The Ontario Securities Commission

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February 21, 2019

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

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CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 45-324
Update on the Start-up Crowdfunding Registration and Prospectus Exemptions

February 21, 2019

Introduction

On May 14, 2015, the securities regulatory authorities of British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia, (the **participating jurisdictions**) adopted substantially harmonized registration and prospectus exemptions (together, the **start-up crowdfunding exemptions**) that allow start-ups and early stage businesses to raise capital in these jurisdictions. The participating jurisdictions implemented the start-up crowdfunding exemptions by way of local blanket orders, as amended from time to time[1] (the **start-up crowdfunding exemptions orders**). The start-up crowdfunding exemptions orders expire on May 13, 2020.

Staff (**we**) of the Canadian Securities Administrators are developing a national instrument with the same key features as the start-up crowdfunding exemption orders, with targeted amendments to improve harmonization and the effectiveness of crowdfunding as a capital raising tool for start-ups and early stage businesses. Subject to obtaining the necessary approvals, we will publish for comment a proposed national instrument that will replace the start-up crowdfunding exemption orders. We anticipate that the proposed national instrument will not be implemented by May 13, 2020.

Extension of the start-up exemption orders

In order to accommodate the timing of the proposed national instrument, staff of the participating jurisdictions expect that the start-up crowdfunding exemptions orders will be amended to remain available for issuers and funding portals until the proposed national instrument is adopted.

Questions

Please refer your questions to any of the following:

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[1] For example, please refer to Multilateral CSA Notice 45-317 *Amendments to Start-up Crowdfunding Registration and Prospectus Exemptions* and Multilateral CSA Notice 45-319 *Amendments to Start-up Crowdfunding Registration and Prospectus Exemptions.*

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 AlphaNorth Asset Management and Steven Douglas Palmer – ss. 127, 127.1

FILE NO.: 2019-3

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

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, February 19, 2019 at 10:00 a.m.

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

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated February 13, 2019 between Staff of the Commission and the respondents in respect of the Statement of Allegations filed by Staff of the Commission dated February 14, 2019.

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 dès que possible si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 14th day of February, 2019.

"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
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

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 section 127.1 of the *Securities Act*, RSO 1990, c S.5 (the **Act**) to approve the settlement agreement dated February 13, 2019 between AlphaNorth Asset Management (**AlphaNorth**), Steven Douglas Palmer (**Palmer**) (collectively, the **Respondents**) and Enforcement Staff.

B. FACTS

Enforcement Staff make the following allegations of fact:

OVERVIEW

2. Compliance with Ontario securities laws is critical for all investment fund managers to ensure robust protection to investors from unfair or improper practices and to foster fair and efficient capital markets and confidence in capital markets. Specifically, rules providing for shareholder approval and conflict mitigation are fundamental to fair markets and investor protection. Fund managers must ensure full compliance with these rules before instituting changes to fees, including by referring potential conflicts to the Independent Review Committee (**IRC**). More practically, responsible management of retail investment funds requires adequate financial resources for compliance programs and compliance staff, and internal and external professional advice where necessary.

3. In this matter, AlphaNorth and Palmer, AlphaNorth's Chief Executive Officer (**CEO**) and ultimate designated person (**UDP**), failed in their obligations to ensure changes to fee structures of mutual funds were undertaken properly and to have adequate internal controls and compliance systems.

4. As detailed below, between June 2016 and April 2017 in the case of AlphaNorth Growth Fund (the **Growth Fund**), and between June 2016 and March 2017 in the case of AlphaNorth Resource Fund (the **Resource Fund**) (together, the **Funds**) (respectively, the **Material Time**), AlphaNorth implemented certain changes to set a lower High-Water Mark (as defined below) in respect of the performance fee to be paid to AlphaNorth by:

   i. the Growth Fund in respect of series A shares of the Growth Fund (the **Growth Fund Series A Shares**) acquired after June 1, 2016; and

   ii. the Resource Fund in respect of the series B shares of the Resource Fund (the **Resource Fund Series B Shares**).

5. In setting the lower High-Water Mark in respect of the performance fee payable by both Funds, AlphaNorth did not complete the necessary regulatory steps. AlphaNorth should have but did not refer these proposed changes to the IRC of the Funds or provide timely disclosures. In addition, AlphaNorth should have brought the lower High-Water Marks to meetings of holders of the Growth Fund Series A Shares (**Growth Fund Series A Shareholders**) and Resource Fund Series B Shares (**Resource Fund Series B Shareholders**) to allow the shareholders to consider whether to approve these changes. As a result, during the Material Time, AlphaNorth charged and collected performance fees that it was not eligible to receive.

6. Consequently, AlphaNorth failed to meet the prescribed standard of care under paragraph 116(b) of the Act, which requires an investment fund manager (**IFM**) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. AlphaNorth also failed to comply with NI 81-102[2], NI 81-106[3] and NI 81-107.[4]

[2] National Instrument 81-102 *Investment Funds* (**NI 81-102**).

[3] National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

[4] National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

7. In addition, AlphaNorth also failed to maintain adequate internal controls and compliance systems sufficient to provide reasonable assurance that it and each individual acting on its behalf complied with securities legislation, and to manage the risks associated with its business in accordance with prudent business practices, contrary to NI 31-103.[5]

8. Palmer authorized and permitted the non-compliance engaged in by AlphaNorth, and is deemed by section 129.2 of the Act to have not complied with Ontario securities law. He also failed to meet his obligations as AlphaNorth's UDP.

9. The Growth Fund, in respect of Growth Fund Series A Shares, was improperly charged, in the aggregate, approximately $22,735 (inclusive of HST), and the Resource Fund, in respect of Resource Fund Series B Shares was improperly charged, in the aggregate, approximately $42,839 (inclusive of HST) because of the failures identified above. In total, the amount charged inappropriately was $65,574 (inclusive of HST).

THE RESPONDENTS

10. AlphaNorth is a general partnership formed under the laws of the Province of Ontario on August 16, 2007, with its head office in Toronto, Ontario. It is registered with the Commission as an IFM, portfolio manager and exempt market dealer. The Commission is AlphaNorth's principal regulator.

11. Palmer is a founding partner of AlphaNorth and the President and CEO of AlphaNorth, and is registered with the Commission as AlphaNorth's UDP among other categories. He is also a director of the Mutual Fund Corporation (defined below).

12. As at June 30, 2017 (close to the Material Time), the assets under management (**AUM**) for the Growth Fund and the Resource Fund were $2,696,522 and $2,887,538, respectively. As at June 30, 2018, the Growth Fund and the Resource Fund had AUM of $3,083,652 and $1,721,126, respectively.

13. AlphaNorth is the IFM and the portfolio manager of the Funds.

THE FUNDS

14. The Funds are each a class of shares of AlphaNorth Mutual Funds Limited (the **Mutual Fund Corporation**), incorporated under the laws of Ontario on April 29, 2011 pursuant to its articles of incorporation.

15. The Funds' securities are offered to investors in various series, and certain of those series are in continuous distribution pursuant to a simplified prospectus and related documents prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*. The Funds are subject to, among other laws and regulations, NI 81-101, NI 81-102, NI 81-106 and NI 81-107. This legislation is designed, in part, to ensure that the investments of the Funds are diversified, transparent and relatively liquid, to ensure appropriate disclosure to new and existing investors, and to ensure the proper administration of the Funds and management of the IFM's conflicts of interest.

16. Among other fees and expenses, each Fund pays a quarterly performance fee to AlphaNorth, if the percentage gain in the net asset value (**NAV**) per share of the Fund over the preceding quarter or quarters since a performance fee was last paid to AlphaNorth, exceeds the percentage gain or loss of the applicable benchmark for the Fund over the same period and provided that the NAV per share of the Fund (including distributions) is greater than all previous NAVs per share of the Fund at the end of each previous fiscal quarter in which a performance fee was paid (the **High-Water Mark**). The performance fee will be equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter, multiplied by 20%.

17. The High-Water Mark in respect of each series of each Fund prior to the Material Time was $10 per share, and neither Fund had paid a performance fee to AlphaNorth since its inception several years earlier.

IMPROPER RE-SETTING OF THE HIGH-WATER MARK FOR THE GROWTH FUND

18. During the Material Time, AlphaNorth charged and collected a performance fee for the Growth Fund Series A Shares, based on a High-Water Mark of $1.845, which represented the NAV per Growth Fund Series A Share as of May 31, 2016, rather than $10 which was disclosed in the prospectus. This affected investors who acquired Growth Fund Series A Shares on and after June 1, 2016, until the prospectus amendment (referred to below) was filed on April 26, 2017.

19. The Growth Fund paid AlphaNorth a performance fee in respect of the Growth Fund Series A Shares for the third and fourth quarters of 2016, and accrued performance fees for the first quarter of 2017 based on the High-Water Mark of

[5] National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

$1.845, which impacted NAV for the Growth Fund Series A Shares during the Material Time. AlphaNorth received approximately $22,735 (inclusive of HST) in performance fees for those periods.

20. On August 25, 2016, AlphaNorth sent investors in Growth Fund Series A Shares who held those securities on June 1, 2016, a notice explaining that all Growth Fund Series A Shares acquired before June 1, 2016 were to be re-designated as series D shares of the Growth Fund (**Growth Fund Series D Shares**) effective October 1, 2016 (the **Re-designation**). Growth Fund Series D Shares were to be identical to the Growth Fund Series A Shares in all respects, including the frequency of redemptions and the High-Water Mark set at $10. This notice was not filed with the Commission or on SEDAR.

21. The Growth Fund Series D Shares were not offered for sale and were closed to additional investment following the Re-designation. The Growth Fund Series A Shareholders who acquired Growth Fund Series A Shares before June 1, 2016 maintained the same High-Water Mark of $10 in respect of the performance fee payable by the Growth Fund Series D Shares. The Re-designation allowed AlphaNorth to collect performance fees on Growth Fund Series A Shares sold on or after June 1, 2016 due to the lower High-Water Mark.

22. AlphaNorth did not take the necessary regulatory steps during 2016 to properly effect the Re-designation.

23. In February 2017, the external auditor of the Growth Fund's financial statements asked for documentation supporting the creation of the Growth Fund Series D Shares and the Re-designation, including articles of amendment and prospectus disclosure. AlphaNorth then engaged external legal counsel to develop a rectification plan, which it carried out as described below, after receiving a positive recommendation to proceed from the IRC and after notifying Staff of the Commission of the issues regarding the Growth Fund Series A Shares and Growth Fund Series D Shares.

24. On March 6, 2017, AlphaNorth filed articles of amendment to recognize the creation of the Growth Fund Series D Shares and the re-designation of the Growth Fund Series A Shares outstanding before June 1, 2016 to Growth Fund Series D Shares.

Incorrect Prospectus Disclosure

25. AlphaNorth failed to file an amendment to its prospectus for the Growth Fund Series A Shares to disclose the lower High-Water Mark in a timely manner, and therefore investors who acquired Growth Fund Series A Shares from June 1, 2016 to April 26, 2017 (the date of the prospectus amendment, described below), acquired their shares without disclosure of the lower High-Water Mark.

26. AlphaNorth filed a prospectus amendment dated April 26, 2017, which (i) disclosed the Re-designation and (ii) disclosed a second re-designation, effective May 31, 2017, of the Growth Fund Series A Shares outstanding as of May 31, 2017 to Growth Fund Series D Shares. The prospectus amendment also disclosed a lower High-Water Mark applicable to the Growth Fund Series A shares, which would affect investors acquiring Growth Fund Series A shares after April 26, 2017. Growth Fund Series D Shares maintained the High-Water Mark of $10.

27. Investors in Growth Fund Series A Shares, purchasing from June 1, 2016 until April 26, 2017, did not receive accurate disclosure concerning the High-Water Mark applicable on their investment.

Failure to Obtain Securityholder Approval

28. Furthermore, the lowering of the High-Water Mark for Growth Fund Series A Shares as of June 1, 2016 was a fundamental change for which securityholder approval should have been sought by AlphaNorth, as required per paragraph 5.1(1)(a) of NI 81-102. Part 6 of Companion Policy 81-102CP (the **Companion Policy**) notes that securityholder approval is required before the basis of the calculation of a fee or expense that is charged to an investment fund is changed in a way that could result in an increase in charges to the investment fund, and that the Canadian securities regulatory authorities note that the phrase "basis of the calculation" includes any increase in the rate at which a particular fee is charged to the investment fund.

Incorrect Continuous Disclosures

29. Form 81-106F1 – *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**) requires material information, which is likely to influence or change a reasonable investor's decision to buy, sell or hold securities of an investment fund, to be disclosed in a fund's continuous disclosure documents. The Growth Fund's Management Reports of Fund Performance (**MRFP(s)**) for the six-month period ended June 30, 2016 and the year ended December 31, 2016 did not discuss the change in the High-Water Mark, nor the Re-designation. The Growth Fund's annual audited financial statements for the year ended December 31, 2016 provided disclosure about the Re-designation, but none in respect of the lowered High-Water Mark for Growth Fund Series A Shares.

Failure to Refer to IRC

30. Section 5.1 of NI 81-107 requires conflict of interest matters, which include a situation where a reasonable person would consider a manager to have an interest that may conflict with the manager's ability to act in good faith and in the best interests of the fund, to be referred to the fund's IRC for its review, before the manager may take any action in the matter. AlphaNorth did not refer the Re-designation or the change in High-Water Mark to the IRC, even though the changes to the Growth Fund Series A Shares were a conflict of interest matter for AlphaNorth, and therefore should have been referred to the IRC for their review prior to carrying out the changes.

31. On February 21, 2017, AlphaNorth notified the IRC of the concerns raised by the external auditor with the Re-designation and the resetting of the High-Water Mark for the Growth Fund and explained its intention to develop a rectification plan with the assistance of external counsel. In April 2017, AlphaNorth referred the rectification plan to the IRC and the IRC provided a positive recommendation to proceed with its implementation.

Failure to Identify Deficiencies regarding the Growth Fund

32. The Growth Fund's external auditors' concerns raised during the audit of the Growth Fund's 2016 annual financial statements led AlphaNorth to take steps to rectify the issues around the Re-designation and the lower High-Water Mark.

33. Before the concerns were raised by the external auditor, AlphaNorth and Palmer, in his capacity as CEO and UDP of AlphaNorth, failed to take the necessary steps to ensure compliance with applicable securities and corporate laws, including documenting the newly created Growth Fund Series D Shares, updating the prospectus documents for Growth Fund Series A Shares and Growth Fund Series D Shares, obtaining appropriate securityholder approval, providing adequate disclosures in the MRFPs, and referring the attendant conflicts of interest matters to the IRC.

IMPROPER RE-SETTING OF THE HIGH-WATER MARK FOR THE RESOURCE FUND

34. Between June 8, 2016 and March 31, 2017, AlphaNorth charged and collected a performance fee for Resource Fund Series B Shares by lowering the High-Water Mark in respect of the performance fee payable per share from $10 to $8.916, which was an average of the two different prices of the Resource Fund Series B Shares as acquired by the applicable shareholders in the two tranches referred to in paragraph 35.

35. AlphaNorth did not provide any notice to existing Resource Fund Series B Shareholders of this change. Resource Fund Series B Shares have not been offered to new investors since 2013, and were acquired by Resource Fund Series B Shareholders in two tranches at two different prices. Accordingly, no new shareholders acquired Resource Fund Series B Shares during the Material Time. During the Material Time, AlphaNorth collected $42,839 (inclusive of HST) in performance fees from Resource Fund Series B Shares because of the lower High-Water Mark.

36. In February 2017, the external auditor of the Resource Fund's financial statements inquired about the lowered High-Water Mark in connection with their audit of the Resource Fund's financial statements for the year ended December 31, 2016. AlphaNorth then engaged external legal counsel to develop a rectification plan, which included reimbursing the Fund and affected Resource Fund Series B Shareholders for the over-payment, inclusive of a 5% per month payment to compensate the Fund and the affected shareholders for lost opportunity costs.

Failure to Obtain Securityholder Approval

37. Resource Fund Series B Shareholders who held Resource Fund Series B Shares as of June 8, 2016 were not provided the opportunity to vote on the lowering of the High-Water Mark by AlphaNorth. As described in paragraph 28 above, the lowering of the High-Water Mark is a fundamental change for which the Resource Fund Series B Shareholders' prior approval should have been sought by AlphaNorth pursuant to paragraph 5.1(1)(a) of NI 81-102.

Incorrect Continuous Disclosures

38. The Resource Fund's MRFPs for the period ended June 30, 2016 and the year ended December 31, 2016 did not reflect the change in the High-Water Mark. As described in paragraph 29 above, material information such as this should have been disclosed pursuant to the requirements of Form 81-106F1.

39. The Resource Fund's MRFP for the interim period ended June 30, 2017 disclosed the following: "We discovered an error in calculation of the performance fee during the first quarter of 2017. This was corrected ..." AlphaNorth's disclosure in this regard fails to fully reflect AlphaNorth's role in the lowering of the High-Water Mark.

40. The rectification of the performance fee payments was disclosed in the MRFPs for the year ended December 31, 2017.

Failure to Refer to IRC

41. As described in paragraph 30 above, section 5.1 of NI 81-107 requires conflict of interest matters to be referred by the manager to the fund's IRC for its review, before the manager may take any action in the matter. AlphaNorth did not refer its proposal to lower the High-Water Mark for the Resource Fund Series B Shares, even though the proposal was a conflict of interest matter for AlphaNorth, which necessitated a referral to the IRC and a positive recommendation to proceed by the IRC.

42. AlphaNorth and Palmer, as CEO and UDP, failed to identify, assess or address the securities law implications associated with lowering the High-Water Mark for the Resource Fund, including obtaining appropriate securityholder approval, providing adequate disclosures in the MRFPs, and referring the matter to the IRC.

DEFICIENCIES IN ALPHANORTH'S INTERNAL CONTROLS AND COMPLIANCE SYSTEMS

43. AlphaNorth has an obligation as a registrant to establish, maintain and apply policies and procedures that establish a system of controls and supervision to (i) provide reasonable assurance that AlphaNorth and each individual acting on its behalf complies with securities legislation, and (ii) manage the risks associated with its business in accordance with prudent business practices.

44. During a compliance review conducted by Staff of the Commission covering the period of June 1, 2016 to May 31, 2017 (the **Compliance Review**), Staff identified significant deficiencies in AlphaNorth's compliance with Ontario securities law, including:

    a. inadequate oversight of AlphaNorth's dealing activities for third-party exempt products and its dealing representative, who was an agent of AlphaNorth (and not a principal of the partners of AlphaNorth) for the period contrary to subsection 32(2) of the Act and section 11.1 of NI 31-103;

    b. failure to identify and appropriately address conflict of interest matters, and refer them to the Funds' IRC, in relation to finder's fees received from issuers when causing the Funds to invest in certain securities, contrary to subsection 5.1(1) of NI 81-107; and

    c. failure to disclose the conflict of interest in the prospectus documents of the Funds, in relation to finder's fees received by AlphaNorth and/or its affiliates when causing the Funds to invest in certain securities, contrary to section 116 of the Act.

45. As the UDP, Palmer failed to discharge the responsibilities required by section 5.1 of NI 31-103, in supervising the activities of AlphaNorth and those acting on its behalf, towards ensuring and promoting compliance with applicable securities legislation.

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

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

(a) The Funds

    a. AlphaNorth's activities described above regarding the lack of accurate and timely prospectus disclosures for Growth Fund Series A Shares were contrary to sections 56 and 57 of the Act;

    b. AlphaNorth's failure to obtain prior securityholder approval in lowering the High-Water Mark for the Growth Fund Series A Shareholders and the Resource Fund Series B Shareholders as described above was contrary to paragraph 5.1(1)(a) of NI 81-102;

    c. AlphaNorth's conduct resulted in the Growth Fund's MRFPs and the Resource Fund's MRFPs during the Material Time not being prepared in accordance with Form 81-106F1 and was contrary to the requirements of paragraph 4.4(a) of NI 81-106;

    d. AlphaNorth's failure to refer the Growth Fund's Re-designation and the lowering of the Funds' High-Water Mark to the Funds' IRC prior to taking any action in the matter was contrary to section 5.1 of NI 81-107;

e. In implementing the changes to lower the High-Water Marks of the Growth Fund Series A Shares and the Resource Fund Series B Shares described above, AlphaNorth did not satisfy the standard of care prescribed for an investment fund manager under paragraph 116(b) of the Act;

f. Palmer, as the CEO and UDP of AlphaNorth, authorized and permitted the breaches of Ontario securities law engaged in by AlphaNorth, contrary to section 129.2 of the Act;

(b) AlphaNorth's Internal Controls and Compliance Systems

g. As described above, AlphaNorth's compliance system was not adequate to allow it to discharge its responsibilities under Ontario securities law, as required per subsection 32(2) of the Act and section 11.1 of NI 31-103. Palmer, as the UDP of AlphaNorth, did not adequately discharge his responsibilities as required by section 5.1 of NI 31-103; and

h. Collectively, in respect of the Funds and AlphaNorth's internal controls and compliance systems, the above described conduct and non-compliance with Ontario securities law constitute conduct contrary to the public interest.

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

DATED this 14th day of February, 2019.

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1.4 Notices from the Office of the Secretary

1.4.1 AlphaNorth Asset Management and Steven Douglas Palmer

FOR IMMEDIATE RELEASE
February 14, 2019

ALPHANORTH ASSET MANAGEMENT AND STEVEN DOUGLAS PALMER, File No. 2019-3

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 AlphaNorth Asset Management and Steven Douglas Palmer in the above named matter.

The hearing will be held on February 19, 2019 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated February 14, 2019 and Statement of Allegations dated February 14, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
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1.4.2 AlphaNorth Asset Management and Steven Douglas Palmer

FOR IMMEDIATE RELEASE
February 19, 2019

ALPHANORTH ASSET MANAGEMENT AND STEVEN DOUGLAS PALMER File No. 2019-3

TORONTO – Following a hearing held today, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and AlphaNorth Asset Management and Steven Douglas Palmer in the above named matter.

A copy of the Order dated February 19, 2019, the Settlement Agreement dated February 13, 2019 and the Oral Reasons for Approval of a Settlement dated February 19, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Northwest & Ethical Investments L.P. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to open-ended mutual fund trusts for extensions of the lapse date of their prospectus – Filer will incorporate offering of the mutual funds 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).

February 8, 2019

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
NORTHWEST & ETHICAL INVESTMENTS L.P.
(the Filer)

AND
NEI JANTZI SOCIAL INDEX FUND,
NEI U.S. EQUITY FUND,
NEI SELECT INCOME PORTFOLIO,
NEI SELECT GROWTH & INCOME RS PORTFOLIO,
NEI SELECT GROWTH & INCOME PORTFOLIO AND
NEI SELECT MAXIMUM GROWTH RS PORTFOLIO
(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 limit for the renewal of the simplified prospectus of the Funds dated April 25, 2018, as amended and restated on October 29, 2018 (the **Prospectus**) be extended to those time limits that would apply if the lapse date of the Prospectus was June 18, 2019 (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Canadian 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 limited partnership formed under the laws of Ontario which acts through its general partner Northwest & Ethical Investments Inc., a corporation formed under the laws of Canada, with its head office in Ontario.

2. The Filer is registered as a portfolio manager and commodity trading manager in Ontario, an exempt market dealer in British Columbia, Ontario, Québec and Saskatchewan, and as an investment fund manager in British Columbia, Newfoundland and Labrador, Ontario and Québec.

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

4. Each of the Funds is an open-ended mutual fund trust established under the laws of Ontario and is a reporting issuer as defined in the securities legislation of each of the Canadian Jurisdictions.

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

6. The Funds currently distribute securities in the Canadian Jurisdictions under the Prospectus.

7. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date of the Prospectus is April 25, 2019 (the **Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of each of the Funds would have to cease on the Lapse Date unless: (i) the Fund files a *pro forma* simplified prospectus at least 30 days prior to the Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after the Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days of the Lapse Date.

8. The Filer is the investment fund manager of 31 other mutual funds as listed in Schedule "A" (the **Other Funds**) that currently distribute their securities under a simplified prospectus with a lapse date of June 18, 2019 (the **Other Funds Prospectus**).

9. The Filer wishes to combine the Prospectus with the Other Funds Prospectus into a prospectus dated on or about June 18, 2019 in order to reduce renewal, printing and related costs. Offering the Funds and the Other Funds under one prospectus would facilitate the distribution of the Funds in the Canadian Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. As the Funds and the Other Funds are managed by the Filer, offering them under the same prospectus will allow investors to more easily compare their features.

10. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the renewal simplified prospectuses, annual information forms and fund facts documents of the Other Funds (the **Other Funds Renewal Prospectus Documents**), and unreasonable to incur the costs and expenses associated therewith, so that the Other Funds Renewal Prospectus Documents can be filed earlier with the renewal simplified prospectus, annual information form and fund facts documents of the Funds.

11. If the Exemption Sought is not granted, it will be necessary to renew the Prospectus twice within a short period of time in order to consolidate the Prospectus with the Other Funds Prospectus.

12. There have been no material changes in the affairs of each of the Funds since the date of the Prospectus. Accordingly, the Prospectus and current fund facts document(s) of each of the Funds represent current information regarding such Fund.

13. Given the disclosure obligations of the Funds, should a material change in the affairs of any of the Funds occur, the Prospectus and current fund facts document(s) of the applicable Fund(s) will be amended as required under the Legislation.

14. New investors in the Funds will receive delivery of the most recently filed fund facts document(s) of the applicable Fund(s). The Prospectus will still be available upon request.

15. The Exemption Sought will not affect the accuracy of the information contained in the Prospectus or the respective fund facts document(s) of each of the Funds, and therefore will not be prejudicial to the public interest.

Decision

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

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

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

SCHEDULE "A'

THE OTHER FUNDS

NEI Money Market Fund
NEI Canadian Bond Fund
NEI Global Total Return Bond Fund
NEI Global High Yield Bond Fund
NEI Conservative Yield Portfolio
NEI Balanced Yield Portfolio
NEI Balanced RS Fund
NEI Tactical Yield Portfolio
NEI Growth & Income Fund
NEI Canadian Dividend Fund
NEI Canadian Equity RS Fund
NEI Canadian Equity Fund
NEI U.S. Dividend Fund
NEI U.S. Equity RS Fund
NEI Canadian Small Cap Equity RS Fund
NEI Canadian Small Cap Equity Fund
NEI Global Dividend RS Fund
NEI Global Value Fund
NEI Global Equity RS Fund
NEI Global Equity Fund
NEI International Equity RS Fund
NEI Environmental Leaders Fund
NEI Emerging Markets Fund
NEI Select Income RS Portfolio
NEI Select Income & Growth RS Portfolio
NEI Select Income & Growth Portfolio
NEI Select Balanced RS Portfolio
NEI Select Balanced Portfolio
NEI Select Growth RS Portfolio
NEI Select Growth Portfolio
NEI Select Maximum Growth Portfolio

2.1.2 Just Energy Group 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 applicable to issuer bids in Part 2 of NI 62-104 in connection with offer by issuer to repurchase convertible Eurobonds from certain bondholders – no exemption from issuer bid requirements available to issuer – repurchase offer being made to all identified Canadian bondholders – each of the five identified Canadian bondholders is an accredited investors – issuer reasonably believes there are no other Canadian bondholders – Canadian bondholders will receive maximum consideration payable pursuant to repurchase offer made to certain other bondholders – Eurobonds not initially distributed in Canada – in order to participate in the offer each Canadian bondholder must provide a confirmation and consent in which it will, among other things, acknowledge that as a result of the relief being granted, the holder will not have the benefit of the protections provided by the Issuer Bid Requirements or the requirements relating to issuer bids provided by Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

February 11, 2019

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
JUST ENERGY GROUP INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction (the **Decision Maker**) has received an application (the **Application**) from the Filer for a decision under the securities legislation of the principal regulator (the **Legislation**), pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (**NI 62-104**), for relief from the issuer bid requirements set out in Part 2 of NI 62-104 (the **Issuer Bid Requirements**) in connection with an offer (the **Eurobond**

Repurchase) to be made by the Filer to repurchase the 6.5% senior convertible bonds of the Filer due July 2019 (the **Eurobonds**) from certain holders (the **Bondholders**) of the Eurobonds (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

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

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

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act*. The head office of the Filer is located in Mississauga, Ontario.

2. The Filer is a reporting issuer in all of the provinces and territories of Canada and is not in default of securities legislation in any jurisdiction.

3. On January 29, 2014, the Filer entered into a Trust Deed with U.S. Bank Trustees Limited, as trustee (**USBTL**), and Elavon Financial Services Limited, UK Branch, as share trustee-custodian, which provided for the issuance of US$150 million principal amount of Eurobonds (the **Trust Deed**).

4. The Eurobonds were initially placed solely in Europe and elsewhere outside of Canada in the form of a global bond, which was and remains registered in Europe solely in the name of USB Nominees (UK) Limited. To the knowledge of the Filer, no person that was located in Canada purchased Eurobonds pursuant to the initial placement thereof by the Filer.

5. The Eurobonds are listed on the Professional Securities Market of the London Stock Exchange (**PSM**) under the trading symbol "48IL". To the Filer's knowledge, there has never been a trade of the Eurobonds through the facilities of the PSM.

6. The Eurobonds bear interest at an annual rate of 6.5%, payable semi-annually in arrears in equal installments on January 29 and July 29 each year with a maturity date of July 29, 2019.

7. The Eurobonds are convertible into common shares of the Filer at any time from May 30, 2014 to July 7, 2019, at the option of the Bondholder. The current conversion rate is equal to US$9.3762 per common share, subject to customary anti-dilution adjustments (the **Conversion Right**).

8. The Filer's common shares are listed on the TSX and the NYSE under the trading symbol "JE".

9. As at January 7, 2019, there were 149,296,095 common shares of the Filer outstanding and the closing price per common share on the TSX was $4.66 per common share and the closing market price on the NYSE was USD$3.50.

10. In the event of an exercise of a Conversion Right, the Filer may, at its discretion, subject to applicable regulatory approval and provided that no event of default has occurred and is continuing, elect to satisfy its obligation to issue common shares by paying cash in an amount equal to the market value of the underlying common shares that would otherwise be received by the Bondholder upon such conversion.

11. The Filer does not have a general right to call the Eurobonds for redemption under the Trust Deed. However, the Filer is provided with the right to repurchase the Eurobonds in the market or otherwise under the terms of the Trust Deed.

12. On September 19, 2018, the Filer completed a tender offer to repurchase the Eurobonds from each of the holders of the Eurobonds (the **Tender Offer**). As a result of the Tender Offer, the current outstanding principal amount of the Eurobonds is US$104,400,000. To the Filer's knowledge, the vast majority of the principal amount of the outstanding Eurobonds are held by a limited number of institutional investors. The Tender Offer was made to Bondholders in Canada in reliance on an exemption from the Insider Bid Requirements granted by the Ontario Securities Commission, as principal regulator, on September 19, 2018.

13. Pursuant to the terms of the Eurobond Repurchase, the Filer intends to offer to repurchase Eurobonds from certain Bondholders located in Europe and the United States, as well as those Accredited Investor Bondholders (as defined below) located in the Canada, for consideration in the amount of a maximum of 101% of the principal amount of Eurobonds held plus any accrued and unpaid interest thereon. Notwithstanding the foregoing, the Filer will offer to repurchase the Eurobonds held by Bondholders

located in Canada for the maximum consideration of 101% of the principal amount of Eurobonds held plus any accrued and unpaid interest. Each Canadian Bondholder that accepts the Filer's offer would enter into a bilateral Eurobond repurchase agreement with the Issuer.

14. The Eurobond Repurchase will be made to certain Bondholders in Europe and the United States in compliance with applicable securities laws of Europe and the United States, respectively.

15. Given that there has not been a trade of the Eurobonds through the PSM, in order to form a reasonable belief with regard to the beneficial ownership of the Eurobonds owned by Canadians, the Filer sought to determine whether there had been any institutional trades among investment dealers in the Eurobonds.

16. With the assistance of a Canadian investment dealer and based on information obtained via Bloomberg, the Filer (i) was able to ascertain that, as a result of trades through the over-the-counter market, five Canadian institutional investors (collectively, the **Accredited Investor Bondholders**) held an aggregate of approximately US$33,800,000 principal amount of Eurobonds, representing approximately 32% of the outstanding Eurobonds as at January 7, 2019, and (ii) reasonably believes that, other than the Accredited Investor Bondholders, residents of Canada did not own any Eurobonds.

17. Each of the Accredited Investor Bondholders is located in Canada (Ontario and British Columbia) and to the knowledge of the Filer each is an "accredited investor" as defined under the Legislation. The Filer believes that each of the Accredited Investor Bondholders is knowledgeable of the affairs of the Filer, considers itself able to evaluate the Eurobond Repurchase without the assistance of an issuer bid circular or a valuation of the Eurobonds, and that it is a sophisticated investor with significant knowledge of the Canadian securities markets and eurobond market.

18. As the Issuer would also like to make the Eurobond Repurchase offer to the Accredited Investor Bondholders and any other Bondholders who reside in Canada, the Eurobond Repurchase will constitute an issuer bid under the Legislation and will be subject to the Issuer Bid Requirements. No exemption from the Issuer Bid Requirements is available to the Filer.

19. The material relating to the Eurobond Repurchase will be prepared in English. The material relating to the Eurobond Repurchase that is delivered by or on behalf of the Filer to Bondholders, including the form of repurchase agreement, will be filed and delivered or otherwise provided to each Canadian Bondholder.

20. The Filer will provide a copy of this Decision to each Canadian Bondholder at the same time it provides any such Canadian Bondholder the material relating to the Eurobond Repurchase.

21. The form of repurchase agreement would contain provisions that are similar to those contained in the invitation term sheet used for the Tender Offer. Specifically, the form of repurchase agreement would set out the consideration to be paid for the repurchase of the Eurobonds, the mechanics and timing of settlement, and the requirement for Bondholders in Canada to sign the form of Confirmation and Consent (as defined below).

22. The Filer will provide each Canadian Bondholder with a Canadian Eurobond Holder Confirmation and Consent (the **Confirmation and Consent**) in the form of the Confirmation and Consent in Appendix A to this Decision, pursuant to which the respective Canadian Bondholder will, among other things, acknowledge that as a result of the Exemption Sought being granted, the holder will not have the benefit of the protections provided by the Issuer Bid Requirements or the requirements relating to issuer bids provided by Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

23. The Filer will announce repurchases of Eurobonds once 10% or more of the Eurobonds have been repurchased.

24. If any Bondholder contacts the Filer seeking to have their Eurobonds repurchased, the Filer will offer to repurchase the Eurobonds held by such Bondholder for a repurchase price of up to a maximum of 101% of the principal amount of the Eurobonds held plus accrued and unpaid interest thereon; provided that in respect of any Bondholder in Canada, the Filer will offer to repurchase its Eurobonds for the maximum repurchase price of 101% of the principal amount of Eurobonds held plus accrued and unpaid interest thereon.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that prior to or concurrent with the Filer allowing any Bondholder located in Canada to participate in the Eurobond Repurchase, the Filer has received an executed Confirmation and Consent from such Bondholder.

"Naizam Kanji"
Director, Office of Mergers & Acquisitions
Ontario Securities Commission

APPENDIX A

CANADIAN EUROBOND HOLDER CONFIRMATION AND CONSENT

TO: Just Energy Group Inc. (the "Company")

AND

TO: Ontario Securities Commission ("OSC")

RE: Application by the Company to the OSC, as principal regulator, for exemptive relief in connection with an offer to certain holders of the Eurobonds (as defined below) (the "Offer" or the "Eurobond Repurchase") made by the Company to repurchase its 6.5% senior unsecured convertible bonds maturing July 29, 2019 (the "Eurobonds")

The undersigned beneficial holder of Eurobonds (the "**Holder**") hereby acknowledges, confirms and agrees as follows:

1. it has been advised that the Offer has been made to certain holders of Eurobonds ("**Bondholders**"), including the Holder;

2. the holder has been offered the maximum repurchase price for the repurchase of its Eurobonds, being 101% of the principal amount of the Eurobonds held plus accrued and unpaid interest thereon;

3. it has been advised that the repurchase agreement and any other materials related to the Eurobond Repurchase that have been delivered to Bondholders located outside of Canada will be delivered to the Holder;

4. it has been advised that all materials related to the Eurobond Repurchase that have been delivered to Bondholders have been prepared in English and if a Bondholder is resident in Québec, the materials will be prepared in French;

5. it has been advised that as the Offer has been made to Canadian Bondholders, it constitutes an issuer bid as defined in National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**") and is subject to the requirements of Part 2 of NI 62-104 (the "**Issuer Bid Requirements**");

6. it has been advised that as the Offer has been made to Canadian Bondholders, it also constitutes an issuer bid as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") and would be subject to the requirements of Part 3 of MI 61-101 (the "**MI 61-101 Requirements**");

7. it has been advised that as no exemptions from the Issuer Bid Requirements are available to the

Company, the Company applied to the OSC, as principal regulator, for relief from the Issuer Bid Requirements and MI 61-101 Requirements (the "**Requested Relief**") in connection with the Eurobond Repurchase;

8. it has been advised that the OSC granted the Requested Relief;

9. it hereby consents to the use of this Canadian Eurobond Holder Confirmation and Consent by the Company in connection with the Requested Relief;

10. it is an accredited investor as defined in section 73.3 of the *Securities Act* (Ontario);

11. it beneficially owns the principal amount of Eurobonds indicated below;

12. it hereby acknowledges that as a result of the Requested Relief being granted, the Holder does not have the benefit of the protections provided by: (i) the Issuer Bid Requirements; and (ii) the protections relating to issuer bids provided by the MI 61-101 Requirements, which among other things, require the Company to obtain a formal valuation for the Eurobonds and provide disclosure relating thereto;

13. it hereby acknowledges that it has received a copy of the decision document issued by the OSC granting the Requested Relief;

14. any person or company affected by a decision of the Director (as defined in the *Securities Act* (Ontario)), may, by notice in writing sent by registered mail to the OSC within thirty days after the mailing of the notice of the decision, request and be entitled to a hearing and review thereof by the OSC; and

15. it has had adequate time to review this Canadian Eurobond Holder Confirmation and Consent.

DATED at _____, the _____ day of _____, 2019.

_____
Name of beneficial Bondholder (please print)

by:

_____
Authorized Signature

_____
Official Capacity or Title (please print)

_____
(Please print name of individual whose signature appears above if different than the name of the Bondholder printed above.)

_____
Principal amount of Eurobonds of the Company beneficially owned

_____
Province/Territory where beneficial Bondholder is resident

2.2 Orders

2.2.1 Aequitas Innovations Inc. and Neo Exchange Inc. et al. – ss. 21, 144

Headnote

Subsection 144(1) of the Securities Act (Ontario) – application for order varying the Commission's order recognizing Neo Exchange Inc. as an exchange – variation required to streamline the regulatory reporting requirements applicable to recognized exchanges carrying on business in Ontario and to reduce regulatory burden – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 144(1).

February 8, 2019

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

AND

IN THE MATTER OF
AEQUITAS INNOVATIONS INC. AND
NEO EXCHANGE INC.

AND

IN THE MATTER OF
BCE INC.,
BARCLAYS CORPORATION LIMITED,
BRILLIANT ORANGE HOLDINGS LTD.,
CI INVESTMENTS INC.,
IGM FINANCIAL INC.,
ITG CANADA CORP.,
OMERS OCM INVESTMENTS II INC.,
PSP PUBLIC MARKETS INC. AND
RBC DOMINION SECURITIES INC.

ORDER
(Sections 21 and 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated November 13, 2014, effective as at March 1, 2015, which was varied on February 27, 2015 and September 29, 2015, recognizing Aequitas Innovations Inc. (**Aequitas**) and Aequitas Neo Exchange Inc. as exchanges pursuant to section 21 of the Act (**Recognition Order**);

AND WHEREAS at the time the Commission issued the Recognition Order, Aequitas was the sole shareholder of Aequitas Neo Exchange Inc. and BCE Inc., Barclays Corporation Limited, Brilliant Orange Holdings Ltd., CI Investments Inc., IGM Financial Inc., ITG Canada Corp., OMERS OCM Investments II Inc., PSP Public Markets Inc. and RBC Dominion Securities Inc. were each shareholders in Aequitas;

AND WHEREAS on January 15, 2019, the name Aequitas Neo Exchange Inc. was changed to Neo Exchange Inc. (**Neo Exchange**);

AND WHEREAS the Commission considers the proper operation of exchanges as essential to investor protection and maintaining a fair and efficient capital market, and therefore requires that any conflicts of interest in the operation of exchanges be dealt with appropriately, the fairness and efficiency of the market not be impaired by any anti-competitive activity, and that systemic risks are monitored and controlled;

AND WHEREAS Aequitas, Neo Exchange, and the founding shareholders (as defined in Schedule 2) have agreed to the applicable terms and conditions set out in Schedules 2 to 4 of the Recognition Order;

AND WHEREAS the Commission has received an application under section 144 of the Act to vary and restate the Recognition Order to reflect the streamlining of certain reporting and other requirements for Aequitas and Neo Exchange in the Recognition Order (**Application**);

AND WHEREAS based on the Application and the representations that Aequitas and Neo Exchange have made to the Commission, the Commission has determined that:

(a) Aequitas and Neo Exchange continue to satisfy the recognition criteria set out in Schedule 1 to the Recognition Order,

(b) it is in the public interest to continue to recognize each of Aequitas and Neo Exchange as an exchange pursuant to section 21 of the Act, and

(c) it is not prejudicial to the public interest to vary and restate the Recognition Order pursuant to section 144 of the Act;

IT IS ORDERED, pursuant to section 144 of the Act, that the Application to vary and restate the Recognition Order is granted.

IT IS ORDERED, pursuant to section 21 of the Act, that:

(a) Aequitas continues to be recognized as an exchange, and

(b) Neo Exchange continues to be recognized as an exchange,

provided that Aequitas, Neo Exchange, the founding shareholders, and the launch shareholders that are significant shareholders (as defined in Schedule 2) comply with the terms and conditions set out in Schedules 2, 3, and 4 to the Recognition Order, as applicable.

DATED this 8th day of February 2019.

“D. Grant Vingoe”

“M. Cecilia Williams”

SCHEDULE 1

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* (NI 21-101) and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, which include requirements relating to:

(a) access;

(b) marketplace operations;

(c) exchange rules, policies and other similar instruments;

(d) order and trade transparency;

(e) transparency of marketplace operations;

(f) record keeping;

(g) marketplace systems and business continuity planning;

(h) confidentiality of information;

(i) outsourcing;

(j) clearing and settlement;

(k) fair and orderly markets;

(l) the management of conflicts of interest; and

(m) filing of financial statements.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange;

(b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

  (i) appropriate representation of independent directors, and

  (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest; and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

(a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.

(b) In addition to meeting the requirements of NI 21-101 relating to market operations and exchange rules, policies and other similar instruments as referred to in paragraphs 1.1(b) and (c) of this Schedule, respectively, the Rules are also designed to

(i) ensure a fair and orderly market; and

(ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and are consistent with the requirements in Ontario securities laws, including those requirements listed in paragraphs 1.1(a) and (e) of this Schedule.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 INFORMATION SHARING AND REGULATORY COOPERATION

11.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, recognized self-regulatory organizations, other recognized or exempt exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 2

TERMS AND CONDITIONS APPLICABLE TO NEO EXCHANGE

1. DEFINITIONS AND INTERPRETATION

(a) For the purposes of this Schedule:

"accounting principles" means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*;

"associate" has the meaning ascribed to it in subsection 1(1) of the Act;

"Board" means the board of directors of Aequitas or Neo Exchange, as the context requires;

"Competitor" means a person whose consolidated business, operations or disclosed business plans are in competition, to a significant extent, with the listing functions, trading functions, market data services or other material lines of business of Neo Exchange or its affiliated entities;

"criteria for recognition" means all the criteria for recognition set out in Schedule 1 to the Order;

"dealer" means "investment dealer", as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements*;

"founding shareholder" means each of the BCE Inc., Barclays Corporation Limited, Brilliant Orange Holdings Ltd., CI Investments Inc., IGM Financial Inc., ITG Canada Corp., OMERS OCM Investments II Inc., PSP Public Markets Inc. and RBC Dominion Securities Inc.;

"IIROC" means the Investment Industry Regulatory Organization of Canada;

"launch shareholder" means a person or company that acquired any class of voting shares of Aequitas in a financing completed in connection with the launch of Aequitas Neo Exchange;

"marketplace" has the meaning ascribed to it in subsection 1(1) of the Act;

"marketplace participant" has the meaning ascribed to it in section 1.1 of NI 21-101;

"Neo Exchange dealer" means a dealer that is also a significant shareholder;

"Neo Exchange issuer" means a person or company whose securities are listed on Neo Exchange;

"Neo Exchange marketplace participant" means a marketplace participant of Neo Exchange;

"Nominating Committee" means the committee established by Neo Exchange pursuant to section 6 of this Schedule or by Aequitas pursuant to section 27 of Schedule 3, as the context requires;

"officer" has the meaning ascribed to it in subsection 1(1) of the Act;

"Regulatory Oversight Committee" means the committee established by Neo Exchange pursuant to section 7 of this Schedule;

"Rule" means a rule, policy, or other similar instrument of Neo Exchange;

"shareholder" means a founding shareholder or a launch shareholder;

"significant shareholder" means a person or company that:

(i) is a founding shareholder;

(ii) is a launch shareholder whose nominee is on the Board of Aequitas or Neo Exchange, for so long as the nominee of the launch shareholder remains on the Board of Aequitas or Neo Exchange;

(iii) is a launch shareholder that has a partner, director or employee who is a director on the Board of Aequitas or Neo Exchange, for so long as such partner, officer, director or employee remains a member on this board; or

(iv) beneficially owns or controls, directly or indirectly, more than 5% of any class or series of voting shares of Aequitas.

"unaudited consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that they are not audited; and

"unaudited non-consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that

(i) they are not audited; and

(ii) investments in subsidiary entities, jointly controlled entities and associates are accounted for as specified for separate financial statements in International Accounting Standard 27 *Separate Financial Statements*.

(b) For the purposes of this Schedule, an individual is independent if the individual is "independent" within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time to time, but is not independent if the individual:

(i) is a partner, officer, director or employee of a Neo Exchange marketplace participant or an associate of that partner, officer or employee;

(ii) is a partner, officer, director or employee of an affiliated entity of a Neo Exchange marketplace participant who is responsible for or is actively engaged in the day-to-day operations or activities of that Neo Exchange marketplace participant;

(iii) is an officer or an employee of Aequitas or any of its affiliates;

(iv) is a partner, officer or employee of a founding shareholder or launch shareholder or any of its affiliated entities or an associate of that partner, officer or employee;

(v) is a director of a founding shareholder or launch shareholder or any of its affiliated entities or an associate of that director;

(vi) is a person who owns or controls, or is the officer or employee of a person or company that owns or controls, directly or indirectly, more than 5% of the shares of Aequitas;

(vii) is the director of a person or company that beneficially owns or controls, directly or indirectly, more than 5% of any class or series of voting shares of Aequitas;

(viii) is a director that was nominated, and as a result appointed or elected, by a founding shareholder or launch shareholder; or

(ix) has, or has had, any relationship with a founding shareholder or a launch shareholder or a person or company that owns or controls, directly or indirectly, more than 5% of the shares of Aequitas, that could, in the view of the Nomination Committee, having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of Aequitas or Neo Exchange.

(c) For the purposes of paragraph (b), the Nominating Committee may waive the restrictions set out in subparagraphs (b)(v), (b)(vii) and (viii) provided that:

(i) the individual being considered does not have, and has not had, any relationship with a shareholder that could, in the view of the Nominating Committee, having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgement as a director of Neo Exchange;

(ii) Neo Exchange publicly discloses the use of the waiver with reasons why the particular candidate was selected;

(iii) Neo Exchange provides advance notice to the Commission, at least 15 business days before the public disclosure in sub-paragraph (c)(ii) is made, and

(iv) the Commission does not object within 15 business days of its receipt of the notice provided under sub-paragraph (c)(iii) above.

2. PUBLIC INTEREST RESPONSIBILITIES

(a) Neo Exchange shall conduct its business and operations in a manner that is consistent with the public interest.

(b) The mandate of the Board shall expressly include regulatory and public interest responsibilities of Neo Exchange.

3. SHARE OWNERSHIP RESTRICTIONS

(a) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over:

(i) more than 10% of any class or series of voting shares of Neo Exchange and, thereafter,

(ii) more than 50% of any class or series of voting shares of Neo Exchange.

(b) The articles of Neo Exchange shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

4. RECOGNITION CRITERIA

Neo Exchange shall continue to meet the criteria for recognition set out in Schedule 1 to the Order.

5. FITNESS

In order to ensure that Neo Exchange operates with integrity and in the public interest, Neo Exchange will take reasonable steps to ensure that each person or company that is a significant shareholder, as defined in this Schedule 2, is a fit and proper person and the past conduct of each person or company that is a significant shareholder affords reasonable grounds for belief that the business of Neo Exchange will be conducted with integrity.

6. BOARD OF DIRECTORS

(a) Neo Exchange shall ensure that at least 50% of its Board members are independent.

(b) The chair of the Board shall be independent.

(c) In the event that Neo Exchange fails to meet the requirements of paragraphs (a) or (b) of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

(d) Neo Exchange shall ensure that its Board is subject to requirements that the quorum for the Board consists of a majority of the Board members, with at least 50% being independent.

7. NOMINATING COMMITTEE

Neo Exchange shall maintain a Nominating Committee of the Board that, at a minimum:

(a) is made up of at least three directors, at least 50% of which shall be independent;

(b) confirms the status of a nominee to the Board as independent before the name of the individual is submitted to the shareholder(s) of Neo Exchange as a nominee for election to the Board;

(c) confirms, on an annual basis, that the status of the directors that are independent has not changed;

(d) assesses and approves all nominees of management to the Board; and

(e) has a requirement that the quorum consist of at least 50% of independent directors.

8. REGULATORY OVERSIGHT COMMITTEE

(a) Neo Exchange shall establish and maintain a Regulatory Oversight Committee that, at a minimum:

(i) is made up of at least three directors, a majority of which shall be independent;

(ii) reviews and decides, or makes recommendations to the Board, on proposed regulation and rules that must be submitted to the OSC for review and approval under Schedule 5 *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto* of this Order;

(iii) considers real or perceived conflicts of interest that may arise, including but not limited to the following contexts:

(A) ownership interests in Aequitas by any Neo Exchange marketplace participant with representation on the Board of Aequitas or the Board of Neo Exchange,

(B) increased concentration of ownership of Aequitas, and

(C) the profit-making objective and the public interest responsibilities of Neo Exchange, including general oversight of the management of the regulatory and public interest responsibilities of Neo Exchange.

(iv) oversees the establishment of mechanisms to avoid and appropriately manage conflicts of interest or potential conflicts of interest, perceived or real, including any policies and procedures that are developed by Neo Exchange, including those that are required to be established pursuant to the Schedules of the Order;

(v) monitors the operation of mechanisms that deal with conflicts of interest, including oversight of reporting of issuer regulation activities and conflicts of interest by Neo Exchange;

(vi) reviews regularly, and at least annually, the effectiveness of the policies and procedures regarding conflicts of interest;

(vii) annually prepares a written report examining the avoidance and management of conflicts of interest, the mechanisms used and the effectiveness of those mechanisms and provides the report to the Board promptly, and to the Commission within 30 days of providing it to its Board;

(viii) reports in writing directly to the Commission on any matter that the Regulatory Oversight Committee deems appropriate or that is required by the Commission without first requiring Board approval for such reporting.

(b) The mandate of the Regulatory Oversight Committee shall be publicly available on the website of Neo Exchange.

(c) **[Deleted]**

(d) The Regulatory Oversight Committee shall provide such information as may be required by the Commission from time to time.

9. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Neo Exchange shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:

(A) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant shareholder in the management or oversight of the exchange operations or regulation functions of Neo Exchange and the services or products it provides;

(B) conflicts of interest or potential conflicts of interest that arise from any interactions between Neo Exchange and a significant shareholder where Neo Exchange may be exercising discretion that involves or affects the significant shareholder either directly or indirectly, and

(C) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of Neo Exchange, particularly with respect to conflicts of interest or potential conflicts of interest that arise between the Neo Exchange issuer regulation functions and the business activities of Neo Exchange; and

(ii) require that confidential information regarding marketplace operations, regulation functions, a Neo Exchange marketplace participant or a Neo Exchange issuer that is obtained by a partner, director, officer or employee of a significant shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions of Neo Exchange:

(A) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant shareholder or its affiliated entities.

(b) Neo Exchange shall establish, maintain and require compliance with policies and procedures that identify and manage conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant shareholder or an affiliate of a significant shareholder on Neo Exchange.

(c) Neo Exchange shall establish, maintain and require compliance with policies and procedures that identify and manage conflicts of interest or potential conflicts of interest arising from the listing of the shares of any Competitor. These policies and procedures, including the process for a Neo Exchange issuer to assert that it is a Competitor, shall be published on the website of Neo Exchange. Neo Exchange shall use its best efforts to ensure that IIROC at all times is provided with the current list of the Neo Exchange issuers that are Competitors.

(d) Neo Exchange shall require each shareholder that is a dealer and each affiliate of shareholder that is a dealer to disclose its relationship to Neo Exchange to:

(i) clients whose orders might be, and clients whose orders have been, routed to Neo Exchange; and

(ii) entities for which the dealer is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on Neo Exchange.

(e) Neo Exchange shall regularly review compliance with the policies and procedures established in accordance with paragraphs 8(a), (b), (c) and (d) and shall document each review, and any deficiencies, and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

(f) The policies established in accordance with paragraphs 8(a), (b) and (c) shall be made publicly available on the website of Neo Exchange.

10. ACCESS

Neo Exchange's requirements shall provide access to the facilities of Neo Exchange only to properly registered investment dealers that are members of IIROC and satisfy reasonable access requirements established by Neo Exchange.

11. REGULATION OF NEO EXCHANGE MARKETPLACE PARTICIPANTS AND NEO EXCHANGE ISSUERS

(a) Neo Exchange shall establish, maintain and require compliance with policies and procedures that effectively monitor and enforce the Rules against Neo Exchange marketplace participants and Neo Exchange issuers, either directly or indirectly through a regulation services provider.

(b) Neo Exchange has retained and shall continue to retain IIROC as a regulation services provider to provide, as agent for Neo Exchange, certain regulation services that have been approved by the Commission.

(c) Neo Exchange shall perform all other regulation functions not performed by IIROC, and shall maintain adequate staffing, systems and other resources in support of those functions. Neo Exchange shall obtain prior Commission

approval before outsourcing such regulation functions to any party, including affiliated entities or associates of Neo Exchange.

(d) **[Deleted]**

(e) Neo Exchange shall notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

12. RULES, RULEMAKING AND FORM 21-101F1

Neo Exchange shall comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto, as set out in Schedule 5, as amended from time to time.

13. DUE PROCESS

(a) Neo Exchange shall ensure that the requirements of Neo Exchange relating to access to the trading and listing facilities of Neo Exchange, the imposition of limitations or conditions on access, and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions of appeals.

(b) Neo Exchange shall, within ninety days of the effective date of recognition of Neo Exchange as an exchange pursuant to this Order, establish written procedural requirements governing the process for appeals or review of decisions referred to in section 6.1 of the criteria for recognition and file the procedures with the Commission for approval.

(c) For greater clarity, the procedural requirements referred to in paragraph (b) shall be considered to be Rules and therefore subject to the rule review process established in accordance with Schedule 5.

14. FEES, FEE MODELS AND INCENTIVES

(a) Neo Exchange shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular marketplace participant or any other particular person or company, or

(ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by Neo Exchange that is conditional upon:

(A) the requirement to have Neo Exchange be set as the default or first marketplace a marketplace participant routes to, or

(B) the router of Neo Exchange being used as the marketplace participant's primary router.

(b) Except with the prior approval of the Commission, Neo Exchange shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by Neo Exchange that is conditional upon the purchase of any other service or product provided by Neo Exchange or any affiliated entity, or

(ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies.

(c) Neo Exchange shall obtain prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to any, incentives relating to arrangements that provide for equity ownership in Aequitas for marketplace participants or their affiliated entities based on trading volumes of values on Neo Exchange.

(d) Except with the prior approval of the Commission, Neo Exchange shall not require another person or company to purchase or otherwise obtain products or services from Neo Exchange or a significant shareholder as a condition of Neo Exchange supplying or continuing to supply a product or service.

(e) If the Commission considers that it would be in the public interest, the Commission may require Neo Exchange to submit for approval by the Commission a fee, fee model or incentive that has previously been filed with and/or approved by the Commission.

(f) Where the Commission decides not to approve the fee, fee model or incentive submitted under paragraph (e), any previous approval for the fee, fee model or incentive shall be revoked, if applicable, and Neo Exchange shall no longer be permitted to offer the fee, fee model or incentive.

(g) Any fee, fee model or incentive, or amendment thereto, shall be filed in accordance with the Rule and Form 21-101F1 *Filing Protocol* attached as Schedule 5.

15. ORDER ROUTING

Neo Exchange shall not support, encourage or incent, either through fee incentives or otherwise, Neo Exchange marketplace participants to coordinate the routing of their orders to Neo Exchange.

16. FINANCIAL REPORTING

(a) Within 90 days of its financial year end, Neo Exchange shall deliver to the Commission audited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial year.

(b) Within 60 days of each quarter end, Neo Exchange shall deliver to the Commission unaudited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial quarter.

(c) Neo Exchange shall deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days from the commencement of each fiscal year.

17. FINANCIAL VIABILITY MONITORING AND REPORTING

(a) Neo Exchange shall calculate the following financial ratios monthly:

(i) a current ratio, being the ratio of current assets to current liabilities;

(ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months; and

(iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case following the same accounting principles as those used for the unaudited non-consolidated financial statements of Neo Exchange.

(b) Neo Exchange shall report quarterly in writing to the Commission, along with the financial statements required to be delivered pursuant to this Schedule, the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (a).

(c) If Neo Exchange determines that it does not have, or anticipates that, in the next twelve months, it will not have:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it will immediately notify Commission staff of the above ratio(s) that it is not maintaining, the reasons, along with an estimate of the length of time before the ratio(s) will be met.

(d) Upon receipt of a notification made by Neo Exchange under paragraph (c), the Commission may, as determined appropriate, impose any of the terms and conditions set out in paragraph (e) below.

(e) If Neo Exchange's current ratio, debt to cash flow ratio or financial leverage ratio falls below the levels outlined in subparagraphs 17(c)(i), 17(c)(ii) and 17(c)(iii) above for a period of more than three months, Neo Exchange will:

(i) immediately deliver a letter advising the Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation;

(ii) deliver to Commission staff, on a monthly basis, within 30 days of the end of each month:

(A) unaudited monthly financial statements and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment,

(B) a comparison of the monthly revenues and expenses incurred by Neo Exchange against the projected monthly revenues and expenses included in Neo Exchange's most recently updated budget for that fiscal year,

(C) for each revenue item whose actual amount was significantly lower than its projected amount, and for each expense item whose actual amount was significantly higher than its projected amount, the reasons for the variance, and

(D) a calculation of the current ratio, debt to cash flow ratio and financial leverage ratio for the month;

(iii) prior to making any type of payment to any director, officer, affiliated entity or shareholder that is in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of the Commission staff that it will have sufficient financial resources to continue its operations after the payment; and

(iv) adhere to any additional terms and conditions imposed by the Commission or its staff, as determined appropriate,

until such time as Neo Exchange has maintained each of its current ratio, debt to cash flow ratio and financial leverage ratio at the levels set out in subparagraphs 17(c)(i), 17(c)(ii) and 17(c)(iii) for a period of at least 6 consecutive months.

18. ADDITIONAL INFORMATION

(a) Neo Exchange shall provide the Commission with:

(i) the information set out in Appendix A to this Schedule, as amended from time to time; and

(ii) any information required to be provided by Neo Exchange to IIROC, including all order and trade information, as required by the Commission.

(b) **[Deleted]**

19. COMPLIANCE

Neo Exchange shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

20. GOVERNANCE REVIEW

(a) At the request of the Commission, Neo Exchange shall engage an independent consultant, or independent consultants acceptable to the Commission to prepare a written report assessing the governance structure of Neo Exchange (Governance Review).

(b) The written report shall be provided to the Board of Neo Exchange promptly after the report's completion and then to the Commission within 30 days of providing it to the Boards.

(c) The scope of the Governance Review shall be approved by the Commission and shall include, at a minimum, the following:

(i) a review of the composition of the Board of Neo Exchange, in particular whether its composition continues to meet the recognition criteria, including the requirement that there be fair, meaningful and diverse representation on the Board and any committees of the Board, including:

(A) appropriate representation of independent directors, and

(B) a proper balance among the interests of the different persons or companies using the services and facilities of Neo Exchange;

(ii) a review of the impact of the composition requirements applicable to the Board of Neo Exchange, including requirements imposed by all securities regulatory authorities, on their ability to meet the recognition criteria;

(iii) a review of the degree to which the governance structure of Neo Exchange allows for appropriate input into the business and operations of Neo Exchange by users of its services and facilities;

(iv) a review of how the Nominating Committee discharges its mandate and performs its role and functions; and

(v) a review of how the Regulatory Oversight Committee discharges its mandate and performs its role and functions, including how conflicts of interest and potential conflicts of interest are actually managed, whether they are managed effectively, if there are any identified deficiencies, what they were and how they were remedied and whether further measures are warranted.

21. PROVISION OF INFORMATION

(a) Neo Exchange shall, and shall cause its affiliated entities, to promptly provide to the Commission, on request, any and all data, information and analyses in the custody or control of Neo Exchange or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(i) data, information and analyses relating to all of its or their businesses; and

(ii) data, information and analyses of third parties in its or their custody or control.

(b) Neo Exchange shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

22. COMPLIANCE WITH TERMS AND CONDITIONS

(a) Neo Exchange shall certify in writing to the Commission, in a certificate signed by its CEO and general counsel, within one year of the effective date of its recognition as an exchange pursuant to this Order and every year subsequent to that date, or at any times required by the Commission, that it is in compliance with the terms and conditions applicable to it in the Order and describe in detail:

(i) the steps taken to require compliance;

(ii) the controls in place to verify compliance;

(iii) the names and titles of employees who have oversight of compliance.

(b) If Neo Exchange or any of its directors, officers or employees become aware of a breach or a possible breach of any of the terms and conditions applicable to the Neo Exchange under the Schedules to the Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of the breach or possible breach. The director, officer or employee of the recognized exchange shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(c) The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by section 22(d).

(d) The Regulatory Oversight Committee shall promptly cause to be conducted an investigation of the breach or possible breach reported under section 22(b). Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Neo Exchange under the Schedules to the Order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX A

ADDITIONAL REPORTING OBLIGATIONS

1. Ad Hoc

(a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar agreement with any governmental or regulatory body, self-regulatory obligation, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, or (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.).

(b) Any plans by Neo Exchange to enter into new businesses (directly or indirectly, including joint ventures) or to cease existing businesses, promptly after the Board has made the decision to implement those plans.

(c) **[Deleted]**

(d) **[Deleted]**

(e) Immediate notification if Neo Exchange:

(i) becomes the subject of any order, directive or similar action of a governmental or regulatory authority;

(ii) becomes aware that it is the subject of a criminal or regulatory investigation; or

(iii) becomes, or it is notified in writing that it will become, the subject of a material lawsuit.

(f) Any strategic plan for Neo Exchange, within 30 days of approval by the Board.

(g) Any filings made by Neo Exchange with a Canadian securities regulatory authority pursuant to a recognition order, exemption order or NI 21-101, filed concurrently.

(h) Copies of all notices, bulletins and similar forms of communication that Neo Exchange sends to the Neo Exchange marketplace participants or Neo Exchange issuers.

(i) Prompt notification of any suspension or delisting of a Neo Exchange issuer, including the reasons for the suspension or delisting.

(j) Prompt notification of any original listing application received from a significant shareholder or any of its affiliates.

(k) Prompt notification of any original listing application received from a Competitor.

(l) Prompt notification of any application for exemption or waiver from requirements received from a significant shareholder or any of its affiliates.

(m) **[Deleted]**

2. Quarterly Reporting

(a) A list of the internal audit reports and risk management reports issued in the previous quarter that relate to the operations and business of Neo Exchange, if such reports are produced.

(b) A quarterly report summarizing all exemptions or waivers granted during the period pursuant to the Rules to any Neo Exchange marketplace participant or Neo Exchange issuer, which shall include the following information:

(i) the name of the Neo Exchange marketplace participant or Neo Exchange issuer;

(ii) the type of exemption or waiver granted during the period;

(iii) the date of the exemption or waiver; and

(iv) a description of the recognized exchange's reason for the decision to grant the exemption or waiver.

(c) A quarterly report regarding original listing applications containing the following information:

(i) the name of any Neo Exchange issuer whose original listing application was conditionally approved, the date of such approval, the type of listing, the category of listing and, if known, whether the issuer was denied an application to list its securities on another marketplace;

(ii) the name of any issuer whose original listing application was rejected and the reasons for rejection, by category of listing; and

(iii) the name of any issuer whose original listing application was withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category of listing.

The information required by section 2(b)(i) above should disclose whether the issuer is an Emerging Market Issuer, whether the listing involved an agent, underwriter or Canadian Securities Regulatory Authority, and any additional requirements imposed by Neo Exchange pursuant to sections 2.10 and 2.11 of the Neo Exchange Listing Manual.

(d) A quarterly report summarizing all significant incidents of non-compliance by Neo Exchange issuers identified by Neo Exchange during the period, together with a summary of the actions taken to address and resolve the incidents of non-compliance.

(e) A quarterly report listing all the Competitors listed on Neo Exchange.

(f) A quarterly report summarizing instances where conflicts of interest or potential conflicts of interest with respect to Competitors have been identified by Neo Exchange and how such conflicts were addressed.

(g) A quarterly report, the scope of which shall be approved by the Commission, relating to compliance with the use of certain designations by marketplace participants, including the results of reviews of marketplace participants' use of such designations and a description of the actions taken to address and resolve instances of non-compliance.

(h) **[Deleted]**

(i) **[Deleted]**

3. Annual Reporting

At least annually, or more frequently if required by the Commission, an assessment of the risks, including business risks, facing Neo Exchange and the plan for addressing such risks.

SCHEDULE 3

TERMS AND CONDITIONS APPLICABLE TO AEQUITAS

23. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2. In addition:

24. PUBLIC INTEREST RESPONSIBILITIES

(a) Aequitas shall conduct its business and operations in a manner that is consistent with the public interest.

(b) The mandate of the Board shall expressly include Aequitas' regulatory and public interest responsibilities.

25. SHARE OWNERSHIP RESTRICTIONS

(a) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over:

(i) more than 10% of any class or series of voting shares of Aequitas and, thereafter,

(ii) more than 50% of any class or series of voting shares of Aequitas.

(b) The articles of Aequitas shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

26. RECOGNITION CRITERIA

Aequitas shall continue to meet the criteria for recognition set out in Schedule 1 to the Order.

27. FITNESS

In order to ensure that Aequitas and its affiliates operate with integrity and in the public interest, Aequitas will take reasonable steps to ensure that each person or company that is a significant shareholder, as defined in Schedule 2, is a fit and proper person and the past conduct of each person or company that is a significant shareholder affords reasonable grounds for belief that the business of Neo Exchange will be conducted with integrity.

28. BOARD OF DIRECTORS

(a) Aequitas shall ensure that at least one third of its Board members are independent.

(b) In the event that Aequitas fails to meet the requirements of paragraph (a) of this section, it shall immediately advise the Commission and take appropriate measures to remedy such failure.

(c) Aequitas shall ensure that the Board is subject to requirements that the quorum for the Board consists of a majority of the Board members, with at least two directors being independent.

29. NOMINATING COMMITTEE

Aequitas shall maintain a Nominating Committee that, at a minimum:

(a) is made up of at least three directors, at least 50% of which shall be independent;

(b) confirms the status of a nominee to the Board as independent before the name of the individual is submitted to shareholders as a nominee for election to the Board;

(c) confirms, on an annual basis, that the status of the directors that are independent has not changed;

(d) assesses and approves all nominees of management to the Board; and

(e) has a requirement that the quorum consist of at least 50% of independent directors.

30. CONFLICTS AND CONFIDENTIALITY PROCEDURES

(a) Aequitas shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its ownership interest in Neo Exchange, and

(ii) require that confidential information regarding marketplace operations, regulation functions, a Neo Exchange marketplace participant or a Neo Exchange issuer that is obtained by a partner, director, officer or employee of a significant shareholder through that individual's involvement in the management or oversight of the marketplace operations or regulation functions of Neo Exchange:

(A) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant shareholder or its affiliated entities.

(b) Aequitas shall cause Neo Exchange to mandate that each Neo Exchange dealer and affiliate of a Neo Exchange dealer disclose its relationship with Neo Exchange to:

(i) clients whose orders might be, and clients whose orders have been, routed to Neo Exchange, and

(ii) entities for which the Neo Exchange dealer or the affiliate of the Neo Exchange dealer is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on Neo Exchange.

(c) Aequitas shall regularly review compliance with the policies and procedures established in accordance with sections 30(a) and (b) and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing the review(s) conducted shall be provided to the Commission on an annual basis.

(d) The policies established in accordance with paragraph sections 30(a) and (b) shall be made publicly available on the website of Aequitas or Neo Exchange.

31. ALLOCATION OF RESOURCES

(a) Aequitas shall, for so long as Neo Exchange carries on business as an exchange, allocate sufficient financial and other resources to Neo Exchange to ensure that Neo Exchange can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

(b) Aequitas shall notify the Commission immediately upon being aware that it is or will be unable to allocate sufficient financial and other resources, as required under paragraph (a), to Neo Exchange.

32. FEES, FEE MODELS AND INCENTIVES

(a) Aequitas shall ensure that its affiliated entities, including Neo Exchange, do not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular marketplace participant or any other particular person or company, or

(ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the affiliated entity, including Neo Exchange, that is conditional upon:

(A) the requirement to have Neo Exchange be set as the default or first marketplace a marketplace participant routes to; or

(B) the router of Neo Exchange being used as the marketplace participant's primary router.

(b) Aequitas shall ensure that its affiliated entities, including Neo Exchange, do not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the affiliated entity, including Neo Exchange, that is conditional upon the purchase of any other service or product provided by the affiliated entity; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies,

unless prior approval has been granted by the Commission.

(c) Aequitas shall ensure that Neo Exchange obtains prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to any, incentives relating to arrangements that provide for equity ownership in Aequitas for marketplace participants or their affiliated entities based on trading volumes of values on Neo Exchange.

(d) Aequitas shall ensure that Neo Exchange does not require a person or company to purchase or otherwise obtain products or services from Neo Exchange or from a significant shareholder as a condition of Neo Exchange supplying or continuing to supply a product or service unless prior approval has been granted by the Commission.

(e) Aequitas shall ensure that any affiliated entity does not require another person or company to obtain products or services from Neo Exchange as a condition of the affiliated entity supplying or continuing to supply a product or service.

33. ORDER ROUTING

Aequitas shall not support, encourage or incent, either through fee incentives or otherwise, Neo Exchange marketplace participants to coordinate the routing of their order to Neo Exchange.

34. FINANCIAL REPORTING

(a) Within 90 days of its financial year end, Aequitas shall deliver to the Commission audited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial year.

(b) Within 60 days of each quarter end, Aequitas shall deliver to the Commission unaudited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial quarter.

(c) Aequitas shall deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days from the commencement of each fiscal year.

35. PRIOR COMMISSION APPROVAL

Aequitas shall obtain prior Commission approval of any changes to any agreement between Aequitas and its shareholders.

36. REPORTING REQUIREMENTS

Aequitas shall provide the Commission with the information set out in Appendix A to this Schedule, as amended from time to time.

37. GOVERNANCE REVIEW

(a) At the request of the Commission, Aequitas shall engage an independent consultant, or independent consultants, acceptable to the Commission to prepare a written report assessing the governance structure of Aequitas (Aequitas Governance Review).

(b) The written report shall be provided to the Board of Aequitas promptly after the report's completion and then to the Commission within 30 days of providing it to the Board.

(c) The scope of the Aequitas Governance Review shall be approved by the Commission and shall include, at a minimum, the following:

(i) a review of the composition of the Board of Aequitas, in particular whether its composition continues to meet the recognition criteria, including the requirement that there be fair, meaningful and diverse representation on the Board and any committees of the Board, including:

(A) appropriate representation of independent directors, and

(B) a proper balance among the interests of the different persons or companies using the services and facilities of Aequitas;

(ii) a review of the impact of the composition requirements applicable to the Board of Aequitas, including requirements imposed by all securities regulatory authorities, on their ability to meet the recognition criteria;

(iii) a review of the degree to which the governance structure of Aequitas allows for appropriate input into the business and operations of Aequitas by users of its services and facilities; and

(iv) a review of how the Nominating and Governance Committee discharges its mandate and performs its role and functions.

38. PROVISION OF INFORMATION

(a) Aequitas shall, and shall cause its affiliated entities to promptly provide to the Commission, on request, any and all data, information and analyses in the custody or control or Aequitas or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(i) data, information and analyses relating to all of its or their businesses; and

(ii) data, information and analyses of third parties in its or their custody or control.

(b) Aequitas shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

39. COMPLIANCE WITH TERMS AND CONDITIONS

(a) Aequitas shall certify in writing to the Commission, in a certificate signed by its CEO and general counsel, within one year of the effective date of its recognition as an exchange pursuant to this Order and every year subsequent to that date, or at any times required by the Commission, that it is in compliance with the terms and conditions applicable to it in the Order and describe in detail:

(i) the steps taken to require compliance;

(ii) the controls in place to verify compliance; and

(iii) the names and titles of employees who have oversight of compliance.

(b) If Aequitas or any of its directors, officers or employees become aware of a breach or a possible breach of any of the terms and conditions applicable to Aequitas under the Schedules to the Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Board or committee designated by the Board and approved by the Commission of the breach or possible breach. The director, officer or employee of the recognized exchange shall provide to the Board or committee designated by the Board details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(c) The Board or committee designated by the Board shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by section 39(d).

(d) The Board or committee designated by the Board shall promptly cause to be conducted an investigation of the breach or possible breach reported under section 39(b). Once the Board or committee designated by the Board has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Aequitas under the Schedules to the Order, the Board or committee designated by the Board

shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX A

ADDITIONAL REPORTING OBLIGATIONS

1. Ad Hoc

(a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar agreement with any governmental or regulatory body, self-regulatory obligation, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.), or (v) relates to a business line other than exchange services.

(b) Any plans by Aequitas or its affiliated entities to enter into new businesses (directly or indirectly, including joint ventures) or to cease existing businesses, promptly after the Board has made the decision to implement those plans.

(c) **[Deleted]**

(d) **[Deleted]**

(e) Immediate notification if Aequitas:

(i) becomes the subject of any order, directive or similar action of a governmental or regulatory authority;

(ii) becomes aware that it is the subject of a criminal or regulatory investigation; or

(iii) becomes, or it is notified in writing that it will become, the subject of a material lawsuit.

(f) Immediate notification if any shareholder or any affiliate of a shareholder of Aequitas becomes, or it is notified in writing that it will become, the subject of a criminal, administrative or regulatory proceeding.

(g) Any strategic plan for Aequitas and its affiliated entities, within 30 days of approval by the Board.

(h) Any filings made by Aequitas with a Canadian securities regulatory authority pursuant to a recognition order, exemption order or NI 21-101, filed concurrently.

(i) **[Deleted]**

2. Quarterly Reporting

A list of the internal audit reports and risk management reports issued in the previous quarter that relate to the operations and business of Aequitas and its affiliated entities, if such reports are produced.

3. Annual Reporting

At least annually, or more frequently if required by the Commission, an assessment of the risks, including business risks, facing Aequitas and its affiliated entities and the plan for addressing such risks.

SCHEDULE 4

TERMS AND CONDITIONS APPLICABLE TO SIGNFICANT SHAREHOLDERS

40. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

41. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Each significant shareholder shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the involvement of a nominee by a significant shareholder to the Board of Aequitas or Neo Exchange in the management or oversight of the marketplace operations or regulation functions of Neo Exchange, and

(iii) require that confidential information regarding marketplace operations or regulation functions, or regarding a Neo Exchange marketplace participant or a Neo Exchange issuer that is obtained by such nominee on the Board of Neo Exchange or Aequitas:

(A) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant shareholder or its affiliated entities.

(b) Each significant shareholder shall establish, maintain and require compliance, or ensure that its affiliates that are dealers establish, maintain or require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from its ownership interest in Aequitas, and indirectly in Neo Exchange, including, but not limited to, conflicts of interest or potential conflicts of interest that arise from any interactions between either of Neo Exchange and the significant shareholder, or between Neo Exchange and the affiliate of the significant shareholder that is a dealer where Neo Exchange may be exercising discretion in the application of its Rules that involves or affects the significant shareholder either directly and indirectly.

(c) Each significant shareholder shall regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), as applicable, and shall document each review of compliance.

42. ROUTING AND OTHER OPERATIONAL DECISIONS

(a) Each significant shareholder shall not enter into, and shall not cause any of its affiliates that are dealers to enter into, any arrangements, undertakings, commitments, understandings or agreements with Aequitas, Neo Exchange, any other shareholder or any other marketplace participant with respect to coordination of the routing of orders between the significant shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to Neo Exchange, except with respect to activities that are permitted by the requirements of Neo Exchange or IIROC.

(b) For greater certainty, paragraph (a) is not intended to prohibit any temporary agreements or coordination between any significant shareholder or affiliate of a significant shareholder that is a dealer and any other shareholder or affiliate of a shareholder that is a dealer or any other person in the event of any failure, malfunction or material delay of the systems or equipment of a marketplace if and to the extent reasonably necessary to protect the integrity and liquidity of capital markets, provided that prior notice of the temporary agreement or coordination is provided to the Commission.

(c) Each significant shareholder shall not, and shall not cause any of its affiliated entities to, offer or pay any benefit, financial or otherwise to:

(i) its traders that would incent such traders to direct their orders to Neo Exchange in preference to any other marketplace; or

(ii) its employees involved in and responsible for underwriting activities that would incent such employees to recommend to issuers or prospective issuers for whom the significant shareholder or affiliated entity is acting or proposing to act as underwriter to list securities on Neo Exchange in preference to any other marketplace.

(d) Each significant shareholder that is not a dealer shall provide a written directive to its traders that they shall not cause routing decisions to be made based on the significant shareholder's ownership interest in Aequitas.

(e) Each Neo Exchange dealer and each of its affiliates that is a marketplace participant shall establish, maintain and require compliance with a written directive requiring its traders to base routing decisions on the best execution and order protection obligations, where applicable, without regard to any ownership interest in Aequitas. The written policy shall provide that where best execution and order protection obligations are satisfied and an order or orders are being routed on the basis of other factors, the dealer's routing decisions, including the use of algorithms, or those of its affiliated entities that are marketplace participants, shall not take into account any financial benefit that would accrue to the dealer by virtue of its equity ownership in Aequitas.

(f) Each Neo Exchange dealer and each of its affiliates that is a marketplace participant shall establish, maintain and require compliance with a written directive requiring its employees involved in and responsible for underwriting activities to base any listing recommendations on what would be most advantageous for the issuer or prospective issuer, without regard to any ownership interest of the dealer, or of those affiliated entities that are marketplace participants on Neo Exchange.

43. DISCLOSURE TO CLIENTS

(a) Each Neo Exchange dealer shall or shall ensure that any of its affiliated entities that is a Neo Exchange marketplace participant shall disclose its relationship with Aequitas and its affiliated entities to:

(i) clients whose orders might be, and clients whose orders have been, routed to Neo Exchange; and

(ii) entities for whom the Neo Exchange marketplace participant is acting or proposing to act as an underwriter in connection with the issuance of securities to be listed on Neo Exchange.

(b) Each significant shareholder that is not a dealer shall ensure that any of its affiliated entities that is a Neo Exchange marketplace participant shall disclose its relationship with Aequitas and its affiliated entities to:

(i) clients whose orders might be, and clients whose orders have been, routed to Neo Exchange; and

(ii) entities for whom the Neo Exchange marketplace participant is acting or proposing to act as an underwriter in connection with the issuance of securities to be listed on Neo Exchange.

44. CONDITIONAL PROVISION OF PRODUCTS OR SERVICES

(a) A Neo Exchange dealer shall not require another person or company to obtain products or services from Neo Exchange or any of its affiliated entities as a condition of the Neo Exchange dealer supplying or continuing to supply a product or service.

(b) A significant shareholder shall not cause its dealer affiliate to require another person or company to obtain products or services from Neo Exchange or any of its affiliated entities as a condition of the significant shareholder supplying or continuing to supply a product or service.

45. NOTIFICATION OF NEW DEALER AFFILIATES

Each significant shareholder shall promptly notify the Commission if it creates or acquires an affiliate that is a dealer.

46. CERTIFICATIONS

(a) Each significant shareholder shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of Aequitas and Neo Exchange as exchanges pursuant to this Order and every year subsequent to that date, or at other times required by the Commission that, based on their knowledge, having exercised reasonable diligence, the significant shareholder is in compliance with the terms and conditions applicable to it in this Schedule and describe the steps taken to require compliance.

(b) Each significant shareholder shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of Aequitas and Neo Exchange as exchanges pursuant to this Order and every year subsequent to that date, or at other times required by the Commission, that, based on their knowledge, having exercised reasonable diligence:

(i) the significant shareholder is not acting jointly or in concert with any other significant shareholder, or any affiliated entity or associated thereof, with respect to any voting shares of Aequitas;

(ii) despite subparagraph (b)(i), the shareholders may act jointly or in concert with any other shareholders under arrangements to nominate a director to the board of Aequitas or Neo Exchange;

(iii) the significant shareholder has no agreement, commitment or understanding, written or otherwise, with any other significant shareholder, or any affiliated entity or associate thereof, with respect to the acquisition or disposition of voting shares of Aequitas, the exercise of any voting rights attached to any voting shares of Aequitas or the coordination of decisions or voting by its nominee director of Aequitas (if any) with the decisions or voting by the nominee of any other significant shareholder, other than what is included in the Aequitas shareholders' agreement; and

(iv) since the last certification, the significant shareholder has not acted jointly or in concert with any other significant shareholder, or any affiliated entity or associate thereof, with respect to (i) any voting shares of Aequitas, including with respect to the acquisition or disposition of any voting shares of Aequitas or the exercise of any voting rights attached to any voting shares of Aequitas, or (ii) coordination of decisions or voting by its nominee director of Aequitas (if any) with the decisions or voting by the nominee director of any other significant shareholder, other than what is included in the Aequitas shareholders' agreement as approved by the Commission.

47. COMPLIANCE WITH TERMS AND CONDITIONS

(a) If the significant shareholder or its partners, officers, directors or employees (or, in the case of a significant shareholder that is not a dealer, its relevant officers, directors or employees that are subject to policies and procedures implemented by that shareholder for the purpose of complying with the applicable terms and conditions of this Schedule) becomes aware that there has been a breach or possible breach of any of the terms and conditions applicable to it under this schedule of the Order, such person shall, promptly after becoming aware of the breach or possible breach, notify the Designated Recipient (as defined below) of such shareholder of the breach or possible breach. The partner, director, officer or employee of the significant shareholder shall provide to the Designated Recipient details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(b) "Designated Recipient" means the person or body that the significant shareholder designates as having the responsibilities described in this section, which may be its Board, audit committee, governance committee (or chairperson of any of the foregoing), General Counsel, Chief Compliance Officer, an ombudsperson specifically designated by the shareholder to review compliance with corporate policies under the shareholder's established whistle-blowing procedures, or, with the period approval of the Commission, such other person or committee designated by the significant shareholder.

(c) The Designated Recipient shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph (a) and shall promptly provide a report to the Commission and to Neo Exchange after concluding such investigation if the Designated Recipient determines that a breach has occurred or that there is an impending breach. Any such report to the Commission by the Designated Recipient shall include details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

48. EXPIRY OF TERMS AND CONDITIONS

The obligations of a significant shareholder to comply with the terms and conditions of this Schedule expire on the later of:

(a) the date on which, for a consecutive six-month period, the significant shareholder owns less than 50% of the number of voting shares of Aequitas that it had beneficially owned or exercised control or direction over at the launch of the recognized exchange, and

(b) the date on which the nominee or partner, officer, director or employee of the significant shareholder has ceased to be a director on the board of Aequitas or Neo Exchange.

49. WAIVER

One or more of the terms and conditions in this Schedule 4 applicable to a launch shareholder whose nominee is appointed to the Board may be waived where:

(a) the launch shareholder has filed with the Commission a written request to waive one or more of the terms and conditions in this Schedule 4, including an explanation on the term or terms that should be waived and the rationale for the request;

(b) the nominee of the launch shareholder would, except for subparagraph 1(b)(viii) of Schedule 2, qualify as an independent director;

(c) the Commission does not object within 15 days of receipt of the written request provided under paragraph (a) above; and

(d) Aequitas or Neo Exchange publicly discloses the use of the waiver with reasons why the particular candidate was selected after the end of the 15-day period referred to in paragraph (c) above.

SCHEDULE 5

PROCESS FOR THE REVIEW AND APPROVAL OF RULES AND THE INFORMATION CONTAINED IN FORM 21-101F1 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by Commission Staff (Staff) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an Exchange may begin operations following recognition by the Commission.

2. Definitions

For the purposes of this Protocol:

(a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.

(b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).

(c) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.

(d) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(e) *Housekeeping Rule* means a new Rule or an amendment to a Rule that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(f) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.

(g) *Rule* includes a rule, policy and other similar instrument of the Exchange.

(h) *Significant Change* means an amendment to the information in Form 21-101F1 other than

(i) a Housekeeping Change,

(ii) a Fee Change, or

(iii) a Rule,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

(i) *Significant Change subject to Public Comment* means a Significant Change that

(i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or

(ii) in Staff's view, has a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules and Rule amendments.

4. Board Approval

The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

(a) The Exchange may file a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.

(b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:

(i) written notice that Staff object to granting the waiver or variation; or

(ii) written notice that the waiver or variation has been granted by Staff.

6. Commencement of Exchange Operations

The Exchange must not begin operations until the later of

(a) three months after the Exchange is notified that it has been recognized by the Commission, and

(b) a reasonable period of time after the Exchange is notified that it has been recognized by the Commission.

7. Materials to be Filed and Timelines

(a) Prior to the implementation of a Fee Change, Public Interest Rule or Significant Change, the Exchange will file with Staff the following materials:

(i) a cover letter that, together with the notice for publication filed under paragraph (a)(ii), if applicable, fully describes:

(A) the proposed Fee Change, Public Interest Rule or Significant Change;

(B) the expected date of implementation of the proposed Fee Change, Public Interest Rule or Significant Change;

(C) the rationale for the proposal and any relevant supporting analysis;

(D) the expected impact of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers and the capital markets;

(E) whether a proposed Public Interest Rule or Significant Change would increase or decrease systemic risk in the Canadian financial system and how any increase would be mitigated, if applicable;

(F) the expected impact of the Fee Change, Public Interest Rule or Significant Change on the Exchange's compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets;

(G) details of any consultations undertaken in formulating the Fee Change, Public Interest Rule or Significant Change, including the internal governance process followed to approve the Rule or Change;

(H) if the Public Interest Rule or Significant Change will require members or service vendors to modify their systems after implementation of the Rule or Change, the expected impact of the Rule or Change on the systems of members and service vendors together with a reasonable estimate of the amount of time needed to perform the necessary work, or an explanation as to why a reasonable estimate was not provided;

(I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;

(J) a discussion of any alternatives considered; and

(K) if applicable, whether the proposed Fee Change, Significant Change or Public Interest Rule would introduce a fee model, feature or Rule that currently exists in other markets or jurisdictions;

(ii) for a proposed Public Interest Rule or Significant Change subject to Public Comment, a notice for publication that includes the information required under paragraph (a)(i), except that the following may be excluded from the notice:

(A) supporting analysis required under subparagraph (a)(i)(C) that, if included in the notice, would result in the public disclosure of intimate financial, commercial or technical information;

(B) the information on systemic risk required under subparagraph (a)(i)(E);

(C) the information on the internal governance processes followed required under subparagraph (a)(i)(G);

(D) the reasonable estimate of time needed for members and service vendors to modify their own systems, or the explanation as to why a reasonable estimate was not provided, required under subparagraph (a)(i)(H), so long as the notice for publication contains a statement that the Exchange did not or could not make a reasonable estimate;

(E) the rationale for why the Significant Change is not considered a Significant Change subject to Public Comment; and

(F) the discussion of alternatives required under subparagraph (a)(i)(J).

(iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.

(b) The Exchange will file the materials set out in subsection (a)

(i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change; and

(ii) at least seven business days prior to the expected implementation date of a proposed Fee Change.

(c) For a Housekeeping Rule, the Exchange will file with Staff the following materials:

(i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;

(ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;

(iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) a notice for publication on the OSC website and in the OSC Bulletin that contains the information in paragraph (ii) as well as the implementation date for the Rule and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.

(d) For a Housekeeping Change, the Exchange will file with Staff the following materials:

(i) a cover letter that indicates that the Change was classified as a Housekeeping Change and provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and

(ii) blacklined and clean copies of Form 21-101F1 showing the Change.

(e) The Exchange will file the materials set out in subsection (d) by the earlier of

(i) the Exchange's close of business on the 10th calendar day after the end of the month in which the Housekeeping Change was implemented; and

(ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

8. Review by Staff of notice and materials to be published for comment

(a) Within 5 business days of the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a refiling of the notice and materials.

(b) Where the notice and materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and materials accordingly, and the date of resubmission will serve as the filing date for the purposes of this Protocol.

(c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 9.

9. Publication of a Public Interest Rule or Significant Change Subject to Public Comment

(a) As soon as practicable after the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will publish in the OSC Bulletin and on the OSC website the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.

(b) If public comments are received

(i) the Exchange will forward copies of the comments promptly to Staff; and

(ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

10. Review and Approval Process for Proposed Fee Changes, Public Interest Rules and Significant Changes

(a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change within

(i) 45 days from the date of filing of a proposed Public Interest Rule or Significant Change; and

(ii) seven business days from the date of filing of a proposed Fee Change.

(b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule or Significant Change will exceed the timelines in subsection (a).

(c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule or Significant Change subject to Public Comment, and promptly after the receipt of the materials filed under section 7 for all other Changes.

(d) The Exchange will respond to any comments received from Staff in writing.

(e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change, Public Interest Rule or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule or Significant Change after it has been deemed withdrawn, the Exchange will have to be re-submit it for review and approval in accordance with this Protocol.

(f) Upon completion of Staff's review of a Fee Change, Public Interest Rule or Significant Change, Staff will submit the Change or Rule to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:

(i) for a Public Interest Rule or a Significant Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;

(ii) for any other Significant Change, the later of 45 days from the date of filing of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange; or

(iii) for a Fee Change, the later of seven business days from the date of filing of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.

(g) A Fee Change, Public Interest Rule or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f),

(i) if the proposed Fee Change, Public Interest Rule or Significant Change introduces a novel feature to the Exchange or the capital markets;

(ii) if the proposed Fee Change, Public Interest Rule or Significant Change raises significant regulatory or public interest concerns; or

(iii) in any other situation where, in Staff's view, Commission approval is appropriate.

(h) Staff will promptly notify the Exchange of the decision.

(i) If a Public Interest Rule or Significant Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and on the OSC website promptly after the approval:

(i) a notice indicating that the proposed Rule or Change is approved;

(ii) the summary of public comments and responses prepared by the Exchange, if applicable; and

(iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.

11. Review Criteria for a Fee Change, Public Interest Rule and Significant Change

(a) Staff will review a proposed Fee Change, Public Interest Rule or Significant Change in order to assess whether it is in the public interest for the Director or the Commission to approve the Rule or Change. In making this determination, Staff will have regard to the mandate of the Commission as set out section 1.1 of the Securities Act (Ontario). The factors that Staff will consider in making their determination also include whether:

(i) the Rule or Change would impact the Exchange's compliance with Ontario securities law;

(ii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;

(iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Rule or Change; and

(iv) the Exchange adequately addressed any comments received.

12. Effective Date of a Fee Change, Public Interest Rule or Significant Change

(a) A Fee Change, Public Interest Rule or Significant Change will be effective on the later of:

(i) the date that the Exchange is notified that the Change or Rule is approved;

(ii) if applicable, the date of publication of the notice of approval on the OSC website; and

(iii) the date designated by the Exchange.

(b) Where a Significant Change involves a change to any of the systems, operated by or on behalf of the Exchange, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the Exchange is notified that the Significant Change is approved.

(c) The Exchange must notify Staff promptly following the implementation of a Fee Change, Public Interest Rule or Significant Change that becomes effective under subsection (a).

(d) Where the Exchange does not implement a Fee Change, Public Interest Rule or Significant Change within 180 days of the effective date of the Fee Change, Public Interest Rule or Significant Change, as provided for in subsection (a), the Fee Change, Public Interest Rule or Significant Change will be deemed to be withdrawn.

13. Significant Revisions and Republication

(a) If, subsequent to its publication for comment, the Exchange revises a Public Interest Rule or a Significant Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period.

(b) If a Public Interest Rule or Significant Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

14. Withdrawal of a Fee Change, Public Interest Rule or Significant Change

(a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

(b) If the notice of withdrawal relates to a Public Interest Rule or Significant Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and OSC website as soon as practicable.

(c) If a Public Interest Rule or Significant Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 10(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

15. Effective Date of a Housekeeping Rule or Housekeeping Change

(a) Subject to subsections (c) and (d), a Housekeeping Rule will be effective on the later of

(i) the date of the publication of the notice to be published on the OSC website in accordance with subsection (e), and

(ii) the date designated by the Exchange.

(b) Subject to subsections (c) and (d), a Housekeeping Change will be effective on the date designated by the Exchange.

(c) Staff will review the materials filed by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange filed the documents in accordance with subsections 7(c) and 7(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.

(d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, file the proposed Rule as a Public Interest Rule or the proposed Change as a Significant Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment if applicable.

(e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect in the OSC Bulletin and on the OSC website as soon as is practicable.

16. Immediate Implementation of a Public Interest Rule or Significant Change

(a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers or investors.

(b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible but in any event at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must also be included as part of the written notice.

(c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following filing of the notice under subsection (b). If the disagreement is not resolved, the Exchange will file the Public Interest Rule or Significant Change in accordance with the timelines in section 7.

17. Review of a Public Interest Rule or Significant Change Implemented Immediately

A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 16 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 10, with necessary modifications. If the Director or the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

18. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under subsection 21(5) of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Rule or Change having been approved under this Protocol.

2.2.2 CNSX Markets Inc. – ss. 21, 144

Headnote

Subsection 144(1) of the Securities Act (Ontario) – application for order varying the Commission's order recognizing CNSX Markets Inc. as an exchange – variation required to streamline the regulatory reporting requirements applicable to recognized exchanges carrying on business in Ontario and to reduce regulatory burden – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 144(1).

February 8, 2019

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

AND

IN THE MATTER OF
CNSX MARKETS INC.

ORDER
(Sections 21 and 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated May 7, 2004, and varied on September 9, 2005, June 13, 2006, May 16, 2008, varied and restated on July 6, 2010, varied on June 22, 2012, varied and restated on November 5, 2013, varied on October 1, 2015, and varied and restated on February 12, 2016, recognizing the Canadian Trading and Quotation System Inc. (**CNQ**), which later changed its name to CNSX Markets Inc. (**CNSX**), as an exchange pursuant to section 21 of the Act (**Recognition Order**);

AND WHEREAS the Commission considers the proper operation of an exchange as essential to investor protection and maintaining a fair and efficient capital market, and therefore requires that any conflicts of interest in the operation of an exchange be dealt with appropriately and risks to the integrity of the market associated with the listing and continued listing of issuers are monitored and controlled;

AND WHEREAS CNSX has agreed to the terms and conditions set out in Schedule A to the Recognition Order;

AND WHEREAS the Commission has received an application under section 144 of the Act to vary and restate the Recognition Order to reflect the streamlining of certain reporting and other requirements for CNSX under the Recognition Order (**Application**);

AND WHEREAS, based on the Application and the representations that CNSX has made to the Commission, the Commission has determined that:

(a) CNSX continues to satisfy the recognition criteria set out in Appendix A to Schedule A of the Recognition Order,

(b) it is in the public interest to continue to recognize CNSX as an exchange pursuant to section 21 of the Act, and

(c) it is not prejudicial to the public interest to vary and restate the Recognition Order pursuant to section 144 of the Act;

IT IS ORDERED, pursuant to section 144 of the Act, that the Application to vary and restate the Recognition Order is granted.

IT IS ORDERED, pursuant to section 21 of the Act, that CNSX continues to be recognized as an exchange, provided that CNSX complies with the terms and conditions set out in Schedule A to the Recognition Order.

DATED THIS 8th day of February 2019.

"D. Grant Vingoe"

"M. Cecilia Williams"

SCHEDULE A

TERMS AND CONDITIONS

1. PUBLIC INTEREST RESPONSIBILITIES

1.1 CNSX shall conduct its business and operations in a manner that is consistent with the public interest.

1.2 The mandate of the Board of CNSX shall expressly include the regulatory and public interest responsibilities of CNSX.

2. SHARE OWNERSHIP RESTRICTIONS

2.1 Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of CNSX.

2.2 The articles of CNSX shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

3. CORPORATE GOVERNANCE

3.1 CNSX's arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules, policies and other similar instruments (Rules) of CNSX, namely, the board of directors (Board), are such as to ensure a proper balance between the interests of the different entities desiring access to the facilities of CNSX (CNSX Dealers) and companies seeking to be listed on CNSX (CNSX Issuers), and a reasonable number and proportion of directors are "independent" in order to ensure diversity of representation on the Board. An independent director is a director that is not:

(a) an associate, director, officer or employee of a CNSX Dealer;

(b) an officer or employee of CNSX or its affiliates;

(c) an associate, director, officer or employee of any person or company who owns or controls, directly or indirectly, over 10% of CNSX; or

(d) a person who owns or controls, directly or indirectly, over 10% of CNSX.

In particular, CNSX will ensure that at least fifty per cent (50%) of its directors are independent. In the event that at any time CNSX fails to meet such requirement, it will promptly remedy such situation.

3.2 Without limiting the generality of the foregoing, CNSX's governance structure provides for:

(a) fair and meaningful representation on its Board, in the context of the nature and structure of CNSX, and any governance committee thereto and in the approval of Rules;

(b) appropriate representation of independent directors on any CNSX Board committees; and

(c) appropriate qualifications, remuneration, conflict of interest provisions and limitation of liability and indemnification protections for directors and officers and employees of CNSX generally.

4. FITNESS

4.1 In order to ensure that CNSX operates with integrity and in the public interest, CNSX will take reasonable steps to ensure that each person or company that owns or controls, directly or indirectly, more than 10% of CNSX and each officer or director of CNSX is a fit and proper person and the past conduct of each person or company that owns or controls, directly or indirectly, more than 10% of CNSX and each officer or director of CNSX affords reasonable grounds for belief that the business of CNSX will be conducted with integrity.

5. CONFLICTS OF INTEREST AND CONFIDENTIALITY

5.1 For the purposes of this section 5 of Schedule A, "significant shareholder" means a person or company that beneficially owns or controls, directly or indirectly, more than 5% of any class of voting shares of CNSX.

5.2 CNSX shall establish, maintain and require compliance with policies and procedures that:

(a) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:

(i) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant shareholder in the management or oversight of the exchange operations or regulation functions of CNSX and the services and products it provides,

(ii) conflicts of interest or potential conflicts of interest that arise from any interactions between CNSX and a significant shareholder where CNSX may be exercising discretion that involves or affects the significant shareholder either directly or indirectly, and

(iii) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of CNSX, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the CNSX issuer regulation functions and the business activities of CNSX; and

(b) provide for the confidential treatment of information regarding exchange operations, regulation functions, a CNSX Dealer or CNSX Issuer that is obtained by a partner, director, officer or employee of a significant shareholder through that individual's involvement in the management or oversight of exchange operations or regulation functions, which will include a requirement that any such information:

(i) be kept separate and confidential from the business or other operations of the significant shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and

(ii) not be used to provide an advantage to the significant shareholder or its affiliated entities.

5.3 CNSX shall establish, maintain and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant shareholder or affiliated entity on CNSX.

5.4 CNSX shall require each CNSX Dealer that is a significant shareholder or an affiliated entity of a significant shareholder to disclose the CNSX Dealer's relationship with CNSX to:

(a) clients whose orders might be, and clients whose orders have been, routed to CNSX; and

(b) entities for whom the CNSX Dealer is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on CNSX.

5.5 CNSX shall regularly review compliance with the policies and procedures established in accordance with paragraphs 5.2(a) and (b) and 5.3 and shall document each review, and any deficiencies, and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

5.6 The policies established in accordance with paragraphs 5.2(a) and (b) and 5.3 shall be made publicly available on the website of CNSX.

6. FAIR AND APPROPRIATE FEES

6.1 Any and all fees imposed by CNSX will be equitably allocated. Fees will not have the effect of creating barriers to access and must be balanced with the criterion that CNSX will have sufficient revenues to satisfy its responsibilities.

6.2 CNSX's process for setting fees will be fair, appropriate and transparent.

7. ACCESS

7.1 CNSX's requirements will permit all properly registered dealers that are members of a recognized SRO and satisfy access requirements established by CNSX to access the facilities of CNSX.

7.2 Without limiting the generality of the foregoing, CNSX will:

(a) establish written standards for granting access to CNSX Dealers trading on its facilities;

(b) not unreasonably prohibit or limit access by a person or company to services offered by it; and

(c) keep records of:

(i) each grant of access including, for each CNSX Dealer, the reasons for granting such access, and

(ii) each denial or limitation of access, including the reasons for denying or limiting access to any applicant.

8. FINANCIAL VIABILITY

8.1 CNSX will maintain sufficient financial resources for the proper performance of its functions.

8.2 CNSX will deliver to Commission staff its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year. Such financial budget should include monthly projected revenues, expenses and cash flows.

8.3 CNSX shall calculate monthly the following financial ratios:

(a) a current ratio, being the ratio of current assets to current liabilities;

(b) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to EBITDA (or earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months; and

(c) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case following the same accounting principles as those used for the audited financial statements of CNSX.

8.4 CNSX will report quarterly (along with the financial statements required to be delivered pursuant to section 13.1) to Commission staff the monthly calculations for the previous quarter of the financial ratios as required to be calculated under section 8.3.

8.5 Depending on the results of the calculations under section 8.3, CNSX may be required to provide additional reporting as set out below.

(a) If CNSX determines that it does not have, or anticipates that, in the next twelve months, it will not have:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it will immediately notify Commission staff of the above ratio(s) that it is not maintaining, the reasons, along with an estimate of the length of time before the ratio(s) will be maintained.

(b) Upon receipt of a notification made by CNSX pursuant to paragraph (a), the Commission or its staff may, as determined appropriate, impose terms or conditions on CNSX, which may include any of the terms and conditions set out in paragraphs 8.6(b) and (c).

8.6 If CNSX's current ratio, debt to cash flow ratio or financial leverage ratio falls below the levels outlined in subparagraphs 8.5(a)(i), (ii) and (iii) above for a period of more than three months, CNSX will:

(a) immediately deliver a letter advising Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation;

(b) deliver to Commission staff, on a monthly basis, within 30 days of the end of each month:

(i) unaudited monthly financial statements and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment,

(ii) a comparison of the monthly revenues and expenses incurred by CNSX against the projected monthly revenues and expenses included in CNSX's most recently updated budget for that fiscal year,

(iii) for each revenue item whose actual was significantly lower than its projected amount, and for each expense item whose actual was significantly higher than its projected amount, the reasons for the variance, and

(iv) a calculation of the current ratio, debt to cash flow ratio and financial leverage ratio for the month;

(c) prior to making any type of payment to any director, officer, related company or shareholder that is in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of Commission staff that it will have sufficient financial resources to continue its operations after the payment; and

(d) adhere to any additional terms or conditions imposed by the Commission or its staff, as determined appropriate, on CNSX,

until such time as CNSX has maintained each of its current ratio, debt to cash flow ratio and financial leverage ratio at the levels outlined in subparagraphs 8.5(a)(i), (ii) and (iii) for a period of at least 6 consecutive months.

9. REGULATION

9.1 CNSX will maintain its ability to perform its regulation functions including setting requirements governing the conduct of CNSX Dealers and CNSX Issuers and disciplining CNSX Dealers and CNSX Issuers, whether directly or indirectly through a regulation services provider.

9.2 CNSX will continue to retain the Investment Industry Regulatory Organization of Canada (IIROC) as a regulation services provider to provide certain regulation services which have been approved by the Commission.

9.3 **[Deleted]**

9.4 CNSX will perform all other regulation functions not performed by its regulation services provider.

9.5 **[Deleted]**

9.6 CNSX will provide the Commission with the information set out in Appendix B, as amended from time to time.

10. CAPACITY AND INTEGRITY OF SYSTEMS

10.1 CNSX will maintain, in accordance with prudent business practice, reasonable controls to ensure capacity, integrity requirements and security of its technology systems.

11. PURPOSE OF RULES

11.1 CNSX will establish Rules that are necessary or appropriate to govern and regulate all aspects of its business and affairs.

11.2 More specifically, CNSX will ensure that the Rules:

(a) shall not be contrary to the public interest, and

(b) are designed to

(i) ensure compliance with securities legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) address risks associated with the listing and continued listing of issuers,

(v) foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, and

(vi) provide for appropriate discipline;

(c) do not:

(i) permit unreasonable discrimination among CNSX Issuers and CNSX Dealers, or

(ii) impose any burden on competition that is not necessary or appropriate in furtherance of securities legislation; and

(d) are designed to ensure that its business is conducted in a manner so as to afford protection to investors.

12. RULES, RULE-MAKING AND FORM 21-101F1

12.1 CNSX will comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto set out in Appendix C, as amended from time to time.

13. FINANCIAL STATEMENTS

13.1 CNSX will file unaudited quarterly financial statements within 60 days of each quarter end and audited annual financial statements within 90 days of each year end.

14. DISCIPLINARY POWERS

14.1 CNSX will have general disciplinary and enforcement provisions in its Rules that will apply to any person or company subject to its regulation.

14.2 CNSX will ensure, through IIROC and otherwise, that any person or company subject to its regulation is appropriately sanctioned for violations of the Rules. In addition, CNSX will provide notice to the Commission of any violations of securities legislation of which it becomes aware in the ordinary course of its business.

15. DUE PROCESS

15.1 CNSX will ensure that its requirements relating to access to its facilities, the imposition of limitations or conditions on access and denial of access are fair and reasonable, including in respect of giving notice, giving parties an opportunity to be heard or make representations, keeping records, giving reasons and providing for appeals of its decisions.

16. ISSUER REGULATION

16.1 CNSX will ensure that only the issuers set out in Appendix D, as amended from time to time, are eligible for listing on CNSX.

16.2 CNSX will ensure that, in exercising its discretion in carrying out its listing function, it takes into consideration the public interest, the risks associated with the listing and continued listing of issuers, and the integrity of the market.

16.3 CNSX may, in accordance with the requirements for qualification for trading set out in its Rules, designate certain listed securities as Other Listed securities without approving such securities for an additional listing.

16.4 CNSX has and will continue to ensure that it has sufficient authority over its CNSX listed issuers.

16.5 CNSX will carry out appropriate review procedures to monitor and enforce listed issuer compliance with the Rules and provide a report to the Commission annually, or as required by the Commission, describing the procedures carried out, and the types of deficiencies found and how they were remedied.

16.6 CNSX will amend its Policies and Forms, from time to time, at the request of the Director, Corporate Finance, to reflect changes to the disclosure requirements of Ontario securities law.

17. CLEARING AND SETTLEMENT

17.1 The Rules will impose a requirement on CNSX Dealers to have appropriate arrangements in place for clearing and settlement through a clearing agency recognized by the Commission under the Act.

18. MARKETPLACE REGULATORY REQUIREMENTS

18.1 CNSX will comply with the requirements set out in National Instrument 21-101 *Marketplace Operatio*n and in National Instrument 23-101 *Trading Rules*.

19. OUTSOURCING

19.1 In any material outsourcing of any of its business functions to a third party, CNSX will proceed in accordance with industry best practices. Without limiting the generality of the foregoing, CNSX will:

(a) establish and maintain policies and procedures that are approved by its Board for the evaluation and approval of such material outsourcing arrangements;

(b) in entering into any such material outsourcing arrangement:

(i) assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by CNSX, and

(ii) execute a contract with the service provider addressing all significant elements of such arrangement, including service levels and performance standards;

(c) ensure that any contract implementing such material outsourcing arrangement that is likely to impact on CNSX's regulation functions provide for CNSX, its agents and the Commission to be permitted to have access to and to inspect all data and information maintained by the service provider that CNSX is required to share under section 19.2 or that is required for the assessment by the Commission of the performance of CNSX of its regulation functions and the compliance of CNSX with the terms and conditions in this Schedule A; and

(d) monitor the performance of the service provided under such material outsourcing arrangement.

20. PROVISION OF INFORMATION

20.1 CNSX shall promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of CNSX or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(a) data, information and analyses relating to all of its or their businesses; and

(b) data, information and analyses of third parties in its or their custody or control.

20.2 CNSX shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, other recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

APPENDIX A

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* (NI 21-101) and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, which include requirements relating to:

(a) access;

(b) marketplace operations;

(c) exchange rules, policies and other similar instruments;

(d) order and trade transparency;

(e) transparency of marketplace operations;

(f) record keeping;

(g) marketplace systems and business continuity planning;

(h) confidentiality of information;

(i) outsourcing;

(j) clearing and settlement;

(k) fair and orderly markets;

(l) the management of conflicts of interest; and

(m) filing of financial statements.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange;

(b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

  (i) appropriate representation of independent directors, and

  (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest; and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

(a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.

(b) In addition to meeting the requirements of NI 21-101 relating to market operations and exchange rules, policies and other similar instruments as referred to in paragraphs 1.1(b) and (c) of this Schedule, respectively, the Rules are also designed to

(i) ensure a fair and orderly market; and

(ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and are consistent with the requirements in Ontario securities laws, including those listed in paragraphs 1.1(a) and (e) of this Schedule.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 INFORMATION SHARING AND REGULATORY COOPERATION

11.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, recognized self-regulatory organizations, other recognized or exempt exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

APPENDIX B

REPORTING OBLIGATIONS

1. Quarterly Reporting on Exemptions or Waivers Granted

On a quarterly basis, CNSX will submit to the Commission a report summarizing all exemptions or waivers granted pursuant to the rules, policies or other similar instruments (Rules) to any CNSX Dealer or CNSX Issuer during the period. This summary should include the following information:

(a) The name of the CNSX Dealer or CNSX Issuer;

(b) The type of exemption or waiver granted during the period;

(c) The date of the exemption or waiver; and

(d) A description of CNSX staff's reason for the decision to grant the exemption or waiver.

2. Quarterly Reporting on Listing Applications

On a quarterly basis, CNSX will submit to the Commission a report containing the following information:

(a) The number of listing applications filed;

(b) The number of listing applications that were accepted;

(c) The number of listing applications that were rejected and the reasons for rejection, by category;

(d) The number of listing applications that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category;

(e) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change;

(f) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were accepted;

(g) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were rejected and the reasons for rejection, by category;

(h) The number of listing applications filed by CNSX Issuers as a result of a Fundamental Change that were withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category.

In each of the foregoing cases, the numbers shall be broken down by industry category and in any other manner that a Director of the Commission requests.

3. Notification of Suspensions and Disqualifications

If a CNSX Issuer has been suspended or disqualified from qualification for listing, CNSX will immediately issue a notice setting out the reasons for the suspension and file this information with the Commission.

4. General

[Deleted]

APPENDIX C

PROCESS FOR THE REVIEW AND APPROVAL OF RULES AND THE INFORMATION CONTAINED IN FORM 21-101F1 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by Commission Staff (Staff) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an Exchange may begin operations following recognition by the Commission.

2. Definitions

For the purposes of this Protocol:

(a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.

(b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).

(c) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.

(d) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(e) *Housekeeping Rule* means a new Rule or an amendment to a Rule that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(f) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.

(g) *Rule* includes a rule, policy and other similar instrument of the Exchange.

(h) *Significant Change* means an amendment to the information in Form 21-101F1 other than

(i) a Housekeeping Change,

(ii) a Fee Change, or

(iii) a Rule,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

(i) *Significant Change subject to Public Comment* means a Significant Change that

(i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or

(ii) in Staff's view, has a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

Scope

The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules and Rule amendments.

4. Board Approval

The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

(a) The Exchange may file a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.

(b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:

(i) written notice that Staff object to granting the waiver or variation; or

(ii) written notice that the waiver or variation has been granted by Staff.

6. Commencement of Exchange Operations

The Exchange must not begin operations until the later of

(a) three months after the Exchange is notified that it has been recognized by the Commission, and

(b) a reasonable period of time after the Exchange is notified that it has been recognized by the Commission.

7. Materials to be Filed and Timelines

(a) Prior to the implementation of a Fee Change, Public Interest Rule or Significant Change, the Exchange will file with Staff the following materials:

(i) a cover letter that, together with the notice for publication filed under paragraph (a)(ii), if applicable, fully describes:

(A) the proposed Fee Change, Public Interest Rule or Significant Change;

(B) the expected date of implementation of the proposed Fee Change, Public Interest Rule or Significant Change;

(C) the rationale for the proposal and any relevant supporting analysis;

(D) the expected impact of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers and the capital markets;

(E) whether a proposed Public Interest Rule or Significant Change would increase or decrease systemic risk in the Canadian financial system and how any increase would be mitigated, if applicable;

(F) the expected impact of the Fee Change, Public Interest Rule or Significant Change on the Exchange's compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets;

(G) details of any consultations undertaken in formulating the Fee Change, Public Interest Rule or Significant Change, including the internal governance process followed to approve the Rule or Change;

(H) if the Public Interest Rule or Significant Change will require members or service vendors to modify their systems after implementation of the Rule or Change, the expected impact of the Rule or Change on the systems of members and service vendors together with a reasonable estimate of the amount of time needed to perform the necessary work, or an explanation as to why a reasonable estimate was not provided;

(I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;

(J) a discussion of any alternatives considered; and

(K) if applicable, whether the proposed Fee Change, Significant Change or Public Interest Rule would introduce a fee model, feature or Rule that currently exists in other markets or jurisdictions;

(ii) for a proposed Public Interest Rule or Significant Change subject to Public Comment, a notice for publication that includes the information required under paragraph (a)(i), except that the following may be excluded from the notice:

(A) supporting analysis required under subparagraph (a)(i)(C) that, if included in the notice, would result in the public disclosure of intimate financial, commercial or technical information;

(B) the information on systemic risk required under subparagraph (a)(i)(E);

(C) the information on the internal governance processes followed required under subparagraph (a)(i)(G);

(D) the reasonable estimate of time needed for members and service vendors to modify their own systems, or the explanation as to why a reasonable estimate was not provided, required under subparagraph (a)(i)(H), so long as the notice for publication contains a statement that the Exchange did not or could not make a reasonable estimate;

(E) the rationale for why the Significant Change is not considered a Significant Change subject to Public Comment; and

(F) the discussion of alternatives required under subparagraph (a)(i)(J).

(iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.

(b) The Exchange will file the materials set out in subsection (a)

(i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change; and

(ii) at least seven business days prior to the expected implementation date of a proposed Fee Change.

(c) For a Housekeeping Rule, the Exchange will file with Staff the following materials:

(i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;

(ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;

(iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) a notice for publication on the OSC website and in the OSC Bulletin that contains the information in paragraph (ii) as well as the implementation date for the Rule and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.

(d) For a Housekeeping Change, the Exchange will file with Staff the following materials:

(i) a cover letter that indicates that the Change was classified as a Housekeeping Change and provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and

(ii) blacklined and clean copies of Form 21-101F1 showing the Change.

(e) The Exchange will file the materials set out in subsection (d) by the earlier of

(i) the Exchange's close of business on the 10th calendar day after the end of the month in which the Housekeeping Change was implemented; and

(ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

8. Review by Staff of notice and materials to be published for comment

(a) Within 5 business days of the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a refiling of the notice and materials.

(b) Where the notice and materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and materials accordingly, and the date of resubmission will serve as the filing date for the purposes of this Protocol.

(c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 9.

9. Publication of a Public Interest Rule or Significant Change Subject to Public Comment

(a) As soon as practicable after the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will publish in the OSC Bulletin and on the OSC website the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.

(b) If public comments are received

(i) the Exchange will forward copies of the comments promptly to Staff; and

(ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

10. Review and Approval Process for Proposed Fee Changes, Public Interest Rules and Significant Changes

(a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change within

(i) 45 days from the date of filing of a proposed Public Interest Rule or Significant Change; and

(ii) seven business days from the date of filing of a proposed Fee Change.

(b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule or Significant Change will exceed the timelines in subsection (a).

(c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule or Significant Change subject to Public Comment, and promptly after the receipt of the materials filed under section 7 for all other Changes.

(d) The Exchange will respond to any comments received from Staff in writing.

(e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change, Public Interest Rule or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule or Significant Change after it has been deemed withdrawn, the Exchange will have to be re-submit it for review and approval in accordance with this Protocol.

(f) Upon completion of Staff's review of a Fee Change, Public Interest Rule or Significant Change, Staff will submit the Change or Rule to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:

(i) for a Public Interest Rule or a Significant Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;

(ii) for any other Significant Change, the later of 45 days from the date of filing of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange; or

(iii) for a Fee Change, the later of seven business days from the date of filing of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.

(g) A Fee Change, Public Interest Rule or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f),

(i) if the proposed Fee Change, Public Interest Rule or Significant Change introduces a novel feature to the Exchange or the capital markets;

(iii) if the proposed Fee Change, Public Interest Rule or Significant Change raises significant regulatory or public interest concerns; or

(iii) in any other situation where, in Staff's view, Commission approval is appropriate.

(h) Staff will promptly notify the Exchange of the decision.

(i) If a Public Interest Rule or Significant Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and on the OSC website promptly after the approval:

(i) a notice indicating that the proposed Rule or Change is approved;

(ii) the summary of public comments and responses prepared by the Exchange, if applicable; and

(iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.

11. Review Criteria for a Fee Change, Public Interest Rule and Significant Change

(a) Staff will review a proposed Fee Change, Public Interest Rule or Significant Change in order to assess whether it is in the public interest for the Director or the Commission to approve the Rule or Change. In making this determination, Staff will have regard to the mandate of the Commission as set out section 1.1 of the *Securities Act* (Ontario). The factors that Staff will consider in making their determination also include whether:

(i) the Rule or Change would impact the Exchange's compliance with Ontario securities law;

(iii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;

(iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Rule or Change; and

(iv) the Exchange adequately addressed any comments received.

12. Effective Date of a Fee Change, Public Interest Rule or Significant Change

(a) A Fee Change, Public Interest Rule or Significant Change will be effective on the later of:

(i) the date that the Exchange is notified that the Change or Rule is approved;

(ii) if applicable, the date of publication of the notice of approval on the OSC website; and

(iii) the date designated by the Exchange.

(b) Where a Significant Change involves a change to any of the systems, operated by or on behalf of the Exchange, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the Exchange is notified that the Significant Change is approved.

(c) The Exchange must notify Staff promptly following the implementation of a Fee Change, Public Interest Rule or Significant Change that becomes effective under subsection (a).

(d) Where the Exchange does not implement a Fee Change, Public Interest Rule or Significant Change within 180 days of the effective date of the Fee Change, Public Interest Rule or Significant Change, as provided for in subsection (a), the Fee Change, Public Interest Rule or Significant Change will be deemed to be withdrawn.

13. Significant Revisions and Republication

(a) If, subsequent to its publication for comment, the Exchange revises a Public Interest Rule or a Significant Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period.

(b) If a Public Interest Rule or Significant Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

14. Withdrawal of a Fee Change, Public Interest Rule or Significant Change

(a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

(b) If the notice of withdrawal relates to a Public Interest Rule or Significant Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and OSC website as soon as practicable.

(c) If a Public Interest Rule or Significant Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 10(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

15. Effective Date of a Housekeeping Rule or Housekeeping Change

(a) Subject to subsections (c) and (d), a Housekeeping Rule will be effective on the later of

(i) the date of the publication of the notice to be published on the OSC website in accordance with subsection (e), and

(ii) the date designated by the Exchange.

(b) Subject to subsections (c) and (d), a Housekeeping Change will be effective on the date designated by the Exchange.

(c) Staff will review the materials filed by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange filed the documents in accordance with subsections 7(c) and 7(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.

(d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, file the proposed Rule as a Public Interest Rule or the proposed Change as a Significant Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment if applicable.

(e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect in the OSC Bulletin and on the OSC website as soon as is practicable.

16. Immediate Implementation of a Public Interest Rule or Significant Change

(a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers or investors.

(b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible but in any event at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must also be included as part of the written notice.

(c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following filing of the notice under subsection (b). If the disagreement is not resolved, the Exchange will file the Public Interest Rule or Significant Change in accordance with the timelines in section 7.

17. Review of a Public Interest Rule or Significant Change Implemented Immediately

A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 16 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 10, with necessary modifications. If the Director or the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

18. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under subsection 21(5) of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Rule or Change having been approved under this Protocol.

APPENDIX D

ELIGIBLE ISSUERS

1. Subject to section 2 below, only an issuer that:

   (a) is a reporting issuer or the equivalent in a jurisdiction in Canada; or

   (b) is proposing to list debt securities issued or guaranteed by a government in Canada that are exempt from the prospectus requirements under clause 73(1)(a) of the Act; or

   (c) is proposing to list debt securities issued or guaranteed by a financial institution that are exempt from the prospectus requirements under clause 73(1)(b) of the Act; and

   (d) is not in default of any requirements of securities legislation in any jurisdiction in Canada,

   is eligible for listing. However, if an issuer is eligible for listing under paragraph (b) or (c) above, CNSX may only list debt securities of the issuer that are contemplated by those paragraphs unless the issuer files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada.

2. An issuer that is a reporting issuer in a jurisdiction in Canada but is not considered eligible under the Rules due to the process by which it became a reporting issuer, is ineligible for listing unless it:

   (a) files and obtains a receipt for a preliminary prospectus and a prospectus in a jurisdiction in Canada; and

   (b) is not in default of any requirements of securities legislation in any jurisdiction in Canada.

2.2.3 Nasdaq CXC Limited and Ensoleillement Inc. – ss. 21, 144

Headnote

Subsection 144(1) of the Securities Act (Ontario) – application for order varying the Commission's order recognizing Nasdaq CXC Limited as an exchange – variation required to streamline the regulatory reporting requirements applicable to recognized exchanges carrying on business in Ontario and to reduce regulatory burden – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 144(1).

February 8, 2019

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

AND

IN THE MATTER OF
NASDAQ CXC LIMITED AND
ENSOLEILLEMENT INC.

ORDER
(Sections 21 and 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated December 21, 2017, which was varied and restated on April 20, 2018, recognizing Ensoleillement Inc. (**CXCH**) and Nasdaq CXC Limited (**Nasdaq Canada**) as exchanges pursuant to section 21 of the Act (**Recognition Order**);

AND WHEREAS at the time the Commission issued the Recognition Order, CXCH was the sole shareholder of Nasdaq Canada, and Nasdaq, Inc. (**Nasdaq**) was the sole shareholder of CXCH;

AND WHEREAS Nasdaq Canada separately provides access to Canadian permitted clients wishing to use Nasdaq Fixed Income (**NFI**), a fixed income trading system for trading in U.S. fixed income securities;

AND WHEREAS the Commission considers the proper operation of CXCH and Nasdaq Canada as essential to investor protection and maintaining a fair and efficient capital market, and therefore requires that any conflicts of interest in the operation of CXCH and Nasdaq Canada be dealt with appropriately, the fairness and efficiency of the market not be impaired by any anti-competitive activity, and that systemic risks are monitored and controlled;

AND WHEREAS CXCH, Nasdaq Canada, and Nasdaq have agreed to the applicable terms and conditions set out in Schedule 2 to Schedule 4 of Recognition Order;

AND WHEREAS the Commission has received an application under section 144 of the Act to vary and restate the Recognition Order to reflect the streamlining of certain reporting and other requirements for CXCH and Nasdaq Canada in the Recognition Order (**Application**);

AND WHEREAS based on the Application and the representations that CXCH and Nasdaq Canada have made to the Commission, the Commission has determined that:

(a) CXCH and Nasdaq Canada continue to satisfy the recognition criteria set out in Schedule 1 to the Recognition Order,

(b) it is in the public interest to continue to recognize each of CXCH and Nasdaq Canada as an exchange pursuant to section 21 of the Act, and

(c) it is not prejudicial to the public interest to vary and restate the Recognition Order pursuant to section 144 of the Act;

IT IS ORDERED, pursuant to section 144 of the Act, that the Application to vary and restate the Recognition Order is granted.

IT IS ORDERED, pursuant to section 21 of the Act, that:

(a) CXCH continues to be recognized as an exchange, and

(b) Nasdaq Canada continues to be recognized as an exchange,

provided that CXCH, Nasdaq Canada and Nasdaq comply with the terms and conditions set out in Schedules 2, 3, and 4 to the Recognition this Order, as applicable.

DATED this 8th day of February 2019.

"D. Grant Vingoe"

"M. Cecilia Williams"

SCHEDULE 1

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* (NI 21-101) and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, which include requirements relating to:

(a) access;

(b) marketplace operations;

(c) exchange rules, policies and other similar instruments;

(d) order and trade transparency;

(e) transparency of marketplace operations;

(f) record keeping;

(g) marketplace systems and business continuity planning;

(h) confidentiality of information;

(i) outsourcing;

(j) clearing and settlement;

(k) fair and orderly markets;

(l) the management of conflicts of interest; and

(m) filing of financial statements.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange;

(b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

  (i) appropriate representation of independent directors, and

  (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest; and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

(a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants.

(b) In addition to meeting the requirements of NI 21-101 relating to market operations and exchange rules, policies and other similar instruments as referred to in paragraphs 1.1(b) and (c) of this Schedule, respectively, the Rules are also designed to

(i) ensure a fair and orderly market; and

(ii) provide a framework for disciplinary and enforcement actions.

Part 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and are consistent with the requirements in Ontario securities laws, including those requirements listed in paragraphs 1.1(a) and (e) of this Schedule.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 INFORMATION SHARING AND REGULATORY COOPERATION

11.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, recognized self-regulatory organizations, other recognized or exempt exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 2

TERMS AND CONDITIONS APPLICABLE TO NASDAQ CANADA

1. Definitions and Interpretation

(a) For the purposes of this Schedule:

"accounting principles" means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Nasdaq Canada dealer" means a dealer that is also a significant shareholder;

"Nasdaq Canada marketplace participant" means a marketplace participant of Nasdaq Canada;

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*;

"associate" has the meaning ascribed to it in subsection 1(1) of the Act;

"Board" means the board of directors of CXCH or Nasdaq Canada, as the context requires;

"criteria for recognition" means all the criteria for recognition set out in Schedule 1 to the Order;

"Competitor" means a person whose consolidated business, operations or disclosed business plans are in competition, to a significant extent, with the trading functions, market data services or other material lines of business of Nasdaq Canada or its affiliated entities;

"dealer" means "investment dealer", as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations*;

"IIROC" means the Investment Industry Regulatory Organization of Canada;

"marketplace" has the meaning ascribed to it in subsection 1(1) of the Act;

"marketplace participant" has the meaning ascribed to it in section 1.1 of NI 21-101;

"Nominating Committee" means the committee established by CXCH pursuant to section 30 of Schedule 3;

"officer" has the meaning ascribed to it in subsection 1(1) of the Act;

"Regulatory Oversight Committee" means the committee established by Nasdaq Canada pursuant to section 7 of this Schedule;

"Rule" means a rule, policy, or other similar instrument of Nasdaq Canada;

"significant shareholder" means a person or company that beneficially owns or controls directly more than 5% of any class or series of voting shares of Nasdaq.

"unaudited consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements except that they are not audited; and

"unaudited non-consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that

(i) they are not audited; and

(ii) investments in subsidiary entities, jointly controlled entities and associates are accounted for as specified for separate financial statements in International Accounting Standard 27 *Separate Financial Statements*.

(b) For the purposes of this Schedule, an individual is independent if the individual is "independent" within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time to time, but is not independent if the individual:

(i) is a partner, officer, director or employee of a Nasdaq Canada marketplace participant, or of an affiliated entity of a Nasdaq Canada marketplace participant, who is responsible for or is actively engaged in the day-to-day operations or activities of that Nasdaq Canada marketplace participant;

(ii) is an officer or an employee of CXCH or any of its affiliated entities;

(iii) is a partner, officer or employee of Nasdaq, Inc. or an associate of that partner, officer or employee;

(iv) is a director of Nasdaq or an associate of that director;

(v) is a person who owns or controls, or is the officer or employee of a person or company that owns or controls, directly or indirectly, more than 5% of the shares of CXCH;

(vi) is a director of a person or company that beneficially owns or controls, directly or indirectly, more than 5% of any class or series of voting shares of Nasdaq; or

(vii) has any relationship with Nasdaq or a person or company that owns or controls, directly or indirectly, more than 5% of the shares of CXCH, that could, in the view of the Nominating Committee, having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of CXCH or Nasdaq Canada.

(c) For the purposes of paragraph (b), the Nominating Committee may waive the restrictions set out in subparagraphs (b)(iv) and (b)(vi) provided that:

(i) the individual being considered does not have, and has not had, any relationship with Nasdaq, Inc. that could, in the view of the Nominating Committee, having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgement as a director of Nasdaq Canada or CXCH;

(ii) Nasdaq Canada publicly discloses the use of the waiver with reasons why the particular candidate was selected;

(iii) Nasdaq Canada provides advance notice to the Commission, at least 15 business days before the public disclosure in sub-paragraph (c)(ii) is made, and

(iv) the Commission does not object within 15 business days of its receipt of the notice provided under sub-paragraph (c)(iii) above.

2. Public Interest Responsibilities

(a) Nasdaq Canada shall conduct its business and operations in a manner that is consistent with the public interest.

(b) The mandate of the Board shall expressly include regulatory and public interest responsibilities of Nasdaq Canada.

3. Share Ownership Restrictions

(a) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10% or more than 50% respectively of any class or series of voting shares of Nasdaq Canada.

(b) The articles of Nasdaq Canada shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

4. Recognition Criteria

Nasdaq Canada shall continue to meet the criteria for recognition set out in Schedule 1 to the Order.

5. Fitness

In order to ensure that Nasdaq Canada operates with integrity and in the public interest, Nasdaq Canada will take reasonable steps to ensure that each person or company that is a director or officer of Nasdaq Canada, is a fit and proper person and the past conduct of each person or company that is a director or officer of Nasdaq Canada affords reasonable grounds for belief that the business of Nasdaq Canada will be conducted with integrity. Each director and officer of Nasdaq Canada must be a fit and proper person.

6. Board of Directors

(a) Nasdaq Canada shall ensure that at least 50% of its Board members are independent.

(b) The Chair of the Board shall be independent.

(c) In the event that Nasdaq Canada fails to meet the requirement in paragraph (a) of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

(d) Nasdaq Canada shall ensure that its Board is subject to requirements that the quorum for the Board consists of a majority of the Board members, at least 50% of whom shall be independent directors.

7. Regulatory Oversight Committee

(a) Nasdaq Canada shall establish and maintain a Regulatory Oversight Committee that, at a minimum:

(i) is made up of at least three directors, a majority of whom shall be independent;

(ii) reviews and decides, or makes recommendations to the Board, on proposed regulations and rules that must be submitted to the Commission for review and approval under Schedule 5 Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto of this Order;

(iii) considers real or perceived conflicts of interest that may arise, including but not limited to the following contexts:

(A) ownership interests in CXCH by any Nasdaq Canada marketplace participant with representation on the Board of CXCH or the Board of Nasdaq Canada,

(B) significant changes in ownership of Nasdaq Canada and CXCH, and

(C) the profit-making objective and the public interest responsibilities of Nasdaq Canada, including general oversight of the management of the regulatory and public interest responsibilities of Nasdaq Canada.

(iv) oversees the establishment of mechanisms to avoid and appropriately manage conflicts of interest or potential conflicts of interest, perceived or real, including any policies and procedures that are developed by Nasdaq Canada and CXCH, including those that are required to be established pursuant to the Schedules of the Order;

(v) monitors the operation of mechanisms that deal with conflicts of interest, including oversight of reporting of conflicts of interest by Nasdaq Canada and CXCH;

(vi) reviews regularly, and at least annually, the effectiveness of the policies and procedures regarding conflicts of interest;

(vii) annually prepares a written report examining the avoidance and management of conflicts of interest, the mechanisms used and the effectiveness of those mechanisms and provides the report to the Board promptly, and to the Commission within 30 days of providing it to its Board;

(viii) reports in writing directly to the Commission on any matter that the Regulatory Oversight Committee deems appropriate or that is required by the Commission without first requiring Board approval for such reporting;

(ix) has a requirement that the quorum consist of a majority of the Regulatory Oversight Committee members, a majority of whom shall be independent.

(b) The mandate of the Regulatory Oversight Committee shall be publicly available on the website of Nasdaq Canada.

(c) **[Deleted]**

(d) The Regulatory Oversight Committee shall provide such information as may be required by the Commission from time to time.

8. Conflicts of Interest and Confidentiality Procedures

(a) Nasdaq Canada shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:

(A) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant shareholder in the management or oversight of the exchange operations or regulation functions of Nasdaq Canada and the services or products it provides;

(B) conflicts of interest or potential conflicts of interest that arise from any interactions between Nasdaq Canada and a significant shareholder where Nasdaq Canada may be exercising discretion that involves or affects the significant shareholder either directly or indirectly, and

(C) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of Nasdaq Canada; and

(ii) require that confidential information regarding marketplace operations, regulation functions, or a Nasdaq Canada marketplace participant that is obtained by a partner, director, officer or employee of a significant shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions of Nasdaq Canada:

(A) be kept separate and confidential from the business or other operations of the significant shareholder and its affiliated entities, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant shareholder or its affiliated entities.

(b) The policies established in accordance with paragraph 8(a) shall be made publicly available on the website of Nasdaq Canada.

(c) Nasdaq Canada shall regularly review compliance with the policies and procedures established in accordance with paragraph 8(a) and shall document each review, and any deficiencies, and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

9. Access

Nasdaq Canada's requirements shall provide access to the facilities of Nasdaq Canada only to properly registered investment dealers that are members of IIROC and satisfy reasonable access requirements established by Nasdaq Canada, except that Canadian "permitted clients" as such term is defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* shall have separate access to Nasdaq Fixed Income.

10. Regulation of Nasdaq Canada Marketplace Participants

(a) Nasdaq Canada shall establish, maintain and require compliance with policies and procedures that effectively monitor and enforce the Rules against Nasdaq Canada marketplace participants, either directly or indirectly through a regulation services provider.

(b) Nasdaq Canada has retained and shall continue to retain IIROC as a regulation services provider to provide, as agent for Nasdaq Canada, certain regulation services that have been approved by the Commission.

(c) Nasdaq Canada shall perform all other regulation functions not performed by IIROC, and shall maintain adequate staffing, systems and other resources in support of those functions. Nasdaq Canada shall obtain prior Commission approval before outsourcing such regulation functions to any party, including affiliated entities or associates of Nasdaq Canada.

(d) Nasdaq Canada shall notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

11. Rules, Rulemaking and Form 21-101F1

Nasdaq Canada shall comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto, as set out in Schedule 5, as amended from time to time.

12. Due Process

(a) Nasdaq Canada shall ensure that the requirements of Nasdaq Canada relating to access to the trading facilities of Nasdaq Canada, the imposition of limitations or conditions on access, and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions of appeals.

13. Fees, Fee Models and Incentives

(a) Nasdaq Canada shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular marketplace participant or any other particular person or company, or

(ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by Nasdaq Canada or Nasdaq and its affiliated entities and significant shareholders that is conditional upon:

(A) the requirement to have Nasdaq Canada be set as the default or first marketplace a marketplace participant routes orders to, or

(B) the router of Nasdaq Canada being used as the marketplace participant's primary order router.

(b) Except with the prior approval of the Commission, Nasdaq Canada shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by Nasdaq Canada or Nasdaq and its affiliated entities and significant shareholders that is conditional upon the purchase of any other service or product provided by Nasdaq Canada or Nasdaq or any affiliated entity, or

(ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies.

(c) Except with the prior approval of the Commission, Nasdaq Canada shall not require another person or company to purchase or otherwise obtain products or services from Nasdaq Canada or Nasdaq and its affiliated entities and significant shareholders as a condition of Nasdaq Canada supplying or continuing to supply a product or service.

(d) If the Commission considers that it would be in the public interest, the Commission may require Nasdaq Canada to submit for approval by the Commission a fee, fee model or incentive that has previously been filed with and/or approved by the Commission.

(e) Where the Commission decides not to approve the fee, fee model or incentive submitted under paragraph (d), any previous approval for the fee, fee model or incentive shall be revoked, if applicable, and Nasdaq Canada shall no longer be permitted to offer the fee, fee model or incentive.

(f) Any fee, fee model or incentive, or amendment thereto, shall be filed in accordance with the Rule and Form 21-101F1 *Filing Protocol* attached as Schedule 5.

14. Order Routing

Nasdaq Canada shall not support, encourage or incent, either through fee incentives or otherwise, Nasdaq Canada marketplace participants, Nasdaq affiliated entities or significant shareholders to coordinate the routing of their orders to Nasdaq Canada.

15. Integration of Any Business or Corporate Functions

Nasdaq Canada shall obtain the prior approval of the Commission before implementing any significant integration, combination or reorganization of any businesses, operations or corporate functions relating to trading, including marketplace operations, having an impact on the operations of, the services offered by, or the manner in which services are performed by, Nasdaq Canada or CXCH, between Nasdaq Canada and its affiliated entities.

16. Financial Reporting

(a) Within 90 days of its financial year end, Nasdaq Canada shall deliver to the Commission audited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial year.

(b) Within 60 days of each quarter end, Nasdaq Canada shall deliver to the Commission unaudited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial quarter.

(c) Nasdaq Canada shall deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days from the commencement of each fiscal year.

17. Financial Viability Monitoring and Reporting

(a) Nasdaq Canada shall calculate the following financial ratios monthly:

(i) a current ratio, being the ratio of current assets to current liabilities;

(ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months; and

(iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case following the same accounting principles as those used for the unaudited non-consolidated financial statements of Nasdaq Canada.

(b) Nasdaq Canada shall report quarterly in writing to the Commission, along with the financial statements required to be delivered pursuant to this Schedule, the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (a).

(c) If Nasdaq Canada determines that it does not have, or anticipates that, in the next twelve months, it will not have:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it will immediately notify Commission staff of the above ratio(s) that it is not maintaining, the reasons, along with an estimate of the length of time before the ratio(s) will be met.

(d) Upon receipt of a notification made by Nasdaq Canada under paragraph (c), the Commission may, as determined appropriate, impose any of the terms and conditions set out in paragraph (e) below.

(e) If Nasdaq Canada's current ratio, debt to cash flow ratio or financial leverage ratio falls below the levels outlined in subparagraphs 17(c)(i), 17 (c)(ii) and 17(c)(iii) above for a period of more than three months, Nasdaq Canada will:

(i) immediately deliver a letter advising the Commission staff of the reasons for the continued ratio deficiencies and the steps being taken to rectify the situation;

(ii) deliver to Commission staff, on a monthly basis, within 30 days of the end of each month:

(A) unaudited monthly financial statements and a status update on any pending capital raising transaction(s) including the amount, terms and name(s) of individuals/entities that have committed to providing funding and their commitment,

(B) a comparison of the monthly revenues and expenses incurred by Nasdaq Canada against the projected monthly revenues and expenses included in Nasdaq Canada's most recently updated budget for that fiscal year,

(C) for each revenue item whose actual amount was significantly lower than its projected amount, and for each expense item whose actual amount was significantly higher than its projected amount, the reasons for the variance, and

(D) a calculation of the current ratio, debt to cash flow ratio and financial leverage ratio for the month;

(iii) prior to making any type of payment to any director, officer, affiliated entity or shareholder that is in excess of the amount included in the most recent annual financial budget delivered to Commission staff, demonstrate to the satisfaction of the Commission staff that it will have sufficient financial resources to continue its operations after the payment; and

(iv) adhere to any additional terms and conditions imposed by the Commission or its staff, as determined appropriate, on Nasdaq Canada,

until such time as Nasdaq Canada has maintained each of its current ratio, debt to cash flow ratio and financial leverage ratio at the levels set out in subparagraphs 17(c)(i), 17(c)(ii) and 17(c)(iii) for a period of at least 6 consecutive months.

18. Outsourcing

Nasdaq Canada shall obtain prior Commission approval before entering into or amending any outsourcing arrangements related to any of its key services or systems with a service provider, which includes affiliated entities or associates of CXCH and Nasdaq. This approval is not required with respect to housekeeping changes to an outsourcing agreement as defined in Schedule 5.

19. Additional Information

(a) Nasdaq Canada shall provide the Commission with:

(i) the information set out in Appendix A to this Schedule, as amended from time to time; and

(ii) any information required to be provided by Nasdaq Canada to IIROC, including all order and trade information, as required by the Commission.

20. Compliance

Nasdaq Canada shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

21. Provision of Information

(a) Nasdaq Canada shall, and shall cause its affiliated entities, to promptly provide to the Commission, on request, any and all data, information and analyses in the custody or control of Nasdaq Canada or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(i) data, information and analyses relating to all of its or their businesses; and

(ii) data, information and analyses of third parties in its or their custody or control.

(b) Nasdaq Canada shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

22. Compliance with Terms and Conditions

(a) Nasdaq Canada shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within one year of the effective date of its recognition as an exchange pursuant to this Order and every year subsequent to that date, or at any times required by the Commission, that it is in compliance with the terms and conditions applicable to it in the Order and describe in detail:

(i) the steps taken to require compliance;

(ii) the controls in place to verify compliance;

(iii) the names and titles of employees who have oversight of compliance.

(b) If Nasdaq Canada or any of its directors, officers or employees become aware of a breach or a possible breach of any of the terms and conditions applicable to Nasdaq Canada under the Schedules to the Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of the breach or possible breach. The director, officer or employee of the recognized exchange shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(c) The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by section 22(d).

(d) The Regulatory Oversight Committee shall promptly cause to be conducted an investigation of the breach or possible breach reported under section 22(b). Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Nasdaq Canada under the Schedules to the Order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

23. Listings

Except with the prior approval of the Commission, no securities shall be listed on Nasdaq Canada.

APPENDIX A

ADDITIONAL REPORTING OBLIGATIONS

1. Ad Hoc

(a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar agreement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, data subscription agreements, etc.), or (v) relates to a business line other than exchange services.

(b) Any plans by Nasdaq Canada to enter into new businesses (directly or indirectly, including joint ventures) or to cease existing businesses, promptly after the Board has made the decision to implement those plans.

(c) **[Deleted]**

(d) **[Deleted]**

(e) Immediate notification if Nasdaq Canada:

(i) becomes the subject of any order, directive or similar action of a governmental or regulatory authority;

(ii) becomes aware that it is the subject of a criminal or regulatory investigation; or

(iii) becomes, or it is notified in writing that it will become, the subject of a material lawsuit.

(f) Any strategic plan for Nasdaq Canada, within 30 days of approval by the Board.

(g) Any filings made by Nasdaq Canada with a Canadian securities regulatory authority pursuant to a recognition order, exemption order or NI 21-101, filed concurrently.

(h) Copies of all notices, bulletins and similar forms of communication that Nasdaq Canada sends to the Nasdaq Canada marketplace participants.

(i) Prompt notification of any application for exemption or waiver from Nasdaq Canada requirements received from a significant shareholder or any of its affiliated entities.

2. Quarterly Reporting

(a) A list of the internal audit reports and risk management reports issued in the previous quarter that relate to the operations and business of Nasdaq Canada, if such reports are produced.

(b) A quarterly report summarizing all exemptions or waivers granted during the period pursuant to the Rules to any Nasdaq Canada marketplace participant, which shall include the following information:

(i) the name of the Nasdaq Canada marketplace participant;

(ii) the type of exemption or waiver granted during the period;

(iii) the date of the exemption or waiver; and

(iv) a description of the recognized exchange's reason for the decision to grant the exemption or waiver.

(c) A quarterly report summarizing instances where conflicts of interest or potential conflicts of interest with respect to Competitors have been identified by Nasdaq Canada and how such conflicts were addressed.

3. Annual Reporting

At least annually, an assessment of the risks, including business risks, facing Nasdaq Canada and the plan for addressing such risks.

SCHEDULE 3

TERMS AND CONDITIONS APPLICABLE TO CXCH

24. Definitions and Interpretation

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2. In addition:

25. Public Interest Responsibilities

(a) CXCH shall conduct its business and operations in a manner that is consistent with the public interest.

(b) The mandate of the Board shall expressly include CXCH's regulatory and public interest responsibilities.

26. Share Ownership Restrictions

(a) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10% or more than 50% respectively of any class or series of voting shares of CXCH.

(b) The articles of CXCH shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

27. Recognition Criteria

CXCH shall continue to meet the criteria for recognition set out in Schedule 1 to the Order.

28. Fitness

In order to ensure that CXCH and Nasdaq Canada operate with integrity and in the public interest, CXCH will take reasonable steps to ensure that each person or company that is a director or officer of CXCH is a fit and proper person and the past conduct of each person or company that is a director or officer of CXCH affords reasonable grounds for belief that the business of CXCH and Nasdaq Canada will be conducted with integrity. Each director and officer of CXCH must be a fit and proper person.

29. Board of Directors

(a) CXCH shall ensure that at least 50% of its Board members are independent.

(b) The Chair of the Board shall be independent.

(c) In the event that CXCH fails to meet the requirement in paragraph (a) of this section, it shall immediately advise the Commission and take appropriate measures to remedy such failure.

(d) CXCH shall ensure that its Board is subject to requirements that the quorum for the Board consists of a majority of the Board members, at least 50% of whom shall be independent.

30. Nominating Committee

CXCH shall maintain a Nominating Committee that, at a minimum:

(a) is made up of at least three directors, a majority of whom shall be independent, and has an independent Chair;

(b) confirms the status of a nominee to the Board as independent before the name of the individual is submitted to shareholders as a nominee for election to the Board;

(c) confirms, on an annual basis, that the status of the directors that are independent has not changed;

(d) assesses and approves all nominees of management to the Board; and

(e) has a requirement that the quorum consist of a majority of the Nominating Committee members, a majority of whom shall be independent.

31. Conflicts of Interest and Confidentiality Procedures

(a) CXCH shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its ownership interest in Nasdaq Canada, and

(ii) require that confidential information regarding marketplace operations, regulation functions, or a Nasdaq Canada marketplace participant that is obtained by a partner, director, officer or employee of CXCH or Nasdaq through that individual's involvement in the management or oversight of the marketplace operations or regulation functions of Nasdaq Canada:

(A) be kept separate and confidential from the business or other operations of the partner, director, officer or employee of CXCH or Nasdaq, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the partner, director, officer or employee of CXCH or Nasdaq or Nasdaq's affiliated entities,

provided that nothing in this section 31(a)(ii) shall be construed to limit CXCH or Nasdaq Canada from providing to Nasdaq necessary information. CXCH shall cause Nasdaq Canada to mandate that each Nasdaq Canada dealer and affiliated entity of a Nasdaq Canada dealer carrying on a securities business in Canada in reliance on a securities registration or exemption therefrom disclose its relationship with Nasdaq Canada to clients whose orders might be, and clients whose orders have been, routed to Nasdaq Canada.

(b) CXCH shall regularly review compliance with the policies and procedures established in accordance with section 31(a) and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing the review(s) conducted shall be provided to the Commission on an annual basis.

(c) The policies established in accordance with section 31(a) shall be made publicly available on the website of CXCH or Nasdaq Canada.

32. Allocation of Resources

(a) CXCH shall, for so long as Nasdaq Canada carries on business as an exchange, allocate sufficient financial and other resources to Nasdaq Canada to ensure that Nasdaq Canada can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

(b) CXCH shall notify the Commission immediately upon being aware that it is or will be unable to allocate sufficient financial and other resources, as required under paragraph (a), to Nasdaq Canada.

33. Fees, Fee Models and Incentives

(a) CXCH shall ensure that its affiliated entities, including Nasdaq Canada, do not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person, significant shareholder or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by Nasdaq Canada or Nasdaq and its affiliated entities and significant shareholders that is conditional upon the purchase of any other service or product provided by the affiliated entity; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies,

unless prior approval has been granted by the Commission.

(b) CXCH shall ensure that Nasdaq Canada does not require a person or company to purchase or otherwise obtain products or services from Nasdaq Canada or Nasdaq and its affiliated entities and significant shareholders as a condition of Nasdaq Canada supplying or continuing to supply a product or service unless prior approval has been granted by the Commission.

(c) CXCH shall ensure that Nasdaq Canada or Nasdaq and its affiliated entities and significant shareholders do not require another person, significant shareholder or company to obtain products or services from Nasdaq Canada as a condition of the affiliated entity supplying or continuing to supply a product or service.

34. Order Routing

CXCH shall not support, encourage or incent, either through fee incentives or otherwise, Nasdaq Canada marketplace participants, Nasdaq affiliated entities or significant shareholders to coordinate the routing of their order to Nasdaq Canada.

35. Integration of Any Business or Corporate Functions

CXCH shall obtain the prior approval of the Commission before implementing any significant integration, combination or reorganization of any businesses, operations or corporate functions relating to trading, including marketplace operations, having an impact on the operations of, the services offered by, or the manner in which services are performed by, Nasdaq Canada or CXCH, between CXCH and its affiliated entities.

36. Financial Reporting

(a) Within 90 days of its financial year end, CXCH shall deliver to the Commission audited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial year.

(b) Within 60 days of each quarter end, CXCH shall deliver to the Commission unaudited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial quarter.

(c) CXCH shall deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days from the commencement of each fiscal year.

37. Prior Commission Approval

CXCH shall obtain prior Commission approval of any changes to any agreement between CXCH and its significant shareholders.

38. Reporting Requirements

CXCH shall provide the Commission with the information set out in Appendix B to this Schedule, as amended from time to time.

39. Compliance with Terms and Conditions

(a) CXCH shall certify in writing to the Commission, in a certificate signed by its CEO and either its Chairman of the Board, general counsel or chief compliance officer, within one year of the effective date of its recognition as an exchange pursuant to this Order and every year subsequent to that date, or at any times required by the Commission, that it is in compliance with the terms and conditions applicable to it in the Order and describe in detail:

(i) the steps taken to require compliance;

(ii) the controls in place to verify compliance; and

(iii) the names and titles of employees who have oversight of compliance.

(b) If CXCH or any of its directors, officers or employees become aware of a breach or a possible breach of any of the terms and conditions applicable to CXCH under the Schedules to the Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Board or committee designated by the Board and approved by the Commission of the breach or possible breach. The director, officer or employee of the recognized exchange shall provide to the Board or committee designated by the Board details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(c) The Board or committee designated by the Board shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by section 39(d).

(d) The Board or committee designated by the Board shall promptly cause to be conducted an investigation of the breach or possible breach reported under section 39(b). Once the Board or committee designated by the Board has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to CXCH under the Schedules to the Order, the Board or committee designated by the Board shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX B

ADDITIONAL REPORTING OBLIGATIONS

1. Ad Hoc

(a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar agreement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, data subscription agreements, etc.), or (v) relates to a business line other than exchange services.

(b) Any plans by CXCH to enter into new businesses (directly or indirectly, including joint ventures) or to cease existing businesses, promptly after the Board has made the decision to implement those plans.

(c) **[Deleted]**

(d) **[Deleted]**

(e) Immediate notification if CXCH:

(i) becomes the subject of any order, directive or similar action of a governmental or regulatory authority;

(ii) becomes aware that it is the subject of a criminal or regulatory investigation; or

(iii) becomes, or it is notified in writing that it will become, the subject of a material lawsuit.

(f) Immediate notification if Nasdaq becomes, or it is notified in writing that it will become, the subject of a criminal, administrative or regulatory proceeding.

(g) Any strategic plan for CXCH, within 30 days of approval by the Board.

(h) Any filings made by CXCH with a Canadian securities regulatory authority pursuant to a recognition order, exemption order or NI 21-101, filed concurrently.

2. Quarterly Reporting

A list of the internal audit reports and risk management reports issued in the previous quarter that relate to the operations and business of CXCH and Nasdaq Canada, if such reports are produced.

3. Annual Reporting

At least annually, or more frequently if required by the Commission, an assessment of the risks, including business risks, facing CXCH and Nasdaq Canada and the plan for addressing such risks.

SCHEDULE 4

TERMS AND CONDITIONS APPLICABLE TO NASDAQ AND SIGNIFICANT SHAREHOLDERS

40. Definitions and Interpretation

Terms used in this Schedule have the same meanings and interpretation as in section 1 of 0 2.

41. Public Interest Responsibilities

Nasdaq shall ensure that Nasdaq Canada and CXCH conduct the business and operations of recognized exchanges in a manner that is consistent with the public interest.

42. Fitness

Nasdaq shall take reasonable steps to ensure that each director and officer of Nasdaq Canada and CXCH is a fit and proper person. As part of those steps, Nasdaq shall consider whether the past conduct of each director or officer affords reasonable grounds for belief that the business of Nasdaq Canada and CXCH will be conducted with integrity and in a manner that is consistent with the public interest responsibilities of Nasdaq Canada and CXCH.

43. Conflicts of Interest and Confidentiality Procedures

(a) Nasdaq shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the involvement of a nominee of Nasdaq or a significant shareholder of Nasdaq on the Board of CXCH or Nasdaq Canada in the management or oversight of the marketplace operations or regulation functions of Nasdaq Canada, and

(ii) require that confidential information regarding marketplace operations or regulation functions, or regarding a Nasdaq Canada marketplace participant that is obtained by such nominee on the Board of Nasdaq Canada or CXCH:

(A) be kept separate and confidential from the business or other operations of such significant shareholder, except with respect to where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to Nasdaq, its significant shareholder or affiliated entities,

provided that nothing in this section 43(a)(ii) shall be construed to limit CXCH or Nasdaq Canada from providing to Nasdaq necessary information.

(b) Nasdaq shall establish, maintain and require compliance, or ensure that its affiliated entities that are dealers, if any, establish, maintain or require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from its ownership interest in CXCH, and indirectly in Nasdaq Canada, including, but not limited to, conflicts of interest or potential conflicts of interest that arise from any interactions between either of Nasdaq Canada and Nasdaq, Nasdaq Canada or significant shareholders or between Nasdaq Canada and the affiliated entities of Nasdaq that are dealer where Nasdaq Canada may be exercising discretion in the application of its Rules that involves or affects Nasdaq or its affiliated entities either directly and indirectly.

(c) Nasdaq shall regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), as applicable, and shall document each review of compliance.

44. Allocation of Resources

(a) To ensure Nasdaq Canada and CXCH can carry out their functions in a manner that is consistent with the public interest and in compliance with Ontario securities law, Nasdaq shall, for so long as Nasdaq Canada and CXCH carry on business as exchanges, facilitate the allocation of sufficient financial and non-financial resources for the operations of these exchanges.

(b) Nasdaq shall notify the Commission immediately upon being aware that it is or will be unable to allocate sufficient financial or other resources to Nasdaq Canada or CXCH, as required under paragraph (a).

45. Routing and Other Operational Decisions

(a) Nasdaq shall not enter into and shall not cause any of its affiliated entities that are dealers to enter into, any arrangements, undertakings, commitments, understandings or agreements with CXCH, Nasdaq Canada, or any marketplace participant with respect to coordination of the routing of orders to Nasdaq Canada except with respect to activities that are permitted by the requirements of Nasdaq Canada or IIROC.

(b) Each significant shareholder shall not enter into and shall not cause any of its affiliated entities that are dealers to enter into, any arrangements, undertakings, commitments, understandings or agreements with Nasdaq, CXCH, Nasdaq Canada or any marketplace participant with respect to coordination of the routing of orders to Nasdaq Canada, except with respect to activities that are permitted by the requirements of Nasdaq Canada or IIROC.

(c) For greater certainty, paragraph (a) is not intended to prohibit any temporary agreements or coordination between Nasdaq or affiliated entities of Nasdaq that is a dealer and any other shareholder or affiliated entities of a shareholder that is a dealer or any other person in the event of any failure, malfunction or material delay of the systems or equipment of a marketplace if and to the extent reasonably necessary to protect the integrity and liquidity of capital markets, provided that prior notice of the temporary agreement or coordination is provided to the Commission.

(d) Nasdaq shall not cause any of its affiliated entities to offer or pay any benefit, financial or otherwise to its traders that would incent such traders to direct their orders to Nasdaq Canada in preference to any other marketplace.

(e) No significant shareholder shall cause any of its affiliated entities to offer or pay any benefit, financial or otherwise, to its traders, if applicable, that would incent such traders to direct their orders to Nasdaq Canada in preference to any other marketplace.

(f) Significant shareholders shall provide a written directive to their traders, if applicable, that they shall not cause routing decisions to be made based on Nasdaq's ownership interest in CXCH and Nasdaq Canada.

46. Disclosure to Clients

(a) A significant shareholder shall ensure that any affiliated entity that is a Nasdaq Canada marketplace participant shall disclose its relationship with Nasdaq Canada and CXCH and its affiliated entities to clients whose orders might be, and clients whose orders have been, routed to Nasdaq Canada.

47. Conditional Provision of Products or Services

(a) A Nasdaq Canada dealer shall not require another person or company to obtain products or services from Nasdaq Canada or any of its affiliated entities as a condition of the Nasdaq Canada dealer supplying or continuing to supply a product or service.

(b) Nasdaq shall not cause its dealer affiliated entities to require another person or company to obtain products or services from Nasdaq Canada or any of its affiliated entities as a condition of the significant shareholder supplying or continuing to supply a product or service.

48. Notification of New Dealer Affiliated Entities

Nasdaq shall promptly notify the Commission if it creates or acquires an affiliated entity that is a dealer.

49. Provision of Information

Nasdaq shall promptly provide to the Commission, on request, any and all data, information, and analyses in its custody or control related to the business and operations of Nasdaq Canada or CXCH without limitations, redactions, restrictions, or conditions.

50. Reporting Requirements

Nasdaq shall provide the Commission with the information set out in Appendix C to this Schedule, as amended from time to time.

51. Certifications

(a) Nasdaq shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of CXCH

and Nasdaq Canada as exchanges pursuant to this Order and every year subsequent to that date, or at other times required by the Commission, that Nasdaq is in compliance with the terms and conditions applicable to it in this Schedule and describe the steps taken to require compliance.

(b) Nasdaq shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of CXCH and Nasdaq Canada as exchanges pursuant to this Order and every year subsequent to that date, or at other times required by the Commission, that:

(i) Nasdaq is not acting jointly or in concert with any other significant shareholder, or any affiliated entity or associated thereof, with respect to any voting shares of CXCH;

(ii) despite subparagraph (b)(i), Nasdaq may act jointly or in concert with any other shareholders under arrangements to nominate a director to the board of CXCH or Nasdaq Canada;

(iii) Nasdaq has no agreement, commitment or understanding, written or otherwise, with any other significant shareholder, or any affiliated entity or associate thereof, with respect to the acquisition or disposition of voting shares of CXCH, the exercise of any voting rights attached to any voting shares of CXCH or the coordination of decisions or voting by its nominee director of CXCH (if any) with the decisions or voting by the nominee of any other significant shareholder, other than what is included in the CXCH shareholders' agreement; and

(iv) since the last certification, Nasdaq has not acted jointly or in concert with any other significant shareholder, or any affiliated entity or associate thereof, with respect to any voting shares of CXCH, including with respect to the acquisition or disposition of any voting shares of CXCH or the exercise of any voting rights attached to any voting shares of CXCH.

52. Compliance with Terms and Conditions

(a) If Nasdaq or its partners, officers, directors or employees becomes aware that there has been a breach or possible breach of any of the terms and conditions applicable to it under this schedule of the Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Designated Recipient (as defined below) of the breach or possible breach. The partner, director, officer or employee of Nasdaq shall provide to the Designated Recipient details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(b) "Designated Recipient" means the person or body that Nasdaq designates as having the responsibilities described in this section, which may be its Board, audit committee, governance committee (or chairperson of any of the foregoing), General Counsel, Chief Compliance Officer, an ombudsperson specifically designated by Nasdaq to review compliance with corporate policies under Nasdaq's established whistle-blowing procedures, or, with the approval of the Commission, such other person or committee designated by Nasdaq .

(c) The Designated Recipient shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by section 53(d).

(d) The Designated Recipient shall promptly cause to be conducted an investigation of the breach or possible breach reported under section 53(a). Once the Designated Recipient has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Nasdaq under the Schedules to the Order, the Designated Recipient shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

53. Expiry of Terms and Conditions

The obligations of Nasdaq to comply with the terms and conditions of this Schedule expire on the later of:

(a) the date on which, for a consecutive six-month period, Nasdaq owns less than 10% of the number of voting shares of CXCH that it had beneficially owned or exercised control or direction over at the launch of the recognized exchange, and

(b) the date on which the nominee or partner, officer, director or employee of Nasdaq has ceased to be a director on the board of CXCH or Nasdaq Canada.

APPENDIX C

ADDITIONAL REPORTING OBLIGATIONS

1. Ad Hoc

(a) Any strategic plan for Nasdaq in respect of the operations of Nasdaq Canada or CXCH, within 30 days of approval by the Board.

SCHEDULE 5

PROCESS FOR THE REVIEW AND APPROVAL OF RULES AND THE INFORMATION CONTAINED IN FORM 21-101F1 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by Commission Staff (Staff) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an Exchange may begin operations following recognition by the Commission.

2. Definitions

For the purposes of this Protocol:

(a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.

(b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).

(c) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.

(d) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(e) *Housekeeping Rule* means a new Rule or an amendment to a Rule that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(f) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.

(g) *Rule* includes a rule, policy and other similar instrument of the Exchange.

(h) *Significant Change* means an amendment to the information in Form 21-101F1 other than

(i) a Housekeeping Change,

(ii) a Fee Change, or

(iii) a Rule,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

(i) *Significant Change subject to Public Comment* means a Significant Change that

(i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or

(ii) in Staff's view, has a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules and Rule amendments.

4. Board Approval

The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

(a) The Exchange may file a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.

(b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:

(i) written notice that Staff object to granting the waiver or variation; or

(ii) written notice that the waiver or variation has been granted by Staff.

6. Commencement of Exchange Operations

The Exchange must not begin operations until the later of

(a) three months after the Exchange is notified that it has been recognized by the Commission, and

(b) a reasonable period of time after the Exchange is notified that it has been recognized by the Commission.

7. Materials to be Filed and Timelines

(a) Prior to the implementation of a Fee Change, Public Interest Rule or Significant Change, the Exchange will file with Staff the following materials:

(i) a cover letter that, together with the notice for publication filed under paragraph (a)(ii), if applicable, fully describes:

(A) the proposed Fee Change, Public Interest Rule or Significant Change;

(B) the expected date of implementation of the proposed Fee Change, Public Interest Rule or Significant Change;

(C) the rationale for the proposal and any relevant supporting analysis;

(D) the expected impact of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers and the capital markets;

(E) whether a proposed Public Interest Rule or Significant Change would increase or decrease systemic risk in the Canadian financial system and how any increase would be mitigated, if applicable;

(F) the expected impact of the Fee Change, Public Interest Rule or Significant Change on the Exchange's compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets;

(G) details of any consultations undertaken in formulating the Fee Change, Public Interest Rule or Significant Change, including the internal governance process followed to approve the Rule or Change;

(H) if the Public Interest Rule or Significant Change will require members or service vendors to modify their systems after implementation of the Rule or Change, the expected impact of the Rule or Change on the systems of members and service vendors together with a reasonable estimate of the amount of time needed to perform the necessary work, or an explanation as to why a reasonable estimate was not provided;

(I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;

(J) a discussion of any alternatives considered; and

(K) if applicable, whether the proposed Fee Change, Significant Change or Public Interest Rule would introduce a fee model, feature or Rule that currently exists in other markets or jurisdictions;

(ii) for a proposed Public Interest Rule or Significant Change subject to Public Comment, a notice for publication that includes the information required under paragraph (a)(i), except that the following may be excluded from the notice:

(A) supporting analysis required under subparagraph (a)(i)(C) that, if included in the notice, would result in the public disclosure of intimate financial, commercial or technical information;

(B) the information on systemic risk required under subparagraph (a)(i)(E);

(C) the information on the internal governance processes followed required under subparagraph (a)(i)(G);

(D) the reasonable estimate of time needed for members and service vendors to modify their own systems, or the explanation as to why a reasonable estimate was not provided, required under subparagraph (a)(i)(H), so long as the notice for publication contains a statement that the Exchange did not or could not make a reasonable estimate;

(E) the rationale for why the Significant Change is not considered a Significant Change subject to Public Comment; and

(F) the discussion of alternatives required under subparagraph (a)(i)(J).

(iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.

(b) The Exchange will file the materials set out in subsection (a)

(i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change; and

(ii) at least seven business days prior to the expected implementation date of a proposed Fee Change.

(c) For a Housekeeping Rule, the Exchange will file with Staff the following materials:

(i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;

(ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;

(iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) a notice for publication on the OSC website and in the OSC Bulletin that contains the information in paragraph (ii) as well as the implementation date for the Rule and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.

(d) For a Housekeeping Change, the Exchange will file with Staff the following materials:

(i) a cover letter that indicates that the Change was classified as a Housekeeping Change and provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and

(ii) blacklined and clean copies of Form 21-101F1 showing the Change.

(e) The Exchange will file the materials set out in subsection (d) by the earlier of

(i) the Exchange's close of business on the 10th calendar day after the end of the month in which the Housekeeping Change was implemented; and

(ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

8. Review by Staff of notice and materials to be published for comment

(a) Within 5 business days of the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a refiling of the notice and materials.

(b) Where the notice and materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and materials accordingly, and the date of resubmission will serve as the filing date for the purposes of this Protocol.

(c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 9.

9. Publication of a Public Interest Rule or Significant Change Subject to Public Comment

(a) As soon as practicable after the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will publish in the OSC Bulletin and on the OSC website the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.

(b) If public comments are received

(i) the Exchange will forward copies of the comments promptly to Staff; and

(ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

10. Review and Approval Process for Proposed Fee Changes, Public Interest Rules and Significant Changes

(a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change within

(i) 45 days from the date of filing of a proposed Public Interest Rule or Significant Change; and

(ii) seven business days from the date of filing of a proposed Fee Change.

(b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule or Significant Change will exceed the timelines in subsection (a).

(c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule or Significant Change subject to Public Comment, and promptly after the receipt of the materials filed under section 7 for all other Changes.

(d) The Exchange will respond to any comments received from Staff in writing.

(e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change, Public Interest Rule or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule or Significant Change after it has been deemed withdrawn, the Exchange will have to be re-submit it for review and approval in accordance with this Protocol.

(f) Upon completion of Staff's review of a Fee Change, Public Interest Rule or Significant Change, Staff will submit the Change or Rule to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:

(i) for a Public Interest Rule or a Significant Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;

(ii) for any other Significant Change, the later of 45 days from the date of filing of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange; or

(iii) for a Fee Change, the later of seven business days from the date of filing of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.

(g) A Fee Change, Public Interest Rule or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f),

(i) if the proposed Fee Change, Public Interest Rule or Significant Change introduces a novel feature to the Exchange or the capital markets;

(ii) if the proposed Fee Change, Public Interest Rule or Significant Change raises significant regulatory or public interest concerns; or

(iii) in any other situation where, in Staff's view, Commission approval is appropriate.

(h) Staff will promptly notify the Exchange of the decision.

(i) If a Public Interest Rule or Significant Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and on the OSC website promptly after the approval:

(i) a notice indicating that the proposed Rule or Change is approved;

(ii) the summary of public comments and responses prepared by the Exchange, if applicable; and

(iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.

11. Review Criteria for a Fee Change, Public Interest Rule and Significant Change

(a) Staff will review a proposed Fee Change, Public Interest Rule or Significant Change in order to assess whether it is in the public interest for the Director or the Commission to approve the Rule or Change. In making this determination, Staff will have regard to the mandate of the Commission as set out section 1.1 of the *Securities Act* (Ontario). The factors that Staff will consider in making their determination also include whether:

(i) the Rule or Change would impact the Exchange's compliance with Ontario securities law;

(ii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;

(iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Rule or Change; and

(iv) the Exchange adequately addressed any comments received.

12. Effective Date of a Fee Change, Public Interest Rule or Significant Change

(a) A Fee Change, Public Interest Rule or Significant Change will be effective on the later of:

(i) the date that the Exchange is notified that the Change or Rule is approved;

(ii) if applicable, the date of publication of the notice of approval on the OSC website; and

(iii) the date designated by the Exchange.

(b) Where a Significant Change involves a change to any of the systems, operated by or on behalf of the Exchange, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the Exchange is notified that the Significant Change is approved.

(c) The Exchange must notify Staff promptly following the implementation of a Fee Change, Public Interest Rule or Significant Change that becomes effective under subsection (a).

(d) Where the Exchange does not implement a Fee Change, Public Interest Rule or Significant Change within 180 days of the effective date of the Fee Change, Public Interest Rule or Significant Change, as provided for in subsection (a), the Fee Change, Public Interest Rule or Significant Change will be deemed to be withdrawn.

13. Significant Revisions and Republication

(a) If, subsequent to its publication for comment, the Exchange revises a Public Interest Rule or a Significant Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period.

(b) If a Public Interest Rule or Significant Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

14. Withdrawal of a Fee Change, Public Interest Rule or Significant Change

(a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

(b) If the notice of withdrawal relates to a Public Interest Rule or Significant Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and OSC website as soon as practicable.

(c) If a Public Interest Rule or Significant Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 10(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

15. Effective Date of a Housekeeping Rule or Housekeeping Change

(a) Subject to subsections (c) and (d), a Housekeeping Rule will be effective on the later of

(i) the date of the publication of the notice to be published on the OSC website in accordance with subsection (e), and

(ii) the date designated by the Exchange.

(b) Subject to subsections (c) and (d), a Housekeeping Change will be effective on the date designated by the Exchange.

(c) Staff will review the materials filed by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange filed the documents in accordance with subsections 7(c) and 7(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.

(d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, file the proposed Rule as a Public Interest Rule or the proposed Change as a Significant

Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment if applicable.

(e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect in the OSC Bulletin and on the OSC website as soon as is practicable.

16. Immediate Implementation of a Public Interest Rule or Significant Change

(a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers or investors.

(b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible but in any event at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must also be included as part of the written notice.

(c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following filing of the notice under subsection (b). If the disagreement is not resolved, the Exchange will file the Public Interest Rule or Significant Change in accordance with the timelines in section 7.

17. Review of a Public Interest Rule or Significant Change Implemented Immediately

A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 16 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 10, with necessary modifications. If the Director or the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

18. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under subsection 21(5) of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Rule or Change having been approved under this Protocol.

2.2.4 TMX Group Limited et al. – ss. 21, 144

Headnote

Subsection 144(1) of the Securities Act (Ontario) – application for order varying the Commission's order recognizing TMX Group Limited, TSX Inc. and Alpha Exchange Inc. as exchanges – variations required to streamline the regulatory reporting requirements applicable to recognized exchanges carrying on business in Ontario and to reduce regulatory burden – requested orders granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 144(1).

February 8, 2019

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

AND

IN THE MATTER OF
TMX GROUP LIMITED AND
TSX INC. AND
ALPHA TRADING SYSTEMS LIMITED PARTNERSHIP,
ALPHA TRADING SYSTEMS INC.,
ALPHA MARKET SERVICES INC. AND
ALPHA EXCHANGE INC.

AND

IN THE MATTER OF
ALBERTA INVESTMENT MANAGEMENT CORPORATION,
CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC,
CANADA PENSION PLAN INVESTMENT BOARD,
CIBC WORLD MARKETS INC.,
DESJARDINS FINANCIAL CORPORATION,
FONDS DE SOLIDARITÉ DES TRAVAILLEURS DU QUÉBEC (F.T.Q.),
THE MANUFACTURERS LIFE INSURANCE COMPANY,
NATIONAL BANK FINANCIAL INC.,
NATIONAL BANK GROUP INC.,
ONTARIO TEACHERS' PENSION PLAN BOARD,
SCOTIA CAPITAL INC.,
TD SECURITIES INC. AND
1802146 ONTARIO LIMITED

ORDER
(Sections 21 and 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated July 4, 2012, which was varied on April 24, 2015, September 29, 2015, and June 22, 2018, recognizing each of Maple Group Acquisition Corporation (now TMX Group Limited), TMX Group Inc., TSX Inc., Alpha Trading Systems Limited Partnership, and Alpha Exchange Inc. as exchanges pursuant to section 21 of the Act (**Exchange Recognition Order**);

AND WHEREAS at the time the Commission issued the Exchange Recognition Order, the Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (**F.T.Q.**), The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., and TD Securities Inc. (collectively, the **original Maple shareholders**) were the investors in Maple Group Acquisition Corporation, either directly or, in the case of the Alberta Investment Management Corporation (**AIMCo**), through AIMCo Maple 1 Inc. and AIMCo Maple 2 Inc.;

AND WHEREAS the Commission considers the proper operation of the exchanges as essential to investor protection and maintaining a fair and efficient capital market, and therefore requires that any conflicts of interest in the operation of the exchanges be dealt with appropriately, the fairness and efficiency of the market not be impaired by any anti-competitive activity, and that systemic risks are monitored and controlled;

AND WHEREAS TMX Group Limited (**TMX Group**), TSX Inc. (**TSX**), Alpha Trading Systems Limited Partnership (**Alpha LP**), Alpha Exchange Inc. (**Alpha Exchange**), and the original Maple shareholders have agreed to the applicable terms and conditions set out in Schedules 2 to 9 to the Exchange Recognition Order;

AND WHEREAS TMX Group provided to Commission Staff a letter, dated June 28, 2012, regarding TMX Group's undertakings to the Autorité des marchés financiers, which is attached to the Exchange Recognition Order at Appendix C;

AND WHEREAS, effective December 31, 2017, TMX Group completed an internal reorganization whereby TMX Group Limited, TMX Group Inc., and certain other affiliated entities amalgamated, with the resulting entity named TMX Group Limited;

AND WHEREAS the Commission has received an application under section 144 of the Act to vary and restate the Exchange Recognition Order to reflect the streamlining of certain reporting requirements for TMX Group, TSX, and Alpha Exchange under the Exchange Recognition Order (**Application**);

AND WHEREAS based on the Application and the representations that TMX Group, TSX and Alpha Exchange have made to the Commission, the Commission has determined that:

(a) TMX Group, TSX, Alpha LP and Alpha Exchange continue to satisfy the recognition criteria set out in Schedule 1 to the Exchange Recognition Order,

(b) it is in the public interest to continue to recognize each of TMX Group, TSX, Alpha LP and Alpha Exchange as an exchange pursuant to section 21 of the Act, and

(c) it is not prejudicial to the public interest to vary and restate the Exchange Recognition Order pursuant to section 144 of the Act;

IT IS ORDERED, pursuant to section 144 of the Act, that the Application to vary and restate the Exchange Recognition Order is granted.

IT IS ORDERED, pursuant to section 21 of the Act, that:

(a) TMX Group continues to be recognized as an exchange,

(b) TSX continues to be recognized as an exchange,

(c) Alpha LP continues to be recognized as an exchange, and

(d) Alpha Exchange continues to be recognized as an exchange,

provided that TMX Group, TSX, Alpha LP, Alpha Exchange, and the original Maple shareholders, as defined in Schedule 2 to the Exchange Recognition Order, comply with the terms and conditions set out in Schedules 2, 3, 5, 6, 7, 8 and 9 to the Exchange Recognition Order, as applicable.

DATED THIS 8th day of February 2019.

"D. Grant Vingoe"

"M. Cecilia Williams"

SCHEDULE 1

CRITERIA FOR RECOGNITION

PART 1 COMPLIANCE WITH NI 21-101 AND NI 23-101

1.1 Compliance with NI 21-101 and NI 23-101

The exchange complies with the requirements set out in National Instrument 21-101 *Marketplace Operation* (NI 21-101) and in National Instrument 23-101 *Trading Rules*, each as amended from time to time, which include requirements relating to:

(a) access;

(b) marketplace operations;

(c) exchange rules, policies and other similar instruments;

(d) order and trade transparency;

(e) transparency of marketplace operations;

(f) record keeping;

(g) marketplace systems and business continuity planning;

(h) confidentiality of information;

(i) outsourcing;

(j) clearing and settlement;

(k) fair and orderly markets;

(l) the management of conflicts of interest; and

(m) filing of financial statements.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange;

(b) that business and regulatory decisions are in keeping with the exchange's public interest mandate;

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

  (i) appropriate representation of independent directors, and

  (ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange;

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest; and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person.

PART 3 ACCESS

3.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure participants are appropriately registered under Ontario securities laws, or exempted from these requirements.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

PART 4 REGULATION OF PARTICIPANTS AND ISSUERS ON THE EXCHANGE

4.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of participants and issuers, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 5 RULES AND RULEMAKING

5.1 Rules and Rulemaking

(a) The exchange has rules, policies, and other similar instruments (Rules) that are designed to appropriately govern and regulate the operations and activities of participants and issuers.

(b) In addition to meeting the requirements of NI 21-101 relating to market operations and exchange rules, policies and other similar instruments as referred to in paragraphs 1.1(b) and (c) of this Schedule, respectively, the Rules are also designed to

(i) ensure a fair and orderly market; and

(ii) provide a framework for disciplinary and enforcement actions.

PART 6 DUE PROCESS

6.1 Due Process

For any decision made by the exchange that affects a participant or issuer, or an applicant to be a participant or issuer, including a decision in relation to access, listing, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for and provides for appeals or reviews of its decisions.

PART 7 CLEARING AND SETTLEMENT

7.1 Clearing and Settlement

The exchange has appropriate arrangements for the clearing and settlement of trades.

PART 8 SYSTEMS AND TECHNOLOGY

8.1 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 9 FINANCIAL VIABILITY

9.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 10 FEES

10.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and are consistent with the requirements in Ontario securities laws, including those listed in paragraphs 1.1(a) and (e) of this Schedule.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 11 INFORMATION SHARING AND REGULATORY COOPERATION

11.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, recognized self-regulatory organizations, other recognized or exempt exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 2

TERMS AND CONDITIONS APPLICABLE TO TMX GROUP LIMITED, TSX INC., ALPHA LP AND ALPHA EXCHANGE

1. DEFINITIONS AND INTERPRETATION

(a) For the purposes of this Schedule:

"accounting principles" means accounting principles as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"affiliated entity" has the meaning ascribed to it in section 1.3 of NI 21-101, except that in the case of AIMCo "affiliated entity" means an AIMCo Affiliate;

"AIMCo" means the Alberta Investment Management Corporation;

"AIMCo Affiliate" means each AIMCo Client, any person directly or indirectly controlled by one or more AIMCo Clients, any investment pool managed by AIMCo, and any affiliated entity of any of the foregoing, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"AIMCo Clients" means Her Majesty the Queen in right of Alberta and certain Alberta public sector pension plans, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"Alpha Member" means a person or company that has been permitted to access the trading facilities of Alpha Exchange and is subject to regulatory oversight by Alpha Exchange, and the person's or company's representatives;

"associate" has the meaning ascribed to it in subsection 1(1) of the Act;

"ATS" means an alternative trading system as defined in subsection 1(1) of the Act;

"audited consolidated financial statements" means financial statements that

(i) are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, including that they adhere to the standards specified for consolidated financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements*,

(ii) include notes to the financial statements that identify the accounting principles used to prepare the financial statements, and

(iii) are audited in accordance with Canadian GAAS and are accompanied by an auditor's report;

"Board" means the board of directors;

"criteria for recognition" means all of the criteria for recognition set out in Schedule 1 to the Exchange Recognition Order;

"dealer" means "investment dealer" as that term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements*;

"dealer affiliate" means Desjardins Securities Inc. and Manulife Securities Incorporated;

"Governance Committee" means the governance committee established by TMX Group pursuant to section 19 of Schedule 3 to the Exchange Recognition Order;

"IIROC" means the Investment Industry Regulatory Organization of Canada;

"Maple nomination agreement" means a nomination agreement provided for under Section 12(h) of the Amended and Restated Acquisition Governance Agreement of June 10, 2011 of Maple, as amended;

"marketplace" has the meaning ascribed to it in subsection 1(1) of the Act;

"marketplace participant" has the meaning ascribed to it in section 1.1 of NI 21-101;

"NI 21-101" means National Instrument 21-101 *Marketplace Operation*;

"officer" has the meaning ascribed to it in subsection 1(1) of the Act;

"original Maple shareholder" means each of AIMCo, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National Bank Group Inc., National Bank Financial Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., TD Securities Inc. and 1802146 Ontario Limited;

"original significant Maple shareholder" means a shareholder of TMX Group that is both an original Maple shareholder and a significant TMX shareholder;

"regulated TMX marketplace" means a TMX marketplace that is regulated by the Commission as a recognized exchange or an ATS;

"Regulatory Oversight Committee" means the committee established by TMX Group pursuant to section 20 of Schedule 3 to the Exchange Recognition Order;

"Rule" means a rule, policy, or other similar instrument of TSX or Alpha Exchange, as applicable;

"significant TMX shareholder" means a person or company that:

(i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of TMX Group provided, however, that the ownership of or control or direction over additional TMX Group shares in connection with the following activities shall not be included for the purposes of determining whether the 5% threshold has been exceeded:

(A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly invested and which is managed by a third party who has not been provided with confidential, undisclosed information about TMX Group,

(B) acting as a custodian for securities in the ordinary course,

(C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about TMX Group,

(D) the acquisition of TMX Group shares in connection with the adjustment of index-related portfolios or other "basket" related trading,

(E) making a market in securities to facilitate trading in shares of TMX Group by third party clients or to provide liquidity to the market in the person or company's capacity as a designated market maker for shares of TMX Group securities, in the person or company's capacity as designated market maker for derivatives on TMX Group shares, or in the person or company's capacity as market maker or "designated broker" for exchange traded funds which may have investments in shares of TMX Group, in each case in the ordinary course, (which, for greater certainty, shall include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, TMX Group shares), or

(F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about TMX Group,

and subject to the conditions that the ownership of or control or direction over TMX Group shares by a person or company in connection with the activities listed in (A) through (F) above:

(G) is not intended by that person or company to facilitate evasion of the 5% threshold set out in clause (i), and

(H) does not provide that person or company the ability to exercise voting rights over more than 5% of the voting shares of TMX Group in a manner that is solely in the interests of that person or company as it relates to that person or company's ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 5% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company shall not exercise its voting rights with respect to those excess voting shares;

(ii) is an original Maple shareholder that is a party to a Maple nomination agreement, for as long as its Maple nomination agreement is in effect; or

(iii) is an original Maple shareholder (A) whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof and (B) that has a partner, officer, director or employee who is a director on the TMX Group Board other than pursuant to a Maple nomination agreement, for so long as such partner, officer, director or employee remains a member of the TMX Group Board;

"TMX clearing agency" means any clearing agency owned or operated by TMX Group or TMX Group's affiliated entities;

"TMX dealer" means an original Maple shareholder that is also a dealer;

"TMX issuer" means a person or company whose securities are listed on a TMX marketplace;

"TMX marketplace" means any marketplace owned or operated by TMX Group or TMX Group's affiliated entities;

"TMX marketplace participant" means a marketplace participant of any TMX marketplace;

"TMX recognized exchange" means an exchange owned or operated by TMX Group or TMX Group's affiliated entities that is recognized by the Commission as an exchange pursuant to section 21 of the Act;

"TMX trading facility" means any trading facility owned or operated by TMX Group or TMX Group's affiliated entities;

"TSX Issuer" means a person or company whose securities are listed on TSX;

"TSX PO" means a person or company that has been permitted to access the trading facilities of TSX and is subject to regulatory oversight by TSX, and the person's or company's representatives;

"unaudited consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that they are not audited; and

"unaudited non-consolidated financial statements" means financial statements that are prepared in the same manner as audited consolidated financial statements, except that

(i) they are not audited; and

(ii) investments in subsidiary entities, jointly controlled entities and associates are accounted for as specified for separate financial statements in International Accounting Standard 27 Consolidated and *Separate Financial Statements*.

(b) For the purposes of this Schedule, an individual is independent if the individual is "independent" within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*, as amended from time, but is not independent if the individual is:

(i) a partner, director, officer or employee, of a TMX marketplace participant or an associate of a partner, director, officer or employee of a TMX marketplace participant, or

(ii) a partner, director, officer or employee of an affiliated entity of a TMX marketplace participant, who is responsible for or is actively or significantly engaged in the day-to-day operations or activities of that TMX marketplace participant.

(c) For the purposes of this Schedule, an individual is unrelated to original Maple shareholders if the individual:

(i) is not a partner, officer or employee of an original Maple shareholder or any of its affiliated entities or an associate of that partner, officer or employee;

(ii) is not nominated under a Maple nomination agreement;

(iii) is not a director of an original Maple shareholder or any of its affiliated entities or an associate of that director; and

(iv) does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the Governance Committee having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized exchange.

(d) For the purposes of paragraph (c), the Governance Committee may waive the restrictions set out in sub-paragraph (c)(iii) provided that:

(i) the individual being considered does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the Governance Committee having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized exchange;

(ii) the recognized exchange publicly discloses the use of the waiver with reasons why the particular candidate was selected;

(iii) the recognized exchange provides advance notice to the Commission, at least 15 business days before the public disclosure in sub-paragraph 1(d)(ii) is made; and

(iv) the Commission does not object within 15 business days of its receipt of the notice provided under sub-paragraph 1(d)(iii) above.

(e) For the purposes of this Schedule, where a term and condition would not apply to Alpha LP given its legal formation as a limited partnership, it will instead apply to Alpha GP, the incorporated entity that is responsible for carrying out the business activities of the recognized exchange Alpha LP.

2. PUBLIC INTEREST RESPONSIBILITIES

(a) The recognized exchange shall conduct the business and operations of the recognized exchange in a manner that is consistent with the public interest.

(b) The mandate of the Board of the recognized exchange shall expressly include the regulatory and public interest responsibilities of the recognized exchange.

(c) **[Deleted]**

3. CRITERIA FOR RECOGNITION

The recognized exchange shall continue to meet the criteria for recognition set out in Schedule 1 to the Exchange Recognition Order.

4. FITNESS

The recognized exchange shall take reasonable steps to ensure that each director and officer of the recognized exchange is a fit and proper person. As part of those steps, the recognized exchange shall consider whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform his or her duties with integrity and in a manner that is consistent with the public interest responsibilities of the recognized exchange.

5. BOARD OF DIRECTORS

(a) The recognized exchange shall ensure that:

(i) at least 50% of its Board members are independent directors; and

(ii) for as long as any Maple nomination agreement is in effect, at least 50% of its Board members are unrelated to original Maple shareholders.

(b) The chair of the Board of the recognized exchange shall be independent and, for so long as any Maple nomination agreement is in effect, unrelated to original Maple shareholders.

(c) In the event that the recognized exchange fails to meet the requirements of paragraphs (a) or (b) of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

(d) The recognized exchange shall not enter into any nomination agreement with any person or company that is not a party to a Maple nomination agreement as at the effective date of the recognition of TMX Group as an exchange pursuant to this Exchange Recognition Order, without the prior approval of the Commission.

(e) The recognized exchange shall ensure that the Board is subject to requirements that the quorum for the Board consists of at least two-thirds of the Board members.

6. REPRESENTATION OF INDEPENDENT DEALERS

At least one director of the recognized exchange shall be a representative of a marketplace participant that:

(a) is not affiliated with any Canadian Schedule I bank; and

(b) for so long as any Maple nomination agreement is in effect, is unrelated to original Maple shareholders.

7. GOVERNANCE REVIEW

(a) At the request of the Commission, the recognized exchange shall engage an independent consultant, or independent consultants, acceptable to the Commission to prepare a written report assessing the governance structure of TMX Group, and TSX, and shall also include Alpha if requested by the Commission (Governance Review).

(b) The recognized exchange shall provide the written report to its Board promptly after the report's completion and then to the Commission within 30 days of providing it to its Board.

(c) The scope of the Governance Review shall be approved by the Commission and shall include, at a minimum, the following:

(i) a review of the Board composition, in particular whether the composition of the Board continues to meet the recognition criteria, including the requirement that there be fair, meaningful and diverse representation on the Board and any committees of the Board, including:

(A) appropriate representation of independent directors and directors unrelated to original Maple shareholders, and

(B) a proper balance among the interests of the different persons or companies using the services and facilities of the recognized exchange;

(ii) a review of the impact of the Board composition requirements, including requirements imposed by all securities regulatory authorities, on the recognized exchange's ability to meet the recognition criteria;

(iii) a review of the appropriateness and effectiveness of identical Boards for TMX Group, TSX, and Alpha Exchange if applicable;

(iv) a review of the degree to which the governance structure of TMX Group, TSX, and Alpha Exchange allows for appropriate input into the business and operations of the recognized exchange by users of the recognized exchange's services and facilities;

(v) a review of how the Governance Committee actually discharges its mandate and performs its role and functions; and

(vi) a review of how the Regulatory Oversight Committee actually discharges its mandate and performs its role and functions, including how conflicts of interest and potential conflicts of interest are actually managed, whether they are managed effectively, if there are any identified deficiencies, what they were and how they were remedied and whether further measures are warranted.

(d) The Governance Review shall include an appropriate degree of public consultation, including consultation with users of the recognized exchange's services and facilities.

8. FEES, FEE MODELS AND INCENTIVES

(a) The recognized exchange shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular marketplace participant or any other particular person or company; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the recognized exchange that is conditional upon:

(A) the requirement to have a TMX marketplace be set as the default or first marketplace a marketplace participant routes to, or

(B) the router of a TMX marketplace being used as the marketplace participant's primary router.

(b) Except with the prior approval of the Commission, the recognized exchange shall not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the recognized exchange that is conditional upon the purchase of any other service or product provided by the recognized exchange or any affiliated entity; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies.

(c) The recognized exchange shall obtain prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to, any incentives relating to arrangements that provide for equity ownership in TMX Group for marketplace participants or their affiliated entities based on trading volumes or values on TMX marketplaces.

(d) The recognized exchange shall not require another person or company to purchase or otherwise obtain products or services from any TMX clearing agency as a condition of the recognized exchange supplying or continuing to supply a product or service.

(e) Except with the prior approval of the Commission, the recognized exchange shall not require another person or company to purchase or otherwise obtain products or services from the recognized exchange, any TMX marketplace or a significant TMX shareholder as a condition of the recognized exchange supplying or continuing to supply a product or service.

(f) At the request of the Commission, the recognized exchange shall:

(i) conduct a review, the scope of which shall be approved by the Commission, of the fees and fee models of the recognized exchange and all regulated TMX marketplaces that are related to trading, clearing, settlement, depository, data and any other services specified by the Commission;

(ii) include input from relevant stakeholders; and

(iii) provide a written report on the outcome of such review to its Board promptly after the report's completion and then to the Commission within 30 days of providing it to its Board.

(g) If the Commission considers that it would be in the public interest, the Commission may require a recognized exchange to submit, for approval by the Commission, a fee, fee model or incentive that has previously been filed with and/or approved by the Commission.

(h) Where the Commission decides not to approve the fee, fee model or incentive submitted under paragraph (g), any previous approval for the fee, fee model or incentive shall be revoked, if applicable, and the recognized exchange shall no longer be permitted to offer the fee, fee model or incentive.

(i) Any fee, fee model or incentive, or amendment thereto, shall be filed in accordance with the Rule and Form 21-101F1 *Filing Protocol* attached as Schedule 10.

9. ORDER ROUTING

The recognized exchange shall not support, encourage or incent, either through fee incentives or otherwise, TMX marketplace participants to coordinate the routing of TMX marketplace participants' orders to a particular TMX marketplace or TMX trading facility.

10. INTEGRATION OF ANY BUSINESS OR CORPORATE FUNCTIONS

The recognized exchange shall obtain the prior approval of the Commission before implementing any significant integration, combination or reorganization of any businesses, operations or corporate functions relating to trading, clearing and settlement, including marketplace and clearing agency operations, between the recognized exchange and its affiliated entities.

11. INTERNAL COST ALLOCATION MODEL AND TRANSFER PRICING

(a) The recognized exchange shall establish and maintain an internal cost allocation model and policy or policies with respect to the allocation of costs or transfer of prices between the recognized exchange and its affiliated entities.

(b) The recognized exchange shall obtain prior Commission approval before making any amendments to the internal cost allocation model and policy or policies established and required to be maintained under paragraph (a).

(c) The recognized exchange shall annually engage an independent auditor to conduct an audit and prepare a written report in accordance with established audit standards regarding compliance by the recognized exchange and its affiliated entities with the approved internal cost allocation model and transfer pricing policies.

(d) The recognized exchange shall provide the written report of the independent auditor to its Board promptly after the report's completion and then to the Commission within 30 days of providing it to its Board.

(e) The costs or expenses borne by the recognized exchange, and indirectly by the users of the recognized exchange's services, for each of the services provided by the recognized exchange, shall not include any costs or expenses incurred by the recognized exchange in connection with any activity carried on by the recognized exchange that is not related to that service.

12. CLEARING AND SETTLEMENT

The recognized exchange shall not establish requirements relating to clearing and settlement of trades that would result in:

(a) unfair discrimination of or between market participants based on the clearing agency used; or

(b) an imposition of any burden on competition among clearing agencies or back-office or post-trade service providers that is not reasonably necessary or appropriate; or

(c) an unreasonable prohibition, condition or limitation relating to access by a person or company to services offered by the recognized exchange or a TMX clearing agency.

13. FINANCIAL REPORTING

(a) Within 90 days of its financial year end, the recognized exchange shall deliver to the Commission audited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial year.

(b) Within 45 days of each quarter end, the recognized exchange shall deliver to the Commission unaudited consolidated financial statements and unaudited non-consolidated financial statements without notes for its latest financial quarter.

(c) Shorter time periods shall apply in paragraphs (a) and (b) above to TMX Group, if mandated for reporting issuers under applicable securities laws.

(d) The recognized exchange shall deliver to the Commission its annual financial budget, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year.

14. ADDITIONAL INFORMATION

The recognized exchange shall provide the Commission with the information set out in Appendix A to this Schedule 2, as amended from time to time.

15. PROVISION OF INFORMATION

(a) The recognized exchange shall, and shall cause its affiliated entities to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of the recognized exchange or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(i) data, information and analyses relating to all of its or their businesses; and

(ii) data, information and analyses of third parties in its or their custody or control.

(b) The recognized exchange shall share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, other recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

(c) The disclosure or sharing of information by the recognized exchange or any affiliated entities pursuant to the Schedules to the Exchange Recognition Order is subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its role as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

16. COMPLIANCE WITH TERMS AND CONDITIONS

(a) The recognized exchange shall certify in writing to the Commission, in a certificate signed by its CEO and general counsel, within one year of the effective date of the recognition of the recognized exchange as an exchange pursuant to this Exchange Recognition Order and every year subsequent to that date, or at other times required by the Commission, that the recognized exchange is in compliance with the terms and conditions applicable to it in the Exchange Recognition Order and describe in detail:

(i) the steps taken to require compliance;

(ii) the controls in place to verify compliance; and

(iii) the names and titles of employees who have oversight of compliance.

(b) If a recognized exchange, or its directors, officers or employees becomes aware of a breach or a possible breach of any of the terms and conditions applicable to the recognized exchange under the Schedules to the Exchange Recognition Order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of the breach or possible breach. The director, officer or employee of the recognized exchange shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(c) The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach under paragraph 16(b), notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 16(d).

(d) The Regulatory Oversight Committee shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph 16(b). Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to the recognized exchange under the Schedules to the Exchange Recognition Order, the Regulatory Oversight Committee

shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX A

ADDITIONAL REPORTING OBLIGATIONS

1. Ad Hoc

(a) Immediate notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, or (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.).

(b) Any plans by the recognized exchange or its affiliated entities that carry on business in Canada to enter into new businesses (directly or indirectly, including joint ventures) or to cease existing businesses, promptly after the Board has made the decision to implement those plans.

(c) **[Deleted]**

(d) **[Deleted]**

(e) Immediate notification if the recognized exchange:

(i) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;

(ii) becomes aware that it is the subject of a criminal or regulatory investigation; or

(iii) becomes, or is notified that it will become, the subject of a material lawsuit.

(f) Any strategic plan for the recognized exchange and its affiliated entities carrying on business in Canada, including strategic plans relating to its equities, fixed income, and derivatives (including exchange-traded and over-the-counter or otherwise) businesses, within 30 days of approval by the Board

(g) Any filings made by the recognized exchange with a Canadian securities regulatory authority pursuant to a recognition order, exemption order or NI 21-101, filed concurrently.

2. Quarterly Reporting

(a) **[Deleted]**

(b) A list of the internal audit reports and risk management reports issued in the previous quarter that relate to the operations and business of the recognized exchange.

3. Annual Reporting

(a) At least annually or more frequently if required by the Commission, the recognized exchange's assessment of the risks, including business risks, facing the recognized exchange and its affiliated entities carrying on business in Canada and its plan for addressing such risks.

SCHEDULE 3

TERMS AND CONDITIONS APPLICABLE TO TMX GROUP LIMITED

17. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

18. SHARE OWNERSHIP RESTRICTIONS

(a) TMX Group shall continue to own, directly or indirectly, all of the issued and outstanding voting shares of TSX, Alpha GP and Alpha Exchange, and shall continue to hold, directly or indirectly, the interests in the income and capital of Alpha LP.

(b) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of TMX Group. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.

(c) The articles of TMX Group shall contain the share ownership restrictions and provisions respecting the enforcement of such restrictions which, without limiting the foregoing, may provide for the filing of declarations, the suspension of voting rights, the forfeiture of dividends, the refusal of the issue or registration of voting shares and the sale or redemption of voting shares held contrary to the restrictions and payment of net proceeds of the sale or redemption to the person entitled thereto.

19. GOVERNANCE COMMITTEE

(a) TMX Group shall maintain a governance committee of the Board that, at a minimum:

(i) is made up of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;

(ii) confirms the status of nominees to the TMX Group Board as independent and/or unrelated to original Maple shareholders, as appropriate, before the name of the individual is submitted to shareholders as a nominee for election to the TMX Group Board;

(iii) confirms on an annual basis that the status of the directors who are independent and/or unrelated to original Maple shareholders, as appropriate, has not changed;

(iv) assesses and approves all nominees of management to the TMX Group Board, and any nominees pursuant to any Maple nomination agreement; and

(v) has a requirement that the quorum consist of a majority of independent directors, and, for so long as any Maple nomination agreement is in effect, a majority of directors who are unrelated to original Maple shareholders.

20. REGULATORY OVERSIGHT COMMITTEE

(a) TMX Group shall establish and maintain a Regulatory Oversight Committee that, at a minimum:

(i) has a minimum of three directors;

(ii) is made up of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;

(iii) considers real or perceived conflicts of interest that may arise, including but not limited to the following contexts:

(A) ownership interests in TMX Group by any TMX marketplace participant with representation on the TMX Group Board,

(B) increased concentration of ownership of the recognized exchange, and

(C) the profit-making objective and the public interest responsibilities of TMX Group, including general oversight of the management of the regulatory and public interest responsibilities of TSX, Alpha LP and Alpha Exchange;

(iv) oversees the establishment of mechanisms to avoid or appropriately manage conflicts of interest or potential conflicts of interest, perceived or real, including any policies and procedures that are developed by TMX Group, TSX, Alpha LP, Alpha GP or Alpha Exchange, including those that are required to be established pursuant to the Schedules to the Exchange Recognition Order;

(v) monitors the operation of mechanisms that deal with conflicts of interest, including oversight of reporting of issuer regulation activities and conflicts of interest by TSX and Alpha Exchange;

(vi) reviews the effectiveness of the policies and procedures regarding conflicts of interest on a regular, and at least annual, basis;

(vii) annually prepares a written report examining the avoidance and management of conflicts of interest, the mechanisms used and the effectiveness of those mechanisms and provides the report to the TMX Group Board promptly and to the Commission within 30 days of providing it to its Board;

(viii) has a requirement that the quorum consist of a majority of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of directors who are unrelated to original Maple shareholders; and

(ix) reports in writing directly to the Commission on any matter that the Regulatory Oversight Committee deems appropriate or that is required by the Commission without first requiring Board approval or notification for such reporting.

(b) The Regulatory Oversight Committee shall provide such information as may be required by the Commission from time to time.

21. FEES, FEE MODELS AND INCENTIVES

(a) TMX Group shall ensure that a regulated TMX marketplace does not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a particular market participant or any other particular person or company; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the regulated TMX marketplace that is conditional upon:

(A) the requirement to have a TMX marketplace be set as the default or first marketplace a marketplace participant routes to, or

(B) the router of a TMX marketplace being used as the marketplace participant's primary router.

(b) TMX Group shall ensure that any affiliated entity does not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the affiliated entity that is conditional upon the purchase of any other service or product provided by a regulated TMX marketplace; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement for any service or product offered by the affiliated entity that is conditional upon

(A) the requirement to have a regulated TMX marketplace be set as the default or first marketplace a marketplace participant routes to, or

(B) the router of a regulated TMX marketplace being used as the marketplace participant's primary router.

(c) Unless prior approval has been granted by the Commission, TMX Group shall ensure that a regulated TMX marketplace does not, through any fee schedule, any fee model or any contract, agreement or other arrangement with any marketplace participant or any other person or company, provide:

(i) any discount, rebate, allowance, price concession or other similar arrangement on any services or products offered by the regulated TMX marketplace that is conditional upon the purchase of any other service or product provided by the regulated TMX marketplace or any affiliated entity; or

(ii) any discount, rebate, allowance, price concession or other similar arrangement that is accessible only to, whether as designed or by implication, a class of marketplace participants or of any other persons or companies.

(d) TMX Group shall ensure that a regulated TMX marketplace obtains prior Commission approval before implementing any new, or amendments to, fees and fee models, including any new, or amendments to, any incentives relating to arrangements that provide for equity ownership in TMX Group for marketplace participants or their affiliated entities based on trading volumes or values on TMX marketplaces.

(e) TMX Group shall ensure that a regulated TMX marketplace does not require another person or company to purchase or otherwise obtain products or services from any TMX clearing agency as a condition of the regulated TMX marketplace supplying or continuing to supply a product or service.

(f) TMX Group shall ensure that a regulated TMX marketplace does not require a person or company to obtain products or services from the regulated TMX marketplace, any other TMX marketplace or a significant TMX shareholder as a condition of the regulated TMX marketplace supplying or continuing to supply a product or service, unless prior approval has been granted by the Commission.

(g) TMX Group shall ensure that any affiliated entity does not require another person or company to obtain products or services from any regulated TMX marketplace or any TMX clearing agency as a condition of the affiliated entity supplying or continuing to supply a product or service.

(h) If the Commission considers that it would be in the public interest, the Commission may require a regulated TMX marketplace to submit, for approval by the Commission, a fee, fee model or incentive that has previously been filed with and/or approved by the Commission.

(i) Where the Commission decides not to approve the fee, fee model or incentive submitted under paragraph (h), any previous approval for the fee, fee model or incentive shall be revoked, if applicable, and the regulated TMX marketplace shall no longer be permitted to offer the fee, fee model or incentive.

22. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) TMX Group shall establish, maintain, and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in TSX, and Alpha and from the involvement of any partner, director, officer or employee of a significant TMX shareholder in the management or oversight of the marketplace operations or regulation functions of a TMX marketplace and the services and products provided by the TMX marketplace; and

(ii) require that confidential information regarding marketplace operations, regulation functions, a TMX marketplace participant or TMX issuer that is obtained by a partner, director, officer or employee of a significant TMX shareholder through that individual's involvement in the management or oversight of marketplace operations or regulation functions of a TMX marketplace:

(A) be kept separate and confidential from the business or other operations of the significant TMX shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant TMX shareholder or its affiliated entities.

(b) TMX Group shall cause each regulated TMX marketplace to mandate that each marketplace participant of the regulated TMX marketplace that is a TMX dealer, an affiliated entity of the TMX dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, shall disclose the marketplace participant's relationship to TMX Group and the regulated TMX marketplace to:

(i) clients whose orders might be, and clients whose orders have been, routed to the regulated TMX marketplace; and

(ii) entities for whom the marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on a regulated TMX marketplace.

(c) TMX Group shall regularly review compliance with the policies and procedures established in accordance with paragraph 22(a), and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

(d) The policies established in accordance with paragraph 22(a) shall be made publicly available on the website of TMX Group.

23. ALLOCATION OF RESOURCES

(a) TMX Group shall, for so long as TSX carries on business as an exchange, allocate sufficient financial and other resources to TSX to ensure that TSX can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

(b) TMX Group shall, for so long as Alpha Exchange carries on business as an exchange, allocate, and cause Alpha LP to allocate, sufficient financial and other resources to Alpha Exchange to ensure that Alpha Exchange can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

(c) TMX Group shall notify the Commission immediately upon becoming aware that it is or will be, or Alpha LP is or will be, unable to allocate sufficient financial and other resources, as required under paragraphs 23(a) or (b), to TSX or Alpha Exchange, as applicable.

(d) TMX Group shall ensure that there continues to be significant focus on the development of its core senior equities business, including by allocating sufficient financial and other resources to allow for such development.

24. COMPLIANCE

TMX Group shall do everything within its control to cause each of TSX, Alpha LP and Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

SCHEDULE 4

[DELETED]

SCHEDULE 5

TERMS AND CONDITIONS APPLICABLE TO TSX

30. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

31. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) TSX shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:

(A) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant TMX shareholder in the management or oversight of the exchange operations or regulation functions of TSX and the services and products it provides,

(B) conflicts of interest or potential conflicts of interest that arise from any interactions between TSX and a significant TMX shareholder or an original Maple shareholder whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, where TSX may be exercising discretion that involves or affects the original Maple shareholder or significant TMX shareholder either directly or indirectly, and

(C) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of TSX, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the TSX Issuer regulation functions and the business activities of TSX; and

(ii) require that confidential information regarding exchange operations, regulation functions, a TSX PO or TSX Issuer that is obtained by a partner, director, officer or employee of a significant TMX shareholder through that individual's involvement in the management or oversight of exchange operations or regulation functions:

(A) be kept separate and confidential from the business or other operations of the significant TMX shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant TMX shareholder or its affiliated entities.

(b) TSX shall establish, maintain and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest arising from the listing of the shares of any significant TMX shareholder on TSX, and such policies and procedures, and any amendments, shall not be implemented without prior approval of the Commission.

(c) TSX shall require each TSX PO that is a TMX dealer, an affiliated entity of a TMX dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, to disclose the TSX PO's relationship with TSX to:

(i) clients whose orders might be, and clients whose orders have been, routed to TSX; and

(ii) entities for whom the TSX PO is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on TSX.

(d) TSX shall regularly review compliance with the policies and procedures established in accordance with paragraphs 31(a), (b) and (c), and shall document each review, and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

(e) The policies established in accordance with paragraphs 31(a), (b) and (c) shall be made publicly available on the website of TSX.

32. ACCESS

TSX's requirements shall provide access to the facilities of TSX only to properly registered investment dealers that are members of IIROC and satisfy the access requirements reasonably established by TSX.

33. REGULATION OF TSX POs AND TSX ISSUERS

(a) TSX shall establish, maintain and require compliance with policies and procedures that effectively monitor and enforce the Rules against TSX Issuers and TSX POs, either directly or indirectly through a regulation services provider.

(b) TSX has retained and shall continue to retain IIROC as a regulation services provider to provide certain regulation services which have been approved by the Commission.

(c) In providing the regulation services, as set out in the agreement between IIROC and TSX (Regulation Services Agreement), IIROC provides certain regulation services to TSX pursuant to a delegation of TSX's authority in accordance with section 13.08(4) of the *Toronto Stock Exchange Act* and will be entitled to exercise all of the authority of TSX with respect to the administration and enforcement of certain market integrity rules and other related rules, policies and by-laws.

(d) TSX shall perform all other regulation functions not performed by IIROC, and shall maintain adequate staffing, systems and other resources in support of those functions. TSX shall obtain prior Commission approval before outsourcing such regulation functions to any party, including affiliated entities or associates of TSX.

(e) TSX shall notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

34. RULES, RULEMAKING AND FORM 21-101F1

(a) TSX shall comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto as set out in Schedule 10, as amended from time to time.

(b) TSX shall, within sixty days of the effective date of the recognition of TSX as an exchange pursuant to this Exchange Recognition Order, establish and maintain a TSX Board Rules Committee that would, at a minimum:

(i) be composed of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;

(ii) be responsible for considering and recommending to the TSX Board all Rules that must be submitted to the Commission under Schedule 10 and

(iii) **[Deleted]**

35. DUE PROCESS

(a) TSX shall ensure that the requirements of TSX relating to access to the trading and listing facilities of TSX, the imposition of limitations or conditions on access, and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions of appeals.

36. FINANCIAL VIABILITY MONITORING AND REPORTING

(a) TSX shall calculate monthly the following financial ratios:

(i) a current ratio, being the ratio of current assets to current liabilities;

(ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to adjusted EBITDA (i.e., earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months; and

(iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case calculated based on both consolidated and non-consolidated financial statements.

(b) TSX shall report quarterly in writing to the Commission, along with the financial statements required to be delivered pursuant to Schedule 2, the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (a).

(c) If TSX determines that it does not have, or anticipates that, in the next twelve months, it will not have, on a consolidated or non-consolidated basis:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it shall immediately notify the Commission of the above ratio(s) that it is not maintaining, or that it anticipates it will not maintain, the reasons and an estimate of the length of time before the ratio(s) will be compliant.

(d) Upon receipt of a notification made by TSX under paragraph (c), the Commission may, as determined appropriate, impose additional terms or conditions on TSX.

(e) TSX shall deliver to the Commission its annual financial budget, on a non-consolidated basis, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year.

37. OUTSOURCING

TSX shall obtain prior Commission approval before entering into or amending any outsourcing arrangements related to any of its key services or systems with a service provider, which includes affiliated entities or associates of TMX Group, TSX, Alpha LP or Alpha Exchange.

38. LISTING-RELATED CONDITIONS

TSX shall establish, maintain, and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest arising from the listing of the shares of TMX Group or a competitor to TMX Group on TSX, and such policies and procedures, and any amendments, shall not be implemented without prior approval of the Commission.

39. ADDITIONAL INFORMATION

(a) TSX shall provide the Commission with:

(i) the information set out in Appendix B to this Schedule 5, as amended from time to time; and

(ii) any information required to be provided by TSX to IIROC, including any and all order and trade information, as required by the Commission.

(b) **[Deleted]**

40. COMPLIANCE

TSX shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

APPENDIX A

[Deleted]

APPENDIX B

ADDITIONAL REPORTING OBLIGATIONS

1. Definitions and Interpretation

For the purposes of this Appendix:

"Participant" means a TSX PO or Alpha Member, as applicable.

2. Ad Hoc

(a) Prior notification of a decision to enter into a definitive agreement (including a binding letter of intent), memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market, except in the case where the agreement or arrangement: (i) is primarily intended to restrict the use or disclosure of confidential information, (ii) is primarily for the purpose of facilitating discussions in connection with a possible definitive agreement, (iii) is necessary to support the provision of the existing exchange services, or (iv) relates to the provision of the existing exchange services and is also subject to the standard form agreements of the exchange (for example, listing agreements, data subscription agreements, etc.).

(b) Copies of all notices, bulletins and similar forms of communication that the recognized exchange sends to Participants or issuers.

(c) Prompt notification of any suspension or delisting of an issuer, including the reasons for the suspension or delisting.

(d) Prompt notification of any suspension or termination of a Participant's status as a Participant of the recognized exchange, including the reasons for the suspension or termination.

3. Quarterly Reporting

(a) A quarterly report summarizing all exemptions or waivers granted during the period pursuant to the Rules to any Participant or issuer, which shall include the following information:

  (i) the name of the Participant or issuer;

  (ii) the type of exemption or waiver granted during the period;

  (iii) the date of the exemption or waiver; and

  (iv) a description of the recognized exchange's reason for the decision to grant the exemption or waiver.

(b) A quarterly report regarding original listing applications containing the following information:

  (i) the name of any issuer whose original listing application was conditionally approved, the date of such approval, the type of listing, the category of listing and, if known, whether the issuer was denied an application to list its securities on another marketplace;

  (ii) the name of any issuer whose original listing application was rejected and the reasons for rejection, by category of listing; and

  (iii) the name of any issuer whose original listing application was withdrawn or abandoned and, if known, the reasons why the application was withdrawn or abandoned, by category of listing.

(c) A quarterly report summarizing all significant incidents of Issuer non-compliance identified by the recognized exchange during the period, together with a summary of the actions taken to address and resolve the incidents of non-compliance.

SCHEDULE 6

TERMS AND CONDITIONS APPLICABLE TO ALPHA LP AND ALPHA GP

41. DEFINITIONS AND INTERPRETATIONS

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

42. OWNERSHIP RESTRICTIONS

(a) Alpha LP shall continue to own, directly or indirectly, all of the issued and outstanding voting shares of Alpha Exchange.

(b) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, other than TMX Group, no person or company and no combination of persons or companies acting jointly or in concert shall hold an interest of more than 10%, or such other percentage as may be prescribed by the Commission, in the income or capital of Alpha LP. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.

(c) Without the prior approval of the Commission, and subject to terms and conditions considered appropriate by the Commission, other than TMX Group, no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10%, or such other percentage as may be prescribed by the Commission, of any class or series of voting shares of Alpha GP. The Commission's approval under this paragraph may be subject to such terms and conditions as the Commission considers appropriate.

43. FITNESS

(a) Alpha GP shall take reasonable steps to ensure that each director and officer of Alpha GP is a fit and proper person. As part of those steps, Alpha GP shall consider whether the past conduct of each director and officer affords reasonable grounds for the belief that the business of Alpha LP and Alpha Exchange shall be conducted with integrity and in a manner that is consistent with the public interest responsibilities of a recognized exchange.

44. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Alpha LP and Alpha GP shall establish, maintain, and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in Alpha Exchange, and from the involvement of any partner, director, officer or employee of a significant TMX shareholder in the management or oversight of the marketplace operations or regulation functions of Alpha LP, including regulated TMX marketplaces, or Alpha Exchange and the services and products they provide; and

(ii) require that confidential information regarding marketplace operations, regulation functions, a TMX marketplace participant or TMX issuer that is obtained by a partner, director, officer or employee of a significant TMX shareholder through that individual’s involvement in the management or oversight of marketplace operations or regulation functions:

(A) be kept separate and confidential from the business or other operations of the significant TMX shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual’s responsibilities for the management or oversight of marketplace operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant TMX shareholder or its affiliated entities.

(b) Alpha LP shall cause Alpha Exchange to mandate that each Alpha Member that is a TMX dealer, an affiliated entity of the TMX dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, shall disclose the Alpha Member’s relationship to TMX Group, Alpha LP and Alpha Exchange to:

(i) clients whose orders might be, and clients whose orders have been, routed to Alpha Exchange; and.

(ii) entities for whom the Alpha Member is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on either of the "Alpha Main" or "Alpha Venture Plus" listing markets of Alpha Exchange.

(c) Alpha LP shall regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

(d) The policies established in accordance with paragraphs (a) and (b) shall be made publicly available on the website of Alpha Exchange.

45. ALLOCATION OF RESOURCES

(a) Alpha LP shall, for so long as Alpha Exchange carries on business as an exchange, allocate sufficient financial and other resources to Alpha Exchange to ensure that Alpha Exchange can carry out its functions in a manner that is consistent with the public interest, and in compliance with Ontario securities law.

(b) Alpha LP shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources, as required under paragraph (a), to Alpha Exchange.

46. COMPLIANCE

(a) Alpha LP shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law and shall do everything within its control to cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

(b) Alpha GP shall do everything within its control to cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law, and to ensure that Alpha LP meets the terms and conditions of recognition applicable to it under this Schedule.

47. PROVISION OF INFORMATION

(a) Alpha GP shall, and shall cause its affiliated entities to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of Alpha GP or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(i) data, information and analyses relating to all of its or their businesses; and

(ii) data, information and analyses of third parties in its or their custody or control.

(b) Alpha GP shall share information and otherwise cooperate with recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE 7

TERMS AND CONDITIONS APPLICABLE TO ALPHA EXCHANGE

48. DEFINITIONS AND INTERPRETATION

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

49. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Alpha Exchange shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the operation of the marketplace or the services it provides including, but not limited to, the following:

(A) conflicts of interest or potential conflicts of interest that arise from the involvement of any partner, director, officer or employee of a significant TMX shareholder in the management or oversight of the exchange operations or regulation functions of Alpha Exchange and the services and products it provides,

(B) conflicts of interest or potential conflicts of interest that arise from any interactions between Alpha Exchange and a significant TMX shareholder or an original Maple shareholder whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, where Alpha Exchange may be exercising discretion that involves or affects the original Maple shareholder or significant TMX shareholder either directly or indirectly, and

(C) conflicts of interest or potential conflicts of interest that arise between the regulation functions and the business activities of Alpha Exchange, particularly with respect to the conflicts of interest or potential conflicts of interest that arise between the Alpha Issuer regulation functions and the business activities of Alpha Exchange; and

(ii) require that confidential information regarding exchange operations, regulation functions, or an Alpha Member that is obtained by a partner, director, officer or employee of a significant TMX shareholder through that individual's involvement in the management or oversight of exchange operations or regulation functions:

(A) be kept separate and confidential from the business or other operations of the significant TMX shareholder, except with respect to information regarding exchange operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the significant TMX shareholder or its affiliated entities.

(b) Alpha Exchange shall require each Alpha Member that is a TMX dealer, an affiliated entity of a TMX dealer, or a dealer affiliate, each of whose obligations under Schedule 9 have not terminated pursuant to section 72 thereof, to disclose the Alpha Member's relationship with Alpha Exchange to clients whose orders might be, and clients whose orders have been, routed to Alpha Exchange.

(c) Alpha Exchange shall regularly review compliance with the policies and procedures established in accordance with paragraphs 49(a) and (b) and shall document each review, and any deficiencies and how those deficiencies were remedied. A report detailing review(s) conducted shall be provided to the Commission on an annual basis.

(d) The policies established in accordance with paragraphs 49(a) and (b) shall be made publicly available on the website of Alpha Exchange.

50. ACCESS

Alpha Exchange's requirements shall provide access to the facilities of Alpha Exchange only to properly registered investment dealers that are members of IIROC and satisfy the access requirements reasonably established by Alpha Exchange.

51. REGULATION OF ALPHA MEMBERS

(a) Alpha Exchange shall establish, maintain and require compliance with policies and procedures that effectively monitor and enforce the Rules against Alpha Members, either directly or indirectly through a regulation services provider.

(b) Alpha Exchange has retained and shall continue to retain IIROC as a regulation services provider to provide certain regulation services which have been approved by the Commission.

(c) Alpha Exchange shall perform all other regulation functions not performed by IIROC, and shall maintain adequate staffing, systems and other resources in support of those functions. Alpha Exchange shall obtain prior Commission approval before outsourcing such regulation functions to any party, including affiliated entities or associates of Alpha Exchange.

(d) Alpha Exchange shall notify the Commission of any violations of Ontario securities law of which it becomes aware in the ordinary course of its business or otherwise.

52. RULES, RULEMAKING AND FORM 21-101F1

(a) Alpha Exchange shall comply with the process for review and approval of Rules and the information contained in Form 21-101F1 and the exhibits thereto as set out in Schedule 10, as amended from time to time.

(b) Alpha Exchange shall, within sixty days of the effective date of the recognition of Alpha Exchange as an exchange pursuant to this Exchange Recognition Order, establish and maintain an Alpha Exchange Board Rules Committee that would, at a minimum:

(i) be composed of independent directors and, for so long as any Maple nomination agreement is in effect, a majority of members who are unrelated to original Maple shareholders;

(ii) be responsible for considering and recommending to the Alpha Exchange Board all Rules that must be submitted to the Commission under Schedule 10; and

(iii) **[Deleted]**

53. DUE PROCESS

(a) Alpha Exchange shall ensure that the requirements of Alpha Exchange relating to access to the trading facilities of Alpha Exchange, the imposition of limitations or conditions on access, and denial of access are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and the provisions of appeals.

54. FINANCIAL VIABILITY MONITORING AND REPORTING

(a) Alpha Exchange shall calculate monthly the following financial ratios:

(i) a current ratio, being the ratio of current assets to current liabilities;

(ii) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding accounts payable, accrued expenses and other liabilities) to adjusted EBITDA (i.e., earnings before interest, taxes, stock based compensation, depreciation and amortization) for the most recent 12 months; and

(iii) a financial leverage ratio, being the ratio of total assets to shareholders' equity,

in each case calculated based on both consolidated and non-consolidated financial statements.

(b) Alpha Exchange shall report quarterly in writing to the Commission, along with the financial statements required to be delivered pursuant to Schedule 2, the monthly calculations for the previous quarter of the financial ratios as required to be calculated under paragraph (a).

(c) If Alpha Exchange determines that it does not have, or anticipates that, in the next twelve months, it will not have, on a consolidated or non-consolidated basis:

(i) a current ratio of greater than or equal to 1.1/1,

(ii) a debt to cash flow ratio of less than or equal to 4.0/1, or

(iii) a financial leverage ratio of less than or equal to 4.0/1,

it shall immediately notify the Commission of the above ratio(s) that it is not maintaining, or that it anticipates it will not maintain, the reasons and an estimate of the length of time before the ratio(s) will be compliant.

(d) Upon receipt of a notification made by Alpha Exchange under paragraph (c), the Commission may, as determined appropriate, impose additional terms or conditions on Alpha Exchange.

(e) Alpha Exchange shall deliver to the Commission its annual financial budget, on a non-consolidated basis, together with the underlying assumptions, that has been approved by its Board, within 30 days after the commencement of each fiscal year.

55. OUTSOURCING

(a) Alpha Exchange shall obtain prior Commission approval before entering into or amending any outsourcing arrangements related to any of its key services or systems with a service provider, which includes affiliated entities or associates of TMX Group, TSX, Alpha LP or Alpha Exchange.

(b) For any and all exchange operations performed by Alpha Market Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing arrangement or otherwise, Alpha Exchange is responsible for the compliance of those operations with Ontario securities law, notwithstanding Alpha Market Services' responsibilities for the performance of those operations and its obligations under Schedule 8.

56. LISTING-RELATED CONDITIONS

[Deleted]

57. SEPARATION OF LISTING MARKETS

[Deleted]

58. ADDITIONAL INFORMATION

(a) Alpha Exchange shall provide the Commission with:

(i) the information set out in Appendix B to Schedule 5, as amended from time to time; and

(ii) any information required to be provided by Alpha Exchange to IIROC, including any and all order and trade information, as required by the Commission.

(b) **[Deleted]**

59. COMPLIANCE

Alpha Exchange shall carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

SCHEDULE 8

TERMS AND CONDITIONS APPLICABLE TO ALPHA MARKET SERVICES

60. DEFINITIONS AND INTERPRETATIONS

Terms used in this Schedule have the same meanings and interpretation as in section 1 of Schedule 2.

61. COMPLIANCE

(a) Alpha Market Services shall do everything within its control to ensure that any and all exchange operations it performs for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, are conducted in a manner that is consistent with the public interest responsibilities of a recognized exchange and in compliance with the terms and conditions of this Schedule, and to also cause Alpha Exchange to carry out its activities as an exchange recognized under section 21 of the Act and in compliance with Ontario securities law.

(b) For any and all exchange operations performed by Alpha Market Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Market Services shall comply with any requirement applicable to a recognized exchange set out in NI 21-101 and National Instrument 23-101 *Trading Rules*, each as amended from time to time, and any of the criteria for recognition, relating to:

(i) access requirements,

(ii) restrictions on trading on another marketplace;

(iii) fair and orderly markets;

(iv) discriminatory terms;

(v) confidential treatment of trading information;

(vi) order protection;

(vii) information transparency;

(viii) transparency of marketplace operations;

(ix) recordkeeping requirements for marketplaces; and

(x) marketplace systems and business continuity planning.

(c) For any and all exchange operations performed by Alpha Market Services for or on behalf of Alpha Exchange, whether carried out under the terms of an outsourcing agreement or otherwise, Alpha Market Services shall comply with the process for review and approval of information contained in Form 21-101F1 and the exhibits thereto as set out in Schedule 10, as amended from time to time, as if it were itself a recognized exchange, unless the information to be filed in connection with this paragraph had already been filed in the Form 21-101F1 of Alpha Exchange and subject to the process set out in Schedule 10.

62. PROVISION OF INFORMATION

(a) Alpha Market Services shall, and shall cause its affiliated entities to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of Alpha Market Services or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

(i) data, information and analyses relating to all of its or their businesses; and

(ii) data, information and analyses of third parties in its or their custody or control.

(b) **[Deleted]**

SCHEDULE 9

TERMS AND CONDITIONS APPLICABLE TO ORIGINAL MAPLE SHAREHOLDERS

63. DEFINITIONS

Terms used in this Schedule have the same meaning and interpretation as in section 1 of Schedule 2.

64. CONFLICTS OF INTEREST AND CONFIDENTIALITY

(a) Each original significant Maple shareholder shall establish, maintain and require compliance with policies and procedures that:

(i) identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from the involvement of a nominee of the original significant Maple shareholder on the Board of the recognized exchange, including, but not limited to, conflicts of interest or potential conflicts of interest that arise from the involvement of the nominee in the management or oversight of the marketplace operations or regulation functions of TMX Group, TSX, Alpha LP and Alpha Exchange and the services and products each provides; and

(ii) require that confidential information regarding marketplace operations or regulation functions, or regarding a TSX PO, TSX Issuer or Alpha Member that is obtained by such nominee on the Board of the recognized exchange:

(A) be kept separate and confidential from the business or other operations of the original significant Maple shareholder, except with respect to information regarding marketplace operations where disclosure is necessary to carry out the individual's responsibilities for the management or oversight of exchange operations and the individual can and does exercise due care in his or her disclosure of the information, and

(B) not be used to provide an advantage to the original significant Maple shareholder or its affiliated entities.

(b) Each original Maple shareholder shall establish, maintain and require compliance, or ensure that its dealer affiliate establishes, maintains and requires compliance, with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, real or perceived, arising from its ownership interest in TMX Group, and indirectly TSX, Alpha and CDS, including, but not limited to, conflicts of interest or potential conflicts of interest that arise from any interactions between either of TSX or Alpha Exchange and the original Maple shareholder, or an original Maple shareholder's dealer affiliate, where TSX or Alpha Exchange, as applicable, may be exercising discretion in the application of its Rules that involves or affects the original Maple shareholder either directly or indirectly.

(c) Each original Maple shareholder shall regularly review compliance with the policies and procedures established in accordance with paragraphs (a) and (b), as applicable, and shall document each review of compliance.

65. ROUTING AND OTHER OPERATIONAL DECISIONS

(a) Each original Maple shareholder shall not enter into any arrangements, undertakings, commitments, understandings or agreements with TMX Group, TSX, Alpha LP, Alpha GP, Alpha Exchange, Alpha Market Services, any other original Maple shareholder or any other marketplace participant with respect to coordination of the routing of orders between the original Maple shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to a particular TMX marketplace or TMX trading facility, except with respect to activities that are permitted by the requirements of a marketplace, a TMX trading facility, or IIROC.

(b) Each original Maple shareholder shall not cause its dealer affiliate to enter into any arrangements, undertakings, commitments, understandings or agreements with TMX Group, TSX, Alpha LP, Alpha GP, Alpha Exchange, Alpha Market Services, any other original Maple shareholder or any other marketplace participant with respect to coordination of the routing of orders between the original Maple shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to a particular TMX marketplace or TMX trading facility, except with respect to activities that are permitted by the requirements of a marketplace, a TMX trading facility, or IIROC.

(c) Each TMX dealer shall not cause its affiliated entity to enter into any arrangements, undertakings, commitments, understandings or agreements with TMX Group, TSX, Alpha LP, Alpha GP, Alpha Exchange, Alpha Market Services, any other original Maple shareholder or any other marketplace participant with respect to coordination of the routing of

orders between the original Maple shareholder or any of its affiliated entities and any other entity, including the coordination of the routing of orders to a particular TMX marketplace or TMX trading facility, except with respect to activities that are permitted by the requirements of a marketplace, a TMX trading facility, or IIROC.

(d) For greater certainty, paragraphs (a), (b) and (c) are not intended to prohibit any temporary agreements or coordination between any original Maple shareholder, dealer affiliate or affiliated entity and any other original Maple shareholder, dealer affiliate or affiliated entity or any other marketplace participant in the event of any failure, malfunction or material delay of the systems or equipment of a marketplace if and to the extent reasonably necessary to protect the integrity and liquidity of capital markets, provided that prior notice of the temporary agreement or coordination is provided to the Commission.

(e) Each original Maple shareholder shall not, and shall not cause an affiliated entity to, offer or pay any benefit, financial or otherwise to:

(i) its traders that would incent such traders to direct their orders to a TMX marketplace or TMX trading facility in preference to any other marketplace; or

(ii) its employees involved in and responsible for underwriting activities that would incent such employees to recommend to issuers or prospective issuers for whom such original Maple shareholder or affiliated entity is acting or proposing to act as underwriter to list securities on a TMX recognized exchange in preference to any other marketplace.

(f) Each original Maple shareholder that is not a TMX dealer shall provide a written directive to its traders that they shall not cause routing decisions to be made based on the original Maple shareholder's ownership interest in TMX Group.

(g) Each TMX dealer, or its affiliated entities that are marketplace participants, shall establish, maintain and require compliance with a written directive requiring its traders to base routing decisions on the best execution and order protection obligations, where applicable, without regard to any ownership interest of the TMX dealer in a TMX marketplace or TMX trading facility. The written policy shall provide that where best execution and order protection obligations are satisfied and an order or orders are being routed on the basis of other factors, the TMX dealer's routing decisions, including the use of algorithms, or those of its affiliated entities that are marketplace participants, shall not take into account any financial benefit that would accrue to the TMX dealer by virtue of its equity ownership interest in TMX Group.

(h) Each TMX dealer, or its affiliated entities that are marketplace participants, shall establish, maintain and require compliance with a written directive requiring its employees involved in and responsible for underwriting activities to base any listing recommendations on what would be most advantageous for the issuer or prospective issuer, without regard to any ownership interest of the TMX dealer, or of those affiliated entities that are marketplace participants, in a TMX recognized exchange.

66. DISCLOSURE TO CLIENTS

(a) Each TMX dealer shall or shall ensure that any of its affiliated entities that is a TMX marketplace participant shall, disclose its relationship with TMX Group and TMX Group's affiliated entities to:

(i) clients whose orders might be, and clients whose orders have been, routed to a TMX marketplace; and

(ii) entities for whom the TMX marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on an exchange operated or owned by TMX Group or its affiliated entities.

(b) Each original Maple shareholder that is not a TMX dealer shall ensure that any of its affiliated entities that is a TMX marketplace participant shall disclose its relationship with TMX Group and TMX Group's affiliated entities to:

(i) clients whose orders might be, and clients whose orders have been, routed to a TMX marketplace; and

(ii) entities for whom the TMX marketplace participant is acting or proposing to act as underwriter in connection with the issuance of securities to be listed on an exchange operated or owned by TMX Group or its affiliated entities.

67. COMPETITION OF TRADING FACILITIES AND ANCILLARY SERVICE PROVIDERS

(a) Each original Maple shareholder shall not enter or, in the case of a TMX dealer or an original Maple shareholder with a dealer affiliate, cause its affiliated entities or dealer affiliates, as applicable, to enter any exclusive, substantially exclusive or preferential arrangements, undertakings, commitments, understandings or agreements regarding the trading of any derivatives or related products, including over-the-counter derivatives and fixed income securities, through trading facilities owned or operated by TMX Group or its affiliated entities.

(b) Each original Maple shareholder shall not enter or, in the case of a TMX dealer or an original Maple shareholder with a dealer affiliate, cause its affiliated entities or dealer affiliates, as applicable, to enter into any arrangement, undertaking, commitment, understanding or agreement to engage, on an exclusive or substantially exclusive basis, or preference any service provider that is an affiliated entity of TMX Group and that provides back-office, post-trade or ancillary services relating to trading in securities or derivatives.

68. CONDITIONAL PROVISION OF PRODUCTS OR SERVICES

(a) A TMX dealer shall not require another person or company to obtain products or services from TMX Group or any of TMX Group's affiliated entities as a condition of the TMX dealer supplying or continuing to supply a product or service.

(b) An original Maple shareholder with a dealer affiliate shall not cause its dealer affiliate to require another person or company to obtain products or services from TMX Group or any of TMX Group's affiliated entities as a condition of the original Maple shareholder supplying or continuing to supply a product or service.

69. NOTIFICATION OF NEW DEALER AFFILIATES

Each original Maple shareholder shall promptly notify the Commission if it creates or acquires an affiliate that is a dealer.

70. CERTIFICATIONS

(a) Each original Maple shareholder shall certify in writing to the Commission, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of TMX Group as an exchange pursuant to this Exchange Recognition Order and every year subsequent to that date, or at other times required by the Commission, that, based on their knowledge, having exercised reasonable diligence, the original Maple shareholder is in compliance with the terms and conditions applicable to it in this Schedule and describe the steps taken to require compliance.

(b) Each original Maple shareholder shall certify in writing, in a certificate signed by its CEO and either its general counsel or chief compliance officer, within ten days of the date that is one year from the effective date of the recognition of TMX Group as an exchange pursuant to this Exchange Recognition Order and every year subsequent to that date, or at other times required by the Commission, that, based on their knowledge, having exercised reasonable diligence:

(i) the original Maple shareholder is not acting jointly or in concert with any other original Maple shareholder (or any affiliated entity or associate thereof) with respect to any voting shares of TMX Group;

(ii) the original Maple shareholder has no agreement, commitment or understanding, written or otherwise, with any other original Maple shareholder (or any affiliated entity or associate thereof) with respect to the acquisition or disposition of voting shares of TMX Group (other than, in the case of dispositions, section 22 of the Maple Acquisition Governance Agreement), the exercise of any voting rights attached to any voting shares of TMX Group or the coordination of decisions or voting by its nominee director of TMX Group (if any) with the decisions or voting by the nominee of any other original Maple shareholder; and

(iii) since the last certification, the original Maple shareholder has not acted jointly or in concert with any other original Maple shareholder (or any affiliated entity or associate thereof) with respect to (i) any voting shares of TMX Group, including with respect to the acquisition or disposition of any voting shares of TMX Group (other than, in the case of dispositions, under section 22 of the Maple Acquisition Governance Agreement) or the exercise of any voting rights attached to any voting shares of TMX Group, or (ii) coordination of decisions or voting by its nominee director of TMX Group (if any) with the decisions or voting by the nominee director of any other original Maple shareholder.

71. COMPLIANCE WITH TERMS AND CONDITIONS

(a) If the original Maple shareholder or its partners, officers, directors, or employees (or, in the case of an original Maple shareholder that is not a dealer, its relevant officers, directors, or employees that are subject to policies and procedures

implemented for the purpose of complying with the applicable terms of this Schedule) becomes aware that there has been a breach or possible breach of any of the terms and conditions applicable to it under this schedule of the Exchange Recognition Order, such person shall, promptly after becoming aware of the breach or possible breach, notify the Designated Recipient (as defined below) of such original Maple shareholder of the breach or possible breach. The partner, director, officer or employee of the original Maple shareholder shall provide to the Designated Recipient details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

(b) "Designated Recipient" means the person or body that the original Maple shareholder designates as having the responsibilities described in this section 71, which may be its Board, audit committee, governance committee (or chairperson of any of the foregoing), General Counsel, Chief Compliance Officer, an ombudsperson specifically designated by the original Maple shareholder to review compliance with corporate policies under the shareholder's established whistle-blowing procedures, or, with the prior approval of the Commission, such other person or committee designated by the original Maple shareholder.

(c) The Designated Recipient shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph (a) and shall promptly provide a report to the Commission after concluding such investigation if the Designated Recipient determines that a breach has occurred or that there is an impending breach. Any such report to the Commission by the Designated Recipient shall include details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

72. EXPIRY OF TERM AND CONDITIONS

The obligations of an original Maple shareholder to comply with the terms and conditions of this Schedule expire on the first anniversary of the later of:

(a) the earlier of:

(i) six years from the date of the Exchange Recognition Order; and

(ii) the date on which for a consecutive six month period such original Maple shareholder has beneficially owned or exercised control or direction over that number of voting shares of TMX Group that represents less than 50% of the number of voting shares of TMX Group which it beneficially owned or exercised control or direction over on the date of completion of the Subsequent Arrangement; and

(b) the later of:

(i) the termination or expiry of any right it has to nominate a director to the TMX Group Board; and

(ii) the date on which no partner, officer, director or employee of the original Maple shareholder is a director on the TMX Group Board.

SCHEDULE 10

PROCESS FOR THE REVIEW AND APPROVAL OF RULES AND THE INFORMATION CONTAINED IN FORM 21-101F1 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures a recognized exchange (Exchange) must follow for any Rule or Change, both as defined in section 2 below, and describes the procedures for their review by Commission Staff (Staff) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an Exchange may begin operations following recognition by the Commission.

2. Definitions

For the purposes of this Protocol:

(a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.

(b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).

(c) *Fee Change* means any new fee or fee model of the Exchange and any amendment to a fee or fee model.

(d) *Housekeeping Change* means an amendment to the information in Form 21-101F1 that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(e) *Housekeeping Rule* means a new Rule or an amendment to a Rule that

(i) does not have a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(f) *Public Interest Rule* means a Rule or an amendment to a Rule that is not a Housekeeping Rule.

(g) *Rule* includes a rule, policy and other similar instrument of the Exchange.

(h) *Significant Change* means an amendment to the information in Form 21-101F1 other than

(i) a Housekeeping Change,

(ii) a Fee Change, or

(iii) a Rule,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

(i) *Significant Change subject to Public Comment* means a Significant Change that

(i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or

(ii) in Staff's view, has a significant impact on the Exchange, its market structure, members, issuers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The Exchange and Staff will follow the process for review and approval set out in this Protocol for all Changes, new Rules and Rule amendments.

4. Board Approval

The Exchange's board of directors, or a duly authorized committee of the board, must approve all Rules prior to their submission under this Protocol.

5. Waiving or Varying the Protocol

(a) The Exchange may file a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.

(b) Staff will use their best efforts to provide to the Exchange within five business days of receipt of its request either:

(i) written notice that Staff object to granting the waiver or variation; or

(ii) written notice that the waiver or variation has been granted by Staff.

6. Commencement of Exchange Operations

The Exchange must not begin operations until the later of

(a) three months after the Exchange is notified that it has been recognized by the Commission, and

(b) a reasonable period of time after the Exchange is notified that it has been recognized by the Commission.

7. Materials to be Filed and Timelines

(a) Prior to the implementation of a Fee Change, Public Interest Rule or Significant Change, the Exchange will file with Staff the following materials:

(i) a cover letter that, together with the notice for publication filed under paragraph (a)(ii), if applicable, fully describes:

(A) the proposed Fee Change, Public Interest Rule or Significant Change;

(B) the expected date of implementation of the proposed Fee Change, Public Interest Rule or Significant Change;

(C) the rationale for the proposal and any relevant supporting analysis;

(D) the expected impact of the proposed Fee Change, Public Interest Rule or Significant Change on the market structure, members and, if applicable, on investors, issuers and the capital markets;

(E) whether a proposed Public Interest Rule or Significant Change would increase or decrease systemic risk in the Canadian financial system and how any increase would be mitigated, if applicable;

(F) the expected impact of the Fee Change, Public Interest Rule or Significant Change on the Exchange's compliance with Ontario securities law and in particular on requirements for fair access and maintenance of fair and orderly markets;

(G) details of any consultations undertaken in formulating the Fee Change, Public Interest Rule or Significant Change, including the internal governance process followed to approve the Rule or Change;

(H) if the Public Interest Rule or Significant Change will require members or service vendors to modify their systems after implementation of the Rule or Change, the expected impact of the Rule or Change on the systems of members and service vendors together with a reasonable estimate of the amount of time needed to perform the necessary work, or an explanation as to why a reasonable estimate was not provided;

(I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;

(J) a discussion of any alternatives considered; and

(K) if applicable, whether the proposed Fee Change, Significant Change or Public Interest Rule would introduce a fee model, feature or Rule that currently exists in other markets or jurisdictions;

(ii) for a proposed Public Interest Rule or Significant Change subject to Public Comment, a notice for publication that includes the information required under paragraph (a)(i), except that the following may be excluded from the notice:

(A) supporting analysis required under subparagraph (a)(i)(C) that, if included in the notice, would result in the public disclosure of intimate financial, commercial or technical information;

(B) the information on systemic risk required under subparagraph (a)(i)(E);

(C) the information on the internal governance processes followed required under subparagraph (a)(i)(G);

(D) the reasonable estimate of time needed for members and service vendors to modify their own systems, or the explanation as to why a reasonable estimate was not provided, required under subparagraph (a)(i)(H), so long as the notice for publication contains a statement that the Exchange did not or could not make a reasonable estimate;

(E) the rationale for why the Significant Change is not considered a Significant Change subject to Public Comment; and

(F) the discussion of alternatives required under subparagraph (a)(i)(J).

(iii) for a proposed Public Interest Rule, the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules, and if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F1 showing the proposed Change.

(b) The Exchange will file the materials set out in subsection (a)

(i) at least 45 days prior to the expected implementation date of a proposed Public Interest Rule or Significant Change; and

(ii) at least seven business days prior to the expected implementation date of a proposed Fee Change.

(c) For a Housekeeping Rule, the Exchange will file with Staff the following materials:

(i) a cover letter that fully describes the Rule and indicates that it was classified as a Housekeeping Rule and provides an analysis of the rationale for the classification, and the date or proposed date of implementation of the Rule;

(ii) the text of the Rule and a blacklined version of the Rule indicating changes to any existing Rules;

(iii) if supplementary material relating to the Rule is contained in Form 21-101F1, blacklined and clean copies of Form 21-101F1; and

(iv) a notice for publication on the OSC website and in the OSC Bulletin that contains the information in paragraph (ii) as well as the implementation date for the Rule and indicates that the Rule has been classified as a Housekeeping Rule and was not published for comment.

(d) For a Housekeeping Change, the Exchange will file with Staff the following materials:

(i) a cover letter that indicates that the Change was classified as a Housekeeping Change and provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and

(ii) blacklined and clean copies of Form 21-101F1 showing the Change.

(e) The Exchange will file the materials set out in subsection (d) by the earlier of

(i) the Exchange's close of business on the 10th calendar day after the end of the month in which the Housekeeping Change was implemented; and

(ii) the date on which the Exchange publicly announces a Housekeeping Change, if applicable.

8. Review by Staff of notice and materials to be published for comment

(a) Within 5 business days of the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the Exchange of any deficiency requiring a refiling of the notice and materials.

(b) Where the notice and materials are considered by Staff to be deficient, the Exchange will amend and resubmit the notice and materials accordingly, and the date of resubmission will serve as the filing date for the purposes of this Protocol.

(c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 9.

9. Publication of a Public Interest Rule or Significant Change Subject to Public Comment

(a) As soon as practicable after the receipt of the notice and materials filed by the Exchange relating to a Public Interest Rule or Significant Change subject to Public Comment in accordance with subsection 7(a), Staff will publish in the OSC Bulletin and on the OSC website the notice prepared by the Exchange, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the Exchange within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.

(b) If public comments are received

(i) the Exchange will forward copies of the comments promptly to Staff; and

(ii) the Exchange will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

10. Review and Approval Process for Proposed Fee Changes, Public Interest Rules and Significant Changes

(a) Staff will use their best efforts to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change within

(i) 45 days from the date of filing of a proposed Public Interest Rule or Significant Change; and

(ii) seven business days from the date of filing of a proposed Fee Change.

(b) Staff will notify the Exchange if they anticipate that their review of the proposed Fee Change, Public Interest Rule or Significant Change will exceed the timelines in subsection (a).

(c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change, Public Interest Rule or Significant Change, Staff will use best efforts to provide the Exchange with a comment letter promptly by the end of the public comment period for a Public Interest Rule or Significant Change subject to Public Comment, and promptly after the receipt of the materials filed under section 7 for all other Changes.

(d) The Exchange will respond to any comments received from Staff in writing.

(e) Unless Staff agree to an extension of time, if the Exchange fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the Exchange will be deemed to have withdrawn the proposed Fee Change,

Public Interest Rule or Significant Change. If the Exchange wishes to proceed with the Fee Change, Public Interest Rule or Significant Change after it has been deemed withdrawn, the Exchange will have to be re-submit it for review and approval in accordance with this Protocol.

(f) Upon completion of Staff's review of a Fee Change, Public Interest Rule or Significant Change, Staff will submit the Change or Rule to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:

(i) for a Public Interest Rule or a Significant Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the Exchange;

(ii) for any other Significant Change, the later of 45 days from the date of filing of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange; or

(iii) for a Fee Change, the later of seven business days from the date of filing of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the Exchange.

(g) A Fee Change, Public Interest Rule or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f),

(i) if the proposed Fee Change, Public Interest Rule or Significant Change introduces a novel feature to the Exchange or the capital markets;

(ii) if the proposed Fee Change, Public Interest Rule or Significant Change raises significant regulatory or public interest concerns; or

(iii) in any other situation where, in Staff's view, Commission approval is appropriate.

(h) Staff will promptly notify the Exchange of the decision.

(i) If a Public Interest Rule or Significant Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and on the OSC website promptly after the approval:

(i) a notice indicating that the proposed Rule or Change is approved;

(ii) the summary of public comments and responses prepared by the Exchange, if applicable; and

(iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the Exchange and a blacklined copy of the revised Rule or Change highlighting the revisions made.

11. Review Criteria for a Fee Change, Public Interest Rule and Significant Change

(a) Staff will review a proposed Fee Change, Public Interest Rule or Significant Change in order to assess whether it is in the public interest for the Director or the Commission to approve the Rule or Change. In making this determination, Staff will have regard to the mandate of the Commission as set out section 1.1 of the Securities Act (Ontario). The factors that Staff will consider in making their determination also include whether:

(i) the Rule or Change would impact the Exchange's compliance with Ontario securities law;

(ii) the Exchange followed its established internal governance practices in approving the proposed Rule or Change;

(iii) the Exchange followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Rule or Change; and

(iv) the Exchange adequately addressed any comments received.

12. Effective Date of a Fee Change, Public Interest Rule or Significant Change

(a) A Fee Change, Public Interest Rule or Significant Change will be effective on the later of:

(i) the date that the Exchange is notified that the Change or Rule is approved;

(ii) if applicable, the date of publication of the notice of approval on the OSC website; and

(iii) the date designated by the Exchange.

(b) Where a Significant Change involves a change to any of the systems, operated by or on behalf of the Exchange, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the Exchange is notified that the Significant Change is approved.

(c) The Exchange must notify Staff promptly following the implementation of a Fee Change, Public Interest Rule or Significant Change that becomes effective under subsection (a).

(d) Where the Exchange does not implement a Fee Change, Public Interest Rule or Significant Change within 180 days of the effective date of the Fee Change, Public Interest Rule or Significant Change, as provided for in subsection (a), the Fee Change, Public Interest Rule or Significant Change will be deemed to be withdrawn.

13. Significant Revisions and Republication

(a) If, subsequent to its publication for comment, the Exchange revises a Public Interest Rule or a Significant Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Rule or Change, Staff will, in consultation with the Exchange, determine whether or not the revised Rule or Change should be published for an additional 30-day comment period.

(b) If a Public Interest Rule or Significant Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the Exchange, and an explanation of the revisions and the supporting rationale for the revisions.

14. Withdrawal of a Fee Change, Public Interest Rule or Significant Change

(a) If the Exchange withdraws a Fee Change, Public Interest Rule or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

(b) If the notice of withdrawal relates to a Public Interest Rule or Significant Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and OSC website as soon as practicable.

(c) If a Public Interest Rule or Significant Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 10(e), Staff will prepare and publish a notice informing market participants that the Exchange did not proceed with the Rule or Change.

15. Effective Date of a Housekeeping Rule or Housekeeping Change

(a) Subject to subsections (c) and (d), a Housekeeping Rule will be effective on the later of

(i) the date of the publication of the notice to be published on the OSC website in accordance with subsection (e), and

(ii) the date designated by the Exchange.

(b) Subject to subsections (c) and (d), a Housekeeping Change will be effective on the date designated by the Exchange.

(c) Staff will review the materials filed by the Exchange for a Housekeeping Change or Housekeeping Rule to assess the appropriateness of the categorization of the Rule or Change as housekeeping within five business days from the date that the Exchange filed the documents in accordance with subsections 7(c) and 7(d). The Exchange will be notified in writing if there is disagreement with respect to the categorization of the Rule or Change as housekeeping.

(d) If Staff disagree with the categorization of the Rule or Change as housekeeping, the Exchange will immediately repeal the Change, if applicable, file the proposed Rule as a Public Interest Rule or the proposed Change as a Significant Change, and follow the review and approval processes described in this Protocol as applying to a Public Interest Rule or Significant Change, including those processes applicable to a Significant Change subject to Public Comment if applicable.

(e) If Staff do not disagree with the categorization of the Rule, Staff will publish a notice to that effect in the OSC Bulletin and on the OSC website as soon as is practicable.

16. Immediate Implementation of a Public Interest Rule or Significant Change

(a) The Exchange may need to make a Public Interest Rule or Significant Change effective immediately where the Exchange determines that there is an urgent need to implement the Rule or Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the Exchange, its members, other market participants, issuers or investors.

(b) When the Exchange determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible but in any event at least five business days prior to the proposed implementation of the Public Interest Rule or Significant Change. The written notice will include the expected effective date of the Public Interest Rule or Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must also be included as part of the written notice.

(c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the Exchange, in writing, of the disagreement no later than the end of the third business day following filing of the notice under subsection (b). If the disagreement is not resolved, the Exchange will file the Public Interest Rule or Significant Change in accordance with the timelines in section 7.

17. Review of a Public Interest Rule or Significant Change Implemented Immediately

A Public Interest Rule or Significant Change that has been implemented immediately in accordance with section 16 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 10, with necessary modifications. If the Director or the Commission does not approve the Public Interest Rule or Significant Change, the Exchange will immediately repeal the Rule or Change and inform its members of the decision.

18. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under subsection 21(5) of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Rule or Change having been approved under this Protocol.

APPENDIX C

June 28, 2012

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto ON M5H 3S8

Attention: John P. Stevenson, Secretary of the Commission

Dear Mr. Stevenson:

Re: Maple Group – AMF Undertakings

This letter is further to the meeting on March 7, 2012 during which OSC staff and TMX discussed Maple's understanding of the impact of the proposed undertakings to the AMF set out in the January 31, 2012 draft letter of Maple to Mr. Mario Albert, President and CEO of the AMF.

In paragraphs 15 and 16 of the letter (now paragraphs 14 and 15), Maple has undertaken, in effect, to continue to develop Montreal as a centre of excellence in derivatives. At the meeting, counsel to Maple indicated that this is consistent with Maple's current plans to continue to utilize the assets and resources at MX and CDCC to grow the trading and clearing of derivatives products, including both exchange traded derivatives and OTC derivatives. These undertakings would not have the effect of requiring TMX to move any existing businesses to Montreal, nor would they restrict Maple from developing and investing in derivatives opportunities, including for fixed income derivatives, in jurisdictions outside Montreal if that makes sense at some point in the future.

With respect to paragraphs 19, 20 and 21 (now paragraphs 18, 19 and 20), Maple is undertaking that if it establishes an exchange or clearing house in Canada (or participates in a joint venture or partnership) for trading or clearing derivatives that are presently over-the-counter derivatives, the head and executive office of that exchange or clearing house (or the principal Maple business unit that manages Maple's interest in that joint venture or partnership) will be in Montreal, the senior management responsible for overseeing operating plans and budgets, and development and execution of policy and direction, for that exchange or clearing house (or the principal Maple business unit that manages Maple's interest in that joint venture or partnership), will be in Montreal, and the most senior officer will be a resident of Quebec. With respect to over-the-counter derivatives, the application of these undertakings is limited to recognized exchanges and clearing houses in Canada (or participation in a joint venture or partnership) for over-the-counter derivatives. For the sake of clarity, since the undertakings are made by Maple, the undertakings do not prevent any investor in Maple from trading any derivatives or related products, including over-the-counter derivatives, through facilities not owned by Maple or its subsidiaries.

With respect to our discussions regarding the application of the undertakings to "fixed income transactions", reference to this term was added because CDCC currently clears transactions that are not "derivatives" within the ordinary meaning of that term, and the AMF wanted to ensure that the undertaking covered clearing of repurchase transactions (aka repos) and clearing of trades involving securities that are eligible for repurchase transactions. Following discussion with AMF staff, we have revised the AMF undertakings to clarify that only these transactions are covered by the undertakings, by referencing only the clearing of fixed income transactions in paragraph 30(c)(ii) (now paragraph 29(c)(ii)) and more clearly defining the term fixed income transactions in footnote 1. A revised draft of the undertakings, blacklined to the version previously circulated to you, has been provided to you for your reference.

Except for

(i) the clearing through CDCC of trades in derivatives that are exchange traded on MX,

(ii) the clearing through CDCC of trades for fixed income transactions or other securities that are intended to be cleared through the central counterparty facility of CDCC, and

(iii) a clearing house subject to paragraphs 19, 20 and 21 (now paragraphs 18, 19 and 20),

the undertakings do not limit or restrict the location in which Maple or its affiliated entities conduct or manage business related to back office or post-trade processing of trades, including collateral management; and, for greater certainty, are not intended to transfer or diminish CDS' current cash markets clearing, settlement and depository functions. In addition, for the sake of clarity, since the undertakings are made by Maple, the undertakings do not prevent any investor in Maple from trading and/or clearing any fixed income securities through facilities not owned by Maple or its subsidiaries.

Finally, Maple confirms that management of TMX Group have considered these undertakings from the perspective of TMX's businesses. They are comfortable with these undertakings and believe they are consistent with TMX's current business plans and would not negatively impact TMX's ability to conduct its current or future businesses in the public interest.

We hope the foregoing is helpful.

Yours very truly,

Luc Bertrand
on behalf of
Maple Group Acquisition Corporation

cc: Mario Albert
Autorité des marchés financiers

Mark Wang
British Columbia Securities Commission

Tom Graham
Alberta Securities Commission

Susan Greenglass
Ontario Securities Commission

2.2.5 Ikkuma Resources Corp.

Headnote

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

Applicable Legislative Provisions

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

Citation: *Re Ikkuma Resources Corp.*, 2019 ABASC 33

February 14, 2019

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

AND

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

AND

IN THE MATTER OF
IKKUMA RESOURCES CORP.
(the Filer)

ORDER

Background

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

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

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

2.3 Orders with Related Settlement Agreements

2.3.1 AlphaNorth Asset Management and Steven Douglas Palmer – ss. 127, 127.1

FILE NO.: 2019-3

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

Timothy Moseley, Vice-Chair and Chair of the Panel

February 19, 2019

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

WHEREAS on February 19, 2019, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Application made jointly by AlphaNorth Asset Management (**AlphaNorth**), Steven Douglas Palmer (**Palmer**) (together, the **Respondents**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated February 13, 2019 (the **Settlement Agreement**);

ON READING the Joint Application for a Settlement Hearing, including the Statement of Allegations dated February 14, 2019, and the Settlement Agreement, and on hearing the submissions of the representatives for the Respondents and Staff, and considering the undertaking of AlphaNorth attached as Annex I to this Order and the Consent of the parties to an Order in substantially this form;

IT IS ORDERED THAT:

1. pursuant to subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), the Settlement Agreement is approved;

2. pursuant to paragraph 9 of subsection 127(1) of the Act, AlphaNorth shall pay an administrative penalty of $147,000, to be designated for allocation or for use by the Commission in accordance with subclauses 3.4(2)(b)(i) or (ii) of the Act, which shall be paid as follows:

    a. AlphaNorth shall pay $73,500, representing 50% of $147,000, on the date of this Order; and

    b. AlphaNorth shall pay the remaining $73,500 in quarterly instalments of $18,375 each, beginning 3 months after the date of this Order and continuing every 3 months thereafter until the balance of the payment has been made;

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

4. pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondents shall be reprimanded;

5. pursuant to subsection 127.1(1) of the Act, AlphaNorth shall pay $10,000 in costs to the Commission; and

6. pursuant to paragraph 1 of subsection 127(1) of the Act, as a term and condition of Palmer's registration, Palmer shall successfully complete, and provide proof thereof to Staff, the Osgoode Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions offered by Osgoode Professional Development by no later than twelve months from the date of this Order.

"Timothy Moseley"

ANNEX I

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION

This Undertaking is given in connection with the settlement agreement dated as of February 13, 2019 between AlphaNorth Asset Management, Steven Douglas Palmer and Staff of the Commission (the "Settlement Agreement"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

1. AlphaNorth undertakes that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement.

DATED at Toronto, Ontario as of the 13th day of February, 2019.

AlphaNorth Asset Management

By: *"Steven Douglas Palmer"*
Steven Douglas Palmer
President and Chief Executive Officer

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

A. Regulatory Message

1. Compliance with Ontario securities laws is critical for all investment fund managers to ensure robust protection to investors from unfair or improper practices and to foster fair and efficient capital markets and confidence in capital markets. Specifically, rules providing for shareholder approval and conflict mitigation are fundamental to fair markets and investor protection. Fund managers must ensure full compliance with these rules before instituting changes to fees, including by referring potential conflicts to the Independent Review Committee (**IRC**). More practically, responsible management of retail investment funds requires adequate financial resources for compliance programs and compliance staff, and internal and external professional advice where necessary.

2. In this matter, AlphaNorth Asset Management (**AlphaNorth**) and Steven Douglas Palmer (**Palmer**), AlphaNorth's Chief Executive Officer (**CEO**) and ultimate designated person (**UDP**), failed in their obligations to ensure changes to fee structures of mutual funds were undertaken properly and to have adequate internal controls and compliance systems.

B. Overview

3. As detailed below, between June 2016 and April 2017 in the case of AlphaNorth Growth Fund (the **Growth Fund**), and between June 2016 and March 2017 in the case of AlphaNorth Resource Fund (the **Resource Fund**) (together, the **Funds**) (respectively, the **Material Time**), AlphaNorth implemented certain changes to set a lower High-Water Mark (as defined below) in respect of the performance fee to be paid to AlphaNorth by:

   (i) the Growth Fund in respect of series A shares of the Growth Fund (the **Growth Fund Series A Shares**) acquired after June 1, 2016; and

   (ii) the Resource Fund in respect of the series B shares of the Resource Fund (the **Resource Fund Series B Shares**).

4. In setting the lower High-Water Mark in respect of the performance fee payable by both Funds, AlphaNorth did not complete the necessary regulatory steps. AlphaNorth should have but did not refer these proposed changes to the IRC of the Funds or provide timely disclosures. In addition, AlphaNorth should have brought the lower High-Water Marks to meetings of holders of the Growth Fund Series A Shares (**Growth Fund Series A Shareholders**) and Resource Fund Series B Shares (**Resource Fund Series B Shareholders**) to allow the shareholders to consider whether to approve these changes. As a result, during the Material Time, AlphaNorth charged and collected performance fees that it was not eligible to receive.

5. Consequently, AlphaNorth failed to meet the prescribed standard of care under paragraph 116(b) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the **Act**), which requires an investment fund manager (**IFM**) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. AlphaNorth also failed to comply with NI 81-102,[1] NI 81-106[2] and NI 81-107.[3]

6. In addition, AlphaNorth also failed to maintain adequate internal controls and compliance systems sufficient to provide reasonable assurance that it and each individual acting on its behalf complied with securities legislation, and to manage the risks associated with its business in accordance with prudent business practices, contrary to NI 31-103.[4]

7. Palmer authorized and permitted the non-compliance engaged in by AlphaNorth, and is deemed by section 129.2 of the Act to have not complied with Ontario securities law. He also failed to meet his obligations as AlphaNorth's UDP.

8. The Growth Fund, in respect of Growth Fund Series A Shares, was improperly charged, in the aggregate, approximately $22,735 (inclusive of HST), and the Resource Fund, in respect of Resource Fund Series B Shares was improperly charged, in the aggregate, approximately $42,839 (inclusive of HST) because of the failures identified

[1] National Instrument 81-102 *Investment Funds* (**NI 81-102**).

[2] National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

[3] National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**)

[4] National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

above. In total, the amount charged inappropriately was $65,574 (inclusive of HST). While investors and the Funds have been made whole by AlphaNorth, this settlement provides an important specific and general deterrent message and protects the public interest.

C. Settlement Hearing

9. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Act, it is in the public interest for the Commission to make certain orders in respect of AlphaNorth and Palmer (collectively, the **Respondents**).

Part II – JOINT SETTLEMENT RECOMMENDATION

10. Staff of the Commission recommend settlement of the proceeding (the **Proceeding**) against the Respondents in respect of their conduct to be commenced by the Notice of Hearing, in accordance with the terms and conditions set out in this settlement agreement (the **Settlement Agreement**). The Respondents consent to the making of an order (the **Order**), in the form attached as Schedule A to the Settlement Agreement, based on the facts set out herein.

11. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts set out in Part III and the conclusions in Part V of this Settlement Agreement.

Part III – AGREED FACTS

A. The Respondents

12. AlphaNorth is a general partnership formed under the laws of the Province of Ontario on August 16, 2007, with its head office in Toronto, Ontario. It is registered with the Commission as an IFM, portfolio manager and exempt market dealer. The Commission is AlphaNorth's principal regulator.

13. Palmer is a founding partner of AlphaNorth and the President and CEO of AlphaNorth, and is registered with the Commission as AlphaNorth's UDP among other categories. He is also a director of the Mutual Fund Corporation (defined below).

14. As at June 30, 2017 (close to the Material Time), the assets under management (**AUM**) for the Growth Fund and the Resource Fund were $2,696,522 and $2,887,538, respectively. As at June 30, 2018, the Growth Fund and the Resource Fund had AUM of $3,083,652 and $1,721,126, respectively.

15. AlphaNorth is the IFM and the portfolio manager of the Funds.

B. The Funds

16. The Funds are each a class of shares of AlphaNorth Mutual Funds Limited (the **Mutual Fund Corporation**), incorporated under the laws of Ontario on April 29, 2011 pursuant to its articles of incorporation.

17. The Funds' securities are offered to investors in various series, and certain of those series are in continuous distribution pursuant to a simplified prospectus and related documents prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*. The Funds are subject to, among other laws and regulations, NI 81-101, NI 81-102, NI 81-106 and NI 81-107. This legislation is designed, in part, to ensure that the investments of the Funds are diversified, transparent and relatively liquid, to ensure appropriate disclosure to new and existing investors, and to ensure the proper administration of the Funds and management of the IFM's conflicts of interest.

18. Among other fees and expenses, each Fund pays a quarterly performance fee to AlphaNorth, if the percentage gain in the net asset value (**NAV**) per share of the Fund over the preceding quarter or quarters since a performance fee was last paid to AlphaNorth, exceeds the percentage gain or loss of the applicable benchmark for the Fund over the same period and provided that the NAV per share of the Fund (including distributions) is greater than all previous NAVs per share of the Fund at the end of each previous fiscal quarter in which a performance fee was paid (the **High-Water Mark**). The performance fee will be equal to this excess return per share multiplied by the number of shares outstanding at the end of the quarter, multiplied by 20%.

19. The High-Water Mark in respect of each series of each Fund prior to the Material Time was $10 per share, and neither Fund had paid a performance fee to AlphaNorth since its inception several years earlier.

C. Improper Re-setting of the High-Water Mark for the Growth Fund

20. During the Material Time, AlphaNorth charged and collected a performance fee for the Growth Fund Series A Shares, based on a High-Water Mark of $1.845, which represented the NAV per Growth Fund Series A Share as of May 31, 2016, rather than $10 which was disclosed in the prospectus. This affected investors who acquired Growth Fund Series A Shares on and after June 1, 2016, until the prospectus amendment (referred to below) was filed on April 26, 2017.

21. The Growth Fund paid AlphaNorth a performance fee in respect of the Growth Fund Series A Shares for the third and fourth quarters of 2016, and accrued performance fees for the first quarter of 2017 based on the High-Water Mark of $1.845, which impacted NAV for the Growth Fund Series A Shares during the Material Time. AlphaNorth received approximately $22,735 (inclusive of HST) in performance fees for those periods.

22. On August 25, 2016, AlphaNorth sent investors in Growth Fund Series A Shares who held those securities on June 1, 2016, a notice explaining that all Growth Fund Series A Shares acquired before June 1, 2016 were to be re-designated as series D shares of the Growth Fund (**Growth Fund Series D Shares**) effective October 1, 2016 (the **Re-designation**). Growth Fund Series D Shares were to be identical to the Growth Fund Series A Shares in all respects, including the frequency of redemptions and the High-Water Mark set at $10. This notice was not filed with the Commission or on SEDAR.

23. The Growth Fund Series D Shares were not offered for sale and were closed to additional investment following the Re-designation. The Growth Fund Series A Shareholders who acquired Growth Fund Series A Shares before June 1, 2016 maintained the same High-Water Mark of $10 in respect of the performance fee payable by the Growth Fund Series D Shares. The Re-designation allowed AlphaNorth to collect performance fees on Growth Fund Series A Shares sold on or after June 1, 2016 due to the lower High-Water Mark.

24. AlphaNorth did not take the necessary regulatory steps during 2016 to properly effect the Re-designation.

25. In February 2017, the external auditor of the Growth Fund's financial statements asked for documentation supporting the creation of the Growth Fund Series D Shares and the Re-designation, including articles of amendment and prospectus disclosure. AlphaNorth then engaged external legal counsel to develop a rectification plan, which it carried out as described below, after receiving a positive recommendation to proceed from the IRC and after notifying Staff of the issues regarding the Growth Fund Series A Shares and Growth Fund Series D Shares.

26. On March 6, 2017, AlphaNorth filed articles of amendment to recognize the creation of the Growth Fund Series D Shares and the re-designation of the Growth Fund Series A Shares outstanding before June 1, 2016 to Growth Fund Series D Shares.

Incorrect Prospectus Disclosure

27. AlphaNorth failed to file an amendment to its prospectus for the Growth Fund Series A Shares to disclose the lower High-Water Mark in a timely manner, and therefore investors who acquired Growth Fund Series A Shares from June 1, 2016 to April 26, 2017 (the date of the prospectus amendment, described below), acquired their shares without disclosure of the lower High-Water Mark.

28. AlphaNorth filed a prospectus amendment dated April 26, 2017, which (i) disclosed the Re-designation and (ii) disclosed a second re-designation, effective May 31, 2017, of the Growth Fund Series A Shares outstanding as of May 31, 2017 to Growth Fund Series D Shares. The prospectus amendment also disclosed a lower High-Water Mark applicable to the Growth Fund Series A shares, which would affect investors acquiring Growth Fund Series A shares after April 26, 2017. Growth Fund Series D Shares maintained the High-Water Mark of $10.

29. Investors in Growth Fund Series A Shares, purchasing from June 1, 2016 until April 26, 2017, did not receive accurate disclosure concerning the High-Water Mark applicable on their investment.

Failure to Obtain Securityholder Approval

30. Furthermore, the lowering of the High-Water Mark for Growth Fund Series A Shares as of June 1, 2016 was a fundamental change for which securityholder approval should have been sought by AlphaNorth, as required per paragraph 5.l(l)(a) of NI 81-102. Part 6 of Companion Policy 81-102CP (the Companion Policy) notes that securityholder approval is required before the basis of the calculation of a fee or expense that is charged to an investment fund is changed in a way that could result in an increase in charges to the investment fund, and that the Canadian securities regulatory authorities note that the phrase "basis of the calculation" includes any increase in the rate at which a particular fee is charged to the investment fund.

Incorrect Continuous Disclosures

31. Form 81-106FI – *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**) requires material information, which is likely to influence or change a reasonable investor's decision to buy, sell or hold securities of an investment fund, to be disclosed in a fund's continuous disclosure documents. The Growth Fund's Management Reports of Fund Performance (**MRFP(s)**) for the six-month period ended June 30, 2016 and the year ended December 31, 2016 did not discuss the change in the High-Water Mark, nor the Re-designation. The Growth Fund's annual audited financial statements for the year ended December 31, 2016 provided disclosure about the Re-designation, but none in respect of the lowered High-Water Mark for Growth Fund Series A Shares.

Failure to Refer to IRC

32. Section 5.1 of NI 81-107 requires conflict of interest matters, which include a situation where a reasonable person would consider a manager to have an interest that may conflict with the manager's ability to act in good faith and in the best interests of the fund, to be referred to the fund's IRC for its review, before the manager may take any action in the matter. AlphaNorth did not refer the Re-designation or the change in High-Water Mark to the IRC, even though the changes to the Growth Fund Series A Shares were a conflict of interest matter for AlphaNorth, and therefore should have been referred to the IRC for their review prior to carrying out the changes.

33. On February 21, 2017, AlphaNorth notified the IRC of the concerns raised by the external auditor with the Re-designation and the resetting of the High-Water Mark for the Growth Fund and explained its intention to develop a rectification plan with the assistance of external counsel. In April 2017, AlphaNorth referred the rectification plan to the IRC and the IRC provided a positive recommendation to proceed with its implementation.

Failure to Identify Deficiencies regarding the Growth Fund

34. The Growth Fund's external auditors' concerns raised during the audit of the Growth Fund's 2016 annual financial statements led AlphaNorth to take steps to rectify the issues around the Re-designation and the lower High-Water Mark.

35. Before the concerns were raised by the external auditor, AlphaNorth and Palmer, in his capacity as CEO and UDP of AlphaNorth, failed to take the necessary steps to ensure compliance with applicable securities and corporate laws, including documenting the newly created Growth Fund Series D Shares, updating the prospectus documents for Growth Fund Series A Shares and Growth Fund Series D Shares, obtaining appropriate securityholder approval, providing adequate disclosures in the MRFPs, and referring the attendant conflicts of interest matters to the IRC.

D. Improper Re-setting of the High-Water Mark for the Resource Fund

36. Between June 8, 2016 and March 31, 2017, AlphaNorth charged and collected a performance fee for Resource Fund Series B Shares by lowering the High-Water Mark in respect of the performance fee payable per share from $10 to $8.916, which was an average of the two different prices of the Resource Fund Series B Shares as acquired by the applicable shareholders in the two tranches referred to in paragraph 37.

37. AlphaNorth did not provide any notice to existing Resource Fund Series B Shareholders of this change. Resource Fund Series B Shares have not been offered to new investors since 2013, and were acquired by Resource Fund Series B Shareholders in two tranches at two different prices. Accordingly, no new shareholders acquired Resource Fund Series B Shares during the Material Time. During the Material Time, AlphaNorth collected $42,839 (inclusive of HST) in performance fees from Resource Fund Series B Shares because of the lower High-Water Mark.

38. In February 2017, the external auditor of the Resource Fund's financial statements inquired about the lowered High-Water Mark in connection with their audit of the Resource Fund's financial statements for the year ended December 31, 2016. AlphaNorth then engaged external legal counsel to develop a rectification plan, which included reimbursing the Fund and affected Resource Fund Series B Shareholders for the over-payment, inclusive of a 5% per month payment to compensate the Fund and the affected shareholders for lost opportunity costs.

Failure to Obtain Securityholder Approval

39. Resource Fund Series B Shareholders who held Resource Fund Series B Shares as of June 8, 2016 were not provided the opportunity to vote on the lowering of the High-Water Mark by AlphaNorth. As described in paragraph 30 above, the lowering of the High-Water Mark is a fundamental change for which the Resource Fund Series B Shareholders' prior approval should have been sought by AlphaNorth pursuant to paragraph 5.l(l)(a) of NI 81-102.

Incorrect Continuous Disclosures

40. The Resource Fund's MRFPs for the period ended June 30, 2016 and the year ended December 31, 2016 did not reflect the change in the High-Water Mark. As described in paragraph 31 above, material information such as this should have been disclosed pursuant to the requirements of Form 81-106FI.

41. The Resource Fund's MRFP for the interim period ended June 30, 2017 disclosed the following: "We discovered an error in calculation of the performance fee during the first quarter of 2017. This was corrected ..." AlphaNorth's disclosure in this regard fails to fully reflect AlphaNorth's role in the lowering of the High-Water Mark.

42. The rectification of the performance fee payments was disclosed in the MRFPs for the year ended December 31, 2017.

Failure to Refer to IRC

43. As described in paragraph 32 above, section 5.1 of NI 81-107 requires conflict of interest matters to be referred by the manager to the fund's IRC for its review, before the manager may take any action in the matter. AlphaNorth did not refer its proposal to lower the High-Water Mark for the Resource Fund Series B Shares, even though the proposal was a conflict of interest matter for AlphaNorth, which necessitated a referral to the IRC and a positive recommendation to proceed by the IRC.

44. AlphaNorth and Palmer, as CEO and UDP, failed to identify, assess or address the securities law implications associated with lowering the High-Water Mark for the Resource Fund, including obtaining appropriate securityholder approval, providing adequate disclosures in the MRFPs, and referring the matter to the IRC.

E. Deficiencies in AlphaNorth's Internal Controls and Compliance Systems

45. AlphaNorth has an obligation as a registrant to establish, maintain and apply policies and procedures that establish a system of controls and supervision to (i) provide reasonable assurance that AlphaNorth and each individual acting on its behalf complies with securities legislation, and (ii) manage the risks associated with its business in accordance with prudent business practices.

46. During a compliance review conducted by Staff covering the period of June 1, 2016 to May 31, 2017 (the **Compliance Review**), Staff identified significant deficiencies in AlphaNorth's compliance with Ontario securities law, including:

    a. inadequate oversight of AlphaNorth's dealing activities for third-party exempt products and its dealing representative, who was an agent of AlphaNorth (and not a principal of the partners of AlphaNorth) for the period contrary to subsection 32(2) of the Act and section 11.1 of NI 31-103;

    b. failure to identify and appropriately address conflict of interest matters, and refer them to the Funds' IRC, in relation to finder's fees received from issuers when causing the Funds to invest in certain securities, contrary to subsection 5.1(1) of NI 81-107; and

    c. failure to disclose the conflict of interest in the prospectus documents of the Funds, in relation to finder's fees received by AlphaNorth and/or its affiliates when causing the Funds to invest in certain securities, contrary to section 116 of the Act.

47. As the UDP, Palmer failed to discharge the responsibilities required by section 5.1 of NI 31-103, in supervising the activities of AlphaNorth and those acting on its behalf, towards ensuring and promoting compliance with applicable securities legislation.

PART IV – RESPONDENTS' POSITION AND MITIGATING FACTORS

48. The Respondents request that the settlement hearing panel consider the following mitigating circumstances. Staff do not object to the Respondents' position and mitigating circumstances set out below.

49. In making the changes described above for the Growth Fund, AlphaNorth and Palmer differentiated gains for the original investors (who acquired the Growth Fund Series A Shares at a higher NAV), and new investors who acquired Growth Fund Series A Shares at a considerably lower NAV during a market downturn, in an attempt to receive performance fees while being fair and reasonable to Growth Fund Series A Shareholders. During the Material Time, AlphaNorth and Palmer failed to take the necessary regulatory steps to do so. AlphaNorth and Palmer created the Growth Fund Series D Shares and moved all existing investors in Growth Fund Series A Shares to Growth Fund Series D Shares so as to isolate these early investors in the Growth Fund from new investors, while maintaining all the same rights and terms the early investors had been entitled to while Growth Fund Series A Shareholders. Growth Fund

Series A Shares with the lower High-Water Mark of $1.845 would be distributed to new investors (acquiring those Growth Fund Series A Shares after June 1, 2016) and early investors would hold Growth Fund Series D Shares with the existing High Water Mark of $10. No additional Growth Fund Series D Shares would be distributed to new investors. The lower High-Water Mark for the Growth Fund Series A Shares was the NAV of those shares as of June 1, 2016, being the date the High Water Mark was changed.

50. AlphaNorth and Palmer implemented a lower High-Water Mark for the Resource Fund Series B Shares by using an average of the two cost bases described in Part III that applied to Resource Fund Series B Shareholders in an attempt to receive performance fees while being fair and reasonable to Resource Fund Series B shareholders. During the Material Time, AlphaNorth and Palmer failed to take the necessary regulatory steps to do so.

51. AlphaNorth sent letters on May 3, 2017 to each affected Growth Fund Series A Shareholder explaining the issues arising out of the Re-designation and the High-Water Mark and its intention to correct the NAV of the Growth Fund and to reimburse affected Growth Fund Series A Shareholders.

52. At the direction of Palmer, AlphaNorth worked expeditiously to correct the issues and, with the assistance of external legal counsel, developed and completed the rectification plan by April 30, 2017, including:

a. Notifying the IRC of the Funds, as required, immediately upon being notified of the issues by the external auditor of the Funds and receiving their agreement to proceed to rectification;

b. Notifying Staff of the issues applicable to the Growth Fund immediately upon being notified of the issues by the external auditor of the Funds;

c. Making all required filings to rectify the prospectus disclosure and the corporate records of the Growth Fund;

d. Re-designating Growth Fund Series A Shareholders who acquired shares during the Material Time as holders of Growth Fund Series D Shares, so as to maintain the High- Water Mark for these Shareholders at $10;

e. Calculating the impact on the Growth Fund and the applicable Growth Fund Series A Shareholders of the lower High-Water Mark so as to restitute investors and repay the Fund the amount of the overcharged performance fee - in total, AlphaNorth paid $55,760 to the Growth Fund and to the affected Growth Fund Series A Shareholders, which was comprised of:

(i) repayment to the Growth Fund of the overpayment of performance fees of $22,735 (inclusive of HST);

(ii) subject to a *de minimis* amount of $25, payments to the Growth Fund Series A Shareholders who redeemed during the Material Time and received redemption proceeds based on the lower NAV per Series A Shares due to the improperly accrued performance fees;

(iii) payment to the Growth Fund for redemptions by the Growth Fund Series A Shareholders who acquired Series A Shares before the NAV was adjusted to take account of the overpayment of performance fees but redeemed those Series A Shares after the time that the NAV was adjusted to take account of the overpayment of performance fees;

f. Calculating the impact on the Resource Fund and the applicable Resource Fund Series B Shareholders of the lower High-Water Mark during the Material Time so as to restitute investors and repay the Fund the amount of the overcharged performance fee, including a 5% per month additional payment to compensate the Fund and the affected Resource Fund Series B Shareholders for lost opportunity costs - in total, AlphaNorth paid $73,386 to the Fund and to the affected Resource Fund Series B Shareholders. The Fund received a payment equal to the overpayment of performance fees ($42,839, inclusive of HST), plus the lost opportunity cost payment. The affected Resource Fund Series B Shareholders were those Series B Shareholders who redeemed Series B Shares during the Material Time at a lower NAV per Series B Share due to the improper performance fee being paid by the Resource Fund.

g. Communicating with all affected shareholders to keep them informed of the issues and their rectification; and

h. Making NAV error report filings pursuant to section 12.14 of NI 31-103 with the Commission in order to document the impact on the NAV of the Funds associated with the overcharging of performance fees and describing the restitution to the Funds and the affected shareholders.

53. The changes to the Funds that are the subject of this Settlement Agreement did not significantly impact the performance of the Funds, although the changes affected the NAV per share of the applicable series of the Funds during the Material Time. Over the Material Time, the NAV per share of the Growth Fund Series A Shares was understated by $0.16 to $0.58 (6.0% to 14.5% as a percentage of the Series A NAV per share). The NAV per share of the Resource Fund Series B Shares was understated by $0.20 to $0.22 (1.1% to 2.2% as a percentage of the Series B NAV per share). The NAV per share of the other series of the Funds were unaffected by these changes.

54. AlphaNorth reimbursed the Funds for the overcharged performance fees, and their respective affected shareholders who acquired or redeemed shares during the Material Time based on incorrect NAVs, as specified in paragraphs 8 and 52 above.

55. At the direction of Palmer, the above-noted compliance issues noted by Staff during the Compliance Review have been resolved by AlphaNorth, through:

    a. Terminating the engagement of its dealing representative and ending its practice of acting as EMD for third party issuers (where the Funds are not invested in those issuers), both effective in December 2017;

    b. Correcting the Fund disclosures to disclose the applicable finder's fees in both the MRFPs and the prospectus; and

    c. Referring the matter regarding the applicable finder's fees to the IRC and obtaining their positive recommendation to proceed, subject to disclosure to investors (via the MRFPs and the prospectus) and to the IRC.

56. Staff do not allege dishonest or intentional misconduct by AlphaNorth or Palmer.

57. The third party EMD activities at issue during the Compliance Review by Staff were limited to less than 60 accredited investors and six issuers in 2016. There were no third party EMD activities during 2017.

58. Palmer and AlphaNorth have co-operated with Staff in connection with Staff's investigation of the matters referred to in this Settlement Agreement.

59. Neither Palmer nor AlphaNorth have any disciplinary history with the Commission.

PART V – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

A. The Funds

60. Disclosure is a cornerstone principle of securities regulation. Investors are entitled to receive accurate and timely disclosure outlining the costs of investing, among other things, in an investment fund so that they can make an informed purchase decision. The activities described in paragraphs 27-29 above regarding the lack of accurate and timely prospectus disclosures for Growth Fund Series A Shares were contrary to sections 56 and 57 of the Act.

61. AlphaNorth's failure to obtain prior securityholder approval in lowering the High-Water Mark for the Growth Fund Series A Shareholders and the Resource Fund Series B Shareholders as described above was contrary to paragraph 5.l(l)(a) of NI 81-102.

62. AlphaNorth failed to disclose material information in the Growth Fund's MRFPs concerning the Re-designation and the lower High-Water Mark, including the impact on performance fees, and in the Resource Fund's MRFPs concerning the lowering of the High-Water Mark, as described in paragraphs 31 and 40-42 above. The Respondents' conduct resulted in the Growth Fund's MRFPs and the Resource Fund's MRFPs during the Material Time not being prepared in accordance with Form 81-106FI and was contrary to the requirements of paragraph 4.4(a) of NI 81-106.

63. AlphaNorth's failure to refer the Growth Fund's Re-designation and the lowering of the Funds' High-Water Mark to the Funds' IRC prior to taking any action in the matter was contrary to section 5.1 of NI 81-107.

64. In implementing the changes to lower the High-Water Marks of the Growth Fund Series A Shares and the Resource Fund Series B Shares described above, AlphaNorth did not satisfy the standard of care prescribed for an investment fund manager under paragraph 116(b) of the Act.

65. Palmer, as the CEO and UDP of AlphaNorth, authorized and permitted the breaches of Ontario securities law engaged in by AlphaNorth, contrary to section 129.2 of the Act.

B. AlphaNorth's Internal Controls and Compliance Systems

66. As described above, AlphaNorth's compliance system was not adequate to allow it to discharge its responsibilities under Ontario securities law, as required per subsection 32(2) of the Act and section 11.1 of NI 31-103. Palmer, as the UDP of AlphaNorth, did not adequately discharge his responsibilities as required by section 5.1 of NI 31-103.

67. Collectively, in respect of the Funds and AlphaNorth's internal controls and compliance systems, the above described conduct and non-compliance with Ontario securities law constitute conduct contrary to the public interest.

PART VI – TERMS OF SETTLEMENT

68. The Respondents agree to the terms of settlement set out below and consent to the Order, which provides that:

    a. pursuant to subsection 127(1) of the Act, the Settlement Agreement is approved;

    b. pursuant to paragraph 9 of subsection 127(1) of the Act, AlphaNorth shall pay an administrative penalty of $147,000, to be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

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

    d. pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondents shall be reprimanded; and

    e. pursuant to subsection 127.1(1) of the Act, AlphaNorth shall pay $10,000 in costs to the Commission.

69. AlphaNorth has given an undertaking to the Commission in the form attached as Schedule "B" to this Settlement Agreement, under which AlphaNorth undertakes that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement.

70. As a term and condition of Palmer's registration, Palmer shall successfully complete, and provide proof thereof, the Osgoode Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions offered by Osgoode Professional Development by no later than twelve months from the date of the Order.

71. AlphaNorth agrees to pay $83,500, representing 50% of the payment described in subparagraph 68(b) above, and the entirety of the payment described in subparagraph 68(e) above, by separate bank drafts at the hearing before the Commission to approve this Settlement Agreement, if this Settlement Agreement is approved. If this Settlement Agreement is approved, AlphaNorth further agrees to pay the remaining 50% of the payment described in subparagraph 68(b) in quarterly instalments of $18,375 each, beginning 3 months after the date that this Settlement Agreement is approved and continuing every 3 months thereafter until the balance of the payment described in subparagraph 68(b) has been made.

72. Palmer agrees to make the payment described in subparagraph 68(c) above by bank draft at the hearing before the Commission to approve this Settlement Agreement, if this Settlement Agreement is approved.

PART VII – FURTHER PROCEEDINGS

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

74. The Respondents acknowledge that, if the Commission approves this Settlement Agreement and the Respondents fail to comply with any term in it, the Commission is entitled to bring any proceedings necessary to enforce compliance with the terms of the Settlement Agreement.

75. The Respondents waive any defences to a proceeding referenced in paragraphs 73 and 74 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

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

77. Staff and the Respondents agree that this Settlement Agreement sets forth all agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

78. If the Commission approves this Settlement Agreement:

    a. the Respondents irrevocably waive all rights to a full hearing, judicial review or appeal of this matter under the Act; and

    b. neither Staff nor either of the Respondents will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

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

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

80. If the Commission does not make the Order:

    a. this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the Settlement Hearing will be without prejudice to Staff and the Respondents; and

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

81. Staff and the Respondents will keep the terms of the Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement shall remain confidential indefinitely, unless Staff and the Respondent otherwise agree or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED at Toronto, Ontario this 13th day of February, 2019.

"*Joey Javier"*	*"Steven Douglas Palmer"*
Witness (print name): Joey Javier	AlphaNorth Asset Management

DATED at Toronto, Ontario this 13th day of February, 2019.

"Joey Javier"	*"Steven Douglas Palmer"*
Witness (print name): Joey Javier	Steven Douglas Palmer

DATED at Toronto, Ontario this "13th" day of "February", 2019.

ONTARIO SECURITIES COMMISSION

By: *"Jeff Kehoe"*
Jeff Kehoe
Director, Enforcement Branch

SCHEDULE "A"

File No.: _____

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

Commissioner Timothy Moseley

[month] ____, 2019

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

WHEREAS on "*February 19th*", 2019, the Ontario Securities Commission held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the approval of a settlement agreement dated "*February 19th*", 2019 (the **Settlement Agreement**) between AlphaNorth Asset Management (**AlphaNorth**) and Steven Douglas Palmer (**Palmer**) (the **Respondents**) and Staff of the Commission (**Staff**);

AND WHEREAS pursuant to the Settlement Agreement, the Respondents have given undertaking (the **Undertaking**) to the Commission dated [**date**], in the form attached as Schedule "A" to this Order, which provide that:

> AlphaNorth undertakes that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement; and

ON READING the Statement of Allegations dated [**date**], the Settlement Agreement, and the Undertaking, and on hearing the submissions of the representatives of Staff and the Respondents;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. pursuant to paragraph 9 of subsection 127(1) of the Act, AlphaNorth shall pay an administrative penalty of $147,000, to be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act. This administrative penalty shall be paid as follows. AlphaNorth shall pay $73,500, representing 50% of $147,000 on the date of this Order. AlphaNorth shall pay the remaining 50% of $147,000 in quarterly instalments of $18,375 each, beginning 3 months after the date of this Order and continuing every 3 months thereafter until the balance of the payment has been made;

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

4. pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondents shall be reprimanded;

5. pursuant to subsection 127.1(1) of the Act, AlphaNorth shall pay $10,000 in costs to the Commission; and

6. pursuant to paragraph 1 of subsection 127(1) of the Act, as a term and condition of Palmer's registration, Palmer shall successfully complete, and provide proof thereof, the Osgoode Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions offered by Osgoode Professional Development by no later than twelve months from the date of the Order.

_____
Commissioner Timothy Moseley

SCHEDULE "B"

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT AND
STEVEN DOUGLAS PALMER

UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION

This Undertaking is given in connection with the settlement agreement dated as of *"February 13th"*, 2019 between AlphaNorth Asset Management, Steven Douglas Palmer and Staff of the Commission (the "Settlement Agreement"). All terms shall have the same meanings in this Undertaking as in the Settlement Agreement.

1. AlphaNorth undertakes that it shall not increase its fees or take any other steps that would result in its clients bearing any costs or expenses that are incurred by it relating to this Settlement Agreement.

DATED at Toronto, Ontario as of the "*13th"* day of *"February"*, 2019.

AlphaNorth Asset Management

By: *"Steven Douglas Palmer"*
Steven Douglas Palmer
President and Chief Executive Officer

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 AlphaNorth Asset Management and Steven Douglas Palmer – ss. 127, 127.1

IN THE MATTER OF
ALPHANORTH ASSET MANAGEMENT and
STEVEN DOUGLAS PALMER

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

Citation: *AlphaNorth Asset Management (Re)*, 2019 ONSEC 10
Date: 2019-02-19
File No.: 2019-3

Hearing:	February 19, 2019	
Decision:	February 19, 2019	
Panel:	Timothy Moseley	Vice-Chair and Chair of the Panel
Appearances:	Christina Galbraith	For Staff of the Commission
	Laura Paglia	For AlphaNorth Asset Management and Steven Douglas Palmer

REASONS AND DECISION

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

[1] Staff of the Commission has made various allegations against AlphaNorth Asset Management and its President and CEO, Steven Douglas Palmer. The purpose of today's hearing is to consider a settlement agreement between Staff and the respondents relating to those allegations.

[2] The factual background is set out in detail in the settlement agreement, so I will not repeat it here. To summarize, AlphaNorth is an Ontario general partnership that is registered with the Commission as an investment fund manager, portfolio manager and exempt market dealer. Mr. Palmer is a founding partner of AlphaNorth and is registered with the Commission as AlphaNorth's Ultimate Designated Person.

[3] AlphaNorth is the investment fund manager and portfolio manager of the AlphaNorth Growth Fund and the AlphaNorth Resource Fund. In 2016 and 2017, AlphaNorth implemented certain changes that resulted in AlphaNorth being paid performance fees that it was not entitled to collect, with respect to those two funds.

[4] AlphaNorth's actions resulted in a number of breaches of Ontario securities law.

[5] AlphaNorth should have brought the proposed changes to the Investment Review Committee of the two funds. It did not, and its failure to do so was a breach of NI 81-107.[1] AlphaNorth should also have brought the proposed changes to fund shareholders for approval. It did not, and its failure to do that was a breach of NI 81-102.[2] AlphaNorth failed to make proper disclosure regarding the changes it had made, contrary to sections 56 and 57 of the *Securities Act*[3] and NI 81-106.[4]

1 National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

2 National Instrument 81-102 *Investment Funds* (**NI 81-102**).

3 RSO 1990, c S.5 (the **Act**).

4 National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

[6] AlphaNorth admits that it did not exercise the necessary degree of care, diligence and skill that an investment fund manager is required to exercise, and thereby contravened paragraph 116(b) of the Act. Finally, AlphaNorth failed to maintain adequate internal controls and compliance systems, contrary to subsection 32(2) of the Act and NI 31-103.[5]

[7] Because Mr. Palmer authorized and permitted AlphaNorth's non-compliance, he is deemed by section 129.2 of the Act to have not complied with Ontario securities law. He also failed to meet his obligations as Ultimate Designated Person of AlphaNorth, contrary to NI 31-103.

[8] The settlement agreement sets out a number of mitigating factors. I will not repeat all of them. I will highlight that AlphaNorth and Mr. Palmer made the changes while at the same time attempting to be fair and reasonable to the fund shareholders. After the problems surfaced, AlphaNorth and Mr. Palmer worked expeditiously to rectify the issues, and to fully compensate the funds and their shareholders. AlphaNorth has addressed its compliance issues.

[9] Staff and the respondents have agreed to various sanctions and other measures, and to the payment of costs by AlphaNorth. While the terms of the settlement have been agreed to by the parties, I must decide whether the settlement should be approved.

[10] The principal terms of the settlement are as follows:

a. AlphaNorth is to pay an administrative penalty of $147,000, half of which has been paid, with the balance to be paid in quarterly instalments;

b. Mr. Palmer is required to pay, and has now paid, an administrative penalty of $100,000;

c. AlphaNorth is required to pay $10,000 in costs, which amount has now been paid; and

d. the respondents are to be reprimanded.

[11] As a term of his registration, Mr. Palmer must also complete an educational program in regulatory compliance and risk management within one year. Finally, AlphaNorth has undertaken not to increase its fees or take any other steps that would result in its clients sharing the burden of this settlement.

[12] The Commission's role at a settlement hearing is to determine whether the negotiated result falls within a range of reasonable outcomes, and whether it would be in the public interest to make the order requested.

[13] I have reviewed this settlement in detail, and I recently conducted a confidential settlement conference with counsel for all parties. I asked questions of counsel and heard their submissions. With the benefit of that session and my review, I conclude that it would be in the public interest to approve this settlement.

[14] In making that decision, I recognize that the agreement is the product of negotiation between Staff and the respondents, all ably represented by counsel. The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties.

[15] I have also taken account of the fact that approval of this settlement would resolve the matter promptly, efficiently and with certainty. A settlement avoids the expenditure of significant resources that would be associated with a contested hearing.

[16] In my view, the terms of the settlement properly reflect the principles applicable to sanctions, including:

a. the recognition of the seriousness of misconduct;

b. the importance of fostering investor protection and confidence in the capital markets; and

c. the need for specific and general deterrence.

[17] The payment of costs helps to reduce the burden on market participants to pay for investigations and enforcement proceedings.

[18] I will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 19th day of February, 2019.

"Timothy Moseley"

[5] National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

3.2 Director's Decisions

3.2.1 3iQ Corp. and The Bitcoin Fund

VIA EMAIL AND SEDAR

February 15, 2019

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200
Toronto, ON M5X 1B8

Attention: Lori Stein

Re: 3iQ Corp. (the **Manager**) and The Bitcoin Fund (the **Fund**)

Non-Offering Preliminary Prospectus dated October 30, 2018 (the **Prospectus**) – SEDAR Project No. 2835709

This letter sets out my decision as Director to refuse to issue a receipt for the Fund's prospectus

- under subsection 61(1) of the *Securities Act* (Ontario) (the **Act**) because it appears that it is not in the public interest to do so; and
- under subsection 61(2)(a)(i) of the Act because the Fund's prospectus does not comply in a substantial respect with a requirement of the Act or the regulations.

I understand that the Manager filed the Prospectus as a non-offering prospectus with a view to resolving some of the issues discussed herein through the exercise of its right to be heard before the Commission, if necessary. The Manager would then convert or refile the Prospectus as an offering prospectus to raise proceeds once these issues are resolved.

The Prospectus raises the novel issue of whether an investment fund that invests substantially all of its assets in bitcoin should be offered to the public, including to retail investors.

In arriving at my decision, I reviewed:

- the correspondence between staff of the Investment Funds and Structured Products Branch of the Commission (**Staff**) and the Manager in connection with a pre-filing of the Prospectus;
- submissions provided by the Manager at a meeting I attended on October 9, 2018;
- the Prospectus; and
- the correspondence between Staff and the Manager in connection with Staff's review of the Prospectus, including Staff's negative recommendation letter dated January 25, 2019.

I provided the Manager the opportunity to make further submissions prior to making my decision, which it declined. The Manager also waived any further opportunity to be heard in front of the Director under subsection 61(3) of the Act.

The facts, Staff's submissions, the Manager's submissions, and my reasons for refusing to receipt the Fund's prospectus are set out below. Terms defined in the Prospectus have the same meaning if used in this decision, unless otherwise defined.

Facts

The Fund is a non-redeemable investment fund (**NRIF**) established as a trust under the laws of the Province of Ontario. The Manager is the investment fund manager of the Fund. The Manager filed the Prospectus on behalf of the Fund.

As stated in the Prospectus, the Fund's investment objectives are to seek to provide its investors with:

(a) exposure to digital currency bitcoin and the daily price movements of the U.S. dollar price of bitcoin; and

(b) the opportunity for long-term capital appreciation.

To achieve its investment objectives, the Fund will invest in long-term holdings of bitcoin purchased from sources including bitcoin exchanges.

Bitcoin is a digital asset that is not issued by any government, bank or central organization. Bitcoin, commonly referred to as a cryptocurrency or cryptoasset, is based on the decentralized, open source protocol of the peer-to-peer bitcoin computer network, which creates the decentralized public transaction ledger, known as the "blockchain", on which all bitcoin transactions are recorded.

NRIFs may engage in certain investment strategies and invest in asset classes not typically permitted for mutual funds. There are not yet, however, any publicly offered (i.e., prospectus qualified) investment funds in Canada and the United States that invest substantially all of their assets in bitcoin. There are several funds that are not publicly offered in Canada that invest substantially all of their assets in bitcoin, including one managed by the Manager (the **3iQ Pooled Fund**). The 3iQ Pooled Fund only offers its securities under exemptions from the prospectus requirement. The Manager has operated the 3iQ Pooled Fund since April 2018.

As an NRIF, the Fund will not be in continuous distribution like a mutual fund or an exchange-traded mutual fund (**ETF**). It will also have more limited redemption rights relative to a mutual fund. Investors of the Fund will not have the right to redeem their Fund units on demand at the net asset value (**NAV**). They will have the right to redeem annually at NAV, or monthly at a discount to NAV. NRIFs generally complete public offerings in the same manner as traditional corporate issuers. If a receipt were to be issued for its prospectus, the Fund will engage underwriters to complete an offering and it will list its securities on an exchange to provide its investors with secondary market liquidity.

Cidel Trust Company (the **Custodian**) will be appointed as the custodian of the assets of the Fund. The Custodian is a federally regulated trust company based in Calgary, Alberta and is a wholly-owned subsidiary of Cidel Bank Canada, a Schedule II Bank regulated by the Office of the Superintendent of Financial Institutions.

The Custodian, however, has advised the Manager that it does not have the capacity to hold bitcoin on behalf of the Fund. Consequently, the Custodian intends to appoint a sub-custodian to hold bitcoin on behalf of the Fund. The Manager is in discussions with several bitcoin sub-custodians, some of which may be qualified to act as a sub-custodian under Part 6 of National Instrument 81-102 *Investment Funds* (**NI 81-102**).

Staff Submissions

Staff's view is that bitcoin is a novel asset currently in its nascent state. Given this, Staff's overlying concern is that more time is required for the development and maturing of regulatory infrastructure for this asset before it can be considered an appropriate underlying asset for an investment fund available to the public.

Public Interest

Staff submissions regarding why it is not in the public interest to issue a receipt for the Fund's prospectus under subsection 61(1) of the Act include the following:

(a) ***Nature of bitcoin***

(i) Due to bitcoin's nascent stage of development, there is a lack of consistent regulation and uncertainty over its treatment by banks and other financial institutions and as a means of payment by retail and commercial outlets. The regulatory framework for cryptoassets, including bitcoin, in many jurisdictions is incomplete and, given the ability to move bitcoin globally, gaps between regulatory regimes is an emerging problem.

(ii) There are significant market integrity concerns regarding the trading of bitcoin that make it an unsuitable asset for a retail investment fund. The cryptoasset market, which includes the bitcoin market, is particularly vulnerable to market abuse and manipulative behaviour because of a number of factors, including the immature stage of development of the market and its actors, a lack of information about the identity of market participants and their activity, and the possibility of new abusive behaviours that may not be captured by current monitoring tools due to the novel nature of the market.

(iii) The nature of bitcoin makes it inherently vulnerable to cybercrime and fraudulent activity. Cryptoassets such as bitcoin are high-value targets for cybercrime, including hacks and thefts.

(b) ***Trading of bitcoin***

Bitcoin trading is fragmented across several platforms and many of these platforms raise significant investor protection issues, including protection of client funds and assets, confidentiality safeguards for personal information, and reliable processes for pricing and trading in bitcoin. The lack of maturity of the bitcoin spot market raises concerns relating to the price discovery for

bitcoin, including the risk of manipulation. Manipulation that occurs on less reputable bitcoin exchanges has a direct impact on the price of bitcoin on more reputable exchanges or the price provided by OTC counterparties.

(c) ***Custody of bitcoin***

The Manager has not provided sufficient comfort regarding the security and safety of the bitcoin to be held on behalf of the Fund by its sub-custodian. Since custodians hold assets for various clients, they typically engage an external auditor to perform an audit of their internal controls so they can provide a copy of such assurance reports to any client who requests internal control information in connection with the audit of the client's financial statements. There are different types of assurance reports that have been developed, however, it is common for custodians to engage their auditor to issue Service Organizational Controls 1 (**SOC 1**) and Service Organizational Controls 2 (**SOC 2**) reports or their equivalent. In each instance, the custodian's auditor would issue a report pertaining to the design of its controls (Type 1 Report), and a report assessing whether such controls were operating as intended over a defined period (Type 2 Report). It would be very unusual for a fund to rely on the services of a custodian that cannot provide SOC 1 and SOC 2 reports (both Type 1 and Type 2) upon request.

While some bitcoin sub-custodians have prepared SOC 1 (Type 1) and/or SOC 2 (Type 1) reports, the Fund has not yet received from any sub-custodian a copy of all the SOC reports typically provided by fund custodians, i.e., SOC 1 (Type 1 and Type 2) and SOC 2 (Type 1 and Type 2) reports (this set of SOC reports are referred to as the **Customary SOC Reports**).

(d) ***Filing of annual financial statements***

The Fund may not be able to file annual audited financial statements in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) if the sub-custodian is unable to provide the Fund with the Customary SOC Reports.

NI 81-106 requires investment funds that are reporting issuers to file audited annual financial statements on an on-going basis. An investment fund relies on a custodian to safeguard its assets and process transactions with respect to those assets upon direction of the fund. Since a fund's assets are held by a third party, in order to complete an audit of the fund's financial statements, the fund's auditor must ensure that it has sufficient appropriate audit evidence to support that the assets being held by the custodian are properly secured and segregated, and that the custodian has appropriate controls in place to process transactions when requested to do so by the fund. In the case of the Fund, to form an unqualified opinion on the Fund's annual audited financial statements, the Fund's auditor will likely need the Customary SOC Reports from the sub-custodian to confirm the existence and ownership of bitcoin held, and the adequacy of internal controls at the sub-custodian.

(e) ***Loss of bitcoin***

The Fund has not taken sufficient steps to protect its investors against the potential loss of bitcoin. The Custodian will not assume liability for the sub-custodian in the event of loss of the Fund's bitcoin. Neither the Custodian nor sub-custodian will have insurance for the Fund's bitcoin held off-line in cold storage.

The Fund's prospectus does not comply in a substantial respect with a requirement of the regulations

Staff submit that the prospectus of the Fund does not comply in a substantial respect with a requirement of the regulations because the Fund will not comply with the restrictions on illiquid assets under NI 81-102. Under NI 81-102, an NRIF is limited to investing no more than 20% of its NAV in illiquid assets. The Fund intends to invest substantially all of its assets in bitcoin. In Staff's view, bitcoin is an "illiquid asset" as defined in NI 81-102 as it does not trade on market facilities on which public quotations in common use are widely available. Therefore, Staff's view is that the Director should refuse a receipt for the prospectus under subsection 61(2)(a)(i) of the Act.

Manager Submissions

Public Interest

The Manager's submissions regarding why it would not be contrary to the public interest to issue a receipt for the Fund's prospectus include the following:

(a) ***Access to bitcoin through a regulated and professionally managed investment fund***

Retail investors in Canada can obtain direct exposure to bitcoin and other cryptocurrencies by investing in securities of reporting issuers which have bitcoin, ether or other cryptocurrencies as their primary asset and have obtained stock exchange listings by completing reverse take-overs of shell issuers on the TSXV (the **RTO Vehicles**). Canadian retail investors can also invest in bitcoin directly on unregulated exchanges and through automatic teller machines, and such bitcoin is generally held online in "hot wallets" where it is susceptible to hackers and fraud. The Fund will provide Canadian retail investors with a safer way to buy and sell bitcoin with the benefit of the investment expertise of a professional portfolio manager and the security of cold storage.

The Fund addresses some of the risks associated with investing in bitcoin by providing investors with a safer way to acquire and dispose of bitcoin on a pooled basis and on a prospectus qualified basis. In addition, the units of the Fund will be sold only through a syndicate of IIROC dealers. Because units of the Fund may only be purchased through IIROC members, all Canadian investors will be subject to the KYC requirements of IIROC members under Canadian AML/ATF rules as well as applicable securities laws.

(b) ***The risks associated with trading bitcoin on unregulated platforms will be mitigated***

The Manager expects that bitcoin will be purchased for the Fund from a Bitcoin Source, including from its sub-custodian and other bitcoin exchanges. The Manager conducts due diligence on each proposed Bitcoin Source prior to transacting with such Bitcoin Source in order to confirm its reputation and stability, including by conducting research on the executive officers and significant shareholders of the Bitcoin Source and the regulatory regime, if any, applicable to the Bitcoin Source. The Manager also confirms that each Bitcoin Source maintains appropriate KYC policies and procedures and refuses to transact with any person or entity that is on a list of designated persons or entities established and maintained under applicable AML Regulation in the jurisdiction of the Bitcoin Source. The Manager ensures that each Bitcoin Source has its head office in a jurisdiction which is a member of the International Financial Action Task Force (**FATF**) or its global network of FATF-Style Regional Bodies.

The Manager will determine where to place the Fund's bitcoin orders based on the prices and volumes available through each Bitcoin Source with a view to achieving best execution for the Fund. Once a bitcoin order has been executed and allocated to the Fund, the Manager reviews and approves the transaction. Upon approval, the sub-custodian is notified and payment for the trade is settled. Once the sub-custodian receives the bitcoin on behalf of the Fund, the sub-custodian immediately places the bitcoin in cold storage, ensuring that such bitcoin is allocated to the Fund's account on a segregated basis.

The Fund's Bitcoin Sources offer trading limits which will seek to ensure that no bitcoin sold to the Fund comes from a wallet associated with illicit activity or from dark web sites or money laundering sites (known as "mixing" sites, such as BitBlender and DreamMarket). Leading cryptoasset exchanges, including some of the Fund's proposed Bitcoin Sources, are licensing exchange surveillance systems which are used by regulated exchanges.

In addition, the Manager will use forensic software to analyze each bitcoin which may be purchased by the Fund in order to identify any ledger entries which are known to be linked to illicit or illegal activity.

Unlike ETFs which accept in specie transfers of securities from designated brokers in exchange for newly-created units, the Manager will control all purchases of bitcoin for the Fund and will know where all its bitcoin is coming from.

(c) ***The pseudonymous (not anonymous) nature of bitcoin makes it easier to trace than cash***

Although criminals may have been early adopters of bitcoin and other cryptocurrencies, law enforcement agencies are now working with cryptoasset forensics firms to track criminal activity on the blockchain. Some forensics firms also offer financial compliance software to cryptocurrency exchanges and others. The Manager will purchase financial compliance software to review coin sources at the Bitcoin Sources, as well as their underlying sources, and block bitcoin transactions from countries which are subject to AML/ATF sanctions or other economic sanctions.

(d) ***No restrictions on investments in volatile assets***

The volatility of bitcoin is not higher than other asset classes and there are no restrictions against investment funds investing in volatile assets.

(e) ***Valuation of bitcoin***

The Fund will be able to value its bitcoin investments. The Fund's bitcoin will be valued based on the MVIS CryptoCompare Bitcoin Index (**MVBTC**) maintained by MV Index Solutions GmbH (**MVIS**). MVBTC is intended to be an index of the U.S. dollar price of one bitcoin. It is representative of the bids and offers of market participants to buy or sell bitcoin on those exchanges elected by the MVBTC to serve as pricing sources for the calculation of the MVBTC. The MVBTC is geared towards timeliness and represents an unbiased estimator of the bitcoin price. MVIS is an index provider based in Frankfurt, Germany and regulated as an index administrator by the German Federal Financial Supervisory Authority. MVIS had adopted indexing practices and operations for its digital assets indices, including MVBTC, which comply with EU benchmark regulations. MVIS's pricing benchmarks are also compliant with International Organisation of Securities Commissions regulations.

(f) ***The Fund's assets will be held appropriately***

The Custodian meets the requirements of Part 6 of NI 81-102 and the Manager is currently in discussions with various entities to act as sub-custodian for the Fund's bitcoin holdings, including entities that may be qualified to act as sub-custodian under Part 6 of NI 81-102. There is no requirement for a custodian or sub-custodian to provide a fund with SOC reports. Neither the

Custodian nor the sub-custodian will maintain insurance against risk of loss of bitcoin held on behalf of the Fund off-line in cold storage, as such insurance is not currently available on commercially reasonable terms and obtaining such insurance is not consistent with industry practice for custodians of bitcoin. The Prospectus contains clear disclosure regarding the risk of loss and the lack of insurance.

(g) ***Filing of audited financial statements***

The Fund will file the required audited financial statements for the Prospectus and intends to file audited annual financial statements required under NI 81-106.

The auditor of the Fund is MNP LLP. The Fund will provide an audited opening balance sheet that meets the financial statement requirements for a prospectus for a new investment fund. This opening balance sheet will report on the Fund's initial holding of one bitcoin. The Manager expects that it will be able to file audited financial statements for the Fund required under NI 81-106, accompanied by an unqualified audit report on those statements, for the year ending December 31, 2019 (the **2019 Financial Statements**). The auditor's delivery of an unqualified audit report will be subject to completion of its audit tests relating to the 2019 Financial Statements. The Manager expects that the auditor will be able to provide an unqualified audit report upon receipt of all documentation from the sub-custodian that the auditor considers necessary to complete its audit procedures.

The Fund's prospectus does not comply in a substantial respect with a requirement of the regulations

The Manager submits that the Director should not refuse to issue a receipt for the Fund's prospectus under subsection 61(2)(a)(i) of the Act because bitcoin is not an "illiquid asset" as defined in NI 81-102. Consequently, the Fund will comply with the restrictions regarding illiquid assets under NI 81-102.

The Manager provided data regarding the high daily trading volumes and liquidity expectations for bitcoin reported by some of its Bitcoin Sources, as well as data regarding the relatively large market capitalization of bitcoin compared to many other publicly traded asset classes. The Manager submits that public quotations for bitcoin are in common use and are widely available. MVBTC and the CME CF Bitcoin Real-Time Index are examples of two bitcoin indices administered and calculated by regulated index administrators which provide market prices for bitcoin. A consolidated market price is also available on Bloomberg under the ticker XBT.

The Manager submits that the definition of "illiquid asset" in NI 81-102 does not specify that the "market facilities" through which liquid portfolio assets are readily disposable must be regulated

"marketplaces" as defined in National Instrument 21-101 *Marketplace Operation*, and there is no general definition of "market" or "market facilities" in National Instrument 14-101 *Definitions* or in NI 81-102.

Director's Decision and Reasons

As set out at the start of this letter, I have decided not to issue a receipt for the Fund's prospectus under subsections 61(1) and 61(2)(a)(i) of the Act.

Public Interest

As set out in section 1.1 of the Act, the purposes of the Act are: (a) to provide protection to investors from unfair, improper or fraudulent practices; (b) to foster fair and efficient capital markets and confidence in capital markets; and (c) to contribute to the stability of the financial system and the reduction of systemic risk.

Bitcoin and other cryptoassets create novel challenges in striking a balance between product innovation that may promote fair and efficient capital markets and the protection of investors. In my view, because of the lack of established regulation for the bitcoin market at this time, an investment in the Fund raises a number of investor protection issues, notably, issues concerning the valuation, safeguarding and liquidity of bitcoin. Currently, the types of assets that publicly offered investment funds invest in are more mature traditional assets (such as equities and bonds) for which established regulation already exists.

Investing in bitcoin involves investment risk, that is, the risk of losing money as a result of market price decline, as does any investment. In fair and efficient capital markets, investors assess and take investment risks. The securities regulatory regime generally seeks to manage these risks for investors through the provision of full, true and plain disclosure and through sales of investment products by registered dealers. Unlike corporate issuers, publicly offered investment funds are subject to additional regulatory requirements to provide protection for investors against the risks associated with operating an investment fund. Requirements that promote the accurate valuation of fund assets, the liquidity of a fund and the safeguarding of fund assets seek to mitigate operational risks that are not appropriate for investment funds available to the public. I am of the view that in deciding whether it is not contrary to the public interest to issue a receipt for a prospectus of an investment fund, I am required to consider whether fund operational risks are adequately managed by measures other than providing disclosure of such risks to

investors. The section below outlines my concerns with specific operational risks arising from the Fund's investment of substantially all of its assets in bitcoin.

Valuation

I agree with Staff's concerns regarding the impact on the Fund's ability to accurately value its assets for investors due to the fragmented and unregulated environment in which bitcoin generally trades. Appropriate valuation is important as the Fund's NAV generally serves as a benchmark for the trading price of its units on the exchange, determines the price at which investors can redeem their investment, and is an input in significant aspects of the Fund (such as the Manager's management fee).

The Manager has considered this issue and attempted to address it with constraints around its Bitcoin Sources and valuing the Fund's bitcoin based on the MVBTC. I accept Staff's submission, however, that trading activities on other less reputable platforms can impact pricing of bitcoin on more reputable platforms. In my view, this risk to the Fund's ability to accurately value its holdings is not typically present for traditional portfolio assets that either trade on a regulated marketplace or through more developed industry standard dealer trading networks.

Safeguarding of Assets

I accept Staff's submission that an investment in the Fund presents a novel risk regarding the safeguarding of the fund assets to the extent that the bitcoin sub-custodian is not yet able to provide the Customary SOC Reports. I acknowledge that Staff does not normally require Customary SOC Reports for publicly offered investment funds. Bitcoin, however, is a novel digital asset that requires novel custodial arrangements. Without the Customary SOC Reports (which I understand a custodian of traditional portfolio assets provides to its clients in accordance with industry practice) or insurance maintained by the Custodian or sub-custodian against the risk of loss of bitcoin held on behalf of the Fund in cold storage, I am concerned that an investment in the Fund presents a novel risk that is unacceptable for a prospectus qualified fund offering. I note also that some entities seeking to act as sub-custodian for bitcoin holdings may not qualify to act as a sub-custodian under Part 6 of NI 81-102. If the Custodian and Manager wish to retain an entity that does not meet the requirements to act as the bitcoin sub-custodian under Part 6 of NI 81-102, I would also need to consider whether the risks of using this type of entity as sub-custodian for the Fund's bitcoin holdings can be sufficiently mitigated.

Audited Annual Financial Statements

Accurate and timely financial reporting is a fundamental requirement of publicly offered investment funds to ensure transparency and on-going information to investors. I accept Staff's submission that an investment in the Fund presents a novel risk of the audited financial statements required under NI 81-106 not being filed. As discussed above, Staff does not normally request the Customary SOC Reports from a custodian or sub-custodian for a prospectus review. Bitcoin, however, is a novel asset. It is unclear how the Fund's auditor will be able to provide an unqualified opinion on the Fund's annual financial statements in accordance with NI 81-106 without receiving the Customary SOC Reports from the sub-custodian.

I note that there are investment funds that are not reporting issuers, such as the 3iQ Pooled Fund managed by the Manager, that are subject to audited annual financial statement requirements under NI 81-106. These products are sufficiently new that they have not yet passed the initial date for filing their first set of audited annual financial statements. The audit experience with these products may provide useful information regarding challenges or standards for the audit profession. At present, however, I believe there is a material risk that the Fund will not be able to file audited annual financial statements.

Operational Risks

The Manager provided detailed submissions to address the operational risks set out above and the Prospectus provides disclosure of the risks of an investment in the Fund. The Manager has clearly invested significant resources in designing the Fund with a view to mitigating and disclosing the relevant risks for retail investors. However, due to the nascent state of bitcoin and the lack of established regulation for bitcoin market, there is currently no compelling evidence that the Manager's processes and controls for the operation of the Fund (as set out in its submissions) will be effective in mitigating my concerns regarding the valuation and safeguarding of fund assets and the risk of the Fund's audited financial statements not being filed. I am not convinced that these investor protection issues will be adequately addressed. Therefore, I am of the view that it would be contrary to the public interest for a receipt to be issued for the Fund's prospectus.

<u>The Fund's prospectus does not comply in a substantial respect with a requirement of the regulations</u>

I further agree with Staff that bitcoin is an illiquid asset and, consequently, that I am obligated to refuse a receipt for the Fund's prospectus under subsection 61(2)(a)(i) of the Act as the Fund does not comply in a substantial respect with the restriction in NI 81-102 against the holding of illiquid assets.

Under NI 81-102, "illiquid asset" means a portfolio asset that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximates the amount at which the portfolio asset is valued in calculating the net asset value per security of the mutual fund.

The Manager rightly submits that "market facilities" is an undefined term and that the definition of "illiquid asset" does not, on its face, require that the asset can be readily disposed of through a regulated exchange or marketplace. I agree with Staff, however, that the term "market facilities" implies some form of established and mature trading facility or network in order to promote a robust valuation of a fund's assets. In my view, Staff's interpretation provides the definition of "illiquid asset" with meaning. Such a market facility does not exist yet for bitcoin.

I also note that subsection 61(2)(a)(i) of the Act states that a receipt for a prospectus shall not be issued if it appears to the Director that "the prospectus or any document required to be filed with it" does not comply in any substantial respect with any of the requirements of the Act or the regulations. While it may appear that this subsection applies only to the disclosure in the prospectus, given that publicly offered investment funds are subject to fund operational

requirements in NI 81-102 (which is a "regulation" as defined in subsection 1(1) of the Act), I believe that I should consider any non-compliance with NI 81-102 when considering the application of subsection 61(2)(a)(i) of the Act.

I also find that it would be contrary to the public interest under subsection 61(1) of the Act to issue a receipt for a prospectus for a fund that proposes to operate in violation of NI 81-102.

Conclusion

The Manager submitted that the Fund could potentially provide retail investors with better protection relative to how bitcoin can be accessed by investors either directly or by investing in other publicly traded vehicles such as the RTO Vehicles. I understand that the RTO Vehicles are not investment funds. Further, they did not file a prospectus and therefore a decision under section 61 of the Act was not required. While I appreciate the importance of innovation in publicly offered investment funds, as discussed above, it does not appear to me at this time that the operational risks presented by the Fund are sufficiently mitigated such that the Fund can make a public offering.

In conclusion, I am of the view that a receipt for the prospectus of the Fund should not be issued. The Manager has the right under subsection 8(2) of the Act to request a hearing before the Commission to review my decision. Should the Manager wish to exercise that right, it may file an application with the Registrar in the Commission Secretary's Office.

Yours truly,

"Raymond Chan"
Acting Director
Investment Funds & Structured Products

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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
Distinct Infrastructure Group Inc.	15 February 2019	28 February 2019		

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Bexar Ventures Inc.	01 February 2019	12 February 2019
Braille Energy Systems Inc.	01 February 2019	13 February 2019

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
LGC Capital Ltd.	30 January 2019	
Katanga Mining Limited	15 August 2017	

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
AGF American Growth Fund
AGFiQ Dividend Income Fund (formerly, AGF Dividend Income Fund)
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated February 11, 2019
Received on February 12, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
N/A
Project #2740888

Issuer Name:
Arrow Global Advantage Alternative Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated February 12, 2019
Received on February 12, 2019
Offering Price and Description:
Series U and G
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Arrow Capital Management Inc.
Project #2843979

Issuer Name:
Emerge ARK Artificial Intelligence ETF
Emerge ARK Autonomous Technology ETF
Emerge ARK Genomic Revolution ETF
Emerge ARK Global Disruptive Innovation ETF
Emerge ARK Israel Innovative Technology Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 13, 2019
NP 11-202 Preliminary Receipt dated February 14, 2019
Offering Price and Description:
CAD Units and the USD Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Emerge Canada Inc.
Project #2873690

Issuer Name:
Exemplar Leaders Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated February 15, 2019
Received on February 15, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Arrow Capital Management Inc.
Project #2780252

Issuer Name:
Family Group Education Savings Plan
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 7, 2019
Received on February 13, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Knowledge First Financial Inc.
Promoter(s):
Knowledge First Foundation
Project #2776516

Issuer Name:
Flex First Plan
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 7, 2019
Received on February 13, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Knowledge First Financial Inc.
Promoter(s):
Knowledge First Foundation
Project #2776495

Issuer Name:
Purpose Money Market Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 14, 2019
NP 11-202 Preliminary Receipt dated February 15, 2019
Offering Price and Description:
Class A units and Class F units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Purpose Investments Inc.
Project #2874431

Issuer Name:
Sprott Physical Gold and Silver Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated February 13, 2019
NP 11-202 Preliminary Receipt dated February 13, 2019
Offering Price and Description:
Maximum: US$1,500,000,000
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2873583

Issuer Name:
AGF American Growth Fund
AGFiQ Dividend Income Fund (formerly, AGF Dividend Income Fund)
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated February 11, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
N/A
Project #2740888

Issuer Name:
Barometer Disciplined Leadership Equity Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Annual Information Form dated February 8, 2019
NP 11-202 Receipt dated February 13, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2858083

Issuer Name:
RBC Private Canadian Growth and Income Equity Pool (to be renamed RBC Private Fundamental Canadian Equity Pool)
Principal Regulator – Ontario
Type and Date:
Amendment #5 to Final Simplified Prospectus dated February 8, 2019
NP 11-202 Receipt dated February 13, 2019
Offering Price and Description:
Series F and Series O units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc. (other than Series A)
Royal Mutual Funds Inc. (Series A)
Royal Mutual Funds Inc./RBC Direct Investing Inc.
The Royal Trust Company
RBC Dominion Securities Inc.
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
RBC Global Asset Management Inc. (other than Series A)
Project #2774740

Issuer Name:
Bristol Gate Concentrated Canadian Equity ETF
Bristol Gate Concentrated US Equity ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated February 13, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
CAD Units and USD Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2858224

Issuer Name:
Equium Global Tactical Allocation Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated February 8, 2019
NP 11-202 Receipt dated February 13, 2019
Offering Price and Description:
ETF Series Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Equiuum Capital Management Inc.
Project #2824178

Issuer Name:
Exemplar Tactical Corporate Bond Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated January 31, 2019
NP 11-202 Receipt dated February 13, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Arrow Capital Management Inc.
Project #2780252

Issuer Name:
Franklin Conservative Income ETF Portfolio
Franklin Core ETF Portfolio
Franklin Growth ETF Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated February 13, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
Series A, F, FT and T securities
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
FTC Investor Services Inc.
Promoter(s):
Franklin Templeton Investments Corp.
Project #2862415

Issuer Name:
Lorica Canadian Fixed Income Fund (formerly Marquest Canadian Fixed Income Fund)
Principal Regulator – Ontario
Type and Date:
Amended and Restated to Final Simplified Prospectus dated February 15, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2864971

NON-INVESTMENT FUNDS

Issuer Name:
Cannabis Strategies Acquisition Corp.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated February 15, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
No securities are being offered pursuant to this prospectus.
Underwriter(s) or Distributor(s):
–
Promoter(s):
Jonathan Sandelman
Project #2855683

Issuer Name:
Goodfood Market Corp. (formerly Mira VII Acquisition Corp.)
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 12, 2019
NP 11-202 Preliminary Receipt dated February 12, 2019
Offering Price and Description:
$25,000,000.00
7,142,857 Common Shares
Price: $3.50 per Offered Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Desjardins Securities Inc.
National Bank Financial Inc.
Acumen Capital Finance Partners Limited
Scotia Capital Inc.
RBC Dominion Securities Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
PI Financial Corp.
Promoter(s):
–
Project #2871828

Issuer Name:
iA Financial Corporation Inc.
Principal Regulator – Quebec
Type and Date:
Final Shelf Prospectus dated February 12, 2019
NP 11-202 Receipt dated February 13, 2019
Offering Price and Description:
$2,000,000,000.00 – Debt Securities, Class A Preferred Shares, Common Shares, Subscription Receipts, Warrants, Share Purchase Contracts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2865309

Issuer Name:
Karam Minerals Inc.
Principal Regulator – British Columbia
Type and Date:
Long Form Prospectus dated February 15, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
3,000,000 Common Shares
$0.10 per Common Share
Public Offering of $300,000.00
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
Michael Sadhra
Project #2838358

Issuer Name:
kneat.com, inc.
Principal Regulator – Nova Scotia
Type and Date:
Short Form Prospectus dated February 14, 2019
NP 11-202 Receipt dated February 14, 2019
Offering Price and Description:
$5,512,500.00
5,250,000 Common Shares
Price: $1.05 per Offered Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Echelon Wealth Partners Inc.
Mackie Research Capital Corporation
Promoter(s):
–
Project #2871639

Issuer Name:
Leafbuyer Technologies, Inc.
Principal Regulator – Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated February 14, 2019
NP 11-202 Preliminary Receipt dated February 15, 2019
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2843852

Issuer Name:
Neptune Wellness Solutions Inc. (formerly Neptune Technologies & Bioressources Inc.)
Principal Regulator – Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated February 13, 2019
NP 11-202 Preliminary Receipt dated February 13, 2019
Offering Price and Description:
US$150,000,000.00
Common Shares
Warrants
Units
Subscription Receipts
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2873536

Issuer Name:
Trulieve Cannabis Corp. (formerly Schyan Exploration Inc.)
Principal Regulator – Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated February 14, 2019
NP 11-202 Preliminary Receipt dated February 15, 2019
Offering Price and Description:
$250,000,000.00
Subordinate Voting Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2874343

Issuer Name:
WPT Industrial Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Short Form Prospectus dated February 15, 2019
NP 11-202 Receipt dated February 15, 2019
Offering Price and Description:
US$135,000,000.00
10,000,000 Units
Price: US$13.50 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
RBC Dominion Securities Inc,
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc
Canaccord Genuity Corp.
Industrial Alliance Securities Inc,
GMP Securities L.P.
Promoter(s):
–
Project #2871264

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Acasta Capital Inc.	Exempt Market Dealer	February 6, 2019
Change in Registration Category	Whitehaven Asset Management Inc.	From: Portfolio Manager To: Portfolio Manager & Investment Fund Manager	February 12, 2019
Voluntary Surrender	Sphere Investment Management Inc.	Portfolio Manager, Investment Fund Manager, and Exempt Market Dealer	February 6, 2019
Voluntary Surrender	EnTrust Focus Partners LP	Portfolio Manager & Investment Fund Manager	February 6, 2019
Voluntary Surrender	Prime Quadrant	Portfolio Manager and Exempt Market Dealer	February 15, 2019
New Registration	Prime Quadrant Corp.	Portfolio Manager and Exempt Market Dealer	February 15, 2019

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Proposed Amendments to Notes and Instructions to Schedules 1 and 7 of Form 1 Regarding Agency Tri-Party Arrangements – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS TO NOTES AND INSTRUCTIONS TO SCHEDULES 1 AND 7 OF FORM 1 REGARDING AGENCY TRI-PARTY ARRANGEMENTS

IIROC is publishing for public comment proposed amendments to Notes and Instructions to Schedules 1 (Analysis of Loans Receivable, Securities Borrowed and Resale Agreements) and 7 (Analysis of Overdrafts, Loans, Securities Loaned and Repurchase Agreements) of Form 1, regarding the margin requirements for certain agency tri-party repurchase and resale arrangements and certain agency tri-party securities borrow and loan arrangements (collectively, the Proposed Amendments). The main purpose of the Proposed Amendments is to allow Dealer Members to be able to treat the agent in these arrangements as equivalent to principal for margin purposes.

A copy of the IIROC Notice including the Proposed Amendments is also published on our website at http://www.osc.gov.on.ca. The 60-day comment period ends on April 22, 2019.

13.2 Marketplaces

13.2.1 TMX Group Limited et al. – Notice of Variation Orders

On February 8, 2019, the Commission made orders under subsection 144(1) of the *Securities Act* (Ontario) varying the Commission's orders recognizing TMX Group Limited, TSX Inc., Alpha Exchange Inc., Neo Exchange Inc., CNSX Markets Inc., and Nasdaq CXC Limited as exchanges.

The variation orders provide for the streamlining of certain reporting and other requirements applicable to recognized exchanges carrying on business in Ontario and reflect the Commission's efforts to reduce regulatory burden for Ontario market participants. There are ongoing consultations with Ontario market participants on ways to further reduce regulatory burden and improve the investor experience (see OSC Staff Notice 11-784: *Burden Reduction*). We continue to engage to identify opportunities to reduce regulatory burden while protecting investors and the integrity of Ontario's capital markets.

13.2.2 CSE – Policy 6 Distributions – Summary of Comments and Notice of Approval

CANADIAN SECURITIES EXCHANGE

SUMMARY OF COMMENTS AND NOTICE OF APPROVAL

POLICY 6 DISTRIBUTIONS

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, CNSX Markets Inc. ("CSE") has adopted, and the Ontario Securities Commission has approved, public interest rule amendments to Policy 6 – *Distributions* ("Policy 6").

Policy 6 Distributions will be amended by adding, in the General section, additional language to s. 1.4 to require a 4 month hold period on all shares issued pursuant to the s. 2.24 exemption available in National Instrument 45-106 *Prospectus Exemptions* regardless of whether the seasoning period applied. Resale restrictions must also be disclosed in a news release describing the share issuance.

The amendments were published for comment on November 29, 2018, and one comment letter was received. A summary of the comments and CSE's response, as well as a copy of the CSE Notice, can be found at www.osc.gov.on.ca.

The full text of the amendments is available at http://thecse.com.

13.2.3 Neo Exchange Inc. – Proposed Amendments to the Listing Manual and Listing Forms – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

NEO EXCHANGE INC.

PROPOSED AMENDMENTS TO THE LISTING MANUAL AND LISTING FORMS

Neo Exchange Inc. (Neo Exchange) and the OSC are publishing for comment proposed amendments to the Neo Exchange Listing Manual and Listing Forms. The comment period ends on March 25, 2019. A copy of the Neo Exchange notice, including the proposed amendments, was also published on our website at www.osc.gov.on.ca.

13.2.4 TSX Inc. – Dynamic Order Protection Rule Repricing – Notice of Proposed Changes and Request for Comment

TSX INC.

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENTS

DYNAMIC ORDER PROTECTION RULE REPRICING

TSX Inc. ("TSX") is publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto".

Market participants are invited to provide comments on the proposed changes. Comments should be in writing and delivered by March 25, 2019 to:

Anastassia Tikhomirova
Legal Counsel, Regulatory Affairs
TMX Group
300-100 Adelaide Street West
Toronto, Ontario M5H 1S3
Email: tsxrequestforcomments@tsx.com

A copy should also be provided to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West
Toronto, Ontario M5H 3S8
Email: marketregulation@osc.gov.on.ca

Comments will be made publicly available unless confidentiality is requested. Upon completion of the review by Commission staff, and in the absence of any regulatory concerns, notice will be published to confirm completion of Commission staff's review and the Commission's approval.

Background

TSX is seeking to introduce further enhancements to the options available to participants for complying with the Order Protection Rule ("OPR") defined in National Instrument 23-101 ("NI 23-101") by adding dynamic repricing to the OPR Reprice feature.

Details and Rationale

Dynamic repricing will provide participants with increased flexibility and options for managing their resting OPR Reprice orders. It will also help clients ensure that their OPR Reprice orders are always at the more aggressive of their limit price and the best quote possible, subject to the Protected National Best Bid and Offer ("PNBBO") and OPR requirements, maximizing opportunities for order execution.

Currently, orders marked with the OPR Reprice instruction that would trade through or lock or cross the PNBBO upon entry are automatically repriced to one tick inside the opposite side PNBB/O. Orders are repriced only upon order entry and are not repriced with subsequent changes to the PNBBO.

By introducing dynamic repricing for the OPR Reprice feature, TSX is proposing to enhance the current OPR reprice mechanism as follows (the "Proposed Amendments"):

- Automatically reprice resting OPR Reprice orders more aggressively to their stated limit when an update to the PNBBO permits, allowing the order either to trade or to remain booked at the most aggressive price, as applicable.
- Where the repriced resting OPR Reprice order in this scenario was marked Post Only, the order will only book in accordance with existing Post Only logic but will not trade.
- When an order is repriced, it is assigned a new time priority based on the time each repricing occurs.
- When repricing multiple orders to the same price level, the time sequence for the repricing will be determined by each order's original timestamp or by the timestamp associated with the last repricing, whichever is later.

For example, if resting buy OPR Reprice Order A had been entered at 10:00am and repriced upon entry to $9.98, and resting buy OPR Reprice Order B had been entered at 10:03am and repriced to the same level, if both are then subsequently repriced to $9.99, both will be assigned a new time priority based on the time of the repricing, with Order A maintaining its time priority ahead of Order B.

- Dynamic OPR Repricing is available between 9:30 a.m. to 4:00 p.m. Outside of this time, orders will be booked at their limit price and will not reprice.

Expected Date of Implementation

The Proposed Amendments are expected to become effective in Q3 2019.

Expected Impact

The Proposed Amendments will allow clients increased flexibility in managing their resting OPR Reprice orders. OPR Reprice orders that are dynamically repriced will allow participants to ensure they continue to provide the best quote possible, and maximize opportunities for order execution. The Proposed Amendments also remove the need for clients to manage the subsequent repricing of their OPR Reprice orders as is necessary with the current OPR Reprice mechanism.

Expected Impact of Proposed Changes on the Exchange's Compliance with Ontario Securities Law

The Proposed Amendments will not impact TSX's compliance with Ontario securities law and in particular the requirements for fair access and maintenance of fair and orderly markets. TSX will continue to apply appropriate execution logic to ensure conformance with the OPR.

Estimated Time Required by Members and Service Vendors to Modify Their Own Systems after Implementation of the Proposed Changes

Based on current planned implementation timelines, TSX anticipates that at least 90 days will be provided between regulatory approval of the Proposed Amendments and implementation. This should be sufficient to allow adoption by those that wish to take full advantage of the enhanced OPR Reprice functionality. Accessing OPR Reprice feature will require little to no changes by Members or Service Vendors, as the OPR Reprice option already exists today.

Do the Changes Currently Exist in Other Markets or Jurisdictions

Dynamic repricing of OPR Reprice orders is an extension of the existing OPR Reprice functionality on TSX and TSX Venture Exchange. Similar repricing functionality currently applies to OPR Reprice orders on both Nasdaq CXC and CX2.

APPENDIX A
EXAMPLES INVOLVING DYNAMIC REPRICING FOR OPR REPRICE ORDERS

The following examples demonstrate the new proposed functionality for OPR Reprice orders:

Example 1: *Non-Post-Only OPR Reprice order is repriced when the Away BBO (ABBO) changes resulting in a trade.*

Book as follows:

	Order Ref #	Order	Limit Price	Timestamp	Volume	BID	ASK
PNBBO						*10.00*	*10.01*
ABBO						*10.00*	*10.05*
TBBO						*9.99*	*10.01*
TSX	1	Buy Limit	9.99	10:00:01	1,000	9.99	
TSX	2	Sell OPR Reprice (Non-Post Only)	9.95	10:00:02	2,000		10.01
TSX	3	Buy Limit	9.98	10:00:09	5,500	9.98	

Action: ABB changes from 10.00 to 9.99, resulting in change in PNBB to 9.99.

Result: Order #2 reprices to its limit price of 9.95, trades against Order #1 for 1000 shares at 9.99, and books remaining 1000 shares with new timestamp at 10.00 to prevent locking with the ABB at 9.99. TBBO updates to 9.98 / 10.00. PNBBO updates to 9.99 / 10.00.

Example 2: *Post-Only OPR Reprice order is repriced when the ABBO changes, resulting in re-booking.*

Book as follows:

	Order Ref #	Order	Limit Price	Timestamp	Volume	BID	ASK
PNBBO						*10.00*	*10.01*
ABBO						*10.00*	*10.05*
TBBO						*9.99*	*10.01*
TSX	1	Buy Limit	9.99	10:00:01	1,000	9.99	
TSX	2	Sell OPR Reprice (Post Only)	9.95	10:00:02	2,000		10.01
TSX	3	Buy Limit	9.98	10:00:09	5,500	9.98	

Action: ABB changes from 10.00 to 9.99, resulting in change in PNBB to 9.99.

Result: Order #2 re-books at 10.00 with new timestamp. No trade occurs because order is marked Post Only. TBBO updates to 9.99 / 10.00. PNBBO updates to 9.99 / 10.00.

Example 3: *Non-Post Only OPR Reprice order is repriced when the TBBO changes, resulting in a trade.*

Book as follows:

	Order Ref #	Order	Limit Price	Timestamp	Volume	BID	ASK
PNBBO						*10.00*	*10.01*
ABBO						*10.00*	*10.05*
TBBO						*9.99*	*10.01*
TSX	1	Buy Limit	9.99	10:00:01	1,000	9.99	
TSX	2	Sell OPR Reprice (Non-Post-Only)	9.95	10:00:02	2,000		10.01
TSX	3	Buy Limit	9.98	10:00:09	5,500	9.98	

Action: Order #4 to buy 1,000 shares @ 10.00 is entered on TSX. TBB updates to 10.00. PNBB remains unchanged at 10.00.

Result: Order #2 reprices to its limit price of 9.95 and trades 1,000 shares at 10.00 against Order #4. Order #2 books remaining 1,000 shares at 10.01 to prevent locking with ABB / PNBB of 10.00.

Example 4: *Multiple Post Only OPR Reprice sell orders are repriced when the PNBO changes.*

Book as follows:

	Order Ref #	Order	Limit Price	Timestamp	Volume	BID	ASK
PNBBO						*10.00*	*10.01*
ABBO						*10.00*	*10.05*
TBBO						*9.99*	*10.01*
TSX	1	Buy Limit	9.99	10:00:01	1,000	9.99	
TSX	2	Sell OPR Reprice (Post-Only)	9.97	10:00:02	2,000		10.01
TSX	3	Buy Limit	9.98	10:00:09	5,500	9.98	
TSX	4	Sell OPR Reprice (Post-Only)	9.95	10:03:00	500		10.01

Action: Order #5 to sell 1,500 shares @ 10.00 marked DAO is entered on TSX at timestamp 10:05:00. The ABB updates to 9.99 shortly after at timestamp 10:05:00.002. PNBBO updates to 9.99 / 10.00.

Result: Order #5 is booked as a sell on TSX at 10.00. Upon update of the ABB to 9.99, Post Only OPR Reprice Order #2 reprices to 10.00 to remain passive, followed by the repricing of Post Only OPR Reprice Order #4 to the same price. Time priority for the sell orders is as follows: Order #5, Order #2, Order #4.

The new book is as follows (shaded cells reflect changes):

	Order Ref #	Order	Limit Price	Timestamp	Volume	BID	ASK
PNBBO						*9.99*	*10.00*
ABBO						*9.99*	*10.05*
TBBO						*9.99*	*10.00*
TSX	1	Buy Limit	9.99	10:00:01	1,000	9.99	
TSX	3	Buy Limit	9.98	10:00:09	5,500	9.98	
TSX	5	Sell Limit DAO	10.00	10:05:00	1,500		10.00
TSX	2	Sell OPR Reprice (Post-Only)	9.95	10:05:00.002	2,000		10.00
TSX	4	Sell OPR Reprice (Post-Only)	9.97	10:05:00.003	500		10.00

Chapter 25

Other Information

25.1 Consents

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

Headnote

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

Statutes Cited

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

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b)

IN THE MATTER OF
R.S.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
RHC CAPITAL CORPORATION

CONSENT
(Subsection 4(b) of the Regulation)

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

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

AND UPON the Applicant having represented to the Commission that:

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

2. The Applicant's common shares (the **Common Shares**) are listed and posted for trading on the TSX Venture Exchange (the **TSXV**) under the symbol "RHC" and as at 30 January 2019 has 151,031,947 issued and outstanding Common Shares.

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

4. The Application for Continuance into Saskatchewan is being made to allow the Applicant to move its corporate records office to Saskatchewan, which is where its new head office and its land assets are located.

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

6. The Applicant is a reporting issuer under the *Securities Act*, R.S.O., c. S.5, as amended (the **Act**), the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418 (the **BCSA**) and Alberta under 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. The Applicant will apply to become a reporting issuer in Saskatchewan upon completion of the Continuance.

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

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

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

10. The Commission is the principal regulator of the Applicant. Following the Continuance, the Applicant's registered head office, which is currently located in Saskatchewan will remain in Saskatchewan and the Applicant intends to have the Financial and Consumer Affairs Authority of Saskatchewan be its principal regulator.

11. The Applicant's management information circular dated March 20, 2018 for its annual general and special meeting of shareholders, on April 23, 2018 (the **Shareholders Meeting**) described the proposed Continuance and disclosed the reasons for it and its implications. It also disclosed full particulars of the dissent rights of the Applicant's shareholders under section 185 of the OBCA.

12. The Applicant's shareholders authorized the Continuance at the Shareholders Meeting by a special resolution that was approved by 99% of the votes cast; no shareholder exercised dissent rights pursuant to section 185 of the OBCA.

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

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

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

DATED at Toronto, Ontario this 8th day of February 2019.

"Cecilia Willaims"
Commissioner
Ontario Securities Commission

"Grant Vingoe"
Commissioner
Ontario Securities Commission

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