 159 of the BC Act operated to reduce the possible contraventions of issuances of a security without a prospectus[15] from the 53 issuances of securities alleged by the Executive Director to 48 issuances, for proceeds totalling $1,735,238.[16] The limitation period did not impact the allegations relating to trading in securities without registration[17] as the trading constituted a continuous course of conduct.[18]

C. The Hawaiian Land Transactions

[13] Three investors invested a total of $400,000 with SBC in relation to what Bakshi claimed was a transaction to invest in parcels of land in Hawaii. Once re-zoned, title to the land was to be transferred to investors, at which time they were told they could choose to sell the lot or build a vacation home on the lot.[19]

[14] The BCSC Panel found that all elements of this investment were fabricated by Bakshi.[20]

[15] Notwithstanding the above findings, the BCSC Panel found that although Bakshi engaged in deceitful conduct relating to these transactions, they did not satisfy the "common enterprise" aspect of the "investment contract" test in *Pacific Coast Coin Exchange of Canada v. Ontario Securities Commission*.[21] Having held that the transactions were not a "security" as defined by the BC Act, the BCSC Panel dismissed the fraud allegations against Bakshi and reduced the magnitude of the wrongdoing involved in the remaining allegations of contraventions of section 34(a) and section 61 of the BC Act.[22]

D. Findings – Breach of sections 34(a), 61 and 168.2(1) of the BC Act

[16] The BCSC Panel found that the Respondents contravened section 34(a) of the BC Act with respect to trading in securities between October 2010 and September 2014 in the amount of $2,675,238. They also found the Respondents contravened section 61 of the BC Act with respect to 45 issuances of securities for $1,535,238. Finally, they found that Bakshi contravened section 168.2(1) of the BC Act as he was an officer and director SBC and authorized, permitted or acquiesced in the contraventions of the BC Act by SBC.[23]

E. BCSC Sanctions Decision

[17] In the BCSC Sanctions Decision, the BCSC Panel imposed both monetary and market conduct sanctions against the Respondents. Staff does not seek an order replicating the monetary sanctions.

[18] The BCSC Panel imposed the following non-monetary sanctions:

12 BC Merits Decision at para 15.
13 BC Merits Decision at para 19.
14 BC Merits Decision at para 20.
15 BC Act, s 61.
16 BC Merits Decision at para 92.
17 BC Act, s 34(a).
18 BC Merits Decision at paras 78 and 82.
19 BC Merits Decision at paras 28, 31.
20 BC Merits Decision at para 42.
21 [1978] 2 SCR 112.
22 BC Merits Decision at paras 95, 106, 108, 110.
23 BC Merits Decision at paras 139 and 140.

Bakshi

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

b. Bakshi is prohibited until the later of 10 years from the date of the BCSC Order and the date that he pays the amounts set out in paragraphs 87(c) and 87(d) of the BCSC Sanctions Decision:

i. under section 161(1)(b)(ii) of the BC Act, from trading in or purchasing any securities or exchange contracts, except that he may trade and purchase securities or exchange contracts for his own account (including one RRSP account) through a registered dealer, if he gives the registered dealer a copy of the BCSC Order;

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

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

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

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

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

SBC

c. SBC is prohibited for 10 years:

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

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

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

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

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

III. SERVICE AND PARTICIPATION

[19] In this proceeding, the Respondents were served via email on November 16, 2018, with the Notice of Hearing, Statement of Allegations, Staff's written submissions, and hearing brief.[24] Bakshi was served personally and on behalf of SBC via courier at his home address, and SBC was also served at their last known registered office address.[25] I find that service was properly effected on the Respondents.

[20] Pursuant to Rule 11(3) of the *Ontario Securities Commission Rules of Procedure and Forms* (**OSC Rules of Procedure**)[26] the deadline for the Respondents to serve and file written submissions was December 14, 2018. Although properly served, no materials were filed on behalf of the Respondents.

[21] I am satisfied that the Respondents were provided with adequate notice of this proceeding. Pursuant to the *Statutory Powers Procedure Act* and the OSC Rules of Procedure, the Commission may proceed in the absence of a party where that party has been given adequate notice of the hearing.[27]

24 Hearing Brief marked as Exhibit 1.

25 Affidavit of Service of Lee Crann, sworn November 20, 2018, marked as Exhibit 2.

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

27 *Statutory Powers Procedure Act*, RSO 1990, c S.22, s 7(2); *OSC Rules of Procedure*, r 21(3).

IV. ANALYSIS

A. Introduction

[22] The issues for me to consider are:

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

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

[23] The BCSC is a securities regulatory authority. In the BCSC Sanctions Decision, the BCSC Panel made the orders set out in paragraph [18] above, imposing sanctions on the Respondents. The test under paragraph 4 of subsection 127(10) of the Act is therefore satisfied.

[24] I must therefore consider whether it is in the public interest for the Commission to make an order against the Respondents, and if so, what that order should be.

B. Statutory authority to make public interest orders

[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.[28]

[27] In exercising its jurisdiction to make an order in reliance on subsection 127(10) of the Act, the Commission does not require that the underlying conduct have a connection to Ontario.[29]

C. Orders against dissolved corporations

[28] Following its bankruptcy, SBC was dissolved on November 21, 2016, for failure to file records.[30]

[29] The BCSC Panel acknowledged this fact in their Sanctions Decision, but determined that sanctions against SBC were warranted and in the public interest:

> Although SBC has been dissolved, we find it to be in the public interest to make our market prohibition orders against the company. Dissolved companies can be reinstated relatively easily and we would not be adequately protecting the public if we did not make orders to cover off that possibility.[31]

[30] Additionally, there is a provision of the British Columbia *Business Corporations Act*, which provides that legal proceedings may be pursued against a company within two years of its dissolution, as if it had not been dissolved.[32] Staff's Statement of Allegations in this matter is dated the 14th day of November 2018, and thus this proceeding was commenced within the two-year period.

[31] I agree with the reasoning of the BCSC Panel in this respect and accordingly will reciprocate the non-monetary sanctions ordered by the BCSC against both Bakshi and SBC.

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28 *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 26, [2001] 2 SCR 132 (SCC) at paras 42-43.

29 *Wong Sang Shen Cho (Craig Cho)*, 2014 ONSEC 20, (2014) 37 OSCB 7285 at para 48.

30 BCSC Merits Decision at para 10.

31 BCSC Sanctions Decision at para 45.

32 British Columbia *Business Corporations Act*, SBC 2002, c 57, subsection 346 (1)(b).

D. Appropriate sanctions

[32] Staff submits that the Respondents' conduct warrants an order designed to protect Ontario investors from the Respondents, by limiting the Respondents' participation in Ontario's capital markets. I agree that such an order would be in the public interest.

[33] In determining specific sanctions, the Commission may consider a number of factors, including the seriousness of the misconduct, the harm suffered by investors, specific and general deterrence and any aggravating or mitigating factors.[33]

[34] In this case, the misconduct was serious. The BCSC Panel found that sections 34 and 61 of the BC Act are "cornerstone" provisions, "as they relate directly to the protection of the investing public in the purchase and sale of securities.[34]"

[35] The BCSC Panel went on to note the harm that was caused to investors by the Respondents' lack of registration saying:

> The investors lost substantial investments without having received sufficient information regarding SBC and its securities with which to make an informed investment decision and the respondents dealt with investors in an unregistered capacity and without fulfilling basic obligations that, as a registrant, they would have owed their clients.[35]

[36] The harm suffered by investors was significant. While some investors received interest payments on their investments, many did not. All the investors' investments were lost when SBC was petitioned into bankruptcy, and the investors did not receive any distributions from the bankruptcy proceedings.[36]

[37] In contrast, the Respondents were personally enriched by their misconduct in the amount of $2,115,040, as SBC was the beneficiary of the proceeds of its unregistered trading and illegal distributions, and Bakshi, as the owner and directing mind of SBC was indirectly enriched by SBC's enrichment. The BCSC Panel also found that Bakshi was personally enriched as he directly obtained a portion of the investors' funds.[37]

[38] The BCSC Panel found no mitigating factors with respect to the Respondents, and no aggravating factors with respect to SBC. The BCSC Panel found that Bakshi's previous registration status was an aggravating factor. As a former registrant Bakshi should have known that the conduct he and SBC carried out required registration. He also should have been familiar with the prospectus requirements and available exemptions under the BC Act, and understood that certain SBC investors did not qualify for the exemptions they claimed in relation to SBC's offering of securities.[38]

[39] It is important that this Commission impose sanctions that will protect Ontario investors by specifically deterring the Respondents from engaging in similar or other misconduct in Ontario, and by acting as a general deterrent to other like-minded persons. I accept Staff's submission that the sanctions imposed by the BCSC Panel are proportionate to the Respondents' misconduct and that it would be appropriate for me to issue a substantially similar order.

E. Differences between BC and Ontario sanctions

[40] Due to differences between the Act and the BC Act, some of the sanctions I impose cannot be identical to those imposed by the BCSC Panel. This is true with respect to two aspects of the sanctions.

[41] First, the BCSC Sanctions Decision prohibits the Respondents from trading in or purchasing "exchange contracts". Subsection 127(1) of the Act does not expressly refer to exchange contracts. The BC Act defines "exchange contract" to mean a futures contract or option that meets certain specified requirements. As a result, Staff seeks an order permanently prohibiting the Respondents from trading in derivatives. In my view, when considering the factors described above that support the making of orders prohibiting trading, there is no reason to distinguish between securities and derivatives. In the circumstances of this case, it is equally in the public interest to protect Ontario investors and the capital markets by prohibiting the Respondents from trading in derivatives. I will therefore make the order requested by Staff.

[42] Second, the BCSC Sanctions Decision prohibits the Respondents from engaging in "investor relations activities" and from "acting in a management or consultative capacity in connection with activities in the securities market". In Ontario, the Act does not use those terms. Instead, such activities would largely be covered by the prohibitions already requested, against Bakshi acting as a director or officer of an issuer, or against either Respondent acting as a registrant or promoter.

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33 *Belteco Holdings Inc. (Re)* (1998), 21 OSCB 7743 at 7746-7747; *MCJC Holdings* (2002), 25 OSCB 1133 at 1136.

34 BCSC Sanctions Decision at para 14.

35 BCSC Sanctions Decision at para 18.

36 BCSC Sanctions Decision at para 20

37 BCSC Sanctions Decision at paras 22 – 24.

38 BCSC Sanctions Decision at paras 29 and 31.

I find that it is in the public interest to make the order as requested by Staff, and that such an order effectively mirrors the relevant provisions of the BCSC Sanctions Decision.

V. CONCLUSION

[43] 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:

Against SBC that:

a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by SBC shall cease until September 5, 2028;

b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by SBC shall cease until September 5, 2028;

c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to SBC until September 5, 2028; and

d. pursuant to paragraph 8.5 of subsection 127(1) of the Act, SBC is prohibited until September 5, 2028 from becoming or acting as a registrant or promoter;

Against Bakshi that:

until the later of September 5, 2028 and the date that Bakshi pays to the BCSC the amounts set out in paragraphs 87(c) and 87(d) of the BCSC's Sanctions Decision:

a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Bakshi shall cease, except that he may trade for his own account (including one RRSP account) through a registered dealer, if he provides the registered dealer with copies of the BCSC Sanctions Decision and this order;

b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Bakshi shall cease, except that he may purchase securities for his own account (including one RRSP account) through a registered dealer, if he provides the registered dealer with copies of the BCSC Sanctions Decision and this order;

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

d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Bakshi shall resign any positions that he holds as a 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, Bakshi is prohibited 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, Bakshi is prohibited from becoming or acting as a registrant or promoter.

Dated at Toronto this 21st day of December, 2018.

"D. Grant Vingoe"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

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

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Blocplay Entertainment Inc.	04 December 2018	
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

[Editor's Note: This report covers the week ending December 28, 2018.]

Issuer Name:
BMO Aggregate Bond Index ETF
BMO Canadian Dividend ETF
BMO Canadian High Dividend Covered Call ETF
BMO China Equity Index ETF (formerly, BMO China Equity Hedged to CAD Index ETF)
BMO China Technology ETF
BMO Core Balanced Portfolio ETF
BMO Core Conservative Portoflio ETF
BMO Core Growth Portfolio ETF
BMO Corporate Bond Index ETF
BMO Covered Call Canadian Banks ETF
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF
BMO Covered Call US Banks ETF
BMO Covered Call Utilities ETF
BMO Discount Bond Index ETF
BMO Dow Jones Industrial Average Hedged to CAD Index ETF
BMO Emerging Markets Bond Hedged to CAD Index ETF
BMO Equal Weight Banks Index ETF (previously, BMO S&P/TSX Equal Weight Banks Index ETF)
BMO Equal Weight Global Base Metals Hedged to CAD Index ETF (prev, BMO S&P/TSX Equal Weight Global Base Metals Hedged)
BMO Equal Weight Global Gold Index ETF (previously, BMO S&P/TSX Equal Weight Global Gold Index ETF)
BMO Equal Weight Industrials Index ETF (previously, BMO S&P/TSX Equal Weight Industrials Index ETF)
BMO Equal Weight Oil & Gas Index ETF (previously, BMO S&P/TSX Equal Weight Oil & Gas Index ETF)
BMO Equal Weight REITs Index ETF
BMO Equal Weight US Banks Hedged to CAD Index ETF
BMO Equal Weight US Banks Index ETF
BMO Equal Weight US Health Care Hedged to CAD Index ETF
BMO Equal Weight US Health Care Index ETF
BMO Equal Weight Utilities Index ETF
BMO Europe High Dividend Covered Call ETF
BMO Europe High Dividend Covered Call Hedged to CAD ETF
BMO Floating Rate High Yield ETF
BMO Global Banks Hedged to CAD Index ETF
BMO Global Communications Index ETF
BMO Global Consumer Discretionary Hedged to CAD Index ETF
BMO Global Consumer Staples Hedged to CAD Index ETF
BMO Global Infrastructure Index ETF
BMO Global Insurance Hedged to CAD Index ETF
BMO Government Bond Index ETF
BMO High Yield US Corporate Bond Hedged to CAD Index ETF
BMO High Yield US Corporate Bond Index ETF
BMO India Equity Index ETF (formerly, BMO India Equity Hedged to CAD Index ETF)
BMO International Dividend ETF
BMO International Dividend Hedged to CAD ETF
BMO Junior Gas Index ETF
BMO Junior Gold Index ETF
BMO Junior Oil Index ETF
BMO Laddered Preferred Share Index ETF (formerly BMO S&P/TSX Laddered Preferred Share Index ETF)
BMO Long Corporate Bond Index ETF
BMO Long Federal Bond Index ETF
BMO Long Provincial Bond Index ETF
BMO Long-Term US Treasury Bond Index ETF
BMO Low Volatility Canadian Equity ETF
BMO Low Volatility Emerging Markets Equity ETF
BMO Low Volatility International Equity ETF
BMO Low Volatility International Equity Hedged to CAD ETF
BMO Low Volatility US Equity ETF
BMO Low Volatility US Equity Hedged to CAD ETF
BMO Mid Corporate Bond Index ETF
BMO Mid Federal Bond Index ETF
BMO Mid Provincial Bond Index ETF
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF
BMO Mid-Term US IG Corporate Bond Index ETF
BMO Mid-Term US Treasury Bond Index ETF
BMO Monthly Income ETF
BMO MSCI All Country World High Quality Index ETF
BMO MSCI Canada Value Index ETF
BMO MSCI EAFE Hedged to CAD Index ETF (formerly, BMO International Equity Hedged to CAD Index ETF)
BMO MSCI EAFE Index ETF
BMO MSCI EAFE Value Index ETF
BMO MSCI Emerging Markets Index ETF (formerly, BMO Emerging Markets Equity Index ETF)
BMO MSCI Europe High Quality Hedged to CAD Index ETF
BMO MSCI USA High Quality Index ETF
BMO MSCI USA Value Index ETF
BMO Nasdaq 100 Equity Hedged to CAD Index ETF
BMO Nasdaq 100 Equity Index ETF
BMO Real Return Bond Index ETF
BMO S&P 500 Hedged to CAD Index ETF (formerly, BMO US Equity Hedged to CAD Index ETF)
BMO S&P 500 Index ETF
BMO S&P/TSX Capped Composite Index ETF (formerly, BMO Dow Jones Canada Titans 60 Index ETF)
BMO Shiller Select US Index ETF
BMO Short Corporate Bond Index ETF
BMO Short Federal Bond Index ETF

BMO Short Provincial Bond Index ETF
BMO Short-Term Bond Index ETF
BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF
BMO Short-Term US Treasury Bond Index ETF
BMO Ultra Short-Term Bond ETF (formerly, BMO 2013 Corporate Bond Target Maturity ETF)
BMO Ultra Short-Term US Bond ETF (formerly, BMO Short-Term US Bond Index ETF)
BMO US Dividend ETF
BMO US Dividend Hedged to CAD ETF
BMO US High Dividend Covered Call ETF
BMO US High Dividend Covered Call Hedged to CAD ETF
BMO US Preferred Share Hedged to CAD Index ETF
BMO US Preferred Share Index ETF
BMO US Put Write ETF
BMO US Put Write Hedged to CAD ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated December 19, 2018
NP 11-202 Preliminary Receipt dated December 21, 2018
Offering Price and Description:
CAD Units, USD Units and Accumulating Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
BMO Asset Management Inc.
Project #2859008

Issuer Name:
CMP 2019 Resource Limited Partnership
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2018
NP 11-202 Preliminary Receipt dated December 18, 2018
Offering Price and Description:
Maximum Offering: $50,000,000 – 50,000 Limited Partnership Units
Minimum Offering: $5,000,000 – 5,000 Units
Price per Unit: $1,000
Minimum Subscription: $5,000 (Five Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Industrial Alliance Securities Inc.
Echelon Wealth Partners Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Inc.
Project #2857342

Issuer Name:
Fidelity Small Cap America Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated December 21, 2018
Received on December 21, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canada Limited
Promoter(s):
N/A
Project #2822465

Issuer Name:
Fidelity Small Cap America Class
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus and Amendment #5 to Annual Information Form dated December 21, 2018
Received on December 21, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Fidelity Investments Canada ULC
Project #2729743

Issuer Name:
Manulife Diversified Investment Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Annual Information Form dated December 21, 2018
Received on December 21, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Manulife Securities Incorporated/Manulife Securities Investment Services Inc.
Promoter(s):
N/A
Project #2783412

Issuer Name:
Stone Money Market Fund (formerly Marquest Money Market Fund)
Stone Short Term Income Fund (Corporate Class*) (formerly Marquest Short Term Income Fund (Corporate Class))
Stone Canadian Bond Fund (formerly Marquest Canadian Bond Fund)
Stone Monthly Pay Fund (formerly Marquest Monthly Pay Fund)
Stone Monthly Pay Fund (Corporate Class*) (formerly Marquest Monthly Pay Fund (Corporate Class))
Stone Global Strategy Fund (formerly Marquest Global Balanced Fund)
Stone American Dividend Growth Fund (formerly Marquest American Dividend Growth Fund)
Stone American Dividend Growth Fund (Corporate Class*) (formerly Marquest American Dividend Growth Fund (Corporate Class))
Stone Covered Call Canadian Banks Plus Fund (formerly Marquest Covered Call Canadian Banks Plus Fund)
Stone Covered Call Canadian Banks Plus Fund (Corporate Class*) (formerly Marquest Covered Call Canadian Banks Plus Fund (Corporate Class))
Stone Small Companies Fund (formerly Marquest Small Companies Fund)
Stone Canadian Resource Fund (formerly Marquest Canadian Resource Fund)
Stone Canadian Resource Fund (Corporate Class*) (formerly Marquest Canadian Resource Fund (Corporate Class))
Principal Regulator – Ontario
Type and Date:
Amended and Restated Amendment to Final Simplified Prospectus dated December 14, 2018
Received on December 19, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2781940

Issuer Name:
Ninepoint 2019 Flow-Through Limited Partnership
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 19, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
Maximum: $50,000,000 – 2,000,000 Limited Partnership Units
Price per Unit: $25
Minimum Subscription: $2,500 – 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Promoter(s):
Ninepoint 2019 Corporation
Project #2858073

Issuer Name:
Probity Mining 2019 Short Duration Flow-Through Limited Partnership – British Columbia Class
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
Maximum Offering: aggregate of $30,000,000 comprising $20,000,000 for National Class Units; $5,000,000 for British Columbia Class Units and $5,000,000 for Québec Class Units
(2,000,000 NC-A and/or NC-F Units; 500,000 BC-A and/or BC-F Units; and 500,000 QC-A and/or QC-F Units)
Minimum Offering: $1,500,000
(150,000 Class A and/or Class F Units).
Price per Unit: $10.00
Minimum Subscription: $5,000 (500 Units)
Underwriter(s) or Distributor(s):
Industrial Alliance Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Hampton Securities Limited
Laurentian Bank Securities Inc.
Promoter(s):
Probity Capital Corporation & Probity 2019 Mining Flow Through Management Corp.
Project #2857766

Issuer Name:
Probity Mining 2019 Short Duration Flow-Through Limited Partnership – National Class
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
Maximum Offering: aggregate of $30,000,000 comprising $20,000,000 for National Class Units; $5,000,000 for British Columbia Class Units and $5,000,000 for Québec Class Units
(2,000,000 NC-A and/or NC-F Units; 500,000 BC-A and/or BC-F Units; and 500,000 QC-A and/or QC-F Units)
Minimum Offering: $1,500,000
(150,000 Class A and/or Class F Units).
Price per Unit: $10.00
Minimum Subscription: $5,000 (500 Units)
Underwriter(s) or Distributor(s):
Industrial Alliance Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Hampton Securities Limited
Laurentian Bank Securities Inc.
Promoter(s):
Probity Capital Corporation and Probity 2019 Mining Flow Through Management Corp.
Project #2857773

Issuer Name:
Probity Mining 2019 Short Duration Flow-Through Limited Partnership – Quebec Class
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
Maximum Offering: aggregate of $30,000,000 comprising $20,000,000 for National Class Units; $5,000,000 for British Columbia Class Units and $5,000,000 for Québec Class Units
(2,000,000 NC-A and/or NC-F Units; 500,000 BC-A and/or BC-F Units; and 500,000 QC-A and/or QC-F Units)
Minimum Offering: $1,500,000
(150,000 Class A and/or Class F Units).
Price per Unit: $10.00
Minimum Subscription: $5,000 (500 Units)
Underwriter(s) or Distributor(s):
Industrial Alliance Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Hampton Securities Limited
Laurentian Bank Securities Inc.
Promoter(s):
Probity Capital Corporation and Probity 2019 Mining Flow Through Management Corp.
Project #2857780

Issuer Name:
BMO Canadian Equity ETF Fund
BMO Concentrated Global Equity Fund
BMO European Fund
BMO International Equity ETF Fund
BMO Tactical Balanced ETF Fund
BMO Tactical Dividend ETF Fund
BMO Tactical Global Asset Allocation ETF Fund
BMO U.S. Equity ETF Fund
BMO Retirement Income Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Balanced Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated December 13, 2018
NP 11-202 Receipt dated December 19, 2018
Offering Price and Description:
Series A, T4, T6, F, F4, F6, D, I, G, L, ETF Series and Advisor Series
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.
Project #2744768

Issuer Name:
Dynamic Alpha Performance II Fund
Dynamic Premium Yield PLUS Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated December 12, 2018
NP 11-202 Receipt dated December 18, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
1832 Asset Management L.P.
Promoter(s):
1832 Asset Management L.P.
Project #2808545

Issuer Name:
E Split Corp.
Principal Regulator – Alberta (ASC)
Type and Date:
Final Shelf Prospectus (NI 44-102) dated December 17, 2018
NP 11-202 Receipt dated December 18, 2018
Offering Price and Description:
$200,000,000 – Preferred Shares and Class A Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Middlefield Limited
Project #2854158

Issuer Name:
Fidelity Small Cap America Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated December 21, 2018
NP 11-202 Receipt dated December 24, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canada Limited
Promoter(s):
N/A
Project #2822465

Issuer Name:
Fidelity Small Cap America Class
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus and Amendment #5 to Annual Information Form dated December 21, 2018
NP 11-202 Receipt dated December 24, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Fidelity Investments Canada ULC
Project #2729743

Issuer Name:
Lysander-18 Asset Management Canadian Equity Fund
Lysander-Canso Balanced Fund
Lysander-Canso Bond Fund
Lysander-Canso Broad Corporate Bond Fund
Lysander-Canso Corporate Value Bond Fund
Lysander-Canso Equity Fund
Lysander-Canso Short Term and Floating Rate Fund
Lysander-Canso U.S. Credit Fund
Lysander-Crusader Equity Income Fund
Lysander-Fulcra Corporate Securities Fund
Lysander-Roundtable Low Volatility Equity Fund
Lysander-Seamark Balanced Fund
Lysander-Seamark Total Equity Fund
Lysander-Slater Preferred Share Dividend Fund
Lysander-Triasima All Country Equity Fund
Lysander-Triasima Balanced Income Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated December 21, 2018
NP 11-202 Receipt dated December 24, 2018
Offering Price and Description:
Series A, A5, F, F5 and O units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2843348

Issuer Name:
Manulife Diversified Investment Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Annual Information Form dated December 21, 2018
NP 11-202 Receipt dated December 21, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Manulife Securities Incorporated/Manulife Securities Investment Services Inc.
Promoter(s):
N/A
Project #2783412

Issuer Name:
Marquest Mutual Funds Inc. – Explorer Series Fund
Marquest Mutual Funds Inc. – Flex Dividend and Income Growth Series Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated December 21, 2018
NP 11-202 Receipt dated December 24, 2018
Offering Price and Description:
Series A/Rollover, Series A/Regular and Series F @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2845855

Issuer Name:
PIMCO Global Short Maturity Fund (Canada)
PIMCO Low Duration Monthly Income Fund (Canada)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated December 20, 2018
NP 11-202 Receipt dated December 21, 2018
Offering Price and Description:
Series A(US$), Series F(US$), Series I, Series I(US$), Series M, Series M(US$), Series O and Series O(US$) units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
PIMCO Canada Corp.
Project #2838624

Issuer Name:
Renaissance Canadian Equity Private Pool
Renaissance Canadian Fixed Income Private Pool
Renaissance Emerging Markets Equity Private Pool
Renaissance Equity Income Private Pool
Renaissance Global Bond Private Pool
Renaissance Global Equity Private Pool
Renaissance International Equity Private Pool
Renaissance Multi-Asset Global Balanced Income Private Pool
Renaissance Multi-Asset Global Balanced Private Pool
Renaissance Multi-Sector Fixed Income Private Pool
Renaissance Real Assets Private Pool
Renaissance U.S. Equity Currency Neutral Private Pool
Renaissance U.S. Equity Private Pool
Renaissance Ultra Short-Term Income Private Pool
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated December 14, 2018
NP 11-202 Receipt dated December 19, 2018
Offering Price and Description:
Class A, Premium Class, Premium-T4 Class, Premium-T6 Class, Class H-Premium, Class H-Premium T4, Class H-Premium T6, Class C, Class F-Premium, Class F-Premium T4, Class F-Premium T6, Class FH-Premium, Class FH-Premium T4, Class FH-Premium T6, Class N-Premium, Class N-Premium T4, Class N-Premium T6, Class NH-Premium, Class NH-Premium T4, Class NH-Premium T6, Class I, Class O units and Class OH units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2838282

NON-INVESTMENT FUNDS

[Editor's Note: This report covers the week ending December 28, 2018.]

Issuer Name:
Alphanco Venture Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary CPC Prospectus dated December 20, 2018
NP 11-202 Preliminary Receipt dated December 24, 2018
Offering Price and Description:
Offering: $400,000.00 – 4,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Joanne Yan
Project #2859020

Issuer Name:
American Aires Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2018
NP 11-202 Preliminary Receipt dated December 21, 2018
Offering Price and Description:
Minimum Offering: $7,200,000.00
Maximum Offering: $7,560,000.00
Minimum of 24,000,000 Common Shares and up to a Maximum of 25,200,000
Common Shares (the "Offering")
Price: $0.30 Per Common Share
Underwriter(s) or Distributor(s):
Richardson GMP Limited
Promoter(s):
Dimitry Serov
Igor Serov
Project #2845647

Issuer Name:
Ascendant Resources Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 21, 2018
NP 11-202 Preliminary Receipt dated December 21, 2018
Offering Price and Description:
$100,000,000.00
COMMON SHARES
DEBT SECURITIES
CONVERTIBLE SECURITIES
SUBSCRIPTION RECEIPTS
WARRANTS
RIGHTS
UNITS
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2859334

Issuer Name:
AX1 Capital Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 18, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
15,432,656 Common Shares Issuable upon the Acquisition of Luxxfolio Network Inc.
Underwriter(s) or Distributor(s):
–
Promoter(s):
Kelly Klatik
Dean Linden
Project #2858151

Issuer Name:
Canadian Western Bank
Principal Regulator – Alberta (ASC)
Type and Date:
Preliminary Shelf Prospectus dated December 21, 2018
NP 11-202 Preliminary Receipt dated December 24, 2018
Offering Price and Description:
$1,000,000,000.00
Debt Securities (subordinated indebtedness) Common Shares First Preferred Shares
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2859451

Issuer Name:
CARDS II Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 19, 2018
NP 11-202 Preliminary Receipt dated December 20, 2018
Offering Price and Description:
Up to $11,000,000,000 Credit Card Receivables Backed Notes
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
Andrew Stuart
Project #2858325

Issuer Name:
Cuspis Capital Ltd.
Principal Regulator – Ontario
Type and Date:
Preliminary CPC Prospectus dated December 18, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
Minimum of $500,000.00
2,500,000 Common Shares
Maximum of $1,000,000.00
5,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Industrial Alliance Securities Inc.
Promoter(s):
–
Project #2857783

Issuer Name:
First Cobalt Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 17, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
$20,000,000.00 – Common Shares, Debt Securities , Warrants, Subscription Receipts
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2857618

Issuer Name:
Gateway Casinos & Entertainment Limited
Principal Regulator – British Columbia
Type and Date:
Amendment #1 dated December 18, 2018 to Preliminary Long Form Prospectus dated November 26, 2018
NP 11-202 Preliminary Receipt dated December 19, 2018
Offering Price and Description:
US$*
* Common Shares
Price: US$* per Common Share
Underwriter(s) or Distributor(s):
Morgan Stanley Canada Limited
Credit Suisse Securities (Canada) Inc,
Goldman Sachs Canada Inc.
CIBC World Markets Inc,
Macquarie Capital Markets Canada Ltd.
Promoter(s):
–
Project #2847262

Issuer Name:
GK Resources Ltd.
Principal Regulator – British Columbia
Type and Date:
Amendment #1 dated December 20, 2018 to Preliminary Long Form Prospectus dated October 30, 2018
Received on December 20, 2018
Offering Price and Description:
3,000,000 Common Shares
Price: $0.15 per Common Share
$450,000.00
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Ian McDonald
Project #2835984

Issuer Name:
Royal Nickel Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 21, 2018
NP 11-202 Preliminary Receipt dated December 21, 2018
Offering Price and Description:
$6,000,240.00 – 13,044,000 COMMON SHARES
$0.46 per Offered Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Laurentian Bank Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
–
Project #2857235

Issuer Name:
Shooting Star Acquisition Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary CPC Prospectus dated December 19, 2018
NP 11-202 Preliminary Receipt dated December 20, 2018
Offering Price and Description:

OFFERING: $250,000.00
2,500,000 Common Shares

PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Geoff Balderson
Project #2858222

Issuer Name:
Slate Office REIT
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 21, 2018
NP 11-202 Preliminary Receipt dated December 24, 2018
Offering Price and Description:
$750,000,000.00
Units
Debt Securities
Subscription Receipts
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2859889

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated December 21, 2018
NP 11-202 Receipt dated December 21, 2018
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc,
Raymond James Ltd.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Promoter(s):
–
Project #2855983

Issuer Name:
Mene Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated December 18, 2018
NP 11-202 Receipt dated December 18, 2018
Offering Price and Description:
Total Offering: – $10,000,200.00 Price Per unit: $0.70
14,286,000 Units
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Roy Sebag
Steve Fray
Project #2853782

Issuer Name:
Minto Apartment Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated December 21, 2018
NP 11-202 Receipt dated December 21, 2018
Offering Price and Description:
$750,000,000.00 – Units Debt Securities Subscription Receipts
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2855981

Issuer Name:
Uranium Participation Corporation
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated December 21, 2018
NP 11-202 Receipt dated December 24, 2018
Offering Price and Description:
$200,000,000.00 – Common Shares, Warrants, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2856139

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	Forysta Capital Inc.	Portfolio Manager	December 18, 2018
Consent to Suspension (Pending Surrender)	JVAR Capital Limited	Portfolio ManagerExempt Market Dealer	December 20, 2018
Voluntary Surrender	Cockfield Porretti Cunningham Investment Counsel Inc.	Portfolio Manager	December 17, 2018
Change in Registration Category	Chronicle Investments Ltd.	From: Portfolio Manager To: Portfolio Manager and Exempt Market Dealer	December 24, 2018
Consent to Suspension (Pending Surrender)	Ascend Capital, LLC	Portfolio Manager	December 27, 2018
Consent to Suspension (Pending Surrender)	HNW Management Inc.	Portfolio Manager	December 31, 2018
Consent to Suspension (Pending Surrender)	GE Capital Markets (Canada) Company	Exempt Market Dealer	December 21, 2018
Amalgamation	Echelon Wealth Partners Inc. and Dundee Securities Ltd. To form: Echelon Wealth Partners Inc	Investment Dealer	December 15, 2018

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 MFDA – Housekeeping Amendments to Sample Auditor's Reports in MFDA Form 1 – Notice of Commission Deemed Approval

NOTICE OF COMMISSION DEEMED APPROVAL

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

HOUSEKEEPING AMENDMENTS TO SAMPLE AUDITOR'S REPORTS IN MFDA FORM 1

The Ontario Securities Commission did not object to the classification of the MFDA's proposed housekeeping amendments to the sample independent auditor's reports in MFDA Form 1 to reflect the adoption of new auditor reporting standards, Canadian Auditing Standard 700. As a result, the proposed housekeeping amendments are deemed to be approved and are effective immediately.

In addition, the British Columbia Securities Commission, the Alberta Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Financial and Consumer Services Commission of New Brunswick, the Manitoba Securities Commission, the Nova Scotia Securities Commission, and the Prince Edward Island Office of the Superintendent of Securities did not object to the amendments.

A copy of the MFDA's Notice and the text of the approved amendments can be found at http://www.osc.gov.on.ca.

13.3 Clearing Agencies

13.3.1 LME Clear Limited – Application for Exemptive Relief – Notice of Commission Order

LME CLEAR LIMITED
(LMEC)

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On December 21, 2018, the Commission issued an order under section 147 of the *Securities Act* (Ontario) (**OSA**) exempting LMEC from the requirement in subsection 21.2(0.1) of the OSA to be recognized as a clearing agency (**Order**), subject to terms and conditions as set out in the Order.

The Commission published LMEC's application and draft exemption order for comment on November 8, 2018 on the OSC website at http://www.osc.gov.on.ca/en/Marketplaces_lme_20181108_application-for-exemption.htm and at (2018), 41 OSCB 8894. A comment letter was received from TMX Group Limited (TMX). A copy of the comment letter is posted at http://www.osc.gov.on.ca/documents/en/Marketplaces/com_lme_20181207_tmx.pdf. We summarize below the main comments and Staff's responses to them. In issuing the Order, no substantive changes were made to the draft order published for comment.

A copy of the Order is published in Chapter 2 of this Bulletin.

Comment	Response
As a general comment, TMX states that while it does not oppose LMEC's application for exemption, the Commission should consider how its prescriptive rules-based approach to domestic clearing agency regulation and granting such exemptions to foreign based clearing agencies inadvertently undermines the interests of domestic clearing agencies and their users.	As a matter of policy, the OSC's mandate is to provide protection to investors from unfair, improper or fraudulent practices, to foster fair and efficient capital markets and confidence in capital markets, and to contribute to the stability of the financial system and the reduction of systemic risk. The existence of different regulatory regimes is acknowledged in the CPMI-IOSCO's Principles for financial market infrastructures that requires authorities to cooperate with each other in promoting the safety and efficiency of financial market infrastructures (FMIs). Consistent with past practices, we allow foreign entities (such as LMEC) to enter the Ontario market under the exempted clearing agency status only when we are satisfied that doing so would not pose a significant risk to our capital markets, and that the foreign entity is subject to an appropriate and comparable regulatory oversight regime in their home jurisdiction and we have a cooperating relationship with their home regulator(s).
TMX comments that domestic clearing agencies and their users are put in a competitive disadvantage by this prescriptive rules-based approach as compared to their foreign counterparties when entering the market. TMX cites a few examples that CDS, as a recognised clearing agency is required to adhere to NI 24-102 and CP 24-102, which is comprised of rules and principles, in addition to highly prescriptive recognition orders from three provincial regulations. TMX discusses the requirements and approvals needed with regards to CDS' fees, governance and rules; while in contrast foreign based clearing agencies are not subject to the same regulatory requirements.	Our approach to recognition or exemption of a foreign-based clearing agency is consistent with our approach to recognition or exemption of domestic clearing agencies. It is based largely on whether the clearing agency poses significant risk to the Ontario capital markets. To the extent the clearing agency does not pose a significant risk to the Ontario capital markets and is subject to an appropriate and comparable regulatory oversight regime carried out by its home jurisdiction, we rely on the oversight of the home regulator, subject to certain terms and conditions to reduce overlap and duplication.
TMX comments that a principles-based regulatory approach would more effectively leverage the expertise and experience of the domestic clearing agencies while enabling regulators to maintain the necessary oversight over systemically important domestic financial market infrastructures.	The OSC will continue to be responsive to market evolution while ensuring that its mandate to provide protection to investors and to contribute to the stability of the financial system and the reduction of systemic risk is maintained.

Chapter 25

Other Information

25.1 Consents

25.1.1 Kingsway Financial Services Inc. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Delaware General Corporation Law.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c.B.16, as am., s. 181.
Delaware General Corporation Law, as am, s. 388.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, s. 4(b).

December 18, 2018

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

AND

IN THE MATTER OF
KINGSWAY FINANCIAL SERVICES INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the **Application**) of Kingsway Financial Services Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) requesting the Commission's consent to the Applicant continuing in another jurisdiction pursuant to section 181 of the OBCA (the **Continuance**);

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

AND UPON the Applicant having represented to the Commission that:

1 The Applicant is an offering corporation under the OBCA.

2 The Applicant's common shares (the **Common Shares**) are currently listed for trading on the Toronto Stock Exchange (**TSX**) and the New York Stock Exchange (**NYSE**) under the symbol "KFS". The Applicant also currently has series B warrants (the **Warrants**) trading on the TSX under the symbol "KFS.WT.V" and on the OTC Market under the symbol "KFSYF". As at December 5, 2018, the Applicant had 21,787,728 Common Shares issued and outstanding exclusive of restricted shares, and 22,880,178 inclusive of restricted shares.

3 The Applicant intends to apply to the Director pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a company under section 388 of the General Corporation Law of the State of Delaware (the **DGCL**).

4 The DGCL permits foreign jurisdiction corporations to continue under the laws of Delaware.

5 In connection with the Continuance, the Applicant applied to have the Common Shares and the Warrants de-listed from the TSX, which will be effective at the close of markets on December 19, 2018.

6 The board of directors of the Applicant considers it to be in the best interest of the Applicant to continue under the DGCL because it will allow the Applicant to eliminate a number of potentially material income tax inefficiencies the Applicant believes it would inevitably encounter, particularly in light of the recent sale of its property-casualty insurance companies including the related distribution to Kingsway America Inc., a subsidiary of the Applicant, of the passive investments owned by its property-casualty insurance companies at the time of closing. The Applicant also believes it will be able to reduce operating expenses and transactional inefficiencies that currently result from being subject to Canadian corporate laws despite having no operations in Canada. The Applicant chose the State of Delaware to be its domicile because the more favourable corporate environment afforded by Delaware will help it compete effectively in raising the capital necessary for it to continue to implement its strategic plan, particularly its announced focus on growing its extended warranty segment with accretive acquisitions.

7 The material rights, duties and obligations of a corporation governed by the DGCL are substantially similar to those of a corporation governed by the OBCA. Nonetheless, there are several material differences between Ontario and Delaware corporate law. Exhibit F to the Applicant's management information circular dated November 16, 2018 (the **Circular**) for a special meeting of shareholders held on December 14, 2018 (the **Shareholder Meeting**) outlines the most significant differences.

8 The Applicant is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the **Act**) and the securities legislation of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon (collectively, the **Reporting Jurisdictions**).

9 The Applicant will remain a reporting issuer in the Reporting Jurisdictions following the Continuance.

10 The Applicant is not in default of any of the provisions of the OBCA, the Act, the regulations or rules made under the Act, or the securities legislation of the other Reporting Jurisdictions including the regulations or rules made thereunder.

11 The Applicant is not a party to any proceeding or, to the best of its information, knowledge or belief, any pending proceeding under the Act, the OBCA or the securities legislation of the other Reporting Jurisdictions.

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

13 Following the Continuance, the Commission will remain the Applicant's principal regulator.

14 As the Applicant does not intend to maintain a corporate office in Canada subsequent to the Continuance, the Applicant has provided an undertaking (the **Undertaking**) to the Commission that it will complete and file an "Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process" in the form of Schedule "A" thereto (the **Submission to Jurisdiction Form**) with the Commission through the System for Electronic Document Analysis and Retrieval (SEDAR) promptly following the effective date of the Continuance. The Undertaking also provides that the Applicant will maintain and update the information contained in the Submission to Jurisdiction Form, or furnish a new Submission to Jurisdiction Form, in accordance with the provisions contained therein. The form of Undertaking provided to the Commission is attached as Appendix "A".

15 The Circular disclosed the reasons for, and the implications of, the proposed Continuance. It also disclosed the full particulars of the dissent rights of the Applicant's shareholders under section 185 of the OBCA.

16 The Applicant's shareholders authorized the proposed Continuance at the Shareholder Meeting by 99.91% of the votes cast. No shareholders exercised dissent rights pursuant to section 185 of the OBCA.

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

18 Upon receipt of the consent to continue from the Commission, the Applicant will continue under the DGCL, with a planned effective date of December 31, 2018.

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

THE COMMISSION CONSENTS to the continuance of the Applicant as a corporation under the DGCL.

DATED at Toronto, Ontario this 18th day of December, 2018

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Robert P Hutchison"
Commissioner
Ontario Securities Commission

APPENDIX "A"

UNDERTAKING

To: Ontario Securities Commission (the Commission)

Re: Kingsway Financial Services Inc. (the Applicant)

Application dated December 6, 2018 for a Consent to continue to Delaware pursuant to clause 4(b) of Ontario Regulation 289/00 made under the *Business Corporations Act*, R.S.O. 1990, c. B. 16

The Applicant hereby undertakes that it will complete and file an "Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process" in the form of Schedule "A" hereto (the **Submission to Jurisdiction Form**) with the Commission through the System for Electronic Document Analysis and Retrieval (SEDAR) promptly following the effective date of the Continuance.

The Applicant hereby further undertakes that it will maintain and update the information contained in the Submission to Jurisdiction Form, or furnish a new Submission to Jurisdiction Form, in accordance with the provisions contained therein.

Dated: December 17, 2018

KINGSWAY FINANCIAL SERVICES INC.

"William A. Hickey, Jr."
Executive Vice President and CFO

Schedule A

Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process

1. Name of issuer (the "Issuer"):

   _____

2. Jurisdiction of incorporation, or equivalent, of Issuer:

   _____

3. Address of principal place of business of Issuer:

   _____

4. Description of securities (the "**Securities**"):

   _____

5. Name of agent for service of process (the "**Agent**"):

   _____

6. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

   _____

7. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served with a notice, pleading, subpoena, summons or other process in an action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "**Proceeding**") arising out of, relating to or concerning the obligations of the Issuer as a reporting issuer and irrevocably waives any right to raise as a defence in any such Proceeding an alleged lack of jurisdiction to bring such Proceeding.

8. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces and territories of Canada in which the securities have been distributed; and

   (b) any administrative proceeding in any such province or territory,

   in any Proceeding arising out of or related to or concerning the obligations of the Issuer as a reporting issuer.

9. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

11. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of Ontario.

Dated: _____

_____
Signature of Issuer

_____
Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of Kingsway Financial Services Inc. under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent
is not an individual, the title of the person signing

25.1.2 Canadian Premium Sand Inc. (formerly, Claim Post Resources Inc.) – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

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

Statutes Cited

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

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).

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

AND

IN THE MATTER OF
CANADIAN PREMIUM SAND INC.
(formerly, CLAIM POST RESOURCES INC.)

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the **Application**) of Canadian Premium Sand Inc. (formerly, Claim Post Resources Inc.) (the **Applicant**) to the Ontario Securities Commission (the **Commission**) requesting the Commission's consent to the Applicant continuing in another jurisdiction pursuant to section 181 of the OBCA (the **Continuance**);

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

AND UPON the Applicant having represented to the Commission that:

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

2. The Applicant's Common Shares (the **Common Shares**) are listed and posted on the TSX Venture Exchange (the **TSXV**) under the symbol "CPS"; as of September 24, 2018, the authorized capital of the Applicant consisted of an unlimited number of Common Shares, of which 318,666,899 Common Shares were issued and outstanding.

3. The Applicant intends to apply to the Director pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the **CBCA**).

4. The Application for Continuance is being made in connection with the transfer of the Applicant's registered and head office to Calgary, Alberta. The Application for Continuance has been proposed to facilitate the future business of the Applicant as its registered and head office will now be in Alberta and its operations will be primarily carried on in western Canada.

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

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

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

8. The Applicant is not a party to any proceeding under the OBCA, the Act or the Legislation.

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

10. The Commission is currently the principal regulator of the Applicant, however, the Applicant intends to have the Alberta Securities Commission become the principal regulator after the proposed Continance is completed.

11. The Applicant's head office is located at Suite 400, 522 11th Avenue S.W., Calgary, Alberta T2R 0C8.

12. The Applicant's management information circular dated September 24, 2018 (the **Circular**) in respect of the Applicant's annual and special meeting of shareholders held on October 25, 2018 (the **Meeting**), described the proposed Continuance and disclosed the reasons for it and its implications.

13. The Applicant's shareholders authorized the Continuance at the Meeting by a special resolution that was approved by 100% of the votes cast; no shareholder exercised dissent rights pursuant to section 185 of the OBCA.

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

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the CBCA.

DATED at Toronto, Ontario this 21st day of December 2018.

"Deborah Leckman"
Commissioner

"Robert P Hutchison"
Commissioner

Index

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