The Ontario Securities Commission

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

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

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

Contact Centre – Inquiries, Complaints:

Office of the Secretary:

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Thomson Reuters
One Corporate Plaza
2075 Kennedy Road
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M1T 3V4

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

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

Fax: 416-593-2318

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

Customer Support
1-416-609-3800 (Toronto & International)
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FILE NO.: 2019-12

IN THE MATTER OF
PARAMOUNT EQUITY FINANCIAL CORPORATION,
SILVERFERN SECURED MORTGAGE FUND,
SILVERFERN SECURED MORTAGE LIMITED PARTNERSHIP,
GTA PRIVATE CAPITAL INCOME FUND,
GTA PRIVATE CAPITAL INCOME LIMTED PARTNERSHIP,
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PACC WILSON CORPORATION,
NIAGARA FALLS FACILITY INC.,
TRILOGY MORTGAGE GROUP INC.,
TRILOGY EQUITIES GROUP LIMITED PARTNERSHIP,
MARC RUTTENBERG,
RONALD BRADLEY BURDON and
MATTHEW LAVERTY

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

PROCEEDING TYPE: Enforcement Proceeding

HEARING DATE AND TIME: April 24, 2019 at 9:00 a.m.

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

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order(s) requested in the Statement of Allegations filed by Staff of the Commission on March 29,2019.

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

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 29th day of March, 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
PARAMOUNT EQUITY FINANCIAL CORPORATION,
SILVERFERN SECURED MORTGAGE FUND,
SILVERFERN SECURED MORTAGE LIMITED PARTNERSHIP,
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TRILOGY EQUITIES GROUP LIMITED PARTNERSHIP,
MARC RUTTENBERG,
RONALD BRADLEY BURDON and
MATTHEW LAVERTY

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 the following orders:

   (a) As against the **Paramount Group** (as defined below):

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

      (ii) that it be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(2.1) of the Act;

      (iii) that any exemption contained in Ontario securities law not apply to it permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(3) of the Act;

      (iv) that it be reprimanded, pursuant to subsection 127(1)(6) of the Act;

      (v) that it be prohibited from becoming or acting as a registrant, or promoter permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(8.5) of the Act; and

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

   (b) As against **Trilogy** (as defined below):

(i) that the Order of the Commission dated September 10, 2018, which extended its initial Order of April 16, 2018 that Trilogy temporarily cease trading in securities be extended until the conclusion of this hearing pursuant to subsection 127(1)(2) and (8) of the Act;

(ii) that it cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(2) of the Act;

(iii) that it be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(2.1) of the Act;

(iv) that any exemption contained in Ontario securities law not apply to it permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(3) of the Act;

(v) that it be reprimanded, pursuant to subsection 127(1)(6) of the Act;

(vi) that it be prohibited from becoming or acting as a registrant, or promoter permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(8.5) of the Act;

(vii) that it pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to subsection 127(1)(9) of the Act;

(viii) that it pay costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

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

(c) As against each of Marc Ruttenberg, Ronald Bradley Burdon and Matthew Laverty, the **Principals** (as defined below):

(i) that he cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(2) of the Act;

(ii) that he be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(2.1) of the Act;

(iii) that any exemption contained in Ontario securities law not apply to him permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(3) of the Act;

(iv) that he be reprimanded, pursuant to subsection 127(1)(6) of the Act;

(v) that he resign any position he may hold as a director or officer of any issuer, pursuant to subsection 127(1)(7) of the Act;

(vi) that he be prohibited from becoming or acting as a director or officer of any issuer permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(8) of the Act;

(vii) that he resign any position he may hold as a director or officer of any registrant, pursuant to subsection 127(1)(8.1) of the Act;

(viii) that he be prohibited from becoming or acting as a director or officer of any registrant permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(8.2) of the Act;

(ix) that he be prohibited from becoming or acting as a registrant, or promoter permanently or for such period as is specified by the Commission, pursuant to subsection 127(1)(8.5) of the Act;

(x) that he pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to subsection 127(1)(9) of the Act;

(xi) that he pay costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

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

B. FACTS

Enforcement Staff make the following allegations of fact:

OVERVIEW

2. This proceeding involves fraud, misleading investors, unregistered trading, and the illegal distribution of securities of Mortgage Investment Entities ("MIEs").

3. MIEs are mortgage-financing businesses that pool together money from investors to lend as mortgages. Each mortgage is meant to be secured by real property. The mortgage is registered in the name of the MIE or an entity created by the MIE for the benefit of the MIE investors. MIEs must comply with Ontario securities law when engaging in the distribution of securities in the exempt market.

4. The Respondents engaged in egregious violations of securities law, misleading investors and misusing investor funds for personal gain. The Commission applied for and had a receiver appointed to shut down these activities by the Paramount Group and the Principals. The Principals then engaged in similar conduct through Trilogy, and the Commission issued a cease trade order to stop that activity. This improper and fraudulent behaviour is an affront to investors that undermines public confidence in the fairness and efficiency of Ontario's capital markets. This fraudulent behaviour must be definitively and permanently stopped.

5. Between September 2014 and December 1, 2016, the Paramount Group raised approximately $78 million from over 500 investors through pooled MIEs by engaging in unregistered trading and through illegal distributions.

6. Investors were told their money would be invested in second residential mortgages. Instead, approximately $50 million of their funds were invested in higher risk land and property development projects ("**Multi-Res Projects**"). Paramount Group and the Principals of the mortgage investment entities' manager engaged in hidden self-dealing by paying approximately $3.87 million in fees on these projects to the Principals and by the Principals either taking an indirect 50% ownership interest in such projects or agreeing to do so as described below.

7. The Paramount Group also used funds reserved to pre-pay interest on mortgages for its own purposes, without disclosing this to investors.

8. With respect to one Multi-Res Project, PACC Angus, the Paramount Group and its principals surreptitiously cycled investor funds advanced by the Silverfern Fund as a loan on this project back to themselves in the guise of a loan from Aleria Capital Inc. ("**Aleria**"), a corporation controlled by one of the Principals, Ronald Bradley Burdon, to PEFC (as defined below). In the course of doing so, they conferred a financial benefit on a business associate, Enzo Mizzi ("**Mizzi**"), for no apparent business purpose.

9. In May 2017, the OSC applied for and obtained a receivership order over the Paramount Group. Following this, and in or after February 2018 to April 24, 2018, Trilogy employed a website to offer securities to the public. Trilogy made misleading statements to investors, including grossly inflating the appraised value of certain properties and failing to disclose that the owners of certain properties were in receivership. Further, Trilogy was not registered, nor did it comply with the disclosure requirements of Ontario securities law. Trilogy was assisted in these breaches of Ontario securities law by the same Principals who were the directing minds of the Paramount Group. Fortunately, there is no evidence that any money was obtained from investors before Trilogy was cease traded by the Commission.

10. The activity of the Paramount Group and the Principals outlined below constitutes a fraud perpetrated against the Silverfern Fund investors. Trilogy and the Principals made misleading statements to investors and failed to disclose material facts and material risks to potential investors. The Paramount Group, Trilogy and the Principals engaged in significant non-compliance with the registration and disclosure provisions of Ontario securities law. Their conduct breached securities law and undermined the integrity of the capital markets. It was conduct contrary to the public interest.

THE RESPONDENTS

11. Paramount Equity Financial Corporation ("**PEFC**"), Silverfern Secured Mortgage Fund ("**Silverfern Fund**"), Silverfern Secured Mortgage Limited Partnership ("**Silverfern LP**"), GTA Private Capital Income Fund ("**GTA Fund**", together with the Silverfern Fund, the "**Funds**"), GTA Private Capital Income Limited Partnership ("**GTA LP**"), and Silverfern GP Inc. are collectively referred to herein as the "**Paramount Group**".

12. PEFC is an Ontario corporation which, had its head office in Stouffville, Ontario and was licensed as a mortgage broker with the Financial Services Commission of Ontario.

13. Silverfern GP Inc. is an Ontario corporation which had its head office in Stouffville, Ontario. It was the general partner of the Silverfern Fund and the GTA Fund.

14. The Silverfern Fund is a trust pursuant to a Declaration of Trust dated September 2, 2014. As outlined below, investors in the Silverfern Fund acquired ownership in limited partner units of Silverfern LP. Legal ownership of the fund units was held by the Principals, as defined below.

15. The GTA Fund is a trust pursuant to a Declaration of Trust dated May 5, 2015. Investors in the GTA Fund acquired ownership in limited partner units of GTA LP. Legal ownership of the fund units was held by the Principals, as defined below.

16. Paramount Alternative Capital Corporation ("**PACC**") is the parent company to a number of companies that have "PACC" in their name (the "**PACC Affiliates**"). The function of these companies was to hold co-ownership interests in Multi-Res Projects, which were structured as joint ventures in which PACC or a PACC Affiliate was either granted a 50% interest or there was an intention to make such a grant. It would appear that certain intended PACC Affiliates were never incorporated. Attached as Appendix A is a chart outlining PACC's ownership of certain PACC Affiliates.

17. Trilogy Mortgage Group Inc. ("**TMG**") and Trilogy Equities Group Limited Partnership ("**TEGLP**") (collectively, "**Trilogy**") are entities that offered securities to the public and solicited investors via a website (the "**Website**") as set out below.

18. Marc Ruttenberg ("**Ruttenberg**") is the founder, and was the Chief Executive Officer and a director of PEFC. He was also PEFC's principal broker. He was a director and officer of Silverfern GP Inc and a trustee of the Silverfern Fund and the GTA Fund. Ruttenberg was a director and a 40% indirect owner of PACC and of the PACC Affiliates. He was also a *de facto* officer and director of Trilogy.

19. Ronald Bradley Burdon ("**Burdon**") was an officer and a de facto director of PEFC. He was a director and officer of Silverfern GP Inc. Burdon was a trustee of the Silverfern Fund and the GTA Fund. Burdon was a director and a 40% indirect owner of PACC and of the PACC Affiliates. He was also a *de facto* officer and director of Trilogy.

20. Matthew Laverty ("**Laverty**") was an officer and a de facto director of PEFC. He was a trustee of the Silverfern Fund and the GTA Fund. Laverty was a 20% indirect owner of PACC and of the PACC Affiliates. He was also a *de facto* officer and director of Trilogy.

21. Collectively, Ruttenberg, Burdon and Laverty are referred to herein as the **Principals**.

BACKGROUND

22. Ruttenberg began operating PEFC as a mortgage broker in 2006. PEFC began to arrange second mortgages on single-family properties, with PEFC performing the administration of these mortgages.

23. In September 2014, the Principals established the Silverfern Fund. The funds raised from investors were pooled and were to be used to lend to various borrowers on the security of second residential mortgages in various markets across Canada.

24. In May 2015, the Principals established the GTA Fund for a group of investors that did not want their investment funds co-mingled with other investors. This group of investors required that their pooled funds only be used in residential second mortgages in the Greater Toronto Area.

25. PEFC promoted and administered the Funds. It was responsible for mortgage origination, underwriting and administration and for investor relations.

26. Notwithstanding that the Silverfern Fund monies were to be invested in second residential mortgages, a majority of investor funds were used to finance Multi-Res Projects. These carried higher risk for the Silverfern Fund.

27. On application to the Ontario Superior Court by the Commission pursuant to s. 129 of the Securities Act, Grant Thornton Limited ("**GTL**") was appointed interim receiver over the Paramount Group, PACC and certain PACC Affiliates on June 7, 2017 and full receiver on August 2, 2017. GTL has been realizing on the security held over the various Multi-Res Projects. It is clear that there will be significant shortfalls and that many investors in the Funds will suffer material losses. The period between September 2014, when the Paramount Group began to raise funds through mortgage investment entities, and August 2, 2017 when the receivership order was made is referred to herein as the **Paramount Relevant Period**.

28. At some point in or after February 2018, Trilogy began offering securities to the public and was soliciting investors via the Website. The Website was later removed on or about April 24, 2018 at the request of OSC Staff (February 2018 to April 24, 2018 is referred to herein as the "**Trilogy Relevant Period**"). As outlined below, Trilogy misled investors through statements on the Website about the nature of certain real estate development projects for which it solicited investments. Staff applied for and received a Temporary Cease Trade Order with respect to Trilogy on April 16, 2018. The Temporary Cease Trade Order remains in place and has been extended to March 31, 2019. Based on Staff's investigation, it appears that the formation of TEGLP was never completed and that there were never any investors in Trilogy.

ALLEGATIONS INVOLVING THE PARAMOUNT GROUP

Acts, practices and a course of conduct that have perpetrated a fraud upon investors

29. The conduct described below involves misrepresentations, omissions and non-disclosures as well as unauthorized and hidden uses of investor funds. This either caused economic loss to the Silverfern Fund investors or gave rise to an increased risk of economic loss to them. In consequence, these actions constitute a fraud perpetrated upon the Silverfern Fund and its investors contrary to subsection 126.1(1)(b) of the Act.

(a) *Nature and risk profile of the investment in the Silverfern Fund*

30. The Paramount Group and the Principals made statements to investors regarding the nature and risk profile of their investment in the Silverfern Fund that were untrue, misleading or omitted necessary information to prevent statements from being misleading.

31. The constating legal documents of the Silverfern Fund, as well as materials provided to investors refer to the Silverfern Fund's proceeds being used to invest in second residential mortgages of up to 85% loan to value ratio ("LTV") and, in certain cases, higher ratio residential mortgages, provided that such higher ratio mortgages shall not exceed 50% of the Silverfern Fund's total mortgage portfolio. They state that the Silverfern Fund's investment objective is focused on capital preservation and to build a diversified portfolio of mortgage assets that generates attractive, stable returns to unitholders.

32. The written materials provided to investors in the Silverfern Fund, which included fund fact sheets, power point presentations, web-based material and video presentations, describe the Fund as investing in residential second mortgages in Canada. They describe investment in the Silverfern Fund using words such as "predictable, steady returns", "low volatility", "high-returning annuity/GIC alternative", "safety", "capital preservation" and "stable returns".

33. Ruttenberg made representations to investors that were similar to the statements outlined in paragraphs 29 and 30.

34. The subscription agreements for the Silverfern Fund prepared by the Paramount Group and provided to certain investors described the use of proceeds as going to fund second residential mortgages.

35. In fact, as of February 16, 2017, the Silverfern Fund had investments totaling approximately $70 million, of which only approximately $21 million were second residential mortgages, with the balance invested in Multi-Res Projects.

36. The investment in Multi-Res Projects included second, third and/or fourth mortgages on land or development projects seeking to re-zone, construct, and/or convert properties into multiple residential units ("**Multi-Res Mortgages**"), although in two cases (the PACC Angus Project, as defined below, and Levante Living Project), no mortgages were registered in respect of the advances made. The Multi-Res Mortgages and other advances were different in nature from the second residential mortgages promised to investors in the Silverfern Fund and carried significant additional risk in comparison to what was represented to investors. The additional risk included the following:

a. In many cases, the value of the total mortgage debt exceeded the 'as is' value of the property. The ranking of the mortgage also left insufficient value in the property to cover the debt. In two cases, no mortgages were registered.

b. No, or insufficient income was generated by the projects to service the debt.

c. Many of the projects were speculative, with recovery dependent upon resale of the development at a sufficient price to repay the loan.

d. The fees and "soft costs" were often significant and without clear controls.

e. With many of the Multi-Res Mortgages, the mortgage term was for more than one year. Prepaid interest for the first year was added to the principal amount of the mortgage; no provision was made for the payment of interest in the following period with the resulting risk of no revenue available to pay interest; and

f. Most of the Multi-Res Mortgages were related to entities controlled by one individual, Mizzi. This increased risk due to concentration.

37. These risks, inherent in the Multi-Res Mortgages, were not disclosed to investors.

38. PEFC represented that, with respect to the investments in the Silverfern Fund, it would exercise diligence in selecting mortgage investments, manage and service the mortgage loans and ensure that proper underwriting and credit assessment processes were followed. Investors were told this would be the case. In fact, the risk to investors in the Silverfern Fund was compounded by the substandard mortgage underwriting practices and inaccurate books and records and financial controls of PEFC, which was not disclosed to investors.

(b) *Hidden self-dealing - failure to disclose interest in Multi-Res Projects and fees paid to Paramount Group and Principals*

39. With respect to most of the Multi-Res Projects, PACC, one of the PACC Affiliates, or a contemplated but not yet incorporated PACC Affiliate, received or was intended to receive a 50% co-ownership interest in the joint ventures that owned these development projects, and thereby acquired an equity interest and the right of profit participation in the joint ventures (the "**PACC Co-Ownership Interests**"). In this manner, the Principals acquired or intended to acquire an indirect 50% interest in the Multi-Res Projects, although they do not appear to have invested any of their own funds in these projects. Instead, the PACC Co-Ownership Interests were acquired or planned for acquisition as a result of approximately $50 million of mortgages being funded with investor money from the Silverfern Fund.

40. The Paramount Group and the Principals intentionally withheld disclosure of the actual or intended PACC Co-Ownership Interests from investors. There is no disclosure of these interests in any of the marketing materials for the Silverfern Fund. The Silverfern Fund OM, dated April 30, 2016, does not include reference to them. Instead, it stated that the Silverfern Fund will avoid making investments in entities that are not at arm's length in amounts which exceed an amount equal to 25% of the book value of its mortgage investments. It also stated that the fund has no present intention to create any borrowing exposure to entities that are not at arm's length to the Fund or PEFC. Both statements were untrue.

41. The Paramount Group and the Principals also initially withheld information about the existence, nature and degree of the PACC Co-Ownership Interests from OSC Staff. On December 8, 2016, Ruttenberg advised Staff, in an examination under oath, that there were only two PACC mortgages that were related to PEFC or its affiliates. This was later confirmed in writing on December 16, 2016. In his examination, Ruttenberg references the 25% threshold outlined in the Silverfern Fund OM and advised that it had only been exceeded once (in 2015) and that it was currently below 25%. On January 26, 2017, PEFC advised that it received a minority interest in borrowers. Finally, in response to further inquiries by Staff, on February 2, 2017, PEFC provided the truth: a list that showed that the PACC Co-Ownership Interest was 50% in most of the Multi-Res Projects.

42. In addition, $3.87 million in undisclosed brokerage or lending fees on the Multi-Res Mortgages and other advances on Multi-Res Projects were paid to a PACC Affiliate or in respect of a not yet incorporated PACC Affiliate. None of the PACC Affiliates were licensed mortgage brokers. These fees were in addition to sourcing and brokerage fees paid to PEFC. The Paramount Group confirmed to Staff that these fees were allocated amongst the Principals according to their percentage ownership of the PACC Affiliates which was 40% to each of Ruttenberg and Burdon and 20% to Laverty, subject, in certain cases, to a holdback. Approximately $2.55 million of the monies used to pay these fees came from the Silverfern Fund. The fees were not disclosed to Silverfern Fund investors, nor was the fact that they were allocated to the Principals.

43. The Paramount Group and the Principals deliberately or recklessly withheld information from the Silverfern Fund investors concerning their own interests in the Multi-Res Projects and the fees from the Multi-Res Mortgages as set out above, in order to be able to direct Silverfern Fund monies to their own benefit, and to the detriment of investors. It is clear that there will be significant shortfalls and that many investors in the Funds will suffer material losses. They have perpetrated a fraud on the Silverfern Fund investors contrary to subsection 126.1(1)(b) of the Act.

(c) *Misuse of Prepaid Funds Account*

44. According to the terms of the Multi-Res Mortgages, prepaid interest representing one year of interest payments and what was described as buy-down rate fees was added to the principal amount for the purpose of paying interest in the first year of the mortgage. The amount of the prepaid interest and fees was advanced by the Silverfern Fund and then

paid back to PEFC to be held in trust to pay the interest and fees for the first year of the mortgages. These monies were commingled into a PEFC account with other funds related to PEFC's business, rather than being segregated for the purpose intended. PEFC and the Principals used at least $1.5 million of the funds in this PEFC account for their own purposes, including to cover operating costs and to pay back over $1 million in PEFC loans from individuals, rather than being held in trust to pay interest and fees on the Multi-Res Mortgages.

45. The foregoing information was withheld from Silverfern Fund investors. The conduct permitted the Paramount Group and the Principals to divert monies intended to fund prepaid interest for their own benefit to the detriment of the Silverfern Fund investors.

(d) *Advances on the Angus Multi-Res Project*

44. The Paramount Group and the Principals caused approximately $2.36 million in Silverfern Fund monies to be diverted to the benefit of the Principals and their business associate, Mizzi, for no valid business purpose. In particular:

(a) Approximately $2.36 million of investor funds from the Silverfern Fund were advanced to 21830366 Ontario Inc. ("**218 Ontario**"), an entity controlled by Mizzi, which was the borrower on a Multi-Res Project in Angus, Ontario (the "**PACC Angus Project**") in May and June 2016. These funds were ostensibly presented as a mortgage advance on the PACC Angus Project. However, no mortgage or other documents were ever registered for this transaction.

(b) Of the approximate $2.36 million:

(i) $1.75 million was redirected to PEFC under the guise of a loan from Aleria, a company controlled by Burdon. According to PEFC's financial records, the $1.75 million advanced was used by PEFC to replenish the bank account that held the prepaid interest and fees. In June 2017, Aleria demanded repayment of approximately $1.78 million from PEFC by July 5, 2017. On August 2, 2017, GTL learned that Aleria had taken possession of two vehicles owned by PEFC, apparently pursuant to its general security agreement; and

(ii) approximately $610,000 was conferred upon Mizzi and/or 218 Ontario, for no apparent reason;

45. Further, $190,000 in 'repayments' on the loan to Aleria were also made to 218 Ontario (rather than to Aleria) between August and November 2016 from the undisclosed brokerage or lending fees on the Multi-Res Mortgages. The notations in the financial records show the payments as being in respect of loan repayments from Ruttenberg connected to specific PACC transactions or the loan to Aleria.

Representation to Silverfern Fund investors relevant to deciding whether to enter into or maintain a trading relationship

46. The conduct by the Paramount Group and the Principals, outlined below, is contrary to subsection 44(2) of the Act and is therefore contrary to Ontario Securities law.

47. The Paramount Group, through the Principals and referral agents, made certain statements, or omitted to provide certain information, to Silverfern Fund investors that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship. This included:

(a) The statements and omissions described above with respect to the nature and risk profile of the Silverfern Fund investments;

(b) The omission to disclose the actual or intended PACC Co-Ownership Interests; and

(c) The omission to disclose the fees, and other compensation received by the Principals through PACC and the PACC Affiliates.

Trading in Securities without registration

48. During the Paramount Relevant Period, the Paramount Group and the Principals raised over $70 million from over 500 investors in the Silverfern Fund and over $5 million from 6 investors in the GTA Fund without being registered and without being eligible for an exemption from the dealer registration requirement, contrary to Ontario securities law and, in particular, contrary to subsection 25(1) of the Act.

49. In addition, they used a network of referral agents to sell units of the Funds to investors. These agents were not registered with the Commission.

50. Units in the Funds were sold to investors. The investors' funds were pooled and were to be used to make loans secured by mortgages. Investors received units in the Funds. Thus, the units of the Funds are securities as that term is defined in subsection 1(1) of the Act.

51. Marketing materials were prepared by PEFC and were provided to prospective investors in the Funds. Such materials included term sheets, PowerPoint presentations, web pages, investor testimonials, and fund fact sheets. Investors were provided subscription agreements and unit certificates in connection with their purchases of units in the Funds. The unit certificates and the Silverfern Fund OM, as defined below, were signed by the Principals.

52. In marketing and selling the units of the Funds to the public, and in operating the Funds, the Paramount Group were acting as a dealer and as such were required to be registered under the Act.

53. In addition, Ruttenberg and Laverty engaged directly in marketing and selling units of the Funds to the public and were therefore engaged, and held themselves out as engaged, in the business of trading in securities and as such was required to be registered under the Act.

54. PEFC was paid approximately $700,000 in management fees by the Silverfern Fund. Ruttenberg and Laverty each received commissions or referral fees from the Silverfern Fund, and all of the Principals through their ownership interests in PACC and the PACC Affiliates were paid fees in respect of mortgages funded by the Silverfern Fund and were either provided with, or promised, an ownership interest in Multi-Res Projects.

55. PEFC made 11 offerings of the Silverfern Fund between June 1, 2016 and November 15, 2016, raising approximately $39 million of the approximately $70 million raised in respect of this fund, despite having received legal advice that sales should be effected through a registered entity.

56. On November 11, 2016, Staff wrote to PEFC to advise that it may be conducting unregistered trading and that it should cease accepting any new client funds and contact Staff immediately. On November 25, 2016, PEFC acknowledged to Staff that it was now aware that its offerings should have been made through a registered dealer. However, notwithstanding this, PEFC closed a $5.2 million offering of the Silverfern Fund on November 15, 2016, four days after Staff's letter.

57. On December 1, 2016, the Paramount Group provided an undertaking to the Commission that it would cease trading the Funds' units. The undertaking was broadened on March 9, 2017.

58. On April 7, 2017, PEFC sent a letter to all investors in the Funds and to the referral agents acknowledging that the units should have been sold through a registered entity or individual.

Illegal distributions

59. During the Paramount Relevant Period, the Paramount Group and the Principals engaged in distributions of securities without having filed or received a receipt for a prospectus, contrary to Ontario securities law and, in particular, contrary to subsection 53(1) of the Act.

60. During the Paramount Relevant Period, no prospectus was filed by any member of the Paramount Group, whether in respect of the Silverfern Fund or otherwise.

61. During the Paramount Relevant Period, units in the Silverfern Fund were distributed in purported reliance upon the accredited investor, family, friends and business associates and minimum amount prospectus exemptions. In June 2016, a Silverfern Fund Offering Memorandum (the "**Silverfern Fund OM**") was filed with the Commission dated April 30, 2016. After that point, investors were also subscribed with reliance upon the offering memorandum exemption.

62. On November 25, 2016, PEFC also advised Staff that it had taken steps to ensure that all investors comply with exemption requirements, including implementing screening procedures with a complete Know Your Client checklist and suitability checklists. This was not true. For a number of the investors where the Paramount Group purported to rely upon the accredited investor exemption set out in section 2.3 of NI 45-106, those investors did not meet the requirements of the accredited investor definition in the National Instrument.

63. Based on the 45-106F1 filings made by the Paramount Group, for at least eleven distributions of units of the Silverfern Fund, there was inappropriate reliance upon the family, friends and business associates prospectus exemption available pursuant to section 2.5 of NI 45-106 as a commission was paid to a director, officer, founder, or control

person of the issuer or an affiliate of the issuer in connection with the distributions: in nine cases to Ruttenberg and in two cases to Laverty, contrary to subsection 2.5(2) of NI 45-106. In addition, Ruttenberg advised certain investors that they could rely on the friends and family exemption, in circumstances where he knew or ought to have known that they could not.

ALLEGATIONS INVOLVING TRILOGY

Trilogy and the Principals made statements that they knew or ought reasonably to have known were misleading or untrue

64. As outlined above, the Paramount Group had provided an undertaking to the Commission in December 2016, which it broadened in March 2017, that it would cease trading in the Funds' units. On May 25, 2017 the Commission commenced the receivership application in respect of the Paramount Group. GTL was appointed interim receiver on June 7, 2017. Thus, by the beginning of the Trilogy Relevant Period, the Principals were well aware of the concerns of the Commission and of the Ontario Superior Court with respect to their activities.

65. Nonetheless, they participated in Trilogy's launch of the Website and in the Trilogy activities, as outlined below. In so doing, Trilogy and the Principals made statements that they knew or ought reasonably to have known in a material respect, at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state facts necessary to make the statements not misleading and would reasonably be expected to have a significant effect on the value of the securities being offered by Trilogy, contrary to subsection 126.2(1) of the Act.

67. On the Website, Trilogy marketed investment opportunities in a property located in Cambridge, Ontario (the "**Cambridge Property**") and in a property in Toronto, Ontario (the "**Wilson Property**") that had been the subject of Multi-Res Mortgages invested in by the Paramount Group.

68. The Website stated that there was an "as is" appraisal valuing the Cambridge Property at $8.4 million. GTL was appointed as receiver over the Cambridge Property on April 10, 2018. An appraisal for the Cambridge Property, prepared for the Paramount Group showed an estimated property value of $8.4 million based on an approved development with a gross floor area of approximately 339,106 square feet. As of April 10, 2018, the specified approvals had not been granted for this property. Despite this, under "Project Status" for the Cambridge Property on the Website, Trilogy stated that there was an "as is" appraisal valuing the Cambridge Property at $8.4 million. In fact, the value of the Cambridge property was significantly lower than $8.4 million.

69. The Website also failed to disclose:

    (a) that the owner of the Cambridge Property was put into receivership on April 10, 2018,

    (b) the ongoing receivership proceedings relating to the Wilson property;

    (c) that GTL had made a demand loan related to the Cambridge property on November 23, 2017, and another related to the Wilson property on March 7, 2018, neither of which were paid.

Trading in Securities without registration

70. During the Trilogy Relevant Period, Trilogy and the Principals engaged in, and held themselves out to be engaged in, the business of trading in securities to the public despite the fact that they were not registered with the Commission, nor were they eligible for an exemption from the dealer registration requirement. They used the Website to promote the sale of investments in mortgages secured against real estate to investors. They represented that they offered a full range of investment options, including those suitable for RRSPs, LIRAs and TFSAs and that investors could contact Trilogy to obtain offering memoranda and subscription agreements.

71. In so doing, Trilogy and the Principals were acting as a dealer and as such were required either to be registered under the Act or to be eligible for a recognized registration exemption. Despite this, they actively marketed the investments without being registered and without being eligible for a registration exemption, contrary to Ontario securities law and, in particular, to subsection 25(1) of the Act.

Illegal distributions

72. Based on the representations on the Website, Trilogy and the Principals were promoting that a security was available to be acquired. They advised that an offering memoranda and subscription agreement were available, and that investment could be made through an exempt market dealer or financial advisor. At no time had Trilogy or the Principals engaged an exempt market dealer.

73. No prospectus or preliminary prospectus was filed with the Commission by Trilogy and no receipt for them has ever been issued by the Director as required by subsection 53(1) of the Act with respect to trades offered on the Website by Trilogy. No exemptions from the prospectus requirements were available, and no exemptive relief was sought.

74. Thus, during the Trilogy Relevant Period, Trilogy and the Principals engaged in distributions of securities without having filed or received a receipt for a prospectus, contrary to Ontario securities law and, in particular, contrary to subsection 53(1) of the Act.

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

75. Enforcement Staff allege the following breaches of Ontario securities law and/or conduct contrary to the public interest by the Paramount Group, PACC and the PACC Affiliates and their Principals during the Paramount Relevant Period:

(a) The Paramount Group, PACC and the PACC Affiliates, and their Principals directly or indirectly engaged or participated in acts, practices or courses of conduct relating to the securities of the Silverfern Fund that they knew or reasonably ought to have known perpetrated a fraud on persons contrary to subsection 126.1(b) of the Act;

(b) The Principals, as actual or *de facto* officers and/or directors of the Paramount Group, PACC and the PACC Affiliates, authorized, permitted, and/or acquiesced in the breaches of subsection 126.1(b) of the Act by the Paramount Group, PACC and the PACC Affiliates and thereby failed to comply with Ontario securities law pursuant to section 129.2 of the Act;

(c) The Paramount Group and the Principals made certain statements, or omitted to provide certain information, to Silverfern Fund investors that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship contrary to subsection 44(2) of the Act;

(d) The Paramount Group and the Principals engaged in, and held themselves out to be engaged in, the business of trading in securities to the public while being unregistered to do so contrary to subsection 25(1) of the Act;

(e) The Paramount Group and the Principals failed to file a prospectus or preliminary prospectus with respect to trades of units of the Silverfern Fund contrary to subsection 53(1) of the Act, in circumstances where no prospectus exemptions were available pursuant to Part XVII of the Act;

(f) The Principals, as actual or *de facto* officers and/or directors of the Paramount Group, authorized, permitted, and/or acquiesced in the breaches of subsections 25(1), 53(1), and 44(2) of the Act by the Paramount Group and thereby failed to comply with Ontario securities law pursuant to 129.2 of the Act; and

(g) Further, and in any event, the conduct described above is contrary to the public interest.

76. Enforcement Staff allege the following breaches of Ontario securities law and/or conduct contrary to the public interest by Trilogy and the Principals during the Trilogy Relevant Period:

(a) Trilogy and the Principals made statements that they knew or ought reasonably to have known in a material respect, at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state facts necessary to make the statements not misleading and would reasonably be expected to have a significant effect on value of the security being offered, contrary to subsection 126.2(1) of the Act;

(b) Trilogy and the Principals engaged in, and held themselves out to be engaged in, the business of trading in securities to the public while not being registered to do so contrary to subsection 25(1) of the Act;

(c) Trilogy and the Principals failed to file a prospectus or preliminary prospectus with respect to proposed trades in securities contrary to subsection 53(1) of the Act, in circumstances where no prospectus exemptions were available pursuant to Part XVII of the Act;

(d) The Principals, as actual or *de facto* officers and/or directors of Trilogy, authorized, permitted, and/or acquiesced in the breaches of subsections 25(1), 53(1), and 126.2(1) of the Act by Trilogy and thereby failed to comply with Ontario securities law pursuant to section 129.2 of the Act; and

(e) Further, and in any event, the conduct described above is contrary to the public interest.

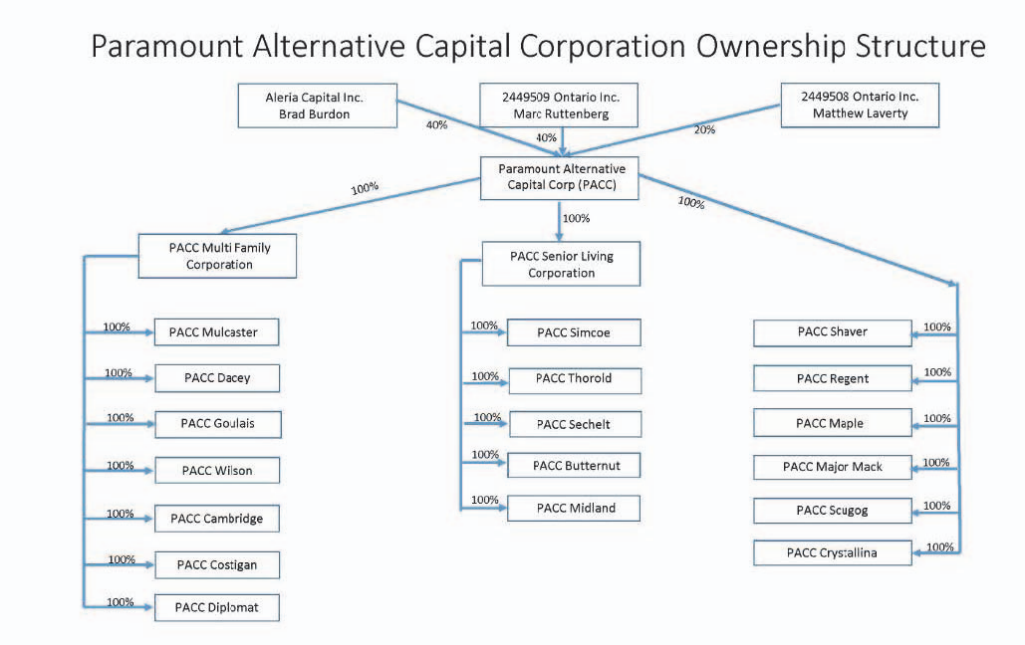
Enforcement Staff reserve the right to make such other allegations as Enforcement Staff may advise and the Commission may permit.

DATED at Toronto, March 29, 2019.

Paul H. Le Vay
Stockwoods LLP
77 King Street West, Suite 4130
Toronto, ON M5k 1H1
Tel: (416) 593-2493
Email: paullv@stockwoods.ca

Litigation Counsel for Staff of the
Ontario Securities Commission

APPENDIX "A"


Paramount Alternative Capital Corporation Ownership Structure
Aleria Capital Inc.
Brad Burdon
2449509 Ontario Inc.
Marc Ruttenberg
2449508 Ontario Inc.
Matthew Laverty
40%
40%
20%
Paramount Alternative Capital Corp (PACC)
100%
100%
100%
PACC Multi Family Corporation
PACC Senior Living Corporation
PACC Mulcaster
PACC Dacey
PACC Goulais
PACC Wilson
PACC Cambridge
PACC Costigan
PACC Diplomat
PACC Simcoe
PACC Thorold
PACC Sechelt
PACC Butternut
PACC Midland
PACC Shaver
PACC Regent
PACC Maple
PACC Major Mack
PACC Scugog
PACC Crystallina
100%

1.4 Notices from the Office of the Secretary

1.4.1 Clifton Blake Asset Management Ltd. et al.

FOR IMMEDIATE RELEASE
March 28, 2019

CLIFTON BLAKE ASSET MANAGEMENT LTD.,
CLIFTON BLAKE MORTGAGE FUND TRUST,
QASIM (KC) DAYA,
VICTOR HSU, AND
WESLEY MYLES, File No. 2019-4

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

A copy of the Order dated March 28, 2019, Oral Reasons for Approval of a Settlement dated March 28, 2019, and Settlement Agreement dated March 22, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 Andrew Paul Rudensky

FOR IMMEDIATE RELEASE
March 27, 2019

ANDREW PAUL RUDENSKY,
File No. 2018-68

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on April 4, 2019 will not proceed as scheduled.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.3 Paramount Equity Financial Corporation et al.

FOR IMMEDIATE RELEASE
March 29, 2019

**PARAMOUNT EQUITY FINANCIAL CORPORATION,
SILVERFERN SECURED MORTGAGE FUND,
SILVERFERN SECURED MORTAGE LIMITED PARTNERSHIP,
GTA PRIVATE CAPITAL INCOME FUND,
GTA PRIVATE CAPITAL INCOME LIMTED PARTNERSHIP,
SILVERFERN GP INC.,
PARAMOUNT EQUITY INVESTMENTS INC.,
PARAMOUNT ALTERNATIVE CAPITAL CORPORATION, PACC AINSLIE CORPORATION,
PACC COSTIGAN CORPORATION,
PACC CRYSTALLINA CORPORATION,
PACC DACEY CORPORATION,
PACC GOULAIS CORPORATION,
PACC HARRIET CORPORATION,
PACC MAJOR MACK CORPORATION,
PACC MAPLE CORPORATION,
PACC MULCASTER CORPORATION,
PACC REGENT CORPORATION,
PACC SCUGOG CORPORATION,
PACC SECHELT CORPORATION,
PACC SHAVER CORPORATION,
PACC SIMCOE CORPORATION,
PACC THOROLD CORPORATION,
PACC WILSON CORPORATION,
NIAGARA FALLS FACILITY INC.,
TRILOGY MORTGAGE GROUP INC.,
TRILOGY EQUITIES GROUP LIMITED PARTNERSHIP,
MARC RUTTENBERG,
RONALD BRADLEY BURDON and
MATTHEW LAVERTY, File No. 2019-12**

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on April 24, 2019 at 9:00 a.m. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 29, 2019 and Statement of Allegations dated March 29, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.4 Trilogy Mortgage Group Inc. and Trilogy Equities Group Limited Partnership

FOR IMMEDIATE RELEASE
March 29, 2019

**TRILOGY MORTGAGE GROUP INC. and
TRILOGY EQUITIES GROUP LIMITED PARTNERSHIP,
File No. 2018-21**

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

A copy of the Order dated March 29, 2019 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Stewards Canada

Headnote

Subsection 74(1) of the Securities Act (Ontario) – extension of interim relief from the dealer registration requirement in section 25(1) – applicant is a not-for-profit issuer – applicant sells bonds to facilitate providing mortgages to churches and other religious organizations – interim relief granted on strict terms and conditions including an investment limit and subject to a sunset clause – interim relief granted based on the particular facts and circumstances of the applicant – decision should not be viewed as a precedent for other not-for-profit issuers in Ontario or in other jurisdictions.

Subsection 144(1) of the Securities Act (Ontario) – revocation of previous relief from the dealer registration requirement in section 25(1).

Applicable Legislative Provisions

Securities Act (Ontario), sections 25, 74, 144.

March 26, 2019

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

AND

IN THE MATTER OF
STEWARDS CANADA
(the Filer)

DECISION

Background

On November 13, 2013, the Filer was granted Ontario-only, time-limited exemptive relief from the dealer registration requirement of the securities legislation of the Jurisdiction (the **Legislation**) in respect of the distribution by the Filer of debt securities of its own issue (the **2013 Decision**). The relief expired on November 13, 2018. The Filer and staff of the Ontario Securities Commission (the **Commission**) are currently engaged in discussions about (i) the registration of the Filer as a dealer in the category of restricted dealer with tailored terms and conditions, or the use of an appropriately registered dealer, and (ii) the prospectus exemptions under which the Filer may distribute its debt securities.

On December 21, 2018, the Filer was granted Ontario-only exemptive relief from the dealer registration requirement of the Legislation in respect of the distribution by the Filer of debt securities of its own issue for a period of approximately three months (the **2018 Interim Decision**).

The Filer and staff of the Commission are still engaged in discussions and the 2018 Interim Decision will expire on March 31, 2019. Therefore, the Filer has applied to the Commission for a decision under the Legislation that (i) the 2018 Interim Decision be revoked and (ii) the Filer be exempt from the dealer registration requirement of the Legislation in respect of the distribution by the Filer of debt securities of its own issue until June 30, 2019 (the **Requested Exemptive Relief**).

The purpose of the 2018 Interim Decision and the Requested Exemptive Relief is to provide time-limited relief to facilitate the on going discussions and to enable the Filer to distribute debt securities on substantially the same terms and conditions as the 2013 Decision.

This decision should not be considered a precedent.

Representations

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

1. The Filer is a non-share corporation and is a "charitable organization" for purposes of the *Income Tax Act* (Canada). The head office of the Filer is located in Ontario.

2. The Filer is restricted in the business it may carry on and the powers it may exercise to engaging exclusively in educational, charitable or religious activities. The Filer was established for the purpose of giving financial aid, including by way of mortgage financing, to Canadian evangelical Christian churches, camps, nursing homes and schools and similar institutions.

3. The Filer is primarily engaged in providing mortgage financing for Canadian Christian evangelical organizations that may otherwise be unable to obtain such financing from commercial lenders.

4. The business of the Filer is overseen by its board of directors and the day to day management is under the direction of the Executive Director, who is independent from the board.

5. The Filer was established in 1952 and has been distributing its own debt securities substantially in accordance with the representations in this order for over 60 years.

6. In order to raise the funds to advance by way of mortgages, the Filer issues bonds in reliance on the prospectus exemption found in section 2.38 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), which provides an exemption for not for profit issuers distributing their own securities subject to certain conditions. In connection with such distributions, the Filer believes that it is, and will be, in compliance with the conditions contained in section 2.38 of NI 45-106. Staff of the Commission are discussing with the Filer whether it may rely on this prospectus exemption. Compliance with prospectus exemptions rests with the Filer.

7. The bonds are sold to Canadian Christians and sales are not limited to accredited investors as defined in NI 45-106. Prior to the 2013 Decision, investments were accepted in any amount and generally ranged between $50,000 to $100,000. Pursuant to the terms and conditions of the 2013 Decision, an investor may not purchase any debt securities of the Filer if, as a result of the purchase, the investor would own debt securities of the Filer with an aggregate principal amount exceeding $50,000. The bonds are demand variable rate bonds.

8. In a typical year, the Filer issues bonds in an aggregate principal amount of approximately $2.5 million to between 25 to 40 purchasers.

9. As of December 31, 2018, there were bonds outstanding in the aggregate principal amount of $24.8 million.

10. There is no active advertising or solicitation of bond purchases. No commission or other remuneration is paid in connection with the sale of the bonds. Purchasers of the bonds learn about the distribution program through word of mouth.

11. The Filer delivers to prospective purchasers an Information Memorandum which describes the bonds and the risks related to the purchase of them. The Information Memorandum provides investors with a right of rescission as well as a right of action for misrepresentation.

12. Prior to the coming into force of section 8.5 of NI 45-106, the Filer was able to distribute its securities and be exempt from the registration requirement in reliance on section 3.38 of NI 45-106, which provided for a dealer registration exemption corresponding to the prospectus exemption in section 2.38. The registration exemption previously available under section 3.38 of NI 45-106 no longer applies.

13. The Filer may be considered to be engaging in the business of trading in securities and as such would be required to register as a dealer.

14. The Filer undertakes not to rely on section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) to passport this decision into another Canadian jurisdiction without the prior written consent of the regulator or securities regulatory authority in that jurisdiction.

Decision

The Commission is satisfied that the test contained in the Legislation for the Commission to make the decision has been met.

The decision of the Commission under the Legislation is that:

(1) the 2018 Interim Decision is revoked; and

(2) the Requested Exemptive Relief is granted, on the following conditions:

(a) The proceeds from the sale of debt securities of the Filer are used only to provide mortgage financing to Canadian evangelical Christian churches, camps, nursing homes, schools or similar institutions, and not to individuals;

(b) In any fiscal year of the Filer, administrative and general expenses, not including legal and audit expenses, are limited to no more than 0.85% of the total principal amount of bonds outstanding as at the end of such fiscal year;

(c) The Filer, each year, files its audited financial statements with the Commission within 90 days of the Filer's year end;

(d) The Filer does not engage in any advertising or promotional activity with respect to the distribution of its debt securities including by providing such information on the Filer's public website.

(e) An investor may not purchase any debt securities of the Filer if as a result of the purchase the investor would own debt securities of the Filer with an aggregate principal amount exceeding $50,000;

(f) An investor does not borrow to purchase debt securities of the Filer and the purchaser acknowledges that in the subscription agreement for debt securities;

(g) An investor executes and delivers to the Filer a risk acknowledgement statement in the form set out in Appendix A to this decision and that statement is included on the front page of the subscription agreement;

(h) The Filer delivers an information statement to prospective purchasers of debt securities which describes the debt securities and the risks associated with purchasing the debt securities and contains a contractual right of rescission and a right of action for misrepresentation; and

(i) The Filer only distributes debt securities of the Filer in Ontario (and, accordingly, the Filer does not distribute these debt securities in any other jurisdiction of Canada).

It is further the decision of the Commission that the Requested Exemptive Relief shall expire on June 30, 2019.

"Grant Vingoe"
Vice-Chair
Ontario Securities Commission

"Poonam Puri"
Commissioner
Ontario Securities Commission

Appendix A

Risk Acknowledgement

I acknowledge that:

- This is a risky investment and I am investing entirely at my own risk.
- I could lose all the money I invest.
- I am not borrowing to invest in these securities.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the Information Memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and will not assess whether this investment is suitable for me.
- Under securities laws, I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are expressed to be redeemable, but I may only be able to redeem them in limited circumstances.
- No one other than Stewards Canada has any obligation to repay my investment in these securities.

_____ _____

Date Signature of Purchaser

_____

Print name of Purchaser

2.1.2 AngelList Holdings, LLC and AngelList Advisors, LLC

Headnote

CSA Regulatory Sandbox initiative – Prior decision repealed and replaced with updated decision that extends the term of the relief granted – no new exemptive relief required by Applicants – Applicants previously applied for and obtained relief from certain registrant obligations contained in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) and from the prospectus requirement in the Legislation – Applicants operate novel online platform for accredited investors with experience in venture capital and angel investing and start-ups that primarily operate in the technology sector – relief granted subject to certain terms and conditions set out in the decision – decision is time-limited to allow the firm to operate in a test environment and will expire on March 27, 2021 – decision may be amended on written notice to the Applicants – decision is based on the unique facts and circumstances of the Applicants and is made on a time-limited, test case basis.

Applicable Legislative Provisions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., sections 53, 74 and 144.

Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, sections 13.2(2)(c)(i), 13.3, 13.16, 14.2(2)(i), (j) and (k), and 15.1 and Division 5.

March 26, 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
ANGELLIST HOLDINGS, LLC ("AngelList") and
ANGELLIST ADVISORS, LLC
("ALA", collectively with AngelList, the "Filers")

DECISION

Background

The Filers operate an online platform that offers a number of services to start-up businesses that operate primarily in the technology sector (**Start-ups**), including services to facilitate venture capital and angel investing in Start-ups that meet certain criteria. All investors on the platform must qualify as an accredited investor (as defined in Canadian securities legislation) (**Accredited Investors**) and must also have prior experience in venture capital and angel investing, such that they have an understanding of the risks of investing in Start-ups through the platform.

ALA is currently registered in all Canadian provinces as a restricted dealer. The Filers previously applied for and received exemptive relief from the prospectus requirement in a decision of the Ontario Securities Commission (**OSC**) as principal regulator (the **Prior Prospectus Decision**) and from certain registration obligations in a decision of the Director (the **Prior Registration Decision**) dated June 14, 2018 (together, the Prior CSA Decision) under the securities legislation of the jurisdiction of the principal regulator (the **Legislation**). The Prior CSA Decision was granted in the context of the CSA Regulatory Sandbox (as defined in paragraph 4(d)) initiative and was made on a time-limited, test case basis, based on the unique facts and circumstances of the Filers. ALA first became registered in Ontario as a restricted dealer on October 24, 2016 and at the same time obtained exemptive relief in Ontario from certain registration obligations (the **Initial Ontario decision**).

The Filers are seeking to amend the Prior CSA Decision in order to enable the continued availability of certain services on their online platform to Canadian investors, subject to certain conditions. This amended decision (the **Decision**) has also been considered in the context of the CSA Regulatory Sandbox initiative and is made on a time-limited, test case basis. This Decision is based on the unique facts and circumstances of the Filers.

Relief from registrant obligations

1. The Filers have applied for exemptive relief pursuant to section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) for ALA from the following:

    (a) the requirement in subparagraph 13.2(2)(c)(i) [Know-your-client] of NI 31-103 that a registrant must take reasonable steps to ensure that it has sufficient information regarding the client's investment needs and objectives (the **know-your-client requirement**);

    (b) the requirement in section 13.3 [Suitability] of NI 31-103 that a registrant must take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a client to buy or sell a security, the purchase or sale is suitable for the client (the **suitability requirement**);

    (c) the requirement in section 13.16 of NI 31-103 [dispute resolution service] that a registered firm have a certain dispute resolution service provider (the **dispute resolution requirements**); and

    (d) the requirement to deliver the disclosure and reporting requirements in paragraphs 14.2(2)(i), (j), and (k) [Relationship Disclosure Information] and Division 5 [Reporting to clients] of Part 14 of NI 31-103 (the **disclosure and reporting requirements**) (together with the preceding paragraphs, referred to as the **Registrant Obligations Relief Sought**),

    provided that ALA ensures only Quality Investors (as defined in paragraph 4(i)) access the Restricted Services (as described in paragraph 21).

Prospectus Relief

2. ALA has applied for an exemption from the prospectus requirement in connection with distributions by an SPE (as defined in paragraph 35) or microfunds to Quality Investors who acquire securities of SPEs or microfunds through the platform (as described in this Decision) (the **Prospectus Relief Sought**).

Repeal and replacement of CSA decision

3. The Filers have applied to repeal the Prior CSA Decision effective as of the date of this Decision (the **Repeal and Replacement Relief Sought**).

    The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the Registrant Obligations Relief Sought, the Prospectus Relief Sought and the Repeal and Replacement Relief Sought.

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

(a) the OSC (Principal Regulator) is the principal regulator for this application; and

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in each of the other provinces of Canada.

Interpretation

4. For the purposes of this Decision:

    (a) **Approved Incubator Program** means an incubator, accelerator, Technology Transfer Office or similar organization that meets all of the following criteria:

        a. has a program for Start-ups and the program has been delivered for at least two years;

        b. receives funding from (A) a federal, state, provincial/territorial, or municipal government or a crown corporation or a government-owned corporation or authority, or (B) an accredited university or college;

c. has a competitive application process with clear criteria to select Start-ups for the program;

d. reviews the founders and other key individuals involved in the Start-up to ensure they meet the criteria for admission into the program;

e. provides entrepreneurial advice and mentorship support over a reasonable period of time; and

f. in respect of which ALA has received the approval from staff of the securities regulatory authority in the local jurisdiction in which the incubator program is based that the organization qualifies as an "Approved Incubator Program".

(b) **Credible Investor** means an investor that meets one of the following criteria:

a. a Venture Capital Fund that has at least $10 million in assets under management; or

(c) **Crypto-assets** mean cryptocurrencies, digital coins or tokens, and operations to mine the foregoing.

(d) **CSA Regulatory Sandbox** means an initiative of the Canadian Securities Administrators (CSA) to review new and innovative technology-focused or digital business models. The objective of this initiative is to facilitate the ability of those businesses to use innovative products, services and applications, while ensuring appropriate investor protection.

(e) Eligible Canadian Start-up means a Start-up that is operating from or doing business in Canada where either a. or b. applies:

a. (i) the start-up is incorporated or organized under the laws of Canada or any jurisdiction of Canada, (ii) the head office of the start-up is located in Canada, and (iii) at least 25% of the directors and 25% of the Executive Officers or founders of the start-up (or at least one director and one Executive Officer or founder, if there are less than four directors and less than four Executive Officers or founders, respectively) reside in Canada; or

b. at least 25% of the consolidated payroll of the Start-up and its subsidiaries is for employees and consultants who reside in Canada.

(f) **Executive Officer** means an individual who is:

a. a chair, vice-chair, or president,

b. a vice-president in charge of a principal business unit, division or function including sales, finance, production, technology or engineering, or

c. performing a policy-making function in respect of the issuer.

(g) **Experienced Founder** means a founder of a Start-up who has:

a. management, product or engineering experience, typically with the title of "director" or equivalent, at a large technology company (500+ plus employees), or

b. co-founded, or served at the vice-president level or above of (in either case, with executive responsibilities), a Start-up that has achieved a Successful Liquidity or Financing Event.

(h) **Microfund** means a fund that invests in a variety of Start-ups identified in each case by the Microfund Lead Investor.

(i) **Quality Investor** means an Accredited Investor who has been determined by ALA's procedures, as described in paragraphs 74 to 77, to have sufficient experience in venture capital and angel investing. For the avoidance of doubt, Quality Investors include Direct Investors who satisfy the requirements described in paragraph 76, subject to the conditions and limitations on access to the Restricted Services described therein.

(j) **Successful Liquidity or Financing Event** means:

a. an initial public offering (**IPO**);

b. an acquisition of all or substantially all the securities or assets of the Start-up; or

c. the completion of a follow-on round or "up round" of venture capital or angel financing for the Start-up involving external investors to the Start-up at that time, at a valuation in excess of the Start-up's previous round of financing or that triggered the automatic conversion of previously issued debt or equity securities. (For example, a Series Seed round to a Series A round.)

(k) **Technology Transfer Office** means an office at a university with an academic research program or at a research institute that is established to handle the intellectual property and licensing rights for faculty and student investors.

(l) **Venture Capital Fund** means:

a. In the United States (**U.S.**), a "venture capital fund" as defined in Rule 203(l)-1 under the *Investment Advisers Act of 1940*; and

b. In Canada, a venture capital fund that focuses primarily on venture capital or angel investing, and that is a non-individual permitted client.

5. Terms used in this Decision that are defined in the *Securities Act* (Ontario) (Act), National Instrument 14-101 Definitions (NI 14-101), NI 31-103 and MI 11-102 and not otherwise defined in the Decision, shall have the same meaning as in the Act, NI 14-101, NI 31-103 or MI 11-102 as applicable, unless the context otherwise requires.

Representations

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

The Filers

6. ALA is registered as a restricted dealer in each of the provinces of Canada.

7. ALA is a limited liability company formed under the laws of the state of Delaware. ALA is a subsidiary of AngelList, a limited liability company formed under the laws of the state of Delaware. A minority interest in ALA is held by AngelList EI, LLC (which is wholly-owned by employees of ALA or ALA's affiliates). The head offices of the Filers are in San Francisco, California, United States of America.

8. ALA is an "exempt reporting adviser" in the U.S. ALA relies on an exemption from SEC investment adviser registration requirements under sections 203(l) [venture capital fund adviser exemption] of the Investment Advisers Act of 1940 and related rules. As an exempt reporting adviser, ALA is subject to oversight by the SEC, including the requirement to pay fees to the SEC, to report annually certain information to the SEC and to have policies regarding the dissemination of material, non-public information and anti-fraud measures. ALA is also subject to review by the SEC.

9. The Filers are not registered as broker-dealers with the SEC under U.S. federal securities laws. The Filers rely on a no action letter issued to them by the SEC dated March 28, 2013 regarding the scope of their permitted activities in the U.S. without registering as broker-dealers in accordance with section 15(b) of the Securities Exchange Act of 1934. The Filers also rely on the no action letter issued to FundersClub Inc. and FundersClub Management LLC by the SEC dated March 26, 2013 with respect to their activities as an exempt reporting adviser. The Filers also rely on section 201(c) of the JOBS Act.

10. AngelList Ltd., an affiliate of the Filers, is authorized by the Financial Conduct Authority to carry on the following limited regulated activities in the United Kingdom: arranging (bringing about) deals in investments, dealing in investments as agent, and making arrangements with a view to transactions in investments. Through a passport process, AngelList Ltd. is permitted to carry out its permitted activities to countries in the European Economic Area as of the date hereof.

11. AngelList India, LLP, an affiliate of the Filers, sponsors an alternative investment fund registered with the Securities and Exchange Board of India to carry out venture investing activities on the Platform in India.

12. The Filers wish to offer certain of the services (as described below) to issuers and investors in Canada. As these services will involve the facilitation of trades in securities of issuers to Quality Investors for the purposes of venture capital and angel investing, ALA is registered as a restricted dealer in each of the provinces of Canada.

13. The Filers are seeking the Prospectus Relief Sought and the Registrant Obligations Relief Sought to allow Quality Investors and issuers resident in the Canadian provinces to access the Restricted Services (as defined in paragraph 21).

14. The Filers are not in default of securities legislation in any jurisdiction of Canada. The Filers are in compliance in all material respects with U.S. and U.K. securities laws.

Services

Public Services

15. AngelList operates an online networking website (the **Platform**) that allows start-ups, accelerators, incubators, angel investors and other individuals in the start-up sector (together, the **Participants**) to connect with each other and to raise their profile in the start-up community. The Platform is primarily aimed at technology or technology-enabled Start-ups.

16. Any Participant can post a profile on the Platform that contains general information about itself, including, as applicable, its products or services, and its management team (a **Profile**). A Profile is publicly available to anyone accessing the Platform. A Start-up may also post confidential information and grant access only to certain Participants.

17. After setting up a Profile, a Participant may request a connection by visiting another Participant's profile (the **Connection Services**). AngelList will confirm the relationship between the Participants. A verified connection is required in order for a Participant to send other Participants a message or request an introduction to other Participant's connections.

18. Any Start-up can also post job openings on the Platform and seek applicants from Participants on the Platform for such job openings (the **Recruiting Services**) (together with the Connection Services, the **Public Services**).

Restricted Area and Restricted Services

19. The Platform includes a password protected area (the restricted area). Participants must apply to enter the restricted area, and ALA only permits Accredited Investors to enter the restricted area.

20. Once Participants have been approved for access to the restricted area, they may further apply to access certain services, which are referred to below as Restricted Services. ALA only permits Quality Investors to access the Restricted Services, subject to the limitations applicable to Direct Investors as described in paragraph 76. Based on the Filers' experience in the United States, approximately 30% of U.S. accredited investors that apply to access the Restricted Services meet ALA's Quality Investor standard and are approved to use the Restricted Services.

21. The Restricted Services consist of the following:

    a. ALA allows both Start-ups and Syndicate Lead Investors (as defined in paragraph 27) the ability to raise money for a specific Start-up by forming a syndicate of investors through the Platform (the **Syndicate Services**).

    b. ALA allows Microfund Lead Investors (as defined in paragraph 39) the ability to raise money through the Platform for specific funds that invest in a variety of Start-ups identified in each case by the Microfund Lead Investor (the **Microfund Services**).

    c. ALA provides a transaction update email to Quality Investors. ALA has an algorithm that uses objective criteria to identify Start-ups seeking to raise capital from a syndicate of investors and provides a list of these Start-ups to Quality Investors who request this information.

    d. ALA offers a program for Quality Investors who plan to invest a substantial amount (which is at least USD$600,000) through the Platform and satisfy such other conditions as ALA may implement from time to time (the **Professional Investor Program**). Under this program, ALA introduces these Quality Investors to Start-ups that do not wish to make it known publicly that they are raising capital through a syndicate.

22. In the U.S., accredited investors who are not Quality Investors may invest in diversified funds created by ALA (referred to as **Platform Funds**) that invest in a wide variety of syndicates on the Platform. ALA does not currently offer Platform Funds or similar funds to investors in Canada. ALA plans to commence discussions with staff of the OSC on what basis it may offer Platform Funds or similar funds to investors in Canada.

Services Offered in Canada

23. AngelList makes the Public Services available to Participants.

24. ALA makes the Syndicate Services available to:

    a. Start-ups and Syndicate Lead Investors, and

    b. Quality Investors,

    subject to certain restrictions set out below.

25. ALA proposes to make the Microfund Services available to:

    a. Microfund Lead Investors, and

    b. Quality Investors,

    subject to certain restrictions set out below.

26. ALA will make the Professional Investor Program available to Quality Investors who qualify as a "permitted client" as defined in section 1.1 of NI 31-103 and excluding Direct Investors.

Syndicate Services

27. Syndicates can be formed by the founder or management of a Start-up itself or by an investor who is investing in a single Start-up, who wishes to make this investment opportunity available to other investors (co-investors) on the same terms and conditions, and who has been reviewed and approved by ALA as described in paragraphs 79 to 87 (a **Syndicate Lead Investor**). Each syndicate only invests in securities of a single Start-up (a **syndicate**).

28. A Start-up or Syndicate Lead Investor requests approval from ALA to establish the syndicate.

29. ALA reviews the request from the Start-up or Syndicate Lead Investor and determines whether to allow the Start-up or Syndicate Lead Investor to form a syndicate. In reviewing a request to form a syndicate, ALA reviews the Start-up for the following features:

    a. Whether the Start-up is a growth-oriented technology or technology-enabled company that has the potential to develop into a large stand-alone business;

    b. Whether the Start-up is focused on a product or service that will provide social, economic or environmental benefits or that is likely to meet a strong market demand; and

    c. Whether, in ALA's opinion, the Start-up is likely to appeal to Quality Investors.

30. ALA will not permit reporting issuers or any public company in any other jurisdiction to form a syndicate on the Platform.

31. If ALA grants approval to form a syndicate, the Start-up or the Syndicate Lead Investor, as applicable, completes and posts an investor note (the **syndicate investor note**) about the syndicate on the restricted area of the Platform. The syndicate investor note contains factual information about the proposed capital raise, the Start-up to be invested in, any co-investors, the risks associated with investing in the Start-up, past financing of the Start-up, and other key investment terms and conditions.

32. Interested Quality Investors may conduct due diligence on the Syndicate Lead Investor and/or the Start-up. Quality Investors use their own judgment whether to invest in a syndicate.

33. Neither ALA nor the Syndicate Lead Investor nor the Start-up:

    a. provide specific recommendations or advice to particular Quality Investors about the suitability of an investment in a Start-up through an SPE (as defined in paragraph 35); or

    b. recommend or solicit any particular purchase or sale by a Quality Investor of an SPE's securities.

34. Interested Quality Investors may submit non-binding requests for additional information through the Platform to either the Start-up or Syndicate Lead Investor about the Start-up that is being syndicated.

35. If there is sufficient interest to proceed with closing a syndicate investment, ALA establishes a special purpose entity (**SPE**) to accept the funds from committed investors and to acquire the Start-up's securities. The SPE formed to invest in the Start-up is required under U.S. securities law to have 99 or fewer investors (which may be increased to 250 in certain circumstances). For investments in Eligible Canadian Start-ups, for tax reasons Canadian investors may be, but need not be, aggregated into a parallel Canadian SPE. If used, a parallel Canadian SPE will otherwise invest on identical terms and conditions to a standard SPE.

36. ALA conducts a review of each Start-up's constating documents and Closing Documents (as defined in paragraph 54) to ensure they are consistent with the information in the Profile and the syndicate investor note, the results of any background reviews and any accompanying materials or information provided to it by an investor, the Syndicate Lead Investor and/or the Start-up and determines if the Closing Documents are complete, consistent and not misleading. If it appears to ALA that the Closing Documents are incomplete, inconsistent or misleading, ALA will require the Closing Documents to be corrected, made complete, or clarified.

37. For their role in a syndicate, ALA and the Syndicate Lead Investor will only receive compensation equal to a portion of the increase in value, if any, of the investment as calculated at the termination of the investment in the SPE (the **Syndicate Carried Interest**), and will not receive any transaction-based compensation. None of the Filers, the Syndicate Lead Investor, nor any of their officers or directors receive any other form of commission or transaction-based compensation related to the Restricted Services, including the Syndicate Services.

38. From October 24, 2016 (being the date when ALA became registered in Ontario) to the date of this Decision, 1009 Start-ups have raised capital from a syndicate on the platform pursuant to the terms and conditions of the Initial Ontario decision and the Prior CSA Decision. The Filers are in compliance with all of the terms and conditions of the Prior CSA Decision.

Microfund Services

39. Microfunds can be formed by an investor who intends to invest in a portfolio of Start-ups over a specified period and who wishes to make those investment opportunities available to other investors (co-investors) on the same terms and conditions, and who has been reviewed and approved by ALA as described in paragraphs 79 to 87 (a **Microfund Lead Investor**).

40. A Microfund Lead Investor requests approval from ALA to establish the microfund.

41. ALA reviews the request from the Microfund Lead Investor and determines whether to allow the Microfund Lead Investor to form a microfund. In reviewing a request to form a microfund, ALA reviews the Microfund Lead Investor and the proposed microfund for all of the following features:

    a. The Microfund Lead Investor has been reviewed and approved by ALA as described in paragraphs 79 to 87;

    b. The Microfund Lead Investor is a Credible Investor;

    c. The Microfund Lead Investor is investing his or her own money in or alongside the microfund;

    d. That any conflicts of interest that the Microfund Lead Investor might have in relation to the microfund are clearly articulated such that they can be appropriately disclosed to Quality Investors;

    e. The investment thesis for the microfund; and

    f. Whether, in ALA's opinion, the microfund is likely to appeal to Quality Investors.

42. Microfunds can invest in any technology Start-up identified by the Microfund Lead Investor that in the opinion of ALA is consistent with the microfund's investment thesis. The Filers have other policies and operational limitations that result in restrictions on certain types of investments being made by microfunds.

43. If ALA grants approval to form a microfund, the Microfund Lead Investor completes and posts an investor note (the **microfund investor note**) about the microfund on the restricted area of the Platform. The microfund investor note contains factual information about the Microfund Lead Investor's background, the microfund's investment thesis, the expected investment period, average deal size to be made in a start-up by the microfund and any conflicts of interest between the microfund lead investor and the microfund.

44. Interested Quality Investors may conduct due diligence on the Microfund Lead Investor. Quality Investors use their own judgment as to whether to invest in a microfund.

45. Neither ALA nor the Microfund Lead Investor nor any Start-up:

    a. recommends to, or advises Quality Investors about the suitability of, an investment in a microfund; or

    b. recommends or solicits any particular purchase or sale by a Quality Investor of a microfund's securities.

46. Interested Quality Investors may submit requests for additional information through the Platform to the Microfund Lead Investor about the microfund.

47. If there is sufficient interest to proceed with closing a microfund, ALA establishes a limited partnership or limited liability company (**LLC**) to accept the subscription funds from committed investors, and investors are issued limited partnership or LLC interests of the microfund in exchange for those funds. Subscription funds are deposited with the U.S. bank referred to in paragraphs 57 and 58.

48. When the Microfund Lead Investor wants to make an investment from the microfund into a specific Start-up, the Microfund Lead Investor informs ALA. ALA will verify that the investment conforms with the investment thesis and reviews any conflicts of interest the Microfund Lead Investor may have in relation to the investment. ALA will ensure that all required documents relating to the investment are provided to investors. Once ALA approves the investment, the U.S. bank referred to in paragraphs 57 and 58 will wire the required funds to the Start-up.

49. For their role in a microfund, ALA and the Microfund Lead Investor will only receive compensation equal to a portion of the increase in value, if any, of the investment as calculated at the termination of the investment in the microfund (the **Microfund Carried Interest**) and, in certain instances, a customary management fee (from 1 – 3%), split between ALA and the Microfund Lead Investor. None of the Filers, the Microfund Lead Investor, nor any of their officers or directors receive any other form of commission or transaction-based compensation related to the Microfund Services.

50. Each microfund has a common general partner or LLC manager that is supported in carrying out its duties by the Microfund Lead Investor. The Microfund Lead Investor contributes to the Start-ups that receive microfund investments in a similar manner to that of early-stage Canadian venture capital funds. This generally includes direct involvement in the appointment of managers by using the Microfund Lead Investor's network of contacts to source, recruit, vet and provide references for members of senior management of the Start-up, as well as key members of the Start-up's product development, business development or technology teams. The Microfund Lead Investor also represents the microfund in material management decisions affecting the Start-up that require the input of the Start-up's principal investors. At the early stage material decisions of this nature generally include whether to support financings, uses of capital and any material business decisions, and in later stages decisions requiring investor consent are usually formalized in protective contractual provisions.

Procedures Common to Syndicates and Microfunds

51. ALA has engaged an affiliated consulting and fund administration firm (the **SPE/Microfund Manager**) to provide administrative services in relation to the SPEs and microfunds on terms no less favorable than those available from an arms' length firm. On behalf of ALA, the SPE/Microfund Manager handles the formation and organization of each SPE and microfund, certain closing procedures for the investments, securities filings, ongoing administration, and winding up the SPE or microfund where applicable.

52. The first time a Quality Investor invests with a syndicate or microfund, prior to closing of that syndicate or microfund, the Quality Investor is asked to confirm his or her interest in investing in Start-ups generally, and to acknowledge a series of risk warnings including warnings as to risk of total loss of the investment, illiquidity of the securities and dilution risk, and the need for the Quality Investor to conduct his or her own due diligence on the Start-up or microfund, as applicable. Detailed risk warning acknowledgements are not obtained from Quality Investors on subsequent investments; however, certain risks are acknowledged upon each Quality Investor's acceptance of the provisions of the Closing Documents.

53. For each syndicate or microfund, prior to closing that syndicate or microfund, the Quality Investor is also asked to reconfirm his or her accredited investor status. If a Quality Investor indicates that his or her status has changed such that he or she is no longer an accredited investor, the investor is not permitted to invest with the syndicate or microfund and is not permitted to access the restricted area of the Platform. Quality Investors electronically agree to and sign the SPE or microfund Closing Documents on the Platform and are provided with wire instructions for their investment amounts.

54. After a Quality Investor commits to making an investment with a syndicate or microfund, the Quality Investor receives the following:

    a. in the case of a syndicate, the SPE's operating or limited partnership agreement, the SPE's private placement memorandum, the subscription or purchase agreement for the purchase of securities of the SPE, an investor statement (which is a screen confirming how much the Quality Investor invested in the SPE and the corresponding investment by the SPE in the Start-up as of the specific date), a signature certificate (which is a screen showing the investor that documents have been digitally signed and a digital fingerprint provided for security reasons) and the syndicate investor note; or

    b. in the case of a microfund, the microfund's operating, limited partnership or LLC agreement (as applicable), the microfund's private placement memorandum, the subscription or purchase agreement for the purchase of securities of the microfund, an investor statement (which is a screen confirming how much the Quality Investor invested in the microfund), a signature certificate (which is a screen showing the investor that documents have been digitally signed and a digital fingerprint provided for security reasons) and the microfund investor note.

    The documents referred to above are the Closing Documents. The SPE/Microfund Manager will retain the Closing Documents for eight years.

55. Either the Filers or SPE/Microfund Manager will deliver electronically to the securities regulatory authority of each jurisdiction of Canada where a distribution occurs, any of the documents that constitute an offering memorandum (as defined under the Legislation). In the case of a syndicate, the Filers will inform the Start-up that the Start-up must deliver electronically to the securities regulatory authority of each jurisdiction of Canada where a distribution occurs a copy of any document that constitutes an offering memorandum (as defined under the Legislation) that has not already been delivered.

56. Prior to closing a syndicate or microfund, ALA uses a third-party service (such as Blockscore or Jumio) to verify the identity of each Quality Investor. ALA also runs anti-money laundering and terrorist financing checks. The verification process and anti-money laundering and terrorist financing checks are performed on both individual and non-individual Quality Investors (entities). For non-individual Quality Investors, the Filers contact the investor by email to determine the identity of the individual principal(s) of the Quality Investor. AML and terrorist financing checks are performed through a politically exposed person (PEP) list and/or Office of Foreign Assets Control (OFAC) list search. Similar verification processes and checks will be performed for Canadian investors.

57. Neither the Filers nor the SPE nor the microfund holds, handles or controls any investor or Start-up funds. The funds are held by and deposited in a single trust account that has been established by a FDIC-member U.S. bank in the name of the bank for the benefit of investors investing through the Platform or, depending on the size of the syndicate or microfund and other considerations, a separate account in the name of the bank for the benefit of investors in the particular fund. The Filers do not intermingle their own monies in these accounts.

58. Once all expected funds have been received by the bank, the bank notifies ALA. ALA then issues advice to the bank to initiate funds transfer to the Start-up or, in the case of microfunds, ALA issues advice to the bank to initiate funds transfer to a Start-up when the applicable investment has been approved.

59. All Quality Investors in a syndicate are notified electronically that the investment by the SPE in the Start-up is finalized and to provide them with a copy of the final Closing Documents. Investors in microfunds are notified electronically from time to time that investments have been made by the microfund.

60. The Filers will utilize the same bank and procedures for investments in Eligible Canadian Start-ups completed on the Platform. Although initially the Platform will only support transactions denominated in U.S. dollars, the Filers plan to support transactions in Canadian dollars and utilize Canadian banking services as required for transactions in Canadian dollars.

61. Quality Investors have access to an individual account on the Platform where they may view information about the transaction and access copies of the Closing Documents. The Closing Documents will be retained and made available to Quality Investors through the Platform for at least eight years.

62. ALA requires that each investor in a syndicate or microfund pay a portion of the costs associated with the closing of the syndicate or microfund investment (such as legal fees) in proportion to the investor's investment.

63. Neither the syndicate nor the SPE or microfund, as applicable, borrows funds from investors or the public for any reason. The syndicate, the SPE or microfund, as applicable, and the Filers do not loan money or extend margin to investors that wish to invest in a Start-up as part of a syndicate or microfund.

64. The Filers do not facilitate any secondary trading of previously issued securities, whether originally issued to the members of a syndicate, the investors in a microfund or otherwise.

Professional Investor Program

65. ALA is involved with a number of syndicates in which the Start-up does not wish to disclose publicly that it is seeking funding (the **Private Syndicates**).

66. These Private Syndicates are only made available to Quality Investors who:

    a. intend to invest a substantial amount, which will be specified by ALA from time to time (but in any event over USD$600,000) in syndicates through the Platform;

    b. invest a substantial average amount to be specified by ALA from time to time (but in any event will be, on average, at least USD$50,000 per month) in syndicates;

    c. sign a non-disclosure agreement with ALA; and

    d. are able to make investment decisions in a timely manner.

67. ALA has automated functionality that matches certain Private Syndicates with the Quality Investor's selected objective criteria, based on filters that the Quality Investor selected when the Quality Investor signed up for the Professional Investor Program.

68. ALA provides the list of Private Syndicates to the Quality Investor.

69. The Quality Investor conducts his or her own due diligence on the Start-up of the Private Syndicate.

70. The Quality Investor will make his or her own decision as to which Private Syndicate to invest in. The same investment procedures that are used for a typical syndicate also apply to a Private Syndicate.

71. There are no fees for participating in the Professional Investor Program.

Participants

Investors

72. When opening an account with AngelList to seek ALA's approval for Quality Investor status, each investor provides the Filers with the category of accredited investor the investor meets, which for Canadian investors will correspond to the definition of accredited investor in Canadian securities legislation. In addition, the Filers request that each investor provides the following information when opening an account:

    a. The amount the investor has budgeted for investing in Start-ups on the Platform;

    b. The investor's net worth band (e.g., > $1 million, > $2 million, > $5 million, with currency being denominated in U.S. dollars). For Canadian investors, bands are denominated in Canadian dollars;

    c. The proportion of the investor's net worth that the investor's budget for investing in Start-ups represents; and

    d. The investor's experience in investing in Start-ups or working for or with private equity firms and venture capital firms and the investor's connection to other investors and Start-ups on the Platform.

    The above-listed information, to the extent provided by an investor, is retained on the Platform by the Filers for 8 years.

73. In addition to providing the information in paragraph 72, each investor acknowledges the following risks associated with investing in Start-ups generally when signing up to access the Public Services and Restricted Services:

    a. Risk of loss of an investor's entire investment in a Start-up;

    b. Illiquidity risk;

    c. No due diligence of a Start-up is conducted by the Filers;

d. Dilution risk;

e. Risk of change in the Start-up's plans, markets and products; and

f. No recommendation or advice is provided by the Filers to the investor.

In addition:

g. Prior to making an investment, the investor must acknowledge that he or she will receive limited or no initial or ongoing information about the investment; and

h. The syndicate investor note or microfund investor note (as applicable) will disclose any conflicts of interest that may exist.

The above-listed information is retained on the Platform or by ALA for 8 years.

74. To determine if an investor is a Quality Investor, ALA manually conducts an assessment of each investor's experience and knowledge with respect to venture capital and angel investing based upon available information about the investor, which may include the following information:

a. The investor's previous venture capital and angel investments and the size of those investments (as declared by the investor or otherwise known to ALA);

b. The investor's connections to other founders and investors (as reflected on his or her profile on the Platform or other websites), and ALA's assessment of those founders and investors; and

c. ALA's judgement about an investor's previous venture capital and angel investing experience with other top investors and the investor's reputation.

75. If, based on ALA's assessment, an investor does not have sufficient experience and knowledge with respect to venture capital and angel investing, ALA will not approve the investor as a Quality Investor. In order to access the Restricted Services an investor (other than a Direct Investor) must first be approved as a Quality Investor.

76. Syndicate Lead Investors and Microfund Lead Investors may allow certain investors (**Direct Investors**) who ALA has not yet approved as Quality Investors to access and invest in such Syndicate Lead Investor's and Microfund Lead Investor's investments provided that:

a. the Syndicate Lead Investor or Microfund Lead Investor, as applicable, acknowledges that:

(1) the Syndicate Lead Investor or Microfund Lead Investor, as applicable, has a substantive pre-existing relationship with such Direct Investor sufficient to understand the Direct Investor's knowledge and experience in investing with venture capital and angel investing;

(2) the Syndicate Lead Investor or Microfund Lead Investor, as applicable, believes, in good faith, that such Direct Investor is a Quality Investor; and

b. such Direct Investor provides ALA with the category of accredited investor the Direct Investor meets, which for Canadian investors will correspond to the definition of accredited investor in Canadian securities legislation, prior to making an investment on the Platform.

A Direct Investor may not access through the Restricted Services investments of any Syndicate Lead Investor or Microfund Lead Investor other than the one that directly invited them to the Platform until such Direct Investor requests access to the Restricted Services (following the process for investors who are not Direct Investors) and is approved by ALA as a Quality Investor. ALA will periodically review Direct Investors who subsequently apply for access to the Restricted Services to assess whether the Syndicate Lead Investor or Microfund Lead Investor, as the case may be, is inviting Direct Investors who are Quality Investors. ALA is not delegating or relying on the lead investor to ensure that the Direct Investor has sufficient experience in venture capital and angel investing and remains responsible for ensuring Direct Investors are Quality Investors. If it comes to ALA's attention that, contrary to the acknowledgement, a Syndicate Lead Investor or a Microfund Lead Investor is allowing Direct Investors who are not Quality Investors to access and invest in such Syndicate Lead Investor's and Microfund Lead Investor's investments, ALA will take actions to address the violation.

77. ALA may, in lieu of manual reviews described in Paragraph 74, elect to use computer algorithms to programmatically rank investors based on the information provided by the investor and approve as Quality Investors only investors that achieve a minimum ranking as established by ALA from time to time.

78. In Canada, Accredited Investors that are not Quality Investors will not be permitted to invest as part of a syndicate or microfund through the Platform and will not be permitted access to the Restricted Services.

Lead Investors

79. Only Accredited Investors can apply to be Syndicate Lead Investors or Microfund Lead Investors. ALA retains the right and full discretion to determine whether a person may act as a Syndicate Lead Investor or Microfund Lead Investor.

80. ALA reviews a potential Syndicate Lead Investor or Microfund Lead Investor for previous experience related to venture capital and angel investing by reviewing the Syndicate Lead Investor's or Microfund Lead Investor's activity on relevant social media and other websites (such as Crunchbase and Google), if such information is available. If a Syndicate Lead Investor or Microfund Lead Investor does not have social media presence to review, ALA will assess the information personally known to ALA staff and obtained through conversations with the Syndicate Lead Investor or Microfund Lead Investor, as the case may be, and with other sources.

81. ALA also reviews references provided by each Syndicate Lead Investor or Microfund Lead Investor related to his or her prior Start-up investments.

82. In addition to the qualifications outlined in paragraphs 80 and 81, Microfund Lead Investors must: (i) invest their own money into or alongside the microfund and (ii) clearly disclose any conflicts they might have to the microfund and clearly articulate what part of their deal flow will go through the microfund. Each Microfund Lead Investor must also be determined by ALA to be a Credible Investor.

83. In the case of syndicates, if ALA is not satisfied that a Syndicate Lead Investor has sufficient knowledge and experience related to Start-up and/or venture capital investing, ALA will also consider whether there is a Credible Investor involved in the syndicate and who is investing on the same terms and conditions as the investors in the syndicate.

84. Where ALA approves a Syndicate Lead Investor to form a syndicate or a Microfund Lead Investor to form a microfund, ALA requires each Syndicate Lead Investor or Microfund Lead Investor, as applicable, to sign an agreement with ALA. For so long as the Syndicate Lead Investor has an interest in the Start-up that the Syndicate Lead Investor has syndicated or the Microfund Lead Investor has an interest in the microfund, this agreement requires, among other things, the Syndicate Lead Investor or Microfund Lead Investor:

    a. To assist ALA and the SPE/Microfund Manager as necessary to allow ALA and the SPE/Microfund Manager to comply with applicable regulatory requirements pertaining to the syndicate or the microfund and the syndicate's or microfunds' investment in the Start-up,

    b. To provide ALA with information about the Start-ups invested in by the syndicate or microfund as required by ALA or the SPE/Microfund Manager to service the syndicate or the microfund, and

    c. To provide ALA with written notice of certain events, including subsequent investment in the Start-up by the Syndicate Lead Investor or Microfund Lead Investor, sale or transfer of the Syndicate Lead Investor's or Microfund Lead Investor's securities in the Start-up, and how the Syndicate Lead Investor or Microfund Lead Investor has voted.

    In the event the Syndicate Lead Investor or Microfund Lead Investor, as applicable, fails to comply with the agreement, ALA will take action for the breach, including terminating its agreement with a Syndicate Lead Investor or a Microfund Lead Investor where there is a material violation of the conditions of this Decision.

85. Syndicate Lead Investors and Microfund Lead Investors are required to disclose all conflicts of interest to ALA and to potential Quality Investors (including Direct Investors). Conflicts of interest that must be disclosed include whether the Syndicate Lead Investor or Microfund Lead Investor invested in previous round of financing by the Start-up or a prospective portfolio company of the microfund, is an employee or officer of the Start-up or a prospective portfolio company of the microfund, or has family members working at the Start-up or a prospective portfolio company of the microfund, any other circumstances judged by ALA to constitute conflicts or potential conflicts.

86. A Syndicate Lead Investor invests either directly with the Start-up or alongside other investors in the syndicate on the same terms and conditions as the investors in the syndicate. A Microfund Lead Investor invests directly in the microfund or alongside the microfund on the same terms and conditions as the investors in the microfund.

87. Prior to the closing of the syndicate or the microfund, ALA conducts a background check on the Syndicate Lead Investor or Microfund Lead Investor as applicable (through a third-party service provider), including criminal record, securities regulatory, AML, terrorist financing, and economic and political sanctions watch-lists. In addition, similar background checks are conducted annually on Syndicate Lead Investors and Microfund Lead Investors. ALA conducts and maintains third-party background checks on the individuals at ALA who act as officers and directors of the SPE.

Start-ups

88. ALA conducts background reviews on the Start-up that a syndicate invests in and each founder (which generally includes the president or chief executive officer) of such Start-up before the close of a syndicate.

89. ALA conducts these background reviews on the Start-up that a syndicate invests in and such Start-up's founders by utilizing internet search engines and other online resources for evidence of: criminal record, securities regulatory, AML terrorist financing, and economic and political sanctions watch-lists.

90. The Microfund Lead Investor performs due diligence on each Start-up and its founders in which the microfund invests.

91. ALA does not permit a syndicate to close, if any of the Start-up, its president or chief executive officer has pled guilty to or has been found guilty of an offence related to or has entered into a settlement agreement in a matter that involved fraud or securities violations or if the Start-up is bankrupt.

Additional Requirements

92. Canadian investors will only be permitted to invest in a Start-up that seeks to raise capital through a syndicate and in microfunds in one of the following circumstances:

    a. Permitted Clients. Canadian investors who qualify as permitted clients (as defined in section 1.1 of NI 31-103) and who waive the requirement for ALA to conduct a suitability assessment, in accordance with subsection 13.3(4) of NI 31-103, may (i) invest in any syndicate on the Platform, (ii) invest in any microfund on the Platform and (iii) participate in the Professional Investor Program.

    b. The Start-up, or the Start-ups in a particular microfund, is participating in or within the past 24 months has successfully completed an Approved Incubator Program. Canadian Quality Investors may invest in (i) syndicates in which the Start-up is an Eligible Canadian Start-up that is participating in or has successfully completed an Approved Incubator Program, or (ii) microfunds that only invest in Eligible Canadian Start-ups that are participating in or have successfully completed an Approved Incubator Program.

    c. Other Start-ups or microfunds – Subject to limits on the number of Canadian Quality Investors. Over the period commencing on March 27, 2017 and ending on March 27, 2021 up to a maximum of 1,000 Canadian Quality Investors may invest with one or more syndicates or microfunds that meet one of the following criteria.

        (1) For Syndicates:

            a. The founder of the Start-up is an Experienced Founder.

            b. Either the Syndicate Lead Investor of the syndicate or at least one investor in the Start-up that the syndicate is investing in, other than the Syndicate Lead Investor, is a Credible Investor, and the syndicate is investing in the Start-up on the same terms and conditions as the Credible Investor.

            c. The Start-up has, within the previous three years, received funding from a federal, state, provincial or territorial government program that supports small business or Start-ups as part of its mandate, such as Business Development Bank of Canada, BDC Capital, the Investment Accelerator Fund, Ontario Centres of Excellence, the Federal Economic Development Agency for Southern Ontario and Investissement Québec.

        (2) For microfunds: The Microfund Lead Investor is a Credible Investor and invests in or alongside the microfund on the same terms as the other microfund investors.

Decision

The Principal Regulator is satisfied that the Decision meets the tests 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 Prior Prospectus Decision with respect to the Prior CSA Decision is repealed and the Prospectus Relief Sought is granted, provided that all of the following conditions are met:

1. The Filers have their head office or principal place of business in the U.S. or Canada.

2. The Filers are in compliance with the no action letter relating to broker-dealer registration issued to them by the SEC dated March 28, 2013 and the no action letter has not been modified or revoked.

3. ALA is an exempt reporting adviser in the U.S.

4. The Filers ensure that securities are only distributed to investors in Canada in accordance with the terms, conditions, restrictions and requirements applicable to the accredited investor exemption as set out in Canadian securities legislation, except the requirements in subsections 2.3(6) and (7) of NI 45-106 to obtain and retain a signed risk acknowledgement in the prescribed form.

5. For each distribution, either ALA, or the SPE/Microfund Manager on behalf of ALA, will file a completed Form 45-106F1 Report of Exempt Distribution (Form 45-106F1) in each jurisdiction of Canada where the distribution takes place within 10 days of the date of the distribution and will reference the accredited investor exemption as set out in section 2.3 of NI 45-106 as the “Exemption relied on” in Schedule 1 of Form 45-106F1.

6. For each distribution by the SPE or microfund, if an offering memorandum (as defined under the Legislation) is provided by the SPE to investors resident in a jurisdiction of Canada, either ALA or the SPE/Microfund Manager will deliver to the securities regulatory authority of each jurisdiction of Canada where the distribution occurs, a copy of the offering memorandum, or any amendment to a previously delivered offering memorandum, within 10 days of the date of the distribution.

7. For each distribution by the SPE or microfund made in reliance on this Decision, if an offering memorandum (as defined under the Legislation) is provided by the SPE or microfund to investors resident in a jurisdiction of Canada, ALA will ensure that the SPE or microfund provides to investors resident in a jurisdiction of Canada a contractual right of action against the SPE or microfund for rescission or damages that:

    a. Is available to an investor who purchases a security offered by the offering memorandum during the period of distribution, if the offering memorandum contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation

    b. Is enforceable by the investor delivering notice to the SPE or microfund:

        i. In the case of an action for rescission, within 180 days after the date of the transaction that gave rise to the cause of action, or

        ii. In the case of an action for damages, before the earlier of

            (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, or

            (B) three years after the date of the transaction that gave rise to the cause of action

    c. Is subject to the defence that the investor had knowledge of the misrepresentation

    d. In the case of an action for damages, provides that the amount recoverable

        i. Must not exceed the price at which the security was offered, and

        ii. Does not include all or any part of the damages that the SPE or microfund proves does not represent the depreciation in value of the security resulting from the misrepresentation, and

    e. Is in addition to, and does not detract from, any other right of the purchaser.

8. The first trade in securities distributed in reliance on this Decision will be deemed to be a distribution that is subject to section 2.5 of National Instrument 45-102 Resale of Securities.

9. The Filers ensure that

   a. The accredited investor status of each investor is verified when the investor first signs up to the Platform and verified again when the investor makes any investment through the Platform,

   b. Prior to closing of the first syndicate or microfund in which an investor invests, the investor acknowledges the risks as described above in paragraph 52, and

   c. Upon signing up to access the Restricted Services, the investor acknowledges the risks as described above in paragraph 73.

10. The Filers limit access to the Restricted Services to Quality Investors, subject to the limitations applicable to Direct Investors described in paragraph 76.

11. The Filers will immediately remove an investor from being able to access the Restricted Services if it knows or suspects that the investor is not an accredited investor (as defined in section 73.3(1) of the Act and NI 45-106).

12. The Filers ensure that Canadian investors invest in syndicates or microfunds through the Platform in accordance with paragraph 92.

13. The Approved Incubator Programs are NEXT Canada (previously known as The Next 36), Creative Destruction Lab, York Entrepreneurship Development Institute's (YEDI) Incubator Track, Ontario Centres of Excellence's (OCE) Market Readiness Program, Launch Academy, UTEST and any other Approved Incubator Program from time to time.

14. ALA notifies the Principal Regulator in writing at least 10 business days prior to any material change in either Filers' business operations or business model, including any material addition to or material modification to the Restricted Services.

15. The Filers notify the Principal Regulator promptly in writing of any regulatory action, criminal charges, or material civil actions initiated after the date of this Decision in respect of the Filers or any specified affiliate (as defined in Form 33-109F6 Firm Registration) of the Filers.

16. This Decision shall expire on March 27, 2021.

"Grant Vingoe"
Vice Chair
Ontario Securities Commission

"Tim Moseley"
Vice Chair
Ontario Securities Commission

The further decision of the Principal Regulator is that the Prior Registration Decision with respect to the Prior CSA Decision is repealed and the Registrant Obligations Relief Sought is hereby granted, provided that all of the following conditions are met:

1. The Filers comply with the terms and conditions of the Decision with respect to the Prospectus Relief Sought.

2. Unless otherwise exempted by a further decision of the Principal Regulator, ALA complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer and to a registered individual under Canadian securities laws, including the Act and NI 31-103, and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on ALA.

3. The Filers will deal fairly, honestly and in good faith with Participants.

4. The Filers, any representatives of the Filers, any Syndicate Lead Investors, any Microfund Lead Investors and any Start-ups do not provide recommendations or advice to any investor or prospective investor on the Platform.

5. The Filers ensure Syndicate Lead Investors of a syndicate invest in the Start-up on the same terms and conditions as the syndicate, and that the Microfund Lead Investors of a microfund invest in or alongside the microfund on the same terms and conditions as investors in the microfund.

6. The Filers ensure that any Start-up that raises capital in Canada through the Platform is not an investment fund and not a reporting issuer.

7. Neither ALA nor any Syndicate Lead Investor nor any Microfund Lead Investor will solicit investors, aside from the Restricted Services of the Platform itself.

8. Neither the Filers nor the SPE nor the microfund holds, handles or controls any investor or Start-up funds.

9. Neither Filers permit any secondary trading of previously issued securities to take place on the Platform.

10. The only compensation that ALA, the Syndicate Lead Investor or the Microfund Lead Investor receive for their role in a syndicate or microfund is (i) Syndicate Carried Interest or Microfund Carried Interest as applicable, and (ii) in the case of certain microfunds, a maximum 1%-3% management fee payable to the Microfund Lead Investor and/or ALA, and such compensation is disclosed to investors. None of the Filers, the Syndicate Lead Investor, the Microfund Lead Investor nor any of their officers or directors receive any other form of commission or transaction-based compensation related to the Restricted Services, including the Syndicate Services or the Microfund Services.

11. ALA will disclose any conflicts of interest as described in paragraph 73(h) to investors in the syndicate or microfund.

12. The Filers will immediately remove a Start-up from the Platform, and the posting of any syndicate in relation to such Start-up, and will prevent any microfund from investing in a Start-up if:

    a. Either Filer makes a good faith determination that the business of the Start-up may not be conducted with integrity because of the past or current conduct of the Start-up or of the Start-up's directors, executive officers or promoters; and

    b. Either Filer becomes aware that the Start-up is not complying with applicable securities legislation.

13. The Filers will not permit Canadian Quality Investors to invest in microfunds that have been formed to invest primarily in crypto-assets.

14. The Filers will immediately remove any Participant from the Platform or prohibit any person or company from accessing the restricted area of the Platform at the request of the Principal Regulator.

15. In addition to any other reporting required by law, including Form 45-106F1 Report of Exempt Distribution, the Filers provide the following information to the Principal Regulator within 30 days of the end of June and December:

    a. For syndicates:

        - The name of each Start-up that has raised capital in Canada through a syndicate on the Platform, and
        - the name of the associated SPE(s),

    b. For microfunds:

        - The number of microfunds established in the quarter in Canada and the name of the associated SPE(s),
        - The number of microfunds that deployed cash in Canada in the quarter and the amount invested in Start-ups in total,
        - A list of those microfunds that invested solely in Eligible Canadian Start-ups and the names of the Approved Incubator Programs each Start-up participated in, and
        - The total number of Canadian investors who invested in microfunds in the quarter (pursuant to this decision).

    c. The number of Canadian Accredited Investors that applied during the quarter to be approved as Quality Investors and the number who were approved by ALA as Quality Investors.

16. The Filers will provide such other information as the Principal Regulator may reasonably request from time to time.

17. This Decision shall expire on March 27, 2021.

18. This Decision may be amended by the Principal Regulator from time to time upon prior written notice to the Filer.

"Debra Foubert"
Director
Ontario Securities Commission

2.1.3 European Commercial Real Estate Investment Trust

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer granted relief from the requirement to include certain financial information of an acquired business in an information circular in connection with a reverse take-over transaction. The unavailable financial information is not material. Relief granted, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
Form 51-102F5 Information Circular, Item 14.2.

March 18, 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
EUROPEAN COMMERCIAL REAL ESTATE INVESTMENT TRUST
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision pursuant to section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) that the Filer be exempt from the requirement to include the financial statement disclosure prescribed under item 14.2 of Form 51-102F5 *Information Circular* (**Form 51-102F5**) relating to financial statement disclosure for reverse takeovers (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;

(b) The Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-02**) is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (collectively, with Ontario, the **Jurisdictions**); and

(c) All factual information contained herein has been provided to us by the Filer. The details of the application and the reasons therefor are set out below.

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 an unincorporated open-ended real estate investment trust that was established pursuant to a declaration of trust dated February 15, 2017, as amended and restated on May 3, 2017 (as further amended or amended and restated from time to time) and is governed under the laws of the Province of Ontario.

2. The Filer's principal and head office is located at 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1.

3. The Filer's principal business is to invest in real estate properties in Europe.

4. The authorized capital of the Filer consists of an unlimited number of trust units (**Units**) and an unlimited number of special voting units (**Special Voting Units**). As at the date hereof, there were 16,204,568 Units and 717,475 Special Voting Units issued and outstanding.

5. The Units are listed and posted for trading on the TSX Venture Exchange (**TSXV**) under the symbol "ERE.UN".

6. The Filer is a reporting issuer in each of the Jurisdictions, and, to the best of its knowledge, is not in default of the securities legislation in any of the Jurisdictions.

The Proposed Acquisition

7. From December 2016 to December 2017, Canadian Apartment Properties Real Estate Investment Trust (**CAPREIT**) acquired 41 separate properties in the Netherlands comprised of, in the aggregate, 2,091 suites (the **Acquisition Portfolio**). Pursuant to the securities purchase agreement entered into between the Filer, CAPREIT and CAPREIT Limited Partnership on December 10, 2018, the Filer has agreed to acquire (the **Proposed Acquisition**) the Acquisition Portfolio by way of acquiring the equity interests in CAPREIT NL Holding BV (the **Netherlands Nominee**), a subsidiary entity of CAPREIT. In consideration, the Filer will issue Units to CAPREIT in such an amount that would result in CAPREIT owning in excess of 50% of the total issued and outstanding Units. The properties comprising the Acquisition Portfolio (the **Acquisition Properties**) were acquired by CAPREIT as multiple portfolios in separate transactions, as follows, from various vendors unrelated to the Filer or CAPREIT commencing in December 2016 and are held by the Netherlands Nominee or its wholly-owned subsidiaries:

Portfolio Group	Date of Acquisition by CAPREIT	Number of Properties
Group 1	December 23, 2016	8
Group 2	July 12, 2017	19
Group 3	August 8-25, 2017	4
Group 4	December 1, 2017	10

8. A special committee of the board of trustees of the Filer is supervising the Proposed Acquisition and has retained legal counsel and financial advisors in respect of the Proposed Acquisition.

Proposed Acquisition as a Reverse Takeover

9. The Filer submits that the Proposed Acquisition is properly characterized as a "reverse takeover" (**RTO**) pursuant to section 1.1(1) of NI 51-102 given that it is a "transaction where [the Filer] acquires a person or company by which the securityholders of the acquired person or company, at the time of the transaction, obtain[s] control of [the Filer]". Based on this and pursuant to subsection 8.1(2) of NI 51-102, Part 8 of NI 51-102 does not apply to the Proposed Acquisition. As a result, the Proposed Acquisition is not a "significant acquisition" under Part 8 of NI 51-102 and the Filer will not be required to file a business acquisition report in connection with the Proposed Acquisition.

10. The Proposed Acquisition is also characterized as a "reverse take-over" under TSXV Policy 5.2 *Changes of Business and Reverse Takeovers* (**TSXV Policy 5.2**) and requires the approval of a majority of holders of Units and holders of Special Voting Units (**Unitholder Approval**) at a duly called meeting to consider the Proposed Acquisition. In connection with obtaining Unitholder Approval, the Filer intends to hold a meeting of its holders of Units and Special Voting Units on or about March 21, 2019 and provide a management information circular (the **Circular**) disclosing the material particulars of the Proposed Acquisition for consideration by holders of Units and holders of Special Voting Units.

11. As the Proposed Acquisition is an RTO, it is also a restructuring transaction pursuant to subsection 1.1(1) of NI 51-102. Item 14.2 of Form 51-102F5 provides that if the action to be taken is in respect of a restructuring transaction, the Circular must include disclosure for the business being acquired.

Such disclosure must be the disclosure (including financial statements) prescribed under securities legislation and described in a prospectus that the company, business or entity would be eligible to use immediately prior to the sending and filing of the Circular. Such disclosure would be in respect of the Netherlands Nominee.

12. The financial statement disclosure of the Netherlands Nominee that would be required pursuant to item 14.2 of Form 51-102F5 would be, pursuant to National Instrument 41-101 – *General Prospectus Requirements* (**NI 41-101**) and Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**), for an "IPO venture issuer" (as defined in NI 41-101). Specifically, pursuant to items 32.2 and 32.3 of Form 41-101F1, the Filer is required to include audited annual financial statements for the years ended December 31, 2016 and 2017 and interim financial statements for the period ended September 30, 2018.

13. Pursuant to item 32.4(1)(c) of Form 41-101F1, the financial statement disclosure of the Netherlands Nominee would not have to include the second most recently completed financial year of the Netherlands Nominee (i.e., financial statements for the year ended December 31, 2016) if the financial statements of the Netherlands Nominee included in the Circular are for the year ended December 31, 2018.

14. Item 14.5 of Form 51-102F5 provides that a company satisfies item 14.2 of Form 51-102F5 if it prepares an information circular in connection with a reverse takeover (as defined in the TSXV policies) provided that the company complies with the policies and requirements of the TSXV in respect of that reverse takeover.

15. TSXV Policy 5.2 prescribes certain financial statement disclosure, but the Filer seeks relief from certain elements of those disclosure requirements and, therefore, the exemption in item 14.5 of Form 51-102F5 is not available. According to section 11.2 of TSXV Policy 5.2, the TSXV cannot waive financial statement requirements in respect of any information circular filed in connection with a reverse takeover.

Unavailable Financial Information

16. Following all efforts made by CAPREIT and the Filer, it has been determined that complete financial records for the Acquisition Properties do not exist or are not obtainable from the previous owners of the applicable Acquisition Properties to fully satisfy the requirements of prospectus level disclosure in respect of the Netherlands Nominee in the event such requirements were to apply. The Filer does not have financial statements for (i) the Acquisition Properties in Group 3 for the period prior to August 8 or 25, 2017, as applicable, or (ii) the Acquisition Properties in Group 4 for the period prior to December 1, 2017 (the **Unavailable Financial Information**).

Exemption Sought

17. The Filer will include in the Circular the following financial information (**Available Financial Information**) regarding the Netherlands Nominee in satisfaction of any requirement to include financial disclosure under item 14.2 of Form 51-102F5 and items 32.2(6) and 32.4(1)(c) of Form 41-101F1:

    (a) audited consolidated financial statements of the Netherlands Nominee for the 12-month periods ended December 31, 2018 and December 31, 2017;

    (b) audited combined financial statements of the Acquisition Properties in Group 2 for the 12-month periods ended December 31, 2018 and December 31, 2017 relating to a predecessor business of the Netherlands Nominee (collectively with the financial statements proposed at paragraphs 17(a) above, the **Available Financial Statements**); and

    (c) a pro forma income statement of the Filer for the 12-month period ended December 31, 2017 (giving effect to the Proposed Acquisition as if it has taken place as of January 1, 2017), a pro forma balance sheet of the Filer as at September 30, 2018, and a pro forma income statement of the Filer for the rolling twelve-month period ended September 30, 2018 and for the year ended December 31, 2018 of the Netherlands Nominee (giving effect to the Proposed Acquisition as if it has taken place as of October 1, 2017).

18. In addition, the Filer will include in the Circular: (a) a summary of the current independent property appraisal dated December 4, 2018 regarding each of the Acquisition Properties; (b) a description of the phase I environmental reports prepared for CAPREIT by an independent environmental consultant; and (c) a description of each property condition assessment report prepared by an independent consultant, including, as applicable, identified immediate work and capital expenditures recommended by the consultant over the ten year period from the date of acquisition of certain of the properties by CAPREIT (the **Non-Financial Alternative Disclosure**).

19. The financial statements comprising the Available Financial Statements referenced in paragraph 17(a) and (b) above will be prepared in accordance with International Financial Reporting Standards applicable to publicly accounted enterprises.

Reasons for Exemption Sought

20. The Acquisition Properties were originally acquired by CAPREIT from different vendors in separate transactions and none of such acquisitions constituted a "significant acquisition" for CAPREIT at such time. Accordingly, historical financial statements were not obtained and alternative valuation methodologies typical for acquisitions of this nature were employed by CAPREIT. Further, CAPREIT was advised by each of the Acquisition Properties' vendors that no separate, individualized property-level accounting was maintained by such seller to be able to provide specific carve-out historical financial statements. As well, it would not be customary in the Dutch real estate market to obtain such financial information and, if such a request had been made by CAPREIT, it would have critically and adversely affected CAPREIT's bid as compared to other potential purchasers for the Acquisition Properties. As a result of the above reasons, historical financial statements were not provided to CAPREIT as part of the acquisition process.

21. Given the length of time that has passed since the date of these acquisitions by CAPREIT, it is not possible to obtain any additional financial information from the respective vendors of such properties despite CAPREIT having made such requests of the applicable vendors. Additionally, CAPREIT conducted customary property-level due diligence when considering the acquisition of the Acquisition Properties, including, but not limited to, the review of property tax bills, rent rolls, parking revenue analysis, analysis of utilities costs, site visits and interviews with property managers and the commissioning of third-party environmental, building condition and appraisal reports. Management of the Filer has reviewed with CAPREIT the closing and diligence documentation obtained in connection with each of the Acquisition Properties.

22. CAPREIT does not possess, or have access to, and is not legally entitled to obtain access by virtue of any contractual arrangement to, the financial information in respect of the Acquisition Properties for any period prior to the acquisition of such properties by CAPREIT, other than the information that has been obtained in respect of the Acquisition Properties in Group 2. CAPREIT has requested such financial information from the prior vendors of the Acquisition Properties, but such requests have been denied. Accordingly, the Unavailable Financial Information is unavailable to the Filer.

23. But for the Unavailable Financial Information, the Filer is able to satisfy the disclosure requirements of items 32.2 and 32.3 of Form 41-101F1 contemplated by the Circular reporting requirements in item 14.2 of Form 51-102F5. Additionally, the Circular will provide information in respect of the Proposed Acquisition, the Filer and the Acquisition Properties that is sufficient to enable a holder of Units or a holder of Special Voting Units to make an informed decision regarding the Proposed Acquisition. In particular, the Available Financial Information will include audited financial information for more than approximately 80% of the Acquisition Portfolio, on a weighted average basis. The weighting is based on the appraised value of the Acquisition Properties as at December 4, 2018, as determined by a third-party valuator.

24. In making the investment decision to acquire the Acquisition Properties from the applicable vendors, CAPREIT did not consider the Unavailable Financial Information to be material in the overall review of the Proposed Acquisition. Such Unavailable Financial Information was therefore also not relied upon by the Filer in making its investment decision. Rather, in accordance with its customary practice, which is consistent with customary practice in the real estate industry, the Filer conducted significant financial due diligence based on available information and using metrics (e.g., NOI) recognized by the REIT sector. Accordingly, the Filer submits that the Unavailable Financial Information is not material to the investment decisions relating to the Filer, particularly when such holders will be provided the Available Financial Information and the Non-Financial Alternative Disclosure.

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 with respect to the Circular provided that the Filer includes the Available Financial Information and the Non-Financial Alternative Disclosure in the Circular in respect of the Proposed Acquisition.

"Marie-France Bourret"
Acting Manager, Corporate Finance
Ontario Securities Commission

2.1.4 IA Clarington Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of mutual fund mergers – approval required because certain mergers do not meet the criteria for pre-approved reorganizations and transfers in Regulation 81-102 – mergers not a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act (Canada) – securityholders of terminating funds are provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, sections 5.5(1)(b), 5.6, 5.7(1)(b) and 19.1.

[Translation]

March 15, 2019

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

AND

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

AND

IN THE MATTER OF
IA CLARINGTON INVESTMENTS INC.
(the Filer)

AND

IA CLARINGTON STRATEGIC INCOME CLASS,
IA CLARINGTON SHOT-TERM BOND FUND,
IA CLARINGTON TACTICAL BOND FUND,
IA CLARINGTON TACTICAL BOND CLASS,
IA CLARINGTON STRATEGIC CORPORATE BOND CLASS,
IA CLARINGTON SHORT-TERM INCOME CLASS,
IA CLARINGTON SARBIT ACTIVIST OPPORTUNITIES CLASS,
IA CLARINGTON CANADIAN GROWTH CLASS,
(each a Terminating Fund, and collectively, the Terminating Funds)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) has received an application from the Filer on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdictions (the **Legislation**) approving the proposed mergers (each a **Merger**, and collectively the **Mergers**) of each of the Terminating Funds into the applicable Continuing Funds (each as defined below) pursuant to paragraph 5.5(1)(b) of *Regulation 81-102 respecting Investment Funds* (CQLR V-1.1, r. 39) (**Regulation 81-102**) (the **Mergers Approval**).

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

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

(b) the Filer has provided notice that section 4.7 (1) *of Regulation 11-102 respecting Passport System* (chapter V-1.1, r. 1) (**Regulation 11-102**) is intended to be relied upon in the provinces and territories of Canada other than the Jurisdictions; and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* (c. V-1.1, r. 3), Regulation 11-102, *Regulation 81-101 respecting Mutual Funds Prospectus Disclosure* (c.V-1.1, r. 38) (**Regulation 81-101**) and Regulation 81-102 have the same meaning if used in this decision, unless otherwise defined.

Continuing Corporate Fund means each of IA Clarington Sarbit U.S. Equity Class (Unhedged) and IA Clarington Canadian Leaders Class;

Continuing Fund or **Continuing Funds** means, individually or collectively, IA Clarington Strategic Income Fund, IA Clarington Core Plus Bond Fund, IA Clarington Strategic Corporate Bond Fund, IA Clarington Money Market Fund, IA Clarington Sarbit U.S. Equity Class (Unhedged) and IA Clarington Canadian Leaders Class;

Continuing Trust Fund means IA Clarington Strategic Income Fund, IA Clarington Core Plus Bond Fund, IA Clarington Strategic Corporate Bond Fund and IA Clarington Money Market Fund;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

Income Tax Act means the *Income Tax Act* (Canada);

Sector Fund means Clarington Sector Fund Inc.;

Terminating Corporate Fund means each of IA Clarington Strategic Income Class, IA Clarington Tactical Bond Class, IA Clarington Strategic Corporate Bond Class, IA Clarington Short-Term Income Class, IA Clarington Sarbit Activist Opportunities Class and IA Clarington Canadian Growth Class;

Terminating Trust Fund means each of IA Clarington Short-Term Bond Fund and IA Clarington Tactical Bond Fund.

Representations

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

The Filer and the Funds

1. The Filer is a corporation amalgamated under the laws of Canada. The Filer's head office is in Québec City, Québec.

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

3. The Filer acts as the manager of the Funds.

4. Each Fund is a mutual fund created under the laws of the Province of Ontario and is subject to the provisions of Regulation 81-102.

5. Each Continuing Corporate Fund and Terminating Corporate Fund is an open-ended mutual fund class of Sector Fund.

6. Each Continuing Trust Fund is an open-ended mutual fund trust governed by a declaration of trust.

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

8. Each Fund is a reporting issuer or the equivalent in each of the Jurisdictions and is subject to the requirements of Regulation 81-102 and Regulation 81-101.

9. Each Fund currently distributes its securities in all Jurisdictions pursuant to an amended and restated simplified prospectus and annual information form dated October 11, 2018.

Reasons for Mergers Approval

10. Regulatory approval of the Mergers is required because none of the Mergers satisfies all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of Regulation 81-102. In particular, no Merger will be a

"qualifying exchange" within the meaning of section 132.2 of the Income Tax Act or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the *Income Tax Act.*

11. Other than the criteria described in paragraph 10 above, each Merger meets all of the other criteria for pre-approved reorganizations and transfers under section 5.6 of Regulation 81-102.

The Proposed Mergers

12. The Filer intends to merge each Terminating Fund into the Continuing Fund shown opposite its name in the table below:

Terminating Fund	Continuing Fund
IA Clarington Strategic Income Class	IA Clarington Strategic Income Fund
IA Clarington Short-Term Bond Fund	IA Clarington Core Plus Bond Fund
IA Clarington Tactical Bond Fund	IA Clarington Core Plus Bond Fund
IA Clarington Tactical Bond Class	IA Clarington Core Plus Bond Fund
IA Clarington Short-Term Income Class	IA Clarington Money Market Fund
IA Clarington Strategic Corporate Bond Class	IA Clarington Strategic Corporate Bond Fund
IA Clarington Sarbit Activist Opportunities Class	IA Clarington Sarbit U.S. Equity Class (Unhedged)
IA Clarington Canadian Growth Class	IA Clarington Canadian Leaders Class

13. The proposed Mergers were announced in:

    (a) a press release dated October 11, 2018;

    (b) a material change report dated October 19, 2018; and

    (c) an amended and restated simplified prospectus for each of the Funds dated October 11, 2018,

    each of which has been filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**).

14. Securityholders of the Terminating Funds approved the Mergers at a meeting held on March 5, 2019 (the **Meeting**).

15. In accordance with section 5.3 of *Regulation 81-107 respecting Independent Review Committee for Investment Funds* (V-1.1, r. 43), the Filer presented the terms of the proposed Mergers to the Independent Review Committee of the Funds (the **IRC**) for its recommendation during a meeting of the IRC held on November 22, 2018. The IRC provided its positive recommendation regarding the proposed Mergers on the basis that the Mergers, if implemented, would achieve a fair and reasonable result for the Funds.

16. In accordance with corporate law requirements, securityholders of each Terminating Corporate Fund that are merging with a Continuing Corporate Fund voted positively in order to approve an amendment to the articles of Sector Fund in connection with the exchange of securities for the applicable Continuing Corporate Fund.

17. The Filer has concluded that the Mergers are not material changes to the Continuing Funds, and accordingly, there is no intention to convene a meeting of securityholders of the Continuing Funds to approve the Mergers pursuant to paragraph 5.1(1)(g) of Regulation 81-102.

18. By way of order dated September 8, 2016, the Filer was granted relief (the **Notice-and-Access Relief**) from the requirement set out in paragraph 12.2(2)(a) of *Regulation 81-106 Investment Fund Continuous Disclosure* to send printed management information circulars to securityholders while proxies are being solicited and, subject to certain conditions, instead allows a notice-and-access document (as described in the Notice-and-Access Relief) to be sent to such securityholders.

19. Pursuant to the requirements of the Notice-and-Access Relief, a Notice-and-Access document and applicable proxies in connection with the Meeting, along with the fund facts of the applicable series of the Continuing Fund, were mailed to securityholders of the Terminating Funds on February 1, 2019 and were filed via SEDAR on the same day. The

management information circular (the **Circular**), which the notice-and-access document provides a link to, was also filed via SEDAR at the same time.

20. It is intended that the Mergers will occur after the close of business on or about March 22, 2019 (the **Effective Date**). The Filer therefore anticipates that each securityholder of a Terminating Fund will become a securityholder of its respective Continuing Fund after the close of business on the Effective Date. Each Terminating Fund will be wound-up as soon as possible following its Merger.

Merger Steps

21. Due to the different structures of the Terminating Funds and the Continuing Funds, the procedures for implementing the Mergers will vary. The specific steps to implement each type of Merger are as follows:

(a) Merger of Terminating Trust Fund into a Continuing Trust Fund, namely:

Terminating Trust Fund	Continuing Trust Fund
IA Clarington Short-Term Bond Fund	IA Clarington Core Plus Bond Fund
IA Clarington Tactical Bond Fund	

(i) Prior to the Merger, if required, the Terminating Trust Fund will sell any securities in its portfolio that do not meet the investment objective and investment strategies of the Continuing Trust Fund. As a result, the Terminating Trust Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objective for a brief period of time prior to the Merger being effected.

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

(iii) Each Terminating Trust Fund and the Continuing Trust Fund will declare, pay and automatically reinvest a distribution to its securityholders of net realized capital gains and net income, if any, to ensure that it will not be subject to tax for its current year.

(iv) The Terminating Trust Fund will transfer substantially all of its assets to the Continuing Trust Fund. In return, the Continuing Trust Fund will issue to the Terminating Trust Fund securities of the Continuing Trust Fund having an aggregate net asset value equal to the value of the assets transferred to the Continuing Trust Fund.

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

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

(vii) The Terminating Trust Fund will be wound-up within 30 days following the Merger.

(b) Merger of a Terminating Corporate Fund into a Continuing Corporate Fund, namely:

Terminating Corporate Fund	Continuing Corporate Fund
IA Clarington Sarbit Activist Opportunities Class ("**Sarbit Activist Class**")	IA Clarington Sarbit U.S. Equity Class (Unhedged) ("**Sarbit U.S. Equity Class**")
IA Clarington Growth Class	IA Clarington Leaders Class

(i) Prior to the Merger, if required, Sector Fund will sell any securities in the portfolio of the Terminating Corporate Fund that do not meet the investment objective and investment strategies of the Continuing Corporate Fund. As a result, the portfolio of the Terminating Corporate Fund may

temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objective for a brief period of time prior to the Merger being effected.

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

(iii) Sector Fund may declare, pay and automatically reinvest ordinary dividends or capital gains dividends to securityholders of the Terminating Corporate Fund and/or the Continuing Corporate Fund, as determined by the Filer at the time of the Merger.

(iv) Outstanding shares of the Terminating Corporate Fund will be exchanged for shares of its equivalent series of the Continuing Fund based on their relative net asset values. However, Series A, Series E and Series EF of Sarbit Activist Class will be exchanged for Series X, Series EX and Series EFX (respectively) of Sarbit U.S. Equity Class.

(v) The assets and liabilities of Sector Fund attributed to the Terminating Corporate Fund will be reallocated to the Continuing Corporate Fund.

(vi) The articles of amalgamation of Sector Fund will be amended so that all of the issued and outstanding shares of the Terminating Corporate Fund will be exchanged for shares of the Continuing Corporate Fund on a dollar-for-dollar and series-by-series basis, so that the securityholders of the Terminating Corporate Fund become securityholders of the Continuing Corporate Fund and so that the shares of the Terminating Corporate Fund are cancelled.

(vii) The Terminating Corporate Fund will be wound-up within 30 days following the Merger.

(c) Merger of a Terminating Corporate Fund into a Continuing Trust Fund, namely:

Terminating Corporate Fund	Continuing Trust Fund
IA Clarington Short-Term Income Class	IA Clarington Money Market Fund
IA Clarington Strategic Corporate Bond Class ("**SCBC**")	IA Clarington Strategic Corporate Bond Fund ("**SCBF**")
IA Clarington Strategic Income Class	IA Clarington Strategic Income Fund
IA Clarington Tactical Bond Class	IA Clarington Core Plus Bond Fund

(i) Prior to the Merger, if required, Sector Fund will sell any securities in the portfolio of the Terminating Corporate Fund that do not meet the investment objective and investment strategies of the Continuing Trust Fund. As a result, the portfolio of the Terminating Corporate Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objective for a brief period of time prior to the Merger begin effected.

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

(iii) Sector Fund may declare, pay and automatically reinvest ordinary dividends or capital gains dividends to securityholders of the Terminating Corporate Fund, as determined by the Filer at the time of the Merger.

(iv) Each Continuing Trust Fund will acquire all of the portfolio assets of the applicable Terminating Corporate Fund in consideration for an amount equal to the net asset value of the portfolio assets that the Continuing Trust Fund is acquiring from the Terminating Corporate Fund (the "Purchase Price").

(v) The Continuing Trust Fund will satisfy the Purchase Price by issuing to the Terminating Corporate Fund the number of units of the Continuing Trust Fund that have an aggregate net asset value equal to the Purchase Price, and the units of the Continuing Trust Fund will be issued at the net asset value per unit of the applicable series as of the close of business on the business day prior to the Effective Date of the Merger. However, series A investors of SCBC will be issued Series X units of SCBF.

(vi) Immediately thereafter, all of the shares of the Terminating Corporate Fund will be redeemed and the redemption price therefor will be paid by delivering the applicable number of units of the Continuing Trust Fund to the securityholders of the Terminating Corporate Fund based on the number of such shares of the Terminating Corporate Fund then held.

(vii) The Terminating Corporate Fund will be wound-up within 30 days following the Merger.

22. The tax implications of the Mergers as well as the differences between the investment objectives and other features of the Terminating Funds and the Continuing Funds and the IRC's recommendation of the Mergers are described in the Circular, so that securityholders could make an informed decision before voting on whether to approve a Merger. The Circular also describes the various ways in which securityholders could obtain a copy of the simplified prospectus, annual information form and fund facts for the Continuing Funds and their most recent interim and annual financial statements and management reports of fund performance.

23. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately preceding the Effective Date. Following each Merger, all optional plans (including pre-authorized purchase programs, automatic withdrawal plans, systematic switch programs and automatic rebalancing services) which were established with respect to the Terminating Fund will be re-established in comparable plans with respect to its Continuing Fund unless securityholders advise otherwise.

24. The costs of effecting the Mergers (consisting primarily of brokerage charges associated with the merger-related trades that occur both before and after the Effective Date and, proxy solicitation, printing, mailing and regulatory fees) will be borne by the Filer. The Funds will bear none of the costs and expenses associated with the transaction.

25. No sales charges, redemption fees or commissions will be payable by securityholders of the Funds in connection with the Mergers.

26. The investment portfolio and other assets of each Terminating Fund to be acquired by the applicable continuing Fund in order to effect the Mergers are currently, or will be, acceptable on or prior to the Effective Date, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objective of the applicable Continuing Fund.

Benefits of the Mergers

27. In the opinion of the Filer, the Mergers will be beneficial to securityholders of the Funds for the following reasons:

(a) each Merger has the potential to lower costs for securityholders as the operating costs and expenses of a Continuing Fund will be spread over a greater pool of assets after the Merger, potentially resulting in a lower management expense ratio for the Continuing Fund than may occur otherwise;

(b) the Mergers will eliminate similar fund offerings, which is expected to result in a more simplified product line-up that is easier for investors to understand;

(c) generally, the historical performance of the Continuing Funds have been better than that of the applicable Terminating Fund;

(d) the Continuing Fund will have a portfolio of greater value, allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions. The ability to improve diversification may lead to potentially enhanced risk-adjusted returns; and

(e) the combined management fee and administration fee with respect to each series of the Continuing Fund will be the same as, or lower than, the combined management fee and administration fee of the corresponding series of the Terminating Fund.

28. The Mergers Approval is not detrimental to the protection of investors.

Decision

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

The decision of the Decision Makers under the Legislation is that the Mergers Approval is granted.

"Hugo Lacroix"

2.1.5 Fiera Capital Corporation et al.

Headnote

Policy Statement 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of change of manager of investment funds, and investment fund mergers – merger approval required because merger does not meet the criteria for per-approval – investment objectives not substantially similar – fee structure not substantially similar – majority of the mergers not a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act – manager of continuing fund is not an affiliate of the manager of the terminating fund – securityholders provided with timely and adequate disclosure regarding the change of manager and the mergers – change of manager and mergers is not detrimental to the protection of investors.

Applicable Legislative Provisions

Regulation 81-102 respecting Investment Funds, paragraphs 5.5(1)(a), 5.5(1)(b), 5.6, 5.7 and 19.1.

[TRANSLATION]

February 15, 2019

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

AND

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

AND

IN THE MATTER OF
FIERA CAPITAL CORPORATION
(the Filer)

AND

FIERA CAPITAL INCOME AND GROWTH FUND,
FIERA CAPITAL DIVERSIFIED BOND FUND,
FIERA CAPITAL HIGH INCOME FUND,
FIERA CAPITAL CORE CANADIAN EQUITY FUND,
FIERA CAPITAL EQUITY GROWTH FUND,
FIERA CAPITAL GLOBAL EQUITY FUND,
FIERA CAPITAL U.S. EQUITY FUND,
FIERA CAPITAL DEFENSIVE GLOBAL EQUITY FUND AND
FIERA CAPITAL INTERNATIONAL EQUITY FUND
(collectively, the Funds)

DECISION

Background

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

a) the Qualifying Dispositions (as defined below) required in order for the Fiera Related Unitholders (as defined below) to be moved to a Clone Trust (as defined below) from the QD Funds (as defined below) as part of the pre-closing reorganizations (the Pre-Closing Reorganizations) to be completed prior to the transaction between the Filer and Canoe Financial LP (Canoe) in a tax and/or cost-efficient manner pursuant to paragraph 5.5(1)(b) of *Regulation 81-102 respecting Investment Funds*, CQLR, c. V-1.1, r. 39 (Regulation 81-102);

b) the change of manager of the Funds from the Filer to Canoe (the Change of Manager) pursuant to paragraph 5.5(1)(a) of Regulation 81-102; and

c) the mergers of certain Funds (each, a Terminating Fund and together, the Terminating Funds) into certain mutual funds managed or to be managed by Canoe (each, a Canoe Continuing Fund and together, the Canoe Continuing Funds) pursuant to paragraph 5.5(1)(b) of Regulation 81-102.

(collectively, the Approvals Sought)

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

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

b) The Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting the Passport System*, CQLR, c. V-1.1, r. 1 (Regulation 11-102) is intended to be relied upon in Northwest Territories, Nunavut, Yukon, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, CQLR, c. V-1.1, r. 3, Regulation 11-102, *Regulation 45-106 respecting Prospectus Exemptions*, CQLR, V-1.1, r. 21 (Regulation 45-106) and Regulation 81-102 have the same meaning if used in this decision, unless otherwise defined.

"Closing" means the closing of the Proposed Transaction.

"Closing Date" means on or about February 22, 2019.

"Effective Date" means a day on which the TSX is open for trading and on which the Qualifying Dispositions (as defined below) will be effected.

"Fiera Continuing Funds" means the following three Funds:

a) Fiera Capital Global Equity Fund;

b) Fiera Capital Defensive Global Equity Fund; and

c) Fiera Capital International Equity Fund.

"Fiera Institutional Clients" means certain institutional clients for which the Filer acts as exempt market dealer, which are accredited investors and Fiera Related Unitholders.

"Fiera Private Wealth Clients" means certain fully managed accounts and other private wealth clients of the Filer, which are accredited investors and Fiera Related Unitholders.

"Fiera Related Unitholders" means the unitholders of the Funds that have a relationship with the Filer.

"Meeting Materials" means the notice of meeting and the management information circular in respect of the Meetings dated December 21, 2018.

"QD Funds" means the following three Funds for which the Filer anticipates it will carry out Qualifying Dispositions:

a) Fiera Capital U.S. Equity Fund;

c) Fiera Capital Global Equity Fund; and

d) Fiera Capital Core Canadian Equity Fund.

Representations

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

The Filer

1. The Filer is a corporation formed under the laws of Ontario.

2. The Filer's head office is located in Montreal, Québec.

3. The Filer is the trustee, investment fund manager and portfolio manager of the Funds.

4. The Filer is registered in all provinces and territories in the categories of portfolio manager and exempt market dealer. The Filer is also registered in Québec, Ontario and Newfoundland and Labrador in the category of investment fund manager, in Manitoba in the category of adviser, in Ontario in the category of commodity trading manager and in Québec in the category of derivatives portfolio manager.

5. The Filer is not in default of securities legislation in any Jurisdiction.

The Funds

6. Each Fund is a mutual fund formed as a trust established under the laws of Ontario governed by the Amended and Restated Master Declaration of Trust dated as of August 28, 2018 (the Declaration of Trust).

7. The Funds are currently offered for sale in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Yukon under a simplified prospectus, annual information form and fund facts dated August 28, 2018, as amended on November 2, 2018, prepared in accordance with the requirements of Regulation 81-101 Mutual Fund Prospectus Disclosure, CQLR, c. V-1.1, r.38 (Regulation 81-101).

8. Each Fund is a reporting issuer under the applicable securities legislation of each jurisdiction of Canada and is not in default of any requirements under applicable securities legislation.

9. Each Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) (Tax Act).

10. State Street Trust Company Canada (SSTCC) acts as custodian of the Funds.

11. The unitholders of the Funds fall into four categories: (i) the Fiera Related Unitholders in the QD Funds that will consent to the transfer to a Clone Trust; (ii) the Fiera Related Unitholders in the QD Funds that will not consent to the transfer to a Clone Trust and will remain in the Funds following the Closing; (iii) the Fiera Related Unitholders in the Funds, other than the QD Funds; and (iv) the unitholders that are not Fiera Related Unitholders which will remain in the Funds following the Closing.

Fiera Capital Pooled Funds

12. The Filer acts as the manager of various pooled investment funds offered on a prospectus-exempt basis (each, a FCPF).

13. Each FCPF is governed by the Amended and Restated Master Trust Agreement between the Filer and SSTCC, as amended from time to time (the SSTCC Trust Agreement).

14. None of the FCPFs are subject to Regulation 81-102.

15. None of the FCPFs are in default of any requirement under applicable securities legislation of any jurisdictions of Canada.

Canoe

16. Canoe is a limited partnership established under the laws of Alberta. The general partner of Canoe is Canoe Financial Corp., a corporation incorporated under the laws of Alberta. Canoe's head office is located in Calgary, Alberta.

17. Canoe is registered as an exempt market dealer in each of the provinces and territories of Canada, as a portfolio manager in Alberta, Ontario and Québec, as an investment fund manager in Alberta, Newfoundland and Labrador, Ontario and Québec and as a derivatives portfolio manager in Québec.

18. Canoe acts as the manager of certain open-ended mutual funds (Canoe Funds).

19. Canoe's primary business is to act as investment fund manager for the Canoe Funds and to act as portfolio manager for certain Canoe Funds.

20. Canoe is not in default of securities legislation in any Jurisdiction.

Canoe Funds

21. Each of the Canoe Funds is formed as either (i) a trust under the laws of Alberta, or (ii) an investment in a series of shares of a class of Canoe 'GO CANADA!' Fund Corp. (Fund Corp.), a corporation established under the *Business Corporations Act* (Alberta), and a unit (CTF Unit) of Canoe Trust Fund (CTF), a fund that is formed as a trust (collectively, the Canoe Portfolio Class Funds). Canoe is the trustee of the Canoe Funds formed as trusts.

22. Each Canoe Fund is a reporting issuer under the applicable securities legislation of each jurisdiction of Canada and is not in default of any requirements under applicable securities legislation.

23. The securities of the Canoe Funds are qualified for distribution by simplified prospectus governed by Regulation 81-101 and are currently offered under a simplified prospectus, annual information form and fund facts dated August 28, 2018, as amended on November 2, 2018 and December 10, 2018.

24. The securities of the Canoe Funds are qualified investments for registered tax plans, as such term is defined under the Tax Act.

The Qualifying Dispositions

25. The purpose of the Pre-Closing Reorganizations is to allow the Fiera Related Unitholders who do not want to remain invested in the Funds after Closing to be moved to other investment funds managed by the Filer in the most cost and/or tax-efficient manner.

26. Letting Fiera Related Unitholders redeem their units of the QD Funds (in cash or in kind) in which they are invested and use the redemption proceeds to subscribe for units of FCPFs (each, a Redemption Transaction) would cause the realization of significant capital gains by the QD Funds which would be passed on to the unitholders in the QD Fund. In addition, if the Redemption Transactions were carried out in cash, they would result in significant transaction costs and, because of the significance of the assets that would likely have to have been redeemed in a short period for the QD Funds, the Redemption Transactions could lead to assets having to be sold below their fair value.

27. To avoid such consequences at or prior to Closing, the Filer intends to carry out "qualifying dispositions" from each QD Fund to a newly created trust established under the laws of Québec pursuant to the SSTCC Trust Agreement in respect of each QD Fund (each, a Clone Trust) under section 107.4 of the Tax Act which exempts a transfer of property between trusts (each, a Qualifying Disposition) from being a taxable event for the transferor trust and its unitholders. A Qualifying Disposition is a transfer of property between two trusts which is exempt from being a taxable event for the transferor trust and its unitholders (essentially allowing for a pro-rata partition of a trust on a tax-deferred basis).

28. Each Clone Trust will have an identical investment objective and identical investment strategies to its corresponding QD Fund and will have substantially similar terms including valuation procedure and fee structure as its corresponding QD Fund.

29. The steps to carry out a Qualifying Disposition for each QD Fund (the Proposed QD Transactions) are as follows:

    a) Establishment of a Clone Trust by the Filer in respect of each QD Fund and issuance of a unit to the Filer for a nominal consideration;

    b) On the Effective Date, at a time that is after the close of trading on the TSX, the QD Fund will make payable to its unitholders a distribution (the Distribution) in an amount equal to the net income of such QD Fund and any capital gains realized by the QD Fund in the period from January 1st to the Effective Date;

    c) The net asset value (Net Asset Value) of the QD Fund will be determined on the Effective Date after the Distribution and such Net Asset Value will take into account any and all accrued liabilities of the QD Fund as of the Effective Date;

d) Based on the Net Asset Value, the QD Fund will determine the relative value of the units held by the Transferring FRUs (as defined below) over all issued and outstanding units (the Transfer Percentage);

e) On the Effective Date, the QD Fund will transfer to the Clone Trust a percentage of each asset held by the QD Fund equal to the Transfer Percentage. In particular, for each class of identical securities held by the QD Fund, the Transfer Percentage of such securities will be transferred by the QD Fund to the Clone Trust. The Transfer Percentage of any cash amounts held by the QD Fund will also be transferred to the Clone Trust. If and as necessary, the QD Fund will take advantage of the provisions of subsection 107.4(2.1) of the Tax Act to avoid the need to transfer a fractional share to the Clone Trust where this will not be feasible. If there are assets held by the QD Fund which cannot be transferred at the Transfer Percentage and the QD Fund is not able to take advantage of the provisions of subsection 107.4(2.1) of the Tax Act for such assets, the QD Fund will consider disposing of these prior to the Effective Date such that the Transfer Percentage for each asset of the QD Fund complies with the provisions of subsection 107.4(2.1) of the Tax Act;

f) The Clone Trust will issue to each Transferring FRU such number of units of the Clone Trust as have a Net Asset Value per unit equal to the Net Asset Value per unit of the QD Fund owned by such Transferring FRU in the QD Fund. The units of the Clone Trust issued to the Transferring FRUs will be equivalent to the series of the QD Fund in which such Transferring FRUs were invested in (with equivalent rights and fees);

g) Contemporaneously with the step above and the subsequent step and after having been either reduced to the appropriate fraction of a unit or subdivided into more than one unit so as to have the same Net Asset Value as the units issued as part of the Qualifying Dispositions, the initial unit issued by each of the Clone Trusts will be redeemed for its subscription price, i.e. a nominal consideration;

h) Contemporaneously with the foregoing step, and, for greater certainty on the same day as the foregoing step, the units of the QD Fund held by each Transferring FRU will be surrendered to the QD Fund by each Transferring FRU and will be cancelled by the QD Fund without any action being required from the Transferring FRU; and

i) Following completion of the Proposed QD Transactions, the value of each Transferring FRU's beneficial interest in each asset held by the Clone Trust will be the same as the value of that Transferring FRU's beneficial interest in such asset when it was held by the QD Fund prior to the Proposed QD Transactions taking place.

30. The table below sets outs the Clone Trust that corresponds to each QD Fund:

	QD Funds	**Clone Trusts**
Qualifying Disposition 1	Fiera Capital U.S. Equity Fund	Fiera U.S. Equity II Fund
Qualifying Disposition 2	Fiera Capital Global Equity Fund	Fiera Global Equity II Fund
Qualifying Disposition 3	Fiera Capital Core Canadian Equity Fund	Fiera Canadian Equity Core III Fund

31. No Fiera Related Unitholder will be moved to a Clone Trust without having consented to being part of such transaction.

32. No Fiera Related Unitholder will be moved to a Clone Trust if such unitholder could not have purchased securities thereof on a prospectus-exempt basis.

33. Any Fiera Related Unitholder that does not provide its consent prior to the Qualifying Dispositions will remain invested in the Funds.

34. The Fiera Related Unitholders who consent to being moved to a Clone Trust and who qualify under a prospectus exemption are herein referred to as the Transferring FRUs.

35. In the opinion of the Filer, the Qualifying Dispositions satisfy all or the criteria for pre-approved reorganizations and transfers set forth in section 5.6 of Regulation 81-102 except that:

a) the QD Funds are not being reorganized with other investment funds (the Clone Trusts) to which Regulation 81-102 applies;

b) by effect of section 68(4) of the Securities Act (*Québec*), the Clone Trusts will be deemed to be reporting issuers in some of the local jurisdiction, but Filer is seeking the revocation of the reporting issuer status by way of a Process for Cease to be a Reporting Issuer Application. The Clone Trusts will not have a current prospectus in the local jurisdiction;

c) the Qualifying Dispositions are not "qualifying exchanges" within the meaning of section 132.2 of the ITA or tax-deferred transactions under subsection 85(1), 85.1(1), 86(1) or 87(1) of the *Income Tax Act*;

d) the Qualifying Dispositions do not contemplate the wind-up of the QD Funds as soon as reasonably possible following the Qualifying Dispositions;

e) the Qualifying Dispositions are not being submitted to the unitholders of the Funds for approval.

36. An Advance Income Tax Ruling was issued by the Canada Revenue Agency on December 24, 2018, notably relating to the proposed Qualifying Dispositions (the CRA Advanced Ruling).

37. Certain amendments to the Declaration of Trust are required to permit the Filer to effect the Qualifying Dispositions (the Pre-Closing DoT Change). Such amendments have been submitted to the unitholders of the Funds for approval, along with sufficient information to make an informed decision about the Qualifying Dispositions.

38. The Meeting Materials were mailed to unitholders of each Fund on January 4, 2019 and were filed on SEDAR. The Meeting Materials contained a description of the Pre-Closing DoT Change.

The Proposed Transaction

39. The Filer has entered into an agreement with Canoe (the Purchase Agreement) pursuant to which Canoe has agreed to acquire the rights to manage the Funds as well as the Filer's ownership interest in Fiera Capital Funds Inc., the Filer's wholly owned subsidiary and registered mutual fund dealer (the Proposed Transaction).

40. A press release announcing the Proposed Transaction was issued and disseminated on October 23, 2018 and a related material change report, and amendments to the simplified prospectus, annual information form and funds facts documents of the Funds were filed on SEDAR in connection with the Proposed Transaction on November 2, 2018.

41. As part of the Proposed Transaction, Canoe intends to, amongst other things:

a) change the investment fund manager, trustee and the portfolio manager of the Funds, change the names of the Funds to remove the reference to "Fiera Capital" and merge the Terminating Funds into the Canoe Continuing Funds as more fully described in the following table (each, a Merger and collectively, the Mergers):

	Terminating Fund	Canoe Continuing Funds
Merger 1	Fiera Capital Core Canadian Equity Fund	Canoe Equity Portfolio Class
Merger 2	Fiera Capital Diversified Bond Fund	Canoe Bond Advantage Fund
Merger 3	Fiera Capital High Income Fund	Canoe Premium Income Fund
Merger 4	Fiera Capital Income and Growth Fund	Canoe Asset Allocation Portfolio Class
Merger 5	Fiera Capital U.S. Equity Fund	Canoe U.S. Equity Income Portfolio Class
Merger 6	Fiera Capital Equity Growth Fund	Canoe Canadian Small Mid Cap Portfolio Class*

* This is a new Canoe Continuing Fund, which Canoe proposes to create if the Proposed Transaction closes and the Merger receives all necessary unitholder and regulatory approvals.

b) have the Funds adopt the form of master declaration of trust used by the Canoe Funds (the Post-Closing DoT Change);

c) have the Funds adopt the fixed administration fee expense structure used by the Canoe Funds (the Administration Fee Change); and

d) retain the Filer, the current portfolio manager of the Funds, to act as sub-advisor in respect of the Fiera Continuing Funds as well as Canoe Canadian Small Mid Cap Portfolio Class.

42. As a result, effective on the Closing Date, and subject to receipt of all necessary regulatory and unitholder approvals and the satisfaction of all other required conditions precedent set out in the Purchase Agreement, including approval of certain Mergers, the Change of Manager will occur.

43. Also effective on the Closing Date, the Filer will become sub-advisor of the Fiera Continuing Funds as well as Canoe Canadian Small Mid Cap Portfolio Class in accordance with the terms of a sub-advisory agreement between Canoe and the Filer.

44. The Fiera Continuing Funds will continue to exist following Closing.

45. In accordance with the provisions of Regulation 81-107 Independent Review Committee for Investment Funds, CQLR, c. V.1-1, r. 43, the Filer referred the Proposed Transaction, including the Pre-Closing DoT Change, the Pre-Closing Reorganizations, the Change of Manager, the Mergers, the Post-Closing DoT Change and the Administration Fee Change, to the Independent Review Committee (IRC) of the Funds for its review. On December 19, 2018 the IRC advised the Filer that, after reasonable inquiry, the Proposed Transaction achieves a fair and reasonable result for the Funds.

46. The Meeting Materials describing the Pre-Closing DoT Change, the Change of Manager, the Mergers, the Post-Closing DoT Change and the Administration Fee Change were mailed to unitholders of the Funds on January 4, 2019 and copies thereof were filed on SEDAR following the mailing in accordance with applicable securities legislation. The Meeting Materials contained sufficient information regarding the business, management and operations of Canoe, including details of its officers and directors, and all information necessary to allow unitholders of the Funds to make an informed decision about the Pre-Closing DoT Change, the Change of Manager, the Mergers, the Post-Closing DoT Change and the Administration Fee Change. All other information and documents necessary to comply with applicable proxy solicitation requirements of securities legislation for the Meetings were also mailed to unitholders of the Funds, including the most recent fund facts of the Canoe Continuing Funds, as applicable.

47. Fund facts relating to the applicable series of each Canoe Continuing Fund were mailed to unitholders of the corresponding series of each Terminating Fund in all instances other than in respect of the Hard Capped Mergers, the Series OX Mergers and the New Canoe Fund Merger (each, as defined below).

48. The materials sent to certain unitholders of the Terminating Funds in respect of the Hard Capped Mergers, the Series OX Mergers and the New Canoe Fund Merger did not include the most recently filed fund facts documents for the series of the Canoe Continuing Funds into which the applicable series of the Terminating Funds are merging into because:

a) the applicable series of the Canoe Continuing Funds (the Hard Capped Series) are being created solely to facilitate the Mergers, will not be qualified for distribution under a prospectus and will not be available for sale subsequent to the Mergers (the Hard Capped Mergers);

b) as series O unitholders of Fiera Capital Income and Growth Fund, Fiera Capital High Income Fund, Fiera Capital Core Canadian Equity Fund and Fiera Capital U.S. Equity Fund are predominantly Fiera Related Unitholders and assuming the Pre-Closing Reorganizations are completed, it is anticipated that there will be no unitholders in series O of such Funds on the Merger Date (as defined below), other than any Funds that hold such series as a fund-of-fund investment and unitholders benefiting from any prospectus exemption. Thus, series OX of Canoe Asset Allocation Portfolio Class, Canoe Premium Income Fund, Canoe Equity Portfolio Class and Canoe U.S. Equity Income Portfolio Class (Series OX) will only be created and qualified for distribution under a prospectus if it is anticipated that at least one unitholder not benefiting from any prospectus exemption will remain in series O of the corresponding Terminating Fund on the Merger Date (the Series OX Mergers); or

c) the series of Canoe Canadian Small Mid Cap Portfolio Class (the New Canoe Fund) will only be created and qualified for distribution under a prospectus if the Proposed Transaction closes and the applicable Merger receives all necessary unitholder and regulatory approvals (the New Canoe Fund Merger).

49. In respect of the Hard Capped Mergers, the following Hard Capped Series, which are being created solely to facilitate the Hard Capped Mergers, will not be qualified for distribution under a prospectus and will not be available for purchase subsequent to the Hard Capped Mergers. Because a current simplified prospectus and fund facts document are not available for the Hard Capped Series, unitholders of each of the corresponding series of the Terminating Funds were sent fund facts relating to the following series of securities of the applicable Canoe Continuing Fund:

Terminating Fund	Series Currently Held	Hard Capped Series Received pursuant to Merger	Series of Fund Facts Received	Canoe Continuing Fund
Fiera Capital Diversified Bond Fund	Series F	Series FX	Series F	Canoe Bond Advantage Fund
Fiera Capital Income and Growth Fund	Series AV	Series AV	Series T6	Canoe Asset Allocation Portfolio Class
	Series F	Series FV	Series F6	
	Series FV	Series FY	Series F6	
Fiera Capital High Income Fund	Series F	Series FV	Series F	Canoe Premium Income Fund
Fiera Capital Core Canadian Equity Fund	Series F	Series FX	Series F	Canoe Equity Portfolio Class

50. In respect of the Series OX Mergers, assuming the Pre-Closing Reorganizations are completed, it is anticipated that there will be no unitholders in series O of Fiera Capital Income and Growth Fund, Fiera Capital High Income Fund, Fiera Capital Core Canadian Equity Fund and Fiera Capital U.S. Equity Fund other than any Funds that hold such series as a fund-of-fund investment and unitholders benefiting from any prospectus exemption on the Merger Date, as series O unitholders of such Funds are predominantly Fiera Related Unitholders. Thus, Series OX will only be created and qualified for distribution under a prospectus if it is anticipated that at least one unitholder not benefiting from any prospectus exemption will remain in series O of the corresponding Terminating Fund on the Merger Date. Accordingly, fund facts documents are not currently available for Series OX.

51. In respect of the New Canoe Fund Merger, Canoe will only create the New Canoe Fund if the Proposed Transaction closes and the necessary unitholder and regulatory approvals are obtained in respect of the New Canoe Fund Merger. As such, a current simplified prospectus and fund facts documents are not currently available for the New Canoe Fund. Instead of delivering these documents, the Filer included information in respect of the New Canoe Fund in the Meeting Materials, including its investment objectives and strategies (which will be substantially similar to those of the Terminating Fund), fees and expenses, purchase options and distribution policy. The Filer believes that with this information, together with the information contained in the fund facts of the relevant series of the Terminating Fund that each unitholder of the Terminating Fund received when their initial investment was made, unitholders in the Terminating Fund have access to prospectus-level disclosure with respect to the New Canoe Fund.

52. In order to effect the Hard Capped Mergers, the Series OX Mergers and the New Canoe Fund Merger, securities of the Canoe Continuing Funds will be distributed to unitholders of the Terminating Funds in reliance on the prospectus exemption contained in section 2.11 of Regulation 45-106.

53. At Meetings held on January 25, 2019, unitholders of Fiera Capital Income and Growth Fund and Fiera Capital U.S. Equity Fund approved each of the Pre-Closing DoT Change, the Change of Manager, the Post-Closing DoT Change, the Administration Fee Change and the Mergers.

54. At Meetings held on February 11, 2019, unitholders of each of the remaining Funds approved each of the Pre-Closing DoT Change, the Change of Manager, the Post-Closing DoT Change, the Administration Fee Change and the Mergers, as applicable.

Details of the Mergers

55. The specific steps to implement the Mergers are described below. The result of the Mergers is that unitholders in the Terminating Funds will cease to be unitholders in the Funds and will become securityholders of the Canoe Continuing Funds.

56. Unitholders of the Terminating Funds will receive securities of a similar series of a Canoe Continuing Fund as they currently own in the corresponding Terminating Fund.

57. The management fee of each relevant series of each Canoe Continuing Fund is the same as the management fee of the corresponding series of its corresponding Terminating Fund.

58. The Canoe Continuing Funds have all adopted a fixed administration fee structure while the Terminating Funds have a floating expense structure. The Meeting Materials delineate the differences in the management and administration fees and expense structures between the Terminating Funds and the Canoe Continuing Funds.

59. The investment objectives of each Terminating Fund may not be substantially similar to the investment objectives of its corresponding Canoe Continuing Fund, except in the case of Merger 6 for which the investment objective of the Terminating Fund is substantially similar to that of the Canoe Continuing Fund. The Meeting Materials delineate the differences in investment objectives between each Terminating Fund and the Canoe Continuing Fund into which it will be merged.

60. No sales charges will be payable by unitholders of the Terminating Funds in connection with the Mergers.

61. Merger 3 will be effected as a "qualifying exchange", on a tax-deferred basis under section 132.2 of the Tax Act (the Tax-Deferred Merger).

62. Merger 1, Merger 4, Merger 5 and Merger 6, each involving a Canoe Portfolio Class Fund as the Canoe Continuing Fund, will be completed as substantially tax-deferred transactions, as only an insignificant portion of each Merger will not be completed as a "qualifying exchange". The transfer of each Terminating Fund's portfolio to CTF will be a "qualifying exchange" and it is only the redemption of a portion of the value of a securityholder's CTF Unit to subscribe for shares of a class of Fund Corp. that could result in a taxable event for a unitholder.

63. Merger 2 will be effected on a taxable basis because the tax-deferred option that would be available is not desirable. In deciding to proceed with this Merger on a taxable basis, the Filer weighed the impact of the Merger on the Terminating Fund and the Canoe Continuing Fund, and on the unitholders in the Terminating Fund and the Canoe Continuing Fund, and determined that the negative effects of the Merger were greater on the Canoe Continuing Fund and the securityholders of the Canoe Continuing Fund than on the Terminating Fund and the unitholders of the Terminating Fund should the Merger proceed on a tax-deferred basis. A tax-deferred merger would result in accrued gains from the Terminating Fund being ultimately realized in the Canoe Continuing Fund. Further, any loss carryforwards in the Canoe Continuing Fund would be realized or lost in a tax-deferred merger. As very few unitholders in the Terminating Fund are taxable and in a gain position, very few unitholders will have a tax impact with a taxable merger. Thus, the Filer has determined that the benefits of the tax-deferral for this small number of taxable unitholders in the Terminating Fund are outweighed by the negative impact on the Canoe Continuing Fund of not being able to use its available loss carryforwards to offset future capital gains.

64. The Meeting Materials provide a summary of the anticipated tax implications to securityholders of the Terminating Funds and the Canoe Continuing Funds as a result of the Mergers.

65. The costs and expenses associated with the Mergers (consisting primarily of proxy solicitation, printing, mailing, legal and regulatory fees), including the costs of the Meetings, will be borne by the Filer or Canoe and will not be charged to the Funds.

66. Unitholders of each Terminating Fund will continue to have the right to redeem their units for cash or switch into units of another Fund at any time up to the close of business on the business day immediately before the effective date of the applicable Merger (the Merger Date). Units so redeemed will be redeemed at a price equal to their series net asset value per unit on the redemption date.

67. Following the Mergers, all pre-authorized purchase plans that had been established with respect to the Terminating Funds will be re-established on a series-for-series basis in the applicable Canoe Continuing Funds unless a unitholder advises Canoe otherwise, except for any series of a Canoe Continuing Fund that will not be available for purchase following the applicable Merger, in which case this plan will be re-established in the series of the Canoe Continuing Fund for which fund facts were mailed to the unitholder of the Terminating Fund. Unitholders may change or cancel any pre-authorized purchase plan at any time.

68. As Canoe U.S. Equity Income Portfolio Class will be larger than Fiera Capital U.S. Equity Fund once the Pre-Closing Reorganizations have been effected, the Mergers will not constitute a material change for any of the Canoe Continuing Funds.

69. The Terminating Funds have complied with Part 11 of Regulation 81-106 Investment Fund Continuous Disclosure, CQLR, c. V-1.1, r. 42, in connection with the making of the decision by the board of directors of the Filer to proceed with the Proposed Transaction, including the Mergers.

70. The Filer is not entitled to rely upon the approval of the IRC of the Funds in lieu of unitholder approval for the Mergers due to the fact that one or more conditions of section 5.6 of Regulation 81-102 will not be met, as required by section 5.3(2)(c) of Regulation 81-102, as described below:

Merger	Terminating Fund	Canoe Continuing Fund	Reason why pre-approval is not available
Merger 1	Fiera Capital Core Canadian Equity Fund	Canoe Equity Portfolio Class	• s. 5.6(1)(a)(i) – not the same manager • s. 5.6(1)(a)(ii) – fundamental investment objectives and fee structure not substantially similar • 5.6(1)(b) – merger will not be implemented as a "qualifying exchange" • 5.6(1)(f)(ii) – most recently filed fund facts were not be delivered for the Hard Capped Series and Series OX
Merger 2	Fiera Capital Diversified Bond Fund	Canoe Bond Advantage Fund	• s. 5.6(1)(a)(i) – not the same manager • s. 5.6(1)(a)(ii) – fundamental investment objectives and fee structure not substantially similar • 5.6(1)(b) – merger will not be implemented as a "qualifying exchange" • 5.6(1)(f)(ii) – most recently filed fund facts were not be delivered for the Hard Capped Series
Merger 3	Fiera Capital High Income Fund	Canoe Premium Income Fund	• s. 5.6(1)(a)(i) – not the same manager • s. 5.6(1)(a)(ii) – fundamental investment objectives and fee structure not substantially similar • 5.6(1)(f)(ii) – most recently filed fund facts were not be delivered for the Hard Capped Series and Series OX
Merger 4	Fiera Capital Income and Growth Fund	Canoe Asset Allocation Portfolio Class	• s. 5.6(1)(a)(i) – not the same manager • s. 5.6(1)(a)(ii) – fundamental investment objectives and fee structure not substantially similar • 5.6(1)(b) – merger will not be implemented as a "qualifying exchange" • 5.6(1)(f)(ii) – most recently filed fund facts were not be delivered for the Hard Capped Series and Series OX
Merger 5	Fiera Capital U.S. Equity Fund	Canoe U.S. Equity Income Portfolio Class	• s. 5.6(1)(a)(i) – not the same manager • s. 5.6(1)(a)(ii) – fundamental

			investment objectives and fee structure not substantially similar • 5.6(1)(b) – merger will not be implemented as a "qualifying exchange" • 5.6(1)(f)(ii) – most recently filed fund facts were not be delivered for Series OX
Merger 6	Fiera Capital Equity Growth Fund	Canoe Canadian Small Mid Cap Portfolio Class	• s. 5.6(1)(a)(i) – not the same manager • s. 5.6(1)(a)(ii) – fee structure not substantially similar • 5.6(1)(b) – merger will not be implemented as a "qualifying exchange" • 5.6(1)(f)(ii) – most recently filed fund facts were not delivered for any series

71. Each Merger is contingent upon the Change of Manager being approved. All required approvals from the unitholders of the Funds for the Change of Manager were obtained at the Meetings.

Steps for the Mergers

72. The Merger of a Terminating Fund into a Continuing Canoe Portfolio Class Fund (as defined below) will be structured as follows:

a) Prior to the Merger Date, if required, each Terminating Fund that is merging into a Canoe Portfolio Class Fund (each, a Continuing Canoe Portfolio Class Fund) will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the applicable Continuing Canoe Portfolio Class Fund. As a result, a Terminating Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger Date.

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

c) Each Terminating Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to securityholders to ensure that the Terminating Fund will not be subject to tax for the taxation year ended on the Merger Date.

d) On the Merger Date, the CTF will acquire the investment portfolio and other assets of the applicable Terminating Fund in exchange for CTF Units.

e) Each Continuing Canoe Portfolio Class Fund will not assume any liabilities from the applicable Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.

f) The CTF Units received by the applicable Terminating Fund will have an aggregate net asset value equal to the value of the investment portfolio and other assets that the CTF is acquiring from the Terminating Fund, and the CTF Units will be issued at the applicable net asset value per unit as of the close of business on the Merger Date.

g) Immediately thereafter (i) each securityholder of the Terminating Fund will exchange all of their securities of the Terminating Fund for a CTF Unit with equal value, and (ii) a portion of the value of each CTF Unit will subsequently be redeemed to subscribe for shares of Fund Corp. of the equivalent series of the Continuing Canoe Portfolio Class Fund to the series of the Terminating Fund previously owned by the securityholder.

h) Each of CTF and Fund Corp. will contribute the investment portfolio and other assets received from the applicable Terminating Fund to Canoe Portfolio Class Limited Partnership (the Partnership) in exchange for an increased limited partnership interest in the Partnership.

i) CTF and the applicable Terminating Fund will take all necessary steps, including the making of a joint election, so that the Merger will occur on a tax-deferred basis to the extent of CTF's acquisition of the investment portfolio.

j) As soon as reasonably possible following each Merger, and in any case within 60 days following the Merger Date, the applicable Terminating Fund will be wound-up.

73. The Merger of Fiera Capital High Income Fund into Canoe Premium Income Fund will be structured as follows:

a) Prior to the Merger Date, if required, Fiera Capital High Income Fund will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of Canoe Premium Income Fund. As a result, Fiera Capital High Income Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger being effected.

b) The value of Fiera Capital High Income Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.

c) Fiera Capital High Income Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that Fiera Capital High Income Fund will not be subject to tax for the taxation year ended on the Merger Date.

d) On the Merger Date, Canoe Premium Income Fund will acquire the investment portfolio and other assets of Fiera Capital High Income Fund in exchange for securities of Canoe Premium Income Fund.

e) Canoe Premium Income Fund will not assume any liabilities of Fiera Capital High Income Fund and Fiera Capital High Income Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.

f) The units of Canoe Premium Income Fund received by Fiera Capital High Income Fund will have an aggregate Net Asset Value equal to the value of the portfolio assets and other assets that Canoe Premium Income Fund is acquiring from Fiera Capital High Income Fund, and the units of Canoe Premium Income Fund will be issued at the applicable series net asset value per unit as of the close of business on the Merger Date.

g) Immediately thereafter, units of Canoe Premium Income Fund received by Fiera Capital High Income Fund will be distributed to unitholders of Fiera Capital High Income Fund in exchange for their units of Fiera Capital High Income Fund on a dollar-for-dollar and series by series basis.

h) Fiera Capital High Income Fund and Canoe Premium Income Fund will take all necessary steps, including the making of a joint election, to ensure that the Merger will occur on a tax-deferred basis.

i) As soon as reasonably possible following the Merger, and in any case within 60 days following the Merger Date, Fiera Capital High Income Fund will be wound-up.

74. The Merger of Fiera Capital Diversified Bond Fund into Canoe Bond Advantage Fund will be structured as follows:

a) Prior to the Merger Date, if required, Fiera Capital Diversified Bond Fund will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of Canoe Bond Advantage Fund. As a result, Fiera Capital Diversified Bond Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger being effected.

b) The value of Fiera Capital Diversified Bond Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with its constating documents.

c) Fiera Capital Diversified Bond Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that Fiera Capital Diversified Bond Fund will not be subject to tax for the taxation year ended on the Merger Date.

d) On the Merger Date, Canoe Bond Advantage Fund will acquire the investment portfolio and other assets of Fiera Capital Diversified Bond Fund in exchange for units of Canoe Bond Advantage Fund.

e) Canoe Bond Advantage Fund will not assume any liabilities of Fiera Capital Diversified Bond Fund and Fiera Capital Diversified Bond Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.

f) The units of Canoe Bond Advantage Fund received by Fiera Capital Diversified Bond Fund will have an aggregate Net Asset Value equal to the value of the portfolio assets and other assets that Canoe Bond Advantage Fund will acquire from Fiera Capital Diversified Bond Fund, and the units of Canoe Bond Advantage Fund will be issued at the applicable series net asset value per unit as of the close of business on the Merger Date.

g) Immediately thereafter, units of Canoe Bond Advantage Fund received by Fiera Capital Diversified Bond Fund will be distributed to unitholders of Fiera Capital Diversified Bond Fund in exchange for their units of Fiera Capital Diversified Bond Fund on a dollar-for-dollar and series by series basis.

h) Fiera Capital Diversified Bond Fund and Canoe Bond Advantage Fund will not elect that the Merger occur on a tax-deferred basis.

i) As soon as reasonably possible following the Merger, and in any case within 60 days following the Merger Date, Fiera Capital Diversified Bond Fund will be wound-up.

Rationale for Approvals Sought

Qualifying Dispositions

75. The purpose of the Qualifying Dispositions is to allow the Fiera Related Unitholders invested in the QD Funds who wish to maintain their assets with the Filer to be moved to other investment funds managed by the Filer in the most cost and/or tax-efficient manner.

76. Proceeding by way of Redemption Transactions would cause the realization of significant capital gains by the QD Funds which would be passed on to the unitholders. In addition, if the Redemption Transactions were to be carried out in cash, they would result in significant transaction costs and, because of the significance of the assets that would likely have to be redeemed in a short period for certain of the QD Funds, the Redemption Transactions could lead to assets having to be sold below their fair value.

77. The Meeting Materials contained a description of the Pre-Closing DoT Change.

78. No Fiera Related Unitholder will be moved to a Clone Trust without having consented to the transaction (either personally, or in the case of the clients which gave discretionary authority to their portfolio managers, by such client's portfolio manager).

79. In addition, each Fiera Related Unitholder, or in the case of the clients which gave discretionary authority to their portfolio managers, their portfolio managers with discretionary authority will receive, concurrently with the Filer's request for consent referred to above, sufficient information relating to (i) the Qualifying Dispositions, (ii) the Filer's plan in the event the Qualifying Dispositions cannot be carried out, whether because the Approval Sought in respect thereof, or the unitholder approvals for the required Pre-Closing DoT Change are not obtained before Closing, or for any other reason, (iii) any potential impact of the foregoing for the Fiera Related Unitholders, the remaining unitholders and the Funds, and (iv) the SSTCC Trust Agreement.

80. The Filer believes that it may consent on behalf of the Fiera Private Wealth Clients which gave the Filer discretionary authority over their accounts, even though keeping the Fiera Private Wealth Clients in funds managed by the Filer benefits the Filer, because such Fiera Private Wealth Clients have already consented to being invested in investment funds managed by the Filer.

81. The Filer believes that the transaction will not materially impact the Fiera Private Wealth Clients.

82. No Fiera Related Unitholder will be moved to a Clone Trust if such unitholder could not have subscribed in a FCPF on a prospectus-exempt basis.

83. The Qualifying Dispositions are not expected to have any material impact on the Fiera Related Unitholders or the other remaining unitholders of the Funds. The Qualifying Dispositions will not negatively affect any unitholder's interest in the

assets and liabilities of the relevant QD Fund, each QD Fund's investment objective and strategies will be substantially the same as its corresponding Clone Trust and the Qualifying Dispositions are being structured to be a non-taxable event to the Fiera Related Unitholders, the remaining unitholders and the Funds.

84. Fiera Related Unitholders will continue to have the right to redeem units of the QD Funds for cash at any time up to the close of business on the business day immediately prior to the Qualifying Dispositions. Units so redeemed will be redeemed at a price equal to their Net Asset Value per unit on the redemption date.

85. Except for the Fiera Institutional Clients which will be redeemed prior to the Qualifying Dispositions, none of the Fiera Related Unitholders is restricted from being invested in a Clone Trust or FCPF because it will not be subject to Regulation 81-102.

Change of Manager

86. Other than with respect to the changes related to the Proposed Transaction and disclosed in the Meeting Materials, the Proposed Transaction is not expected to have any material impact on the business, operations or affairs of the Funds or the unitholders of the Funds and Canoe intends to manage and administer the Funds in a similar manner as the Filer.

87. All material agreements regarding the administration of the Funds will either be amended and restated by Canoe or be terminated and Canoe will enter into new agreements with the relevant service provider, as required. Subject to obtaining any necessary approvals as of the Closing Date, Canoe will become the successor trustee, investment fund manager and portfolio manager of the Funds. The Filer will cease to act as portfolio manager of the Funds but will be appointed as sub-advisor to the Fiera Continuing Funds and Fiera Capital Equity Growth Fund.

Mergers

88. The Filer and/or Canoe and not the Funds, will bear all costs and expenses associated with calling and holding the Meetings and implementing the Mergers.

89. Except for Canoe U.S. Equity Income Portfolio Class and Canoe Canadian Small Mid Cap Portfolio Class, each Canoe Continuing Fund has a portfolio of greater value, allowing for increased portfolio diversification opportunities, which may lead to increased returns and/or a reduction of risk and Canoe U.S. Equity Portfolio Class is expected to have a portfolio of greater size than its corresponding terminating Fund once the Pre-Closing Reorganizations have been effected.

90. With respect to the Merger of Fiera Capital Equity Growth Fund into Canoe Canadian Small Mid Cap Portfolio Class, the investment objectives and investment strategies of the Canoe Continuing Fund will be substantially similar to those of the Terminating Fund.

91. With respect to the Merger of a Terminating Fund into a Canoe Portfolio Class Fund, the portfolio class structure of the Canoe Continuing Fund provides access to multiple Canoe Portfolio Class Funds on a tax-efficient basis, which may improve capital gains characterization and provide better alignment of capital gains realization between the time of the investment into a Canoe Portfolio Class Fund until the time of exit from a Canoe Portfolio Class Fund.

92. Unitholders of the Terminating Funds received detailed information about the Mergers in the Meeting Materials and may redeem their securities prior to the Mergers should they wish to do so.

93. No commission or other fee will be charged to unitholders of the Terminating Funds on the issue or exchange of securities of the Terminating Funds into the Canoe Continuing Funds.

Impacts of the Approvals Sought

94. Neither the Funds nor the Canoe Funds will bear any of the costs and expenses including any portfolio realignment costs, associated with the Proposed Transaction, including the Mergers and the Change of Manager, except for certain fees and expenses with respect to the IRC of the Funds. Any costs and expenses associated with the Proposed Transaction will be borne by the Filer and/or Canoe, as determined between the parties.

95. The current individuals comprising the IRC of the Funds will automatically cease to be members of the IRC by operation of paragraph 3.10(1)(c) of Regulation 81-107 following the Proposed Transaction. Canoe intends that the new members of the IRC of the Funds will be the same individuals that currently comprise the IRC of the Canoe Funds.

96. The Filer considers that the experience and integrity of each of the members of Canoe's current management team is apparent by their education and years of experience in the investment industry. Following the Proposed Transaction, it is expected that all of the current officers and directors of Canoe will continue on in their current capacities and that they will continue to have the requisite integrity and experience as contemplated under subparagraph 5.7(1)(a)(v) of Regulation 81-102.

97. The Closing will not adversely affect Canoe's financial position or its ability to fulfill its regulatory obligations.

98. Canoe and the Filer are not related parties. Except pursuant to the Proposed Transaction, there are no relationships between Canoe and the Filer (or their respective affiliates).

99. The Approvals Sought are not detrimental to the protection of investors in the Funds.

Decision

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

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

"Hugo Lacroix"
Senior Director, Investment Funds
PTO/hdu

2.1.6 Knowledge First Financial Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – fund family relief from the requirement to send a printed information circular to registered holders of the securities of an investment fund – relief subject to conditions, including sending an explanatory document in lieu of the printed information circular and giving securityholders the option to request and obtain at no charge a printed information circular – notice-and-access for investment funds – National Instrument 81-106 Investment Fund Continuous Disclosure.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s.12.2(2)(a).

March 21, 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
KNOWLEDGE FIRST FINANCIAL INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of existing and future investment funds that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer (collectively, the **Funds**, and each, a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting an exemption from the requirement contained in paragraph 12.2(2)(a) of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) that a person or company that solicits proxies, by or on behalf of management of a Fund, send an information circular to each registered holder of securities of a Fund whose proxy is solicited, and instead allow the Funds to send a Notice-and-Access Document (as defined in condition 1 of this decision) using the Notice-and-Access Procedure (as defined in condition 2 of this decision) (the **Exemption Sought**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102, National Instrument 51-102 – *Continuous Disclosure Obligations* (**NI 51-102**) and National Instrument 54-101 – C*ommunication with Beneficial Owners of Securities of a Reporting Issuer* (**NI 54-101**) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer and the Funds

1. The Filer is a corporation subsisting under the laws of Canada with its head office located in Mississauga, Ontario. The Filer is registered as follows:

   (a) under the securities legislation of all provinces as a scholarship plan dealer; and

   (b) under the securities legislation of Ontario, Québec, and Newfoundland and Labrador as an investment fund manager.

2. The Funds are, or will be, managed by the Filer or by an affiliate or successor of the Filer.

3. The Funds are, or will be, investment funds that are, or will be, reporting issuers in one or more of the Jurisdictions.

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

Meetings of Securityholders of the Funds

5. Pursuant to applicable legislation, the Filer must call a meeting of securityholders of one or more Funds from time to time to consider and vote on matters requiring securityholder approval.

6. In connection with a meeting, a Fund is required to comply with the requirements in NI 81-106 regarding the sending of proxies and information circulars to registered holders of its securities, which include a requirement that each person or company that solicits proxies by or on behalf of management of a Fund send, with the notice of meeting, to each registered holder of securities of a Fund whose proxy is solicited, an information circular, prepared in compliance with the requirements of Form 51-102F5 *Information Circular* of NI 51-102, to securityholders of record who are entitled to receive notice of the meeting.

7. A Fund is also required to comply with NI 51-102 for communicating with registered holders of its securities, and to comply with NI 54-101 for communicating with beneficial owners of its securities.

Notice-and-Access Procedure – Corporate Finance Issuers

8. Section 9.1.1 of NI 51-102 permits, if certain conditions are met, a reporting issuer that is not an investment fund to use the notice-and-access procedure and send, instead of an information circular, a notice to each registered holder of its securities that contains certain specific information regarding the meeting and an explanation of the notice-and-access procedure.

9. Section 2.7.1 of NI 54-101 permits a reporting issuer that is not an investment fund to use a similar procedure to communicate with each beneficial owner of its securities.

Reasons supporting the Exemption Sought

10. A meeting of investment fund securityholders is substantively no different than a meeting of corporate finance securityholders. As a result, if the notice-and access procedure set forth in NI 51-102 and in NI 54-101 can be used by a corporate finance issuer for a meeting of its securityholders in order to send a notice-and-access document instead of an information circular, it would not be detrimental to the protection of investors to allow an investment fund to also use the Notice-and-Access Procedure to send a Notice-and-Access Document, instead of the information circular.

11. With the Exemption Sought, securityholders will maintain the same access to the same quality of disclosure material currently available. Without limiting the generality of the foregoing:

   (a) all securityholders of record entitled to receive an information circular will receive instructions on how to access the information circular and will be able to receive a printed copy, without charge, if they so desire; and

   (b) the conditions to the Exemption Sought mandate that the Notice-and-Access Document will be sent to securityholders sufficiently in advance of a meeting so that if a securityholder wishes to receive a printed copy

of the information circular, there will be sufficient time for the Filer, directly or through the Filer's agent, to send the information circular.

12. With the Notice-and-Access Procedure, no securityholder will be deprived of their ability to access the information circular in his/her preferred manner of communication.

13. In accordance with the Filer's standard of care owed to the relevant Fund pursuant to applicable legislation, the Filer will only use the Notice-and-Access Procedure for a particular meeting where it has concluded it is appropriate and consistent with the purposes of notice-and-access (as described in the Companion Policy to NI 54-101) to do so, also taking into account the purpose of the meeting and whether the Fund(s) would obtain a better participation rate by sending the information circular with the other proxy-related materials.

14. There are significant costs involved in the printing and delivery of the proxy-related materials, including information circulars, to securityholders in the Funds and in certain cases, the Filer.

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, in respect of each Fund or the Filer soliciting proxies by or on behalf of management of a Fund:

1. The registered holders or beneficial owners, as applicable, of securities of the Fund are sent a document that contains the following information and no other information (the **Notice-and-Access Document**):

    (a) the date, time and location of the meeting for which the proxy-related materials are being sent;

    (b) a description of each matter or group of related matters identified in the form of proxy to be voted on unless that information is already included in a Form 54-101F6 *Request for Voting Instructions for Reporting Issuer* or Form 54-101F7 *Request for Voting Instructions Made by Intermediary* as applicable, that is being sent to the beneficial owner of securities of the Fund under condition (2)(c) of this decision;

    (c) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;

    (d) a reminder to review the information circular before voting;

    (e) an explanation of how to obtain a paper copy of the information circular and, if applicable, the financial statements of the Fund;

    (f) a plain-language explanation of the Notice-and-Access Procedure that includes the following information:

        (i) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is to be received in order for the registered holder or beneficial owner, as applicable, to receive the paper copy in advance of any deadline for the submission of voting instructions for the meeting;

        (ii) an explanation of how the registered holders or the beneficial owners, as applicable, of securities of the Fund are to return voting instructions, including any deadline for return of those instructions;

        (iii) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the Notice-and-Access Document can be found; and

        (iv) a toll-free telephone number the registered holders or the beneficial owners, as applicable, of securities of the Fund can call to get information about the Notice-and-Access Procedure.

2. The Filer, on behalf of the Fund, sends the Notice-and-Access Document in compliance with the following procedure (the **Notice-and-Access Procedure**), in addition to any and all other applicable requirements:

    (a) the proxy-related materials are sent a minimum of 30 days before a meeting and a maximum of 50 days before a meeting;

(b) if the Fund sends proxy-related materials:

(i) directly to a Non-Objecting Beneficial Owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements, at least 30 days before the date of the meeting; and

(ii) indirectly to a beneficial owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements to the proximate intermediary (A) at least 3 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary by first class mail, courier or the equivalent, or (B) at least 4 business days before the 30th day before the date of the meeting , in the case of proxy-related materials that are to be sent using any other type of prepaid mail;

(c) using the procedures referred to in section 2.9 or 2.12 of NI 54-101, as applicable, the beneficial owner of securities of the Fund is sent, by prepaid mail, courier or the equivalent, the Notice-and-Access Document and a Form 54-101F6 or Form 54-101F7, as applicable;

(d) the Filer, on behalf of the Fund, files on SEDAR the notification of meeting and record dates on the same date that it sends the notification of meeting date and record date pursuant to subsection 2.2(1) of NI 54-101 (as such time may be abridged);

(e) public electronic access to the information circular and the Notice-and-Access Document is provided on or before the date that the Notice-and-Access Document is sent to registered holders or to beneficial owners, as applicable, of securities of the Fund in the following manner:

(i) the information circular and the Notice-and-Access Document are filed on SEDAR; and

(ii) the information circular and the Notice-and-Access Document are posted until the date that is one year from the date that the documents are posted, on a website of the Filer or the Fund;

(f) a toll-free telephone number is provided for use by the registered holders or beneficial owners, as applicable, of securities of the Fund to request a paper copy of the information circular and, if applicable, the financial statements of the Fund, at any time from the date that the Notice -and-Access Document is sent to the registered holders or the beneficial owners, as applicable, up to and including the date of the meeting , including any adjournment or postponement;

(g) if a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is received at the toll-free telephone number provided in the Notice-and-Access Document or by any other means, a paper copy of any such document requested is sent free of charge to the registered holder or beneficial owner, as applicable, at the address specified in the request in the following manner:

(i) in the case of a request received prior to the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent; and

(ii) in the case of a request received on or after the date of the meeting, and within one year of the date the information circular is filed on SEDAR, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent;

(h) a Notice-and-Access Document is only accompanied by:

(i) a form of proxy;

(ii) if applicable, the financial statements of the Fund to be presented at the meeting; and

(iii) if the meeting is to approve a reorganization of the Fund with another investment fund, as contemplated by paragraph 5.l(l)(f) of National Instrument 81-102 – *Investment Funds*, the Fund Facts document, ETF summary document or ETF Facts, as applicable, for the continuing investment fund;

(i) a Notice-and-Access Document may only be combined in a single document with a form of proxy;

(j) if the Filer, directly or through the Filer's agent, receives a request for a copy of the information circular and if applicable, the financial statements of the Fund, using the toll-free telephone number referred to in the Notice-and-Access Document or by any other means, it must not do any of the following:

(i) ask for any information about the registered holder or beneficial owner, other than the name and address to which the information circular and, if applicable, the financial statements of the Fund are to be sent; and

(ii) disclose or use the name or address of the registered holder or beneficial owner for any purpose other than sending the information circular and, if applicable, the financial statements of the Fund;

(k) the Filer, directly or through the Filer's agent, must not collect information that can be used to identify a person or company who has accessed the website address to which it posts the proxy-related materials pursuant to condition (2)(e)(ii) of this decision.

(l) in addition to the proxy-related materials posted on a website in the manner referred to in condition (2)(e)(ii) of this decision, the Filer must also post on the website the following documents:

(i) any disclosure document regarding the meeting that the Filer, on behalf of the Fund, has sent to registered holders or beneficial owners of securities of the Fund; and

(ii) any written communications the Filer, on behalf of the Fund, has made available to the public regarding each matter or group of matters to be voted on at the meeting, whether or not they were sent to registered holders or beneficial owners of securities of the Fund;

(m) materials that are posted on a website pursuant to condition (2)(e)(ii) of this decision must be posted in a manner and be in a format that permit an individual with a reasonable level of computer skill and knowledge to do all of the following easily:

(i) access, read and search the documents on the website; and

(ii) download and print the documents;

(n) despite subsection 2.1(b) of NI 54-101, if the Fund relies upon this decision, it must set a record date for notice that is no fewer than 40 days before the date of the meeting;

(o) in addition to section 2.20 of NI 54-101, the Fund may only abridge the time prescribed in subsections 2.1(b), 2.2(1) or 2.5(1) of NI 54-101 if the Fund fixes the record date for notice to be at least 40 days before the date of the meeting and sends the notification of meeting and record dates at least 3 business days before the record date for notice;

(p) the notification of meeting date and record date sent pursuant to subsection 2.2(1)(b) of NI 54-101 shall specify that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this decision;

(q) the Filer, on behalf of the Fund, provides disclosure in the information circular to the effect that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this decision; and

(r) the Filer pays for delivery of the information circular and, if applicable, the financial statements of the Fund, to registered holders or to beneficial owners, as applicable, of securities of the Fund if a copy of such material is requested following receipt of the Notice-and-Access Document.

The Exemption Sought terminates on the coming into force of any legislation or regulation allowing an investment fund to use a notice-and-access procedure.

"Darren McKall"
Manager
Ontario Securities Commission

2.1.7 RBC Dominion Securities Inc.

Headnote

Application for a ruling pursuant to section 74 of the Securities Act granting relief from the dealer registration requirement in section 25 of the OSA to allow the Filer, an investment dealer and member of the Investment Industry Regulatory Organization of Canada (IIROC), to use employees of a Designated Foreign Affiliate of the Filer for After-Hours Trading in securities on the Bourse de Montréal Inc. – Relief granted, subject to terms and conditions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., subsections 25(1) and 74(1).

Instruments Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.

November 30, 2018

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

AND

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

AND

IN THE MATTER OF
RBC DOMINION SECURITIES INC.
(the Filer)

DECISION

Background

The principal regulator in Ontario has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Designated Foreign Affiliate Employees (as defined below) of the Filer, when conducting Extended Hours Activities (as defined below) on the Bourse de Montréal Inc. (the **MX**), from the dealer registration requirement in the Legislation, subject to the terms and conditions set out below (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation formed under the laws of Canada. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an investment dealer under the securities legislation of all the jurisdictions of Canada; is registered as a futures commission merchant under the commodity futures legislation of Ontario and Manitoba; and is registered as a dealer under the derivatives legislation of Québec.

3. The Filer is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the TSX Venture Exchange, an approved participant of the MX and a participating organization of the Toronto Stock Exchange.

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

5. RBC Capital Markets LLC (**RBCCM** or the **Designated Foreign Affiliate**) is a limited liability company formed under the laws of the State of Minnesota. The head office of RBCCM is located in New York, New York, United States.

6. The Filer and RBCCM are each a wholly-owned indirect subsidiary of The Royal Bank of Canada.

7. RBCCM is registered as a broker-dealer with the U.S. Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority. RBCCM is a registered futures commission merchant with the U.S. Commodity Futures Trading Commission and approved as a swap firm and a member of the National Futures Association.

8. RBCCM holds memberships and/or has third-party clearing relationships with commodity and financial futures exchanges and clearing associations, including the CME Group. It also carries positions reflecting trades executed on other exchanges through affiliates and/or third-party clearing brokers.

The MX Extended Trading Hours Amendments

9. The MX, based in Montréal, Québec, operates an exchange for options, commodity futures contracts and commodity futures options, and offers access to trading in those to market participants in Canada.

10. On July 9, 2018, the MX announced that the MX had approved amendments to its rules and procedures in order to accommodate the extension of the MX's trading hours. As a result of these amendments, commencing October 9, 2018, trading of certain products on the MX commenced at 2:00 a.m. Eastern Time (**ET**) rather than the current 6:00 a.m. ET.

11. As set out in MX Circular 111-18, in order to accommodate this earlier trading, the MX amended its rules to allow participants on the MX to have employees of affiliated corporations, including foreign affiliates, become an approved person of the MX participant and thus be able to handle trading requests originating from the MX participant's clients or clients of the MX participant's affiliated corporations or subsidiaries.

Application of the dealer registration requirement to Designated Foreign Affiliate Employees

12. The Filer is an MX approved participant and RBCCM is an affiliated corporation. The Filer wishes to make use of certain designated employees of RBCCM (the **Designated Foreign Affiliate Employees**) to handle trading requests on the MX from the Filer's clients and clients of the Filer's affiliated corporations or subsidiaries during the MX's extended trading hours from 2:00 a.m. ET to 6:00 a.m. ET each day on which the MX is open for trading (the **Extended Hours Activities**).

13. The dealer registration requirement under the Legislation requires an individual to be registered to act as a dealing representative on behalf of a registered firm. The Exemption Sought is intended to provide the Filer with an exemption from (i) the requirement that the Filer use only registered dealing representatives to conduct the Extended Hours Activities; and (ii) the requirement that the employees of RBCCM who will be conducting the Extended Hours Activities be registered as dealing representatives of the Filer.

14. The Filer seeks an exemption from the dealer registration requirement because, in the absence of such exemption, each employee of RBCCM who was to trade on behalf of the Filer would be required to become individually registered and licensed in Canada. The Filer believes this would be duplicative since the Designated Foreign Affiliate Employees are certified under applicable US law, would be supervised by the Filer's designated supervisors and would otherwise

be subject to the conditions set forth below. The Filer believes this would be unduly onerous in light of the limited trading activities the Designated Foreign Affiliate Employees would be conducting on behalf of the Filer, namely only handling client orders, and only during the period from 2:00 a.m. ET to 6:00 a.m. ET.

15. The Filer has also applied to IIROC for an exemption from the registered representative requirements that are found in IIROC Dealer Member Rules 18.2(a) and 18.2(c) and the requirement to enter into an employee or agent relationship with the person conducting securities related business on its behalf that is found in IIROC Dealer Member Rule 39.3 and to register and complete proficiencies of a Trader under IIROC Dealer Member Rule 500.

16. The Filer anticipates that the IIROC Relief, if granted, will be subject to certain conditions, including:

    (a) The Designated Foreign Affiliate Employees must be certified under the applicable laws of the US in a category that permits trading the types of products which they will be trading on the MX.

    (b) The Designated Foreign Affiliate Employees will be permitted to accept and enter orders from clients of the Filer or clients of the Filer's affiliated corporations or subsidiaries during the period from 2:00 a.m. ET to 6:00 a.m. ET.

    (c) The Filer retains all responsibilities for its client accounts.

    (d) The actions of the Designated Foreign Affiliate Employees will be supervised by specific designated supervisors of the Filer (the **Designated Supervisors**), each of whom is qualified to supervise trading in futures contracts, futures contract options and options.

17. The Exemption Sought would apply to Designated Foreign Affiliate Employees who are designated and recorded on a list maintained by the Designated Supervisors, which list would be subject to review by IIROC upon request.

18. The Filer and RBCCM will enter into a services agreement pursuant to which

    (a) RBCCM will, among other things, agree to designate members of its staff to serve as Designated Foreign Affiliate Employees who are properly registered, licensed, certified or authorized in their home jurisdiction and sufficiently skilled and familiar to undertake such trading and front office activity, and further agree that the activities of the Designated Foreign Affiliate Employees permitted under this exemptive relief shall be supervised by the Designated Supervisors of the Filer; and

    (b) the Filer will assume all responsibility for the actions of the Designated Foreign Affiliate Employees and of RBCCM that relate to the Filer's clients regarding this trading on MX, and the Filer will acknowledge that it will be liable under IIROC rules for such actions.

19. All MX trading rules will apply to orders entered by the Designated Foreign Affiliate Employees.

20. Other than individual registration, all other existing Canadian regulatory requirements would continue to apply to this arrangement, including without limitation:

    (a) the Filer's client accounts would continue to be carried on the books of the Filer;

    (b) all communications with the Filer's clients will continue to be in the name of the Filer; and

    (c) the Filer's client account monies, security and property will continue to be held by the Filer or its approved custodian.

21. The Filer will establish and maintain written policies and procedures that address the performance and supervision requirements relating to MX extended trading hours.

22. The Filer will disclose this extended trading hours arrangement to clients for its MX trading services.

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 so long as:

(a) the Designated Foreign Affiliate and the Designated Foreign Affiliate Employees are registered, licensed, certified or authorized under the applicable laws of the foreign jurisdiction in which the head office or principal place of business of the Designated Foreign Affiliate is located in a category that permits trading the type of products which the Designated Foreign Affiliate Employees will be trading on the MX;

(b) the Designated Foreign Affiliate Employees are permitted to accept and enter orders from clients of the Filer or clients of the Filer's affiliated corporations or subsidiaries on behalf of the Filer during the period from 2:00 a.m. ET to 6:00 a.m. ET;

(c) the Filer retains all responsibilities for its client accounts;

(d) the actions of the Designated Foreign Affiliate Employees will be supervised by the Designated Supervisors, each of whom is qualified to supervise trading in futures contracts, futures contract options and options;

(e) the Filer and the Designated Foreign Affiliate enter into a services agreement substantially as described in paragraph 18, and such agreement remains in effect; and

(f) the Filer has applied for and obtained from IIROC an exemption from the registered representative requirements that are found in the IIROC Dealer Member Rules, and any other requirements of IIROC that IIROC reasonably determines is applicable to the Firm and the Designated Foreign Affiliate Employees in connection with conducting the Extended Hours Activities (collectively, the **IIROC Relief**) and remains in compliance with the terms and conditions of the IIROC Relief.

"William Furlong"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.1.8 Manulife Asset Management Limited and Manulife International Value Equity Fund

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Approval of investment fund merger – approval required because merger does not meet the criteria for pre-approved reorganizations and transfers – merger will not be a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act – merger to otherwise comply with pre-approval criteria, including securityholder vote and IRC approval – securityholders provided with timely and adequate disclosure regarding the mergers – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, paragraph 5.5(1)(b) and section 19.1.

March 25, 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
MANULIFE ASSET MANAGEMENT LIMITED
(the Filer)

AND

IN THE MATTER OF
MANULIFE INTERNATIONAL VALUE EQUITY FUND
(the Terminating Fund)

DECISION

Background

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

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

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

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

Interpretation

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

Representations

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

The Filer

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

2. The Filer is registered in the following categories: portfolio manager in all provinces and territories of Canada; investment fund manager in Ontario, Newfoundland and Labrador, and Quebec; commodity trading manager in Ontario; and derivatives portfolio manager in Quebec.

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

4. The Filer is not in default of any of the requirements of the securities legislation of any of the provinces and territories of Canada.

The Funds

5. The Terminating Fund and the Continuing Fund are open-ended mutual fund trusts and are governed by the provisions of NI 81-102.

6. The Funds were each established under the laws of Ontario by separate declarations of trust and a separate regulation or plan of establishment, as applicable, (together with the declarations of trust, the **Declarations of Trust**).

7. Securities of the Terminating Fund, except for those described in paragraph 9 below, are qualified for sale in each of the provinces and territories of Canada pursuant to a simplified prospectus, annual information form and fund facts, each dated August 2, 2018, as amended. However, currently, securities of the Terminating Fund are not being publicly offered for distribution to the public.

8. Securities of the Continuing Fund, except for those described in paragraph 9 below, are qualified for sale in each of the provinces and territories of Canada pursuant to a simplified prospectus, annual information form and fund facts, each dated August 2, 2018, as amended.

9. Series X, Series O, Series G and Series M of the Terminating Fund (the **Exempt Terminating Fund Series**) and Series X, Series O, Series G and Series M of the Continuing Fund (the **Exempt Continuing Fund Series**) have only been offered by way of a prospectus exemption pursuant to National Instrument 45-106 – *Prospectus Exemptions* (**NI 45-106**).

10. The Funds are reporting issuers as defined under the applicable securities legislation of each province and territory of Canada and are not in default of any of the requirements of the securities legislation of any of the provinces and territories of Canada.

11. The net asset value for each of the Funds is calculated on a daily basis at the end of each day the Toronto Stock Exchange is open for trading.

12. Other than under circumstances in which the securities regulatory authority or securities regulator of the Jurisdictions has expressly exempted a Fund therefrom, each of the Funds is governed and follows the standard investment restrictions and practices established by NI 81-102.

Reason for Approval Sought

13. The Filer is proposing to merge the Terminating Fund into the Continuing Fund.

14. The Merger is anticipated to be implemented on or about April 5, 2019 (the **Effective Date**).

15. The Approval Sought is required because the Merger will not be effected in reliance on the “qualifying exchange” or tax-deferred transaction provisions of the *Income Tax Act* (Canada) (the **Tax Act**) and as such, the Merger does not meet all of the pre-approval criteria in section 5.6 of NI 81-102.

16. Although the Merger is being conducted on a taxable basis, in the Filer’s view, it is in the best interest of the securityholders of the Funds to complete the Merger on a taxable basis given that the Continuing Fund has significantly

more capital losses than the Terminating Fund and such losses will be preserved by completing the Merger in this manner.

17. Except as noted above, the Merger will otherwise comply with all other criteria for pre-approved reorganizations and transfers as set out in section 5.6 of NI 81-102.

The Proposed Merger

18. A press release with respect to the proposed Merger was issued and filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**) on January 14, 2019, and a material change report was filed on SEDAR on January 24, 2019. The simplified prospectus, annual information form, and fund facts for the Funds were amended to include disclosure with respect to the Merger in accordance with applicable securities law and filed on SEDAR.

19. Pursuant to National Instrument 81-107 - *Independent Review Committee for Investment Funds*, the independent review committee of the Funds (the **IRC**) has reviewed the Merger and the process to be followed in connection with the Merger, and has advised the Filer that, in the opinion of the IRC, having reviewed the Merger as a potential "conflict of interest matter", the Merger achieves a fair and reasonable result for the Funds and their securityholders.

20. A notice of meeting, management information circular (the **Circular**) and form of proxy (together, the **Meeting Materials**) in connection with the special meeting of securityholders of the Terminating Fund (the **Terminating Fund Meeting**) and the special meeting of securityholders of the Continuing Fund (the **Continuing Fund Meeting**), both held on March 14, 2019, were mailed to investors of record as at January 31, 2019 of the Funds and filed on SEDAR in accordance with applicable securities law.

21. The Circular describes all of the relevant facts concerning the Merger, including the differences between the Funds, the tax implications and other consequences of the Merger, as well as the IRC's recommendation of the Merger, so that securityholders of the Terminating Fund may make an informed decision before voting on whether to approve the Merger. The Circular also contains certain prospectus-level disclosure concerning the Continuing Fund, including information in respect of its investment objective, fund type, portfolio management, risk classification, registered plan eligibility, net asset value, fees and expenses, annual returns, valuation procedures and distribution policies.

22. The Circular also describes the various ways in which securityholders can obtain a copy of the current simplified prospectus, most recently filed annual information form, most recently filed fund facts documents, most recently filed annual financial statements and interim financial reports, and most recently filed annual and interim management reports of fund performance for the Continuing Funds, at no cost.

23. Accompanying the Circular delivered to securityholders of the Terminating Fund, except for securityholders of the Exempt Terminating Fund Series (the **Exempt Terminating Fund Securityholders**), were copies of the most recently filed fund facts for the Continuing Fund.

24. Investors of the Terminating Fund had an opportunity to consider this information prior to voting on the Merger at the Terminating Fund Meeting.

25. Pursuant to paragraph 5.1(1)(f) of NI 81-102, securityholders of the Terminating Fund approved the Merger at the Terminating Fund Meeting.

26. Pursuant to paragraph 5.1(1)(g) of NI 81-102, securityholders of the Continuing Fund also approved the Merger at the Continuing Fund Meeting.

27. No costs or expenses will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.

28. The Filer will pay for the costs of the Merger. These costs consist mainly of legal, proxy solicitation, printing, mailing, and brokerage costs, as well as regulatory fees.

29. No fees or sales charges will be payable by securityholders of the Funds in connection with the Merger.

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

31. The Merger will be structured substantially as follows:

(i) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the Effective Date.

(ii) The Declarations of Trust governing the Funds will be amended to permit such actions as are necessary to complete the Merger.

(iii) Immediately following the close of business on the Effective Date, the Terminating Fund will transfer all of its assets and liabilities to the Continuing Fund.

(iv) In exchange, the Terminating Fund will receive securities of the relevant series of the Continuing Fund, the aggregate value of which is equal to the aggregate net asset value (the **NAV**) of the assets of the Terminating Fund transferred to the Continuing Fund, in each case calculated as of the close of business on the Effective Date.

(v) Immediately thereafter, the Terminating Fund will cause all of its securities to be redeemed and pay the redemption price by distributing securities of the Continuing Fund. This will result in each securityholder of the Terminating Fund receiving securities of the applicable series of the Continuing Fund with a NAV equal to the NAV of the securities of the relevant series of the Terminating Fund that were held by such securityholder.

(vi) Securityholders of the Terminating Fund will receive securities of the corresponding Continuing Fund as follows:

Terminating Fund	*Continuing Fund*
Manulife International Value Equity Fund	*Manulife EAFE Equity Fund*
Advisor Series securities	Advisor Series securities
Series F securities	Series F securities
Series FT securities	Series FT securities
Series T securities	Series T securities
Series G securities	Series G securities
Series M securities	Series M securities
Series O securities	Series O securities
Series X securities	Series X securities

(vii) As soon as reasonably practicable after the distribution of securities of the Continuing Fund to the Terminating Fund's securityholders, the Terminating Fund will be terminated.

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

33. Securityholders of the Terminating Fund will continue to have the right to redeem securities of the Terminating Fund for cash at any time up to the close of business on the Effective Date. The Circular disclosed that, upon acquisition of securities of the Continuing Fund, Terminating Fund securityholders will be subject to the same redemption charges to which their securities of the Terminating Fund were subject to prior to the Merger occurring.

34. The Terminating Fund will be capped to switches and transfers out over Fundserv after 4:00pm (Toronto time) on April 4, 2019. Securityholders will have the right to redeem the securities of the Terminating Fund up to 4:00pm (Toronto time) on the Effective Date for direct orders and as of 4:00pm (Toronto time) on April 3, 2019 for wire orders over Fundserv.

35. The Exempt Terminating Fund Securityholders will receive corresponding Exempt Continuing Fund Series upon completion of the Merger. This distribution of Exempt Continuing Fund Series securities to Exempt Terminating Fund Securityholders will be completed in reliance on the prospectus exemption contained in section 2.11 of NI 45-106. The

Filer included prospectus-level disclosure in the Circular describing the applicable securities and the Merger in sufficient detail to enable the Exempt Terminating Fund Securityholders to form an informed decision concerning the Merger.

Benefits of Merger

36. The Filer believes that the Merger will benefit securityholders of the Funds because:

(i) The Terminating Fund has a similar investment mandate as the Continuing Fund and would generally attract the same type of investor with a similar risk-return profile. As a result, the Merger will contribute towards reducing duplication and redundancy across the Manulife fund line-up.

(ii) The Merger has the potential to lower costs for securityholders. If the Merger is completed, expenses for which the Continuing Fund is responsible will be spread over a greater pool of assets, potentially resulting in a lower management expense ratio for the Continuing Fund than may not occur otherwise. No securityholder of the Terminating Fund will be subject to an increase in management fees as a result of the Terminating Fund merging into the Continuing Fund (and many will experience a decrease in management fees). The fixed administrative fee chargeable to both Funds is also the same.

(iii) The Continuing Fund will have an asset base of greater size, potentially allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions. The ability to improve diversification may lead to increased returns and a reduction of risk, while at the same time creating a higher profile that may attract more investors.

(iv) The Continuing Fund is expected to attract more assets as marketing efforts will be concentrated on fewer Funds, rather than two Funds with similar investment mandates. The ability to attract assets to the Continuing Fund will benefit investors by ensuring that the Continuing Fund remains viable, long-term, attractive investment vehicles for existing and potential investors.

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 Approval Sought is granted.

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

2.1.9 WEQ Holdings Inc. (formerly WesternOne Inc.)

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – issuer deemed to no longer be a reporting issuer under the Legislation of the Jurisdictions – issuer is in the process of winding up; the issuer had distributed almost all of its assets to shareholders; issuer has ceased all commercial activity and will be dissolved after the liquidation process is complete; shareholders voted to approve the liquidation resolution and the application to cease reporting; issuer has provided an undertaking to the securities regulatory authority or regulator in each of the Jurisdictions to provide certain disclosure to shareholders regarding the liquidation and dissolution process; more than 51 securityholders worldwide.

Applicable Legislative Provisions

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

March 29, 2019

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC,
NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND AND
NEWFOUNDLAND AND LABRADOR
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
WEQ HOLDINGS INC. (formerly WesternOne Inc.)
(the Filer)

DECISION

Background

¶1 The securities regulatory authority or regulator in each of the Jurisdictions (the Reporting Issuer Relief Decision Makers) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all Jurisdictions (the Reporting Issuer Relief).

The securities regulatory authority or regulator in each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the OTC Relief Decision Makers) has received an application from the Filer for a decision under the securities legislation of those jurisdictions (the OTC Jurisdiction Legislation) that the Filer is exempt from being designated a reporting issuer under section 3 of Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets* (MI 51-105) (the OTC Relief, and together with the Reporting Issuer Relief, the Exemptive Relief Sought).

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

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

(b) this decision is the decision of the principal regulator and evidences the decision of each Reporting Issuer Relief Decision Maker and OTC Relief Decision Maker.

Interpretation

¶2 Terms defined in Multilateral Instrument 11-102 *Passport System*, National Instrument 14-101 Definitions, or MI 51-105 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. the Filer is a company existing under the *Canada Business Corporations Act* (CBCA);

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

3. the Filer currently has approximately 16,402,044 common shares (Shares) issued and outstanding;

4. the Filer has 8 registered shareholders, 5 from Alberta, 1 from British Columbia, 1 from Ontario and 1 from Quebec; the Filer has 5,145 beneficial shareholders: of the Canadian shareholders, there are 1,817 from Ontario, 969 from Alberta, 1,611 from British Columbia, 371 from Quebec, 86 from Saskatchewan, 94 from Manitoba, 26 from New Brunswick, 64 from Nova Scotia, 14 from Newfoundland and Labrador, 8 from Prince Edward Island, 4 from Yukon and 3 from Northwest Territories; of the remaining beneficial shareholders, 42 are from the United States and 36 are from other countries;

5. the Filer also had 6.25% convertible series 3 unsecured convertible debentures (Debentures) but they have now been fully paid out;

6. other than the Shares, the Filer has no other securities outstanding;

7. on October 22, 2018, November 30, 2018, December 17, 2018 and January 7, 2019, the Filer issued news releases announcing and describing, among other things, the intention to wind-up the Filer pursuant to a Court approved liquidation process, to distribute the remaining assets of the Filer, to apply for the delisting of the Filer's securities from the Toronto Stock Exchange (TSX) and the subsequent delisting, to apply to cease to be a reporting issuer in the Jurisdictions, and to payout the Debentures and the subsequent payout;

8. at a special meeting of shareholders of the Filer held on November 28, 2018, holders of 99.99% of the Shares represented at the meeting voted in favour of a special resolution to, among other things:

   (a) sell substantially all of the remaining assets of the Filer;

   (b) voluntarily wind-up the Filer;

   (c) make an application to the TSX to voluntarily delist the Shares and Debentures; and

   (d) make one or more distributions;

9. effective at the close of trading on December 12, 2018, the Shares and Debentures were delisted from trading on the TSX, pursuant to an application to voluntarily delist;

10. on December 13, 2018, the Filer received a Certificate of Intent to Dissolve from the Director under the CBCA following the Filer's filing of its Statement of Intent to Dissolve, which precludes the Filer from carrying on business except to the extent necessary to liquidate its business;

11. on December 17, 2018, the liquidation of the Filer commenced and is continued under the supervision of the British Columbia Supreme Court (the Court); the Court made orders, among other things, approving of the plan of liquidation and dissolution (the Liquidation Plan), appointing The Bowra Group Inc. as liquidator (the Liquidator), staying all proceedings against the Filer, exempting the Filer from the obligation to provide further financial statements or hold further shareholder meetings under the CBCA, establishing a claims process for the resolution of claims against the Filer and approving of one or more interim distributions;

12. at the commencement of the liquidation, all directors were deemed to have resigned and they tendered their resignations and all powers of the directors vest in the Liquidator, who makes decisions in conjunction with the inspectors appointed under the Liquidation Plan;

13. as of December 17, 2018 (prior to the payout of the Debentures), the Filer had no active business or commercial operations and its assets consisted primarily of cash in its bank accounts of approximately $82 million and a holdback from the sale of its assets of $13 million, which is subject to post-closing purchase price adjustments;

14. as of December 17, 2018, the primary known liabilities consisted of the repayment of the Debentures, payments relating to lease surrenders of approximately $1 million, payments relating to restricted share units and performance awards of approximately $3 million which are tied to distributions to shareholders in both amount and timing and expenses associated with the liquidation of the Filer;

15. on January 7, 2019, $44,749,084.63 was paid to the Filer's Debenture holders pursuant to a change of control offer on January 4, 2019. $7,482,958.34 was paid through a subsequent redemption on January 7, 2019 for holders of the remaining Debentures that did not accept the offer;

16. the claims bar date established by the Court for any claimants to make claims in the liquidation was February 15, 2019;

17. it is a term of the Liquidation Plan that no trading is permitted following commencement of the liquidation on December 17, 2018 without the explicit sanction of the Liquidator; the Filer does not anticipate the Liquidator approving any type of trading except, for example, on the death of a shareholder if it was necessary to approve a transfer of the Shares to the executor of the estate or some similar circumstance where the transfer is not occurring as a result of a voluntary decision to transfer the Shares;

18. the Filer will satisfy all of its liabilities and distribute all of its assets, and proposes to dissolve in accordance with the provisions of the CBCA as approved by the shareholders of the Filer;

19. the Filer has no intention to seek public financing by way of an offering of securities;

20. all issued and outstanding securities of the Filer will be cancelled upon the dissolution of the Filer;

21. the Liquidator has posted the Court materials on its website and will post reports and updates on its website from time to time, as well as on the Filer's website;

22. the Filer employed nine employees until the end of December 2018 and will employ two employees until the end of March 2019 to assist with the liquidation including to deal with its accounting records so its final tax returns can be prepared and filed;

23. the Filer must secure tax clearance certificates from the Canada Revenue Agency before it can dissolve;

24. the Shares have been assigned a ticker symbol (the OTC Ticker Symbol) by the US Financial Industry Regulatory Authority (FINRA); because the Shares no longer trade on the TSX, the Filer is an "OTC issuer" and an "OTC reporting issuer" under MI 51-105;

25. as of March 15, 2019, the last reported trades of the Shares on the OTC occurred on November 16, 2018 when a total of 8,000 Shares traded and prior to that 3,000 Shares traded on October 22, 2018 and 1,000 on September 8, 2018;

26. the Filer is unable to have the OTC Ticker Symbol eliminated and the Shares are currently quoted on the grey market with a warning that broker dealers are not willing or able to publicly quote these securities because of a lack of investor interest, company information availability or regulatory compliance;

27. except as represented by the Filer in this decision, 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 (NI 21-101) or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

28. the Filer has undertaken that:

    (a) it will, as soon as practicable following the receipt of the Exemptive Relief Sought, issue a news release advising shareholders:

        (i) that it has ceased to be a reporting issuer; and

(ii) of the anticipated date of its dissolution and final distribution to shareholders;

(b) if it has not dissolved on or before September 30, 2019, it will, on or about that date, issue a news release regarding the status of its liquidation and anticipated timing of its dissolution;

(c) if it has not dissolved by December 31, 2019, it will, on or about that date and thereafter on a quarterly basis until it dissolves, issue a news release on the status of its liquidation and anticipated timing of its dissolution;

(d) it will immediately notify the securities regulator of each of the Jurisdictions if at any time before its dissolution it proposes to:

(i) commence an active business or any commercial operations;

(ii) undertake a public or private offering of securities in any jurisdiction; or

(iii) file a Revocation of Intent to Dissolve under the CBCA;

(e) it will not

(i) carry on any activities that would constitute promotional activities under MI 51-105; or

(ii) request an OTC Ticker Symbol or request that any class of its securities be quoted or listed for trading on the OTC Markets or on any marketplace, as defined in NI 21-101, or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported; and

(f) as soon as practicable after the time of dissolution, the Filer will issue a news release confirming the dissolution;

29. the Filer is not in default of any of its obligations under securities legislation in any jurisdiction of Canada;

30. the Filer is not eligible to use the simplified procedure in section 19 of National Policy 11-206 Process for Cease to be a Reporting Issuer Applications as it has more than 51 securityholders worldwide and is an OTC reporting issuer under MI 51-105;

31. the Filer is applying for the Reporting Issuer Relief from the securities regulatory authority or regulator in each of the jurisdictions of Canada in which it is a reporting issuer; the Filer is applying for the OTC Reporting Issuer Relief from the securities regulatory authority or regulator in each of the jurisdictions of Canada in which is an OTC reporting issuer; and

32. the Filer, upon the grant of the Exemptive Relief Sought, will no longer be a reporting issuer or OTC reporting issuer in any jurisdiction of Canada.

Decision

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

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

The decision of the Reporting Issuer Relief Decision Makers under the Legislation is that the Reporting Issuer Relief is granted.

The decision of the OTC Relief Decision Makers under the OTC Jurisdiction Legislation is that the OTC Relief is granted provided that the Filer:

(a) complies with each of its undertakings set forth in paragraph 28; and

(b) does not do any of the following:

(i) commence an active business or any commercial operations;

(ii) undertake a distribution of securities in any jurisdiction;

(iii) carry on any activities that would constitute promotional activities under MI 51-105;

(iv) request an OTC Ticker Symbol or request that any class of its securities be quoted or listed for trading on the OTC Markets or on any marketplace, as defined in NI 21-101, or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported; or

(v) file a Revocation of Intent to Dissolve under the CBCA.

"Carla Marie Hait"
Acting Director, Corporate Finance
British Columbia Securities Commission

2.1.10 Ninepoint Partners LP and the Top Funds

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the investment fund conflict of interest investment restrictions in securities legislation to permit related pooled funds to invest in underlying pooled funds managed by a third party investment fund manager, subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario) R.S.O. 1990, c. S.5, as amended, sections 111(2)(b), 111(4) and 113.

February 12, 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
NINEPOINT PARTNERS LP

AND

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

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from Ninepoint Partners LP on its behalf and on behalf of Ninepoint – TEC Private Credit Fund (the **First Top Fund**) and any other Existing Fund (as defined below) or Future Fund (as defined below) (collectively the **Future Top Funds** and, together with the First Top Fund, the **Top Funds**) which invests its assets in Third Eye Capital Alternative Credit Trust (the **First Underlying Fund**) or any other investment fund managed by Third Eye Capital Management Inc. (the **First Underlying Fund Manager**) or another investment fund manager other than Ninepoint Partners LP from time to time (the **Future Underlying Funds** and, together with the First Underlying Fund, the **Underlying Funds**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer and the Top Funds from:

(a) the restriction in the Legislation that prohibits an investment fund from knowingly making or holding an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder? and

(b) the restriction in the Legislation that prohibits an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) above

(collectively, the **Requested Relief**).

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

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

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

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. The following additional terms shall have the following meanings:

The term **Existing Funds** when used herein means the existing pooled funds set out in Exhibit A hereto (and, for greater certainty, includes the First Top Fund), each being an investment fund that is not a reporting issuer which the Filer currently acts as manager and/or portfolio manager.

The term **Future Funds** when used herein means investment funds that are not reporting issuers, and that are established, advised or managed by the Filer in the future

Filer means Ninepoint Partners LP or any affiliate of Ninepoint Partners LP.

Representations

This decision is based on the following facts represented by Ninepoint Partners LP:

Filer

1 Ninepoint Partners LP is a limited partnership formed and organized under the laws of the Province of Ontario. The general partner of Ninepiont Partners LP is Ninepoint Partners GP Inc., a corporation incorporated under the laws of the Province of Ontario. The head office of Ninepoint Partners LP is located in Ontario.

2 Ninepoint Partners LP is registered as (i) an investment fund manager in Ontario, Quebec and Newfoundland and Labrador, (ii) a portfolio manager in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador, and (iii) an exempt market dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador and Quebec. Neither Ninepoint Partners LP nor any of the Funds currently managed by Ninepoint Partners LP is in default of securities legislation in any province or territory of Canada.

3 The Filer is or will be, the investment fund manager of the Top Funds. Ninepoint Partners LP is the portfolio manager for the First Top Fund and has complete discretion to invest and reinvest the assets of the First Top Fund, and is responsible for executing all portfolio transactions while being subject to applicable securities laws. Furthermore, the Filer may also act as a distributor of the securities of the Top Funds not otherwise sold through another registered dealer.

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

Existing Relief

5 Ninepoint Partners LP became the manager and portfolio adviser of the Existing Funds when the management agreements relating to the Existing Funds were transferred to the Filer by Sprott Asset Management LP pursuant to an Asset Purchase Agreement among, inter alia, Sprott Asset Management LP, Sprott Private Wealth LP and Ninepoint Financial Group Inc. (formerly 2568004 Ontario Inc.) dated April 10, 2017, as filed on SEDAR under the profile of Sprott Inc., as the same may be amended, supplemented or modified from time to time in accordance with its terms.

6 Each of the Existing Funds obtained the same relief as the Requested Relief evidenced by a decision dated September 27, 2016 (the **Specified Prior Relief**). Ninepoint Partners LP, as the current manager of the Existing Funds, is now seeking to obtain the Requested Relief in a separate, new decision, reflecting itself as the current manager of the Existing Funds, and on behalf of the Existing Funds and the Future Funds the Filer may establish in the future.

7 Should the Requested Relief be granted, neither the Filer or any of the Top Funds will rely on the Specified Prior Relief. The Specified Prior Relief will continue to apply to existing and future investment funds managed by Sprott Asset Management LP.

Top Funds

8 The First Top Fund is an investment trust established under the laws of the province of Ontario. The future Top Funds will be structured as trusts, limited partnerships or corporations under the laws of the province of Ontario or another jurisdiction of Canada.

9 The securities of each Top Fund are, or will be, sold solely to investors pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) or the Legislation.

10 The assets of each Top Fund (only if such Top Fund holds securities other than securities of an Underlying Fund) will be held by an entity that meets the qualifications of section 6.2 of NI 81-102 (**NI 81-102**) (for assets held in Canada) or an entity that meets the qualifications of section 6.3 of NI 81-102 (for assets held outside Canada).

11 Each of the Top Funds is, or will be, a "mutual fund" as defined in securities legislation of the jurisdictions in which the Top Funds are distributed.

12 The First Top Fund currently invests substantially all of its assets in the First Underlying Fund. A future Top Fund may invest substantially all of its assets in a future Underlying Fund.

13 None of the Top Funds will be a reporting issuer in any jurisdiction of Canada.

Underlying Funds

14 The First Underlying Fund is a trust established under the laws of the province of Ontario, for which the First Underlying Fund Manager acts as the investment fund manager and portfolio manager. The future Underlying Funds will be structured as trusts, limited partnerships or corporations under the laws of the province of Ontario, another jurisdiction of Canada or a foreign jurisdiction.

15 The First Underlying Fund Manager acts as the investment fund manager and portfolio manager of the First Underlying Fund. It is unknown at this time who will be the investment fund manager and/or portfolio manager of the Future Underlying Funds, however, each Future Underlying Fund will be managed by a third party investment fund manager that is, or will be, unrelated to the Filer and which will meet the due diligence criteria established by the Filer for third party investment fund managers as described below with respect to the Underlying Funds.

16 Each of the Underlying Funds has, or will have, separate investment objectives and investment strategies.

17 The securities of the First Underlying Fund are sold solely to investors in Canada pursuant to exemptions from the prospectus requirements in accordance with NI 45-106 or the Legislation.

18 The assets of the First Underlying Fund are held by RBC Investor Services Trust. The assets of the Future Underlying Funds will be held by an entity that meets the qualifications of section 6.2 of NI 81-102 (for assets held in Canada) or an entity that meets the qualifications of section 6.3 of NI 81-102 (for assets held outside Canada).

19 Each of the Underlying Funds is, or will be, a “mutual fund” as defined in securities legislation of the jurisdictions in which the Underlying Funds are distributed.

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

21 None of the Underlying Funds will be a reporting issuer in any jurisdiction of Canada.

Fund-on-Fund Structure

22 The First Top Fund currently benefits from the expertise of the First Underlying Fund Manager in respect of the First Top Fund through a fund-of-fund strategy in accordance with the Specified Prior Relief.

23 The First Top Fund currently invests substantially all of its assets in securities of the First Underlying Fund. The First Top Fund may cease to allocate 100% of its assets to investing in the First Underlying Fund and instead allocate all or some of its investments to one or more other Underlying Funds or invest directly in a portfolio of securities, depending upon the Filer's view of the best method by which to obtain the desired investment exposure from the best portfolio manager for the asset class, as identified by the Filer from time to time. A future Top Fund may invest its assets in the First Underlying Fund, a future Underlying Fund or a combination of both.

24 The Top Funds allow investors to obtain exposure to the investment portfolios of the Underlying Funds and their respective investment strategies through direct investments by the Top Funds in securities of the Underlying Funds (the **Fund-on-Fund Structure**).

25 The purpose of a Fund-on-Fund Structure is to provide an efficient and cost-effective manner of pursuing portfolio diversification on behalf of the Top Funds rather than through the direct purchase of securities. Managing a single pool of assets provides economies of scale and allows the Filer to meet the investment objective of each Top Fund in the most efficient manner.

26 The Fund-on-Fund Structure seeks to provide access to managers the Filer views as best-in-class at superior pricing than the pricing a client would obtain on its own.

27 The Filer will use the Fund-on-Fund Structure to invest the Top Funds in Underlying Funds that are managed by investment fund managers that are unrelated to the Filer.

28 The Filer proposes to operate the Top Funds under a "manager of managers" structure whereby the Filer will either invest the Top Funds in Underlying Funds (that are, or will be, managed by a third party investment fund manager) and/or appoint various third party sub-advisors to a Top Fund (each a **Sub-Advisor** and collectively, the **Sub-Advisors**) to assist in the management of the investment portfolios of the Top Funds. The structures that the Filer contemplates are outlined in paragraph 29 below.

29 There are two different Fund-on-Fund Structures that may be used by the Filer to invest the assets of a Top Fund:

(a) Certain Top Funds will invest in only one Underlying Fund managed by a third party investment fund manager. This Fund-on-Fund Structure will be used where the Filer determines that the investment objective of a Top Fund is best achieved by investing in one Underlying Fund, either alongside other securities or not. Such Underlying Fund may be changed to one or more other Underlying Funds, depending on whether the Filer concludes that different Underlying Funds would better achieve the investment objective of the Top Fund. The amounts invested from time to time in any Underlying Fund by one or more Top Funds may exceed 20% of the outstanding voting securities of the Underlying Fund.

(b) Certain Top Funds will invest in more than one Underlying Fund, each of which is managed by a third party investment fund manager. This Fund-on-Fund Structure will be used where the Filer determines that the investment objective of the Top Fund is best achieved through exposure to different investment styles and broader diversification provided by investing in multiple Underlying Funds, either alongside other securities or not. One or more of such Underlying Funds may be changed to other Underlying Funds from time to time, depending on whether the Filer concludes that different Underlying Funds would better achieve the investment objective of the Top Fund. The amounts invested from time to time in any Underlying Fund by one or more Top Funds may exceed 20% of the outstanding voting securities of the Underlying Fund.

30 The Filer selects Underlying Funds and their investment fund managers, and Sub-Advisors to a Top Fund, from a universe of potential opportunities by utilizing a selection process which evaluates information across several key categories including asset class, loan underwriting methodology, target borrowers, target geography, industry focus, management, operations and control processes, loan loss history, market position, investment staff, investment process, investment risk, performance, and terms and conditions.

31 The Filer will allocate assets of a Top Fund to third party investment fund managers as appropriate and consistent with the investment objectives of the relevant Top Fund. At the time of investment of a Top Fund in an Underlying Fund, the aggregate amount of assets directed to the third party investment fund manager of the Underlying Fund, across all Underlying Funds of such third party investment fund manager, will not represent more than 20% of the total assets under management of such third party investment fund manager in its overall asset management business.

32 Any investment made by a Top Fund in an Underlying Fund will be aligned with the investment objectives, investment strategy, risk profile and other principal terms of the Top Fund.

33 When a Top Fund invests in one or more Underlying Funds, the Underlying Fund(s) will pay a management fee (and may pay an incentive fee) to its investment fund manager for services related to selecting investments for the Underlying Fund and administering the Underlying Fund. As a result, investors in the Top Fund indirectly will pay the management (and incentive) fee of the third party investment fund manager. This fee is for portfolio management and administrative services related to the Underlying Fund and its investments. It is not duplicative of the fee that investors are paying to the Filer for determining the overall asset allocation of the investor's portfolio.

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

35 The portfolio of the First Underlying Fund consists of privately-negotiated senior secured loans, primarily to Canadian companies. The portfolio of Future Underlying Funds will consist primarily of asset-based loans and companies based primarily in Canada and/or the United States. An investment by a Top Fund in an Underlying Fund will be effected based on an objective net asset value (**NAV**) of the Underlying Fund.

36 Redemptions from the First Top Fund and the First Underlying Fund are permitted on a monthly basis. The First Top Fund and the First Underlying Fund will be valued on a monthly basis. Redemptions from the Future Top Funds are expected to be monthly. Valuation of the Future Top Funds is expected to occur on a monthly basis.

37 A Top Fund will have the same valuation and redemption dates as the Underlying Fund or Underlying Funds in which it invests.

38 Each Top Fund that invests substantially all its assets in Underlying Fund(s) will not be available for redemption on a valuation date where Underlying Fund(s) representing more than 10% of the NAV of the Top Fund are not available for redemption. In all cases, the Filer will manage the liquidity of the Top Funds having regard to the redemption features of the Underlying Fund(s) to ensure that it can meet redemption requests from investors of the Top Funds.

39 The Top Funds are, or will be, related mutual funds under the Legislation by virtue of the common management by the Filer. The amounts invested from time to time in an Underlying Fund by a Top Fund, either alone or together with other Top Funds, may exceed 20% of the outstanding voting securities of the Underlying Fund. As a result, each Top Fund could, either alone or together with other Top Funds, become a substantial security holder of an Underlying Fund.

40 In the absence of the Requested Relief, each Top Fund would be precluded from purchasing and holding securities of an Underlying Fund due to the investment restrictions contained in the Legislation.

41 A Top Fund's investments in an Underlying Fund represent the business judgement of a responsible person uninfluenced by considerations other than the best interests of the investment funds concerned.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision. The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that:

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

(b) the investment by a Top Fund in an Underlying Fund is consistent with the investment objectives of the Top Fund?

(c) at the time of the purchase of securities of an Underlying Fund by a Top Fund, the Underlying Fund holds not more than 10% of its NAV in securities of other investment funds unless the Underlying Fund:

(i) is a "clone fund" (as defined by NI 81-102),

(ii) purchases or holds securities of a "money market fund" (as defined by NI 81-102), or

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

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

(e) no sales or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund, except that a fee or deduction may be payable or incurred by a Top Fund provided the subscription or redemption relates to a corresponding subscription or redemption at the Top Fund level and the fee or deduction is flowed through to the subscribing or redeeming securityholder(s) of the Top Fund only?

(f) no fees or deductions are payable by investors in a Top Fund in relation to such investor's purchase or redemption of securities of such Top Fund that would duplicate a fee payable by the Top Fund in connection with its subscription or redemption of securities of an Underlying Fund?

(g) the Filer does not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of holders of such securities, except that the Filer may arrange for the securities the Top Fund holds of the Underlying Fund to be voted by the beneficial holders of securities of the Top Fund?

(h) at the time of investment of a Top Fund in an Underlying Fund, the aggregate amount of assets directed to the third party investment fund manager of the Underlying Fund, across all Underlying Funds of such third party investment fund manager, will not represent more than 20% of the total assets under management of such third party investment fund manager in its overall asset management business?

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

(A) that the Top Fund may purchase securities of the Underlying Fund(s)?

(B) that the Filer is the investment fund manager and portfolio manager of the Top Fund or, where the Filer is the portfolio manager of a Top Fund, the Filer may appoint a third party Sub-Advisor to a Top Fund which meets the Filer's due diligence criteria for third party portfolio managers, and that any Underlying Fund has, or will have, an investment fund manager that, in each case, is a third party entity, unrelated to the Filer, and which meets the due diligence criteria established by the Filer for third party investment fund managers?

(C) the approximate or maximum percentage of net assets of the Top Fund that is intended be invested in securities of the Underlying Fund(s)?

(D) the fees and expenses payable by the Underlying Fund(s) in which the Top Fund invests, including any incentive fees?

(E) the process or criteria used to select an Underlying Fund;

(F) that investors in each Top Fund are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of the Underlying Fund(s) (if available)? and

(G) that investors are entitled to receive from the Filer, on request and free of charge, the annual and semi-annual financial statements of the Underlying Fund(s) in which the Top Fund invests its assets.

"Poonam Puri"
Commissioner
Ontario Securities Commission

"M. Cecilia Williams"
Commissioner
Ontario Securities Commission

EXHIBIT A

EXISTING FUNDS

Pooled Funds

1 Ninepoint Enhanced Long Short Equity RSP Fund
2 Ninepoint Enhanced Long Short Equity Fund L.P.
3 Ninepoint Credit Income Opportunities Fund
4 Ninepoint Alternative Income Fund
5 Ninepoint - TEC Private Credit Fund
6 Ninepoint Canadian Senior Debt Fund

2.1.11 NCM Asset Management Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Mutual funds granted relief from paragraphs 15.3(4)(c) and (f) of NI 81-102 Investment Funds to permit references to Fundata A+ Awards and relief from paragraphs 15.3(4)(c) to permit references to FundGrade Ratings in sales communications – Relief subject to conditions requiring specified disclosure and the requirement that the Fundata A+ Awards being referenced not have been awarded more than 365 days before the date of the sales communication.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 15.3(4)(c) and (f), and 19.1.

Citation: Re NCM Asset Management Ltd., 2019 ABASC 53

March 13, 2019

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

AND

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

AND

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

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer on behalf of existing mutual funds and future mutual funds of which the Filer is, or in the future will be, the investment fund manager (or of which an affiliate of the Filer becomes the investment fund manager) and to which National Instrument 81-102 *Investment Funds* (**NI 81-102**) applies (each a **Fund** and collectively, the **Funds**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) granting an exemption from the requirements set out in paragraphs 15.3(4)(c) (in respect of both the FundGrade A+ Awards and the FundGrade Ratings, each as described below) and 15.3(4)(f) (in respect of the FundGrade A+ Awards only) of NI 81-102, which provide that a sales communication must not refer to a performance rating or ranking of a mutual fund or asset allocation service unless

(a) the rating or ranking is provided for each period for which standard performance data is required to be given, except the period since the inception of the mutual fund, and

(b) the rating or ranking is to the same calendar month-end that is

  (i) not more than 45 days before the date of the appearance or use of the advertisement in which it is included, and

  (ii) not more than three months before the date of first publication of any other sales communication in which it is included,

(together, the **Exemption Sought**), to permit the FundGrade A+ Awards and the FundGrade Ratings to be referenced in sales communications relating to the Funds.

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

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

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

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

Interpretation

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

Representations

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

The Filer and the Funds

1. The Filer is a corporation continued under the federal laws of Canada with its head office in Calgary, Alberta.

2. The Filer is registered as an investment fund manager in Alberta, Newfoundland and Labrador, Ontario, and Québec, and a portfolio manager in Alberta and Ontario.

3. The Filer manages the Funds, which are retail investment funds, the securities of which are, or will be, qualified for distribution to investors in each of the Offering Jurisdictions pursuant to one or more prospectuses or simplified prospectuses, as the same may be amended or renewed from time to time.

4. Each of the Funds is, or will be, a reporting issuer in each of the Offering Jurisdictions. Each of the Funds is, or will be, subject to NI 81-102, including Part 15 of NI 81-102, which governs sales communications.

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

FundGrade Ratings and FundGrade A+ Awards

6. The Filer wishes to include in sales communications of the Funds references to the FundGrade Ratings and references to the FundGrade A+ Awards where such Funds have been awarded a FundGrade A+ Award.

7. Fundata Canada Inc. (**Fundata**) is a “mutual fund rating entity” as that term is defined in NI 81-102 and is not a member of the organization of the Funds. Fundata is a leader in supplying mutual fund information, analytical tools, and commentary. Fundata’s fund data and analysis, fund awards designations and ratings information provide valuable insight to advisors, media and individual investors.

8. One of Fundata’s programs is the **FundGrade A+ Awards** program. This program highlights funds that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The FundGrade A+ Awards designate award-winning funds in most individual fund classifications for the previous calendar year, and the awards are announced in January of each year. The categories for fund classification used by Fundata are those maintained by the Canadian Investment Funds Standards Committee (**CIFSC**) (or a successor to CIFSC), a Canadian organization that is independent of Fundata.

9. The FundGrade A+ Awards are based on a proprietary rating methodology developed by Fundata, the **FundGrade Rating** system. The FundGrade Rating system evaluates funds based on their risk adjusted performance, measured by three well-known and widely-used metrics: the Sharpe Ratio, the Information Ratio, and the Sortino Ratio. The ratios are calculated for the two through 10 year time periods for each fund. When there is more than one eligible series of a fund, an average ratio is taken for each period. The ratios are ranked across all time periods and an overall score is calculated by equally weighting the yearly rankings.

10. The FundGrade Ratings are letter grades for each fund and are determined each month. The FundGrade Ratings for each month are released on the seventh business day of the following month. The top 10% of funds earn an A Grade;

the next 20% of funds earn a B Grade; the next 40% of funds earn a C Grade; the next 20% of funds receive a D Grade; and the lowest 10% of funds receive an E Grade. Because the overall score of a fund is calculated by equally weighting the periodic rankings, to receive an A Grade, a fund must show consistently high scores for all ratios across all time periods.

11. Fundata calculates a grade using only the retail series of each fund. Institutional series or fee-based series of any fund are not included in the calculation. A fund must have at least two years of history to be included in the calculation. Once a letter grade is calculated for a fund, it is then applied to all related series of that fund.

12. At the end of each calendar year, Fundata calculates a "Fund GPA" for each fund based on the full year's performance. The Fund GPA is calculated by converting each month's FundGrade Rating letter grade into a numerical score. Each A is assigned a grade of 4.0; each B is assigned a grade of 3.0; each C is assigned a grade of 2.0; each D is assigned a grade of 1.0; and each E is assigned a grade of 0. The total of the grades for each fund is divided by 12 to arrive at the fund's GPA for the year. Any fund earning a GPA of 3.5 or greater earns a FundGrade A+ Award.

13. When a fund is awarded a FundGrade A+ Award, Fundata will permit such fund to make reference to the award in its sales communications..

Sales Communication Disclosure

14. The FundGrade Ratings fall within the definition of "performance data" under NI 81-102 as they constitute "a rating, ranking, quotation, discussion or analysis regarding an aspect of the investment performance of an investment fund", given that the FundGrade Ratings are based on performance measures calculated by Fundata. The FundGrade A+ Awards may be considered to be "overall ratings or rankings", given that the awards are based on the FundGrade Ratings as described above. Therefore, references to FundGrade Ratings and FundGrade A+ Awards in sales communications relating to the Funds need to meet the applicable requirements in Part 15 of NI 81-102.

15. Paragraph 15.3(4)(c) of NI 81-102 imposes a "matching" requirement for performance ratings or rankings that are included in sales communications for a mutual fund. If a performance rating or ranking is referred to in a sales communication, it must be provided for, or "match", each period for which standard performance data is required to be given for the fund, except for the period since the inception of the fund (i.e. for one, three, five and 10 year periods, as applicable).

16. While FundGrade Ratings are based on calculations for a minimum of two years through to a maximum of 10 years and the FundGrade A+ Awards are based on a yearly average of monthly FundGrade Ratings, specific ratings for the three, five and 10 year periods within the two to 10 year measurement period are not given. This means that a sales communication referencing FundGrade Ratings cannot comply with the "matching" requirement contained in paragraph 15.3(4)(c) of NI 81-102. Relief from paragraph 15.3(4)(c) of NI 81-102 is, therefore, required in order for a Fund to use FundGrade Ratings in sales communications.

17. The exemption in subsection 15.3(4.1) of NI 81-102 for references to overall ratings or rankings of funds cannot be relied upon to reference the FundGrade A+ Awards in sales communications for the Funds because it is available only if a sales communication "otherwise complies" with the requirements of subsection 15.3(4) of NI 81-102. As noted above, sales communications referencing the FundGrade A+ Awards cannot comply with the "matching" requirement in subsection 15.3(4) of NI 81-102 because the underlying FundGrade Ratings are not available for the three, five and 10 year periods within the two to 10 year measurement period for the FundGrade Ratings, rendering the exemption in subsection 15.3(4.1) of NI 81-102 unavailable. Relief from paragraph 15.3(4)(c) of NI 81-102 is, therefore, also required in order for the Funds to reference the FundGrade A+ Awards in sales communications.

18. Paragraph 15.3(4)(f) of NI 81-102 imposes certain restrictions on disclosure in sales communications. This paragraph provides that in order for a rating or ranking such as a FundGrade A+ Award to be used in an advertisement, the advertisement must be published within 45 days of the calendar month-end to which the rating or ranking applies. Further, in order for the rating or ranking to be used in any other sales communication, the rating or ranking must be published within three months of the calendar month-end to which the rating or ranking applies.

19. Because the evaluation of funds for the FundGrade A+ Awards will be based on data aggregated until the end of December in any given year and the results will be published in January of the following year, by the time a fund receives a FundGrade A+ Award in January, paragraph 15.3(4)(f) of NI 81-102 will only allow the FundGrade A+ Award to be used in an advertisement until the middle of February and in other sales communications until the end of March.

20. The Exemption Sought is required in order for the FundGrade Ratings and the FundGrade A+ Awards to be referenced in sales communications relating to the Funds.

21. The Filer submits that the FundGrade A+ Awards and the FundGrade Ratings provide important tools for investors, as they provide investors with context when evaluating investment choices. These awards and ratings provide an objective, transparent and quantitative measure of performance that is based on the expertise of Fundata in fund analysis that alleviates any concern that references to them may be misleading and therefore, contrary to paragraph 15.2(1)(a) of NI 81-102.

Decision

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

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

(a) the sales communication that refers to the FundGrade A+ Awards and the FundGrade Ratings complies with Part 15 of NI 81-102, other than as set out herein, and contains the following disclosure in at least 10-point type:

(i) the name of the category for which the Fund has received the award or rating;

(ii) the number of mutual funds in the category for the applicable period;

(iii) the name of the ranking entity, i.e., Fundata;

(iv) the length of period and the ending date, or, the first day of the period and the ending date on which the FundGrade A+ Award or the FundGrade Rating is based;

(v) a statement that FundGrade Ratings are subject to change every month;

(vi) in the case of a FundGrade A+ Award, a brief overview of the FundGrade A+ Awards;

(vii) in the case of a FundGrade Rating (other than FundGrade Ratings referenced in connection with a FundGrade A+ Award), a brief overview of the FundGrade Rating;

(viii) disclosure of the meaning of the FundGrade Ratings from A to E (e.g., rating of A indicates a fund is in the top 10% of its category); and

(ix) reference to Fundata's website (www.fundata.com) for greater detail on the FundGrade A+ Awards and the FundGrade Ratings,

(b) the FundGrade A+ Award being referenced must not have been awarded more than 365 days before the date of the sales communication, and

(c) the FundGrade A+ Awards and FundGrade Ratings being referenced are calculated based on comparisons of performance of mutual funds within a specified category established by the CIFSC (or a successor to the CIFSC).

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

2.1.12 Samara Capital Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from self-dealing prohibitions to permit a one-time reorganization of two pooled funds into a fund-on-fund structure without written consent from existing investors and a one-time initial in-specie subscription by the top fund in the related bottom fund subject to conditions – National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Applicable Legislative Provisions

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

March 1, 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
SAMARA CAPITAL INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from:

(a) the prohibition contained in section 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director unless this fact is disclosed to the client, and the written consent of the client to the purchase is obtained before the purchase (the **Related Issuer Relief**), to permit Samara Fund Ltd., a Cayman Islands exempted company (the **Cayman Fund**) to make its initial investment in a Cayman Islands exempted company to be formed under the laws of the Cayman Islands (the **Master Fund** and, together with the Cayman Fund, the **Funds**); and

(b) the prohibition contained in section 13.5(2)(b) of NI 31-103 that prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of (a) a responsible person, (b) an associate of a responsible person or (c) an investment fund for which a responsible person acts as an adviser (the **In-Specie Relief**, and together with the Related Issuer Relief, the **Exemption Sought**), to permit the Filer, on behalf of the Cayman Fund, to pay for the initial investment in the Master Fund by transferring portfolio securities from the Cayman Fund to the Master Fund (the **In-Specie Transaction**).

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

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

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

Interpretation

Terms defined contained in National Instrument 14-101 Definitions have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer

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

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

3. The Filer is the manager and portfolio adviser of the Cayman Fund and will be the manager and portfolio adviser of the Master Fund.

4. The Filer is not a reporting issuer in any jurisdiction of Canada.

5. The Filer is not in default of securities legislation in any province or territory of Canada.

The Funds

6. The Cayman Fund is a corporation formed under the laws of the Cayman Islands.

7. The Cayman Fund commenced operations in December 2011 and has issued and will issue shares exclusively to Canadian investors pursuant to the "accredited investor exemption" or another exemption from the prospectus requirement under applicable Canadian securities laws and to investors in jurisdictions other than Canada.

8. The Cayman Fund is a non-redeemable investment fund.

9. The Master Fund will be a Cayman Islands exempted company formed as the master fund in a "feeder-master" structure.

10. The Master Fund will commence issuing securities on a date to be determined in the future following the granting of the Exemption Sought (the **Transition Date**). The Master Fund will issue interests in the Master Fund directly to the Cayman Fund, and may, in the future, also issue interests of the Master Fund directly to investors resident in jurisdictions other than Canada and the Cayman Islands.

11. The investment objectives and strategies of the Cayman Fund and the Master Fund are, and will be, substantially the same. As such, the investments held by the Cayman Fund are compatible with the investment objectives and strategies of the Master Fund, and the investments held by the Master Fund will be compatible with the investment objectives and strategies of the Cayman Fund.

12. None of the Funds is, or will become, a reporting issuer in Canada.

13. Each Fund is not in default of securities legislation in any province or territory of Canada.

Fund-on-Fund Structure

14. The Filer wishes for the Cayman Fund to transition into a fund-on-fund structure by causing the Cayman Fund to invest in the Master Fund (the **Transition**).

15. The fund-on-fund structure will permit the Filer to manage a single portfolio of assets for both the Cayman Fund and the Master Fund in a single investment vehicle structure.

16. The Filer considers an investment by the Cayman Fund in the Master Fund to be a more cost-effective and efficient way for the Cayman Fund to achieve exposure to the portfolio securities than a direct investment in those securities.

17. Managing a single pool of assets provides economies of scale, allows the Cayman Fund to achieve its investment objectives in a cost efficient manner, and will not be detrimental to the interests of other shareholders of the Master Fund.

18. The fund-on-fund structure is expected to increase the asset base of the Master Fund, which is expected to result in additional benefits to shareholders of the Master Fund (including the Cayman Fund), including more favourable pricing and transaction costs on portfolio trades, increased access to investments when there is a minimum subscription or purchase amount, and better economies of scale through greater administrative efficiency.

19. The Master Fund will not yet have any assets at the time that the Cayman Fund makes its initial investment in the Master Fund. As such, the investment in the Master Fund by the Cayman Fund as at the Transition Date will be effected at the then-current net asset value (**NAV**) of the Cayman Fund. Thereafter, the Cayman Fund will invest cash in the Master Fund.

20. Currently, the Cayman Fund holds primarily publicly traded securities and does not hold more than 10% of its assets in "illiquid assets", as defined in National Instrument 81-102 Investment Funds (**NI 81-102**).

21. The Master Fund may invest more than 10% of its assets in illiquid assets after the Cayman Fund's initial investment, but will obtain the consent of its investors going forward as required under section 13.5(2)(a) of NI 31-103.

22. The Master Fund will not itself be a top fund in a fund-on-fund structure.

23. Securities of the Cayman Fund and the Master Fund have, or will have, matching redemption and valuation dates.

24. The Filer manages, or will manage, the liquidity of the Cayman Fund having regard to the redemption features of the Master Fund to ensure that it can meet redemption requests from investors of the Cayman Fund.

25. The Filer will provide timely notice of the Transition to each of the investors in the Cayman Fund so that each investor will be able to redeem from the Cayman Fund prior to giving effect to the Transition.

26. There will not be any duplication of (a) management or performance fees paid to the Filer or any of its affiliates, or (b) incentive allocations, performance allocations or other similar participations in the profits of the Cayman Fund and the Master Fund by the Filer or any of its affiliates.

27. The investment by the Cayman Fund in the Master Fund represents the Filer's business judgment, uninfluenced by considerations other than the best interests of the Funds.

Related Issuer Relief

28. In the absence of the Related Issuer Relief, the Cayman Fund is precluded from investing in the Master Fund unless the specific fact is disclosed to securityholders of the Cayman Fund, and the written consent of the securityholders of the Cayman Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, who may be considered a responsible person (as per section 13.5 of NI 31-103) or an associate of a responsible person, may also be a partner, officer and/or director of the Master Fund.

29. The Filer only requires the Related Issuer Relief in connection with the Cayman Fund's initial investment in the Master Fund. Upon receipt of the Exemption Sought, the Cayman Fund will revise its offering documents to disclose that, commencing on the Transition Date, the Cayman Fund will invest substantially all of its capital in the Master Fund, and to obtain the consent of security holders of the Cayman Fund whose subscription is effective on and following the Transition Date.

30. The Filer has determined that it is in the best interests of the Funds to receive the Related Issuer Relief and effect the Transition.

In-Specie Transaction

31. The Filer wishes to engage in the In-Specie Transaction effective as of the Transition Date, pursuant to which the Cayman Fund will purchase securities of the Master Fund and, as payment for the securities, make good delivery of portfolio securities that meet the investment criteria of the Master Fund.

32. The Filer considers the In-Specie Transaction to be a more cost-effective and efficient way for the Master Fund to acquire the portfolio securities currently held by the Cayman Fund than the Cayman Fund disposing of its portfolio securities and the Master Fund respectively purchasing the same securities, which would incur unnecessary brokerage costs.

33. The value of the portfolio securities is equal to the issue price of the securities of the Master Fund for which they are payment, valued as if the securities were portfolio assets of the Master Fund.

34. The In-Specie Transaction will represent the business judgment of the Filer uninfluenced by considerations other than the best interests of the Funds.

In-Specie Relief

35. As the Filer is the portfolio adviser of each Fund, the Filer would be considered a "responsible person" within the meaning of the applicable provisions of NI 31-103. Accordingly, without the In-Specie Relief, the Filer would be prohibited from engaging the Funds in the In-Specie Transaction.

36. The Filer has determined that it is in the best interests of the Funds to receive the In-Specie Relief and effect the In-Specie Transaction.

Decision

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

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

1. the Related Issuer Relief is granted provided that:

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

    (b) the investment by the Cayman Fund in the Master Fund is compatible with the fundamental investment objectives of the Cayman Fund;

    (c) the investment in the Master Fund by the Cayman Fund will be effected at the then-current NAV of the Cayman Fund;

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

    (e) no management fees or incentive fees are payable by the Cayman Fund that, to a reasonable person, would duplicate a fee payable by the Master Fund for the same service

    (f) no sales fee or redemption fees are payable by the Cayman Fund in relation to its purchases or redemptions of securities of the Master Fund that, to a reasonable person, would duplicate a fee payable by an investor in the Cayman Fund

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

    (h) when purchasing and/or redeeming securities of Master Fund, the Filer shall act honestly, in good faith and in the best interests of the Cayman Fund and the Master Fund, respectively, and shall exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances; and

2. the In-Specie Relief is granted provided that:

    (a) the Master Fund will, at the time of payment, be permitted to purchase the portfolio securities delivered in specie by the Filer, on behalf of the Cayman Fund;

(b) the portfolio securities are acceptable to the Filer, as portfolio adviser of the Master Fund, and are consistent with the investment objectives of the Master Fund;

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

(d) each of the Cayman Fund and the Master Fund will keep written records of the In-Specie Transaction, reflecting details of the portfolio securities delivered to the Master Fund, and the value assigned to such portfolio securities, for a period of five years after the end of the fiscal year, and the most recent two years in a reasonably accessible place; and

(e) the Filers do not receive any compensation in respect of any sale or redemption of securities of the Cayman Fund and, in respect of any delivery of portfolio securities further to the In-Specie Transaction, the only charge paid by the Cayman Fund or the Master Fund is the transfer charge.

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

2.2 Orders

2.2.1 Nevsun Resources Ltd.

Headnote

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

Applicable Legislative Provisions

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

March 26, 2019

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

AND

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

AND

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

ORDER

Background

1 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 British Columbia Securities Commission is the principal regulator for this application,

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Manitoba, Ontario and Quebec, and

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Carla-Marie Hait"
Acting Director, Corporate Finance
British Columbia Securities Commission

2.2.2 Trilogy Mortgage Group Inc. and Trilogy Equities Group Limited Partnership – s. 127(8)

FILE NO.: 2018-21

IN THE MATTER OF
TRILOGY MORTGAGE GROUP INC. and
TRILOGY EQUITIES GROUP LIMITED PARTNERSHIP

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

March 29, 2019

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

WHEREAS the Ontario Securities Commission (the **Commission**) held a hearing on March 29, 2019 to consider an application by staff of the Commission (**Staff**) to further extend a temporary order dated April 16, 2018 (the **Temporary Order**) and extended on April 26, 2018 and September 10, 2018;

ON READING the materials filed by Staff and on hearing the submissions of the representatives for Staff, no one appearing for Trilogy Mortgage Group Inc. (**TMG**) and Trilogy Equities Group Limited Partnership (**TEGLP**), and upon being advised that a Statement of Allegations has been filed with the Registrar naming TMG and TEGLP as respondents;

IT IS ORDERED THAT:

1. the Temporary Order is extended until April 24, 2019, the date scheduled for the First Attendance in the matter naming TMG and TEGLP as respondents.

“D. Grant Vingoe”

2.3 Orders with Related Settlement Agreements

2.3.1 Clifton Blake Asset Management Ltd. et al. – s. 127

FILE NO.: 2019-4

IN THE MATTER OF
CLIFTON BLAKE ASSET MANAGEMENT LTD.,
CLIFTON BLAKE MORTGAGE FUND TRUST,
QASIM (KC) DAYA,
VICTOR HSU, and
WESLEY MYLES

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

March 28, 2019

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

WHEREAS on March 28, 2019, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the approval of a settlement agreement dated March 22, 2019 (the **Settlement Agreement**) between Staff of the Commission and Clifton Blake Asset Management Ltd. (**CBAM**), Clifton Blake Mortgage Fund Trust (**CBMF Trust**), Qasim (KC) Daya, Victor Hsu, and Wesley Myles (collectively, the **Respondents**);

ON READING the Statement of Allegations dated March 22, 2019 and the Settlement Agreement and on hearing the submissions of the representatives of the parties;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved;

2. Each of the Respondents is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990 c S.5 (the **Act**);

3. The Respondents excluding CBMF Trust shall redeem the following investments upon investor request:

    a. If requested by any of the three investors currently invested in the CBMF Trust who did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments, redemption of the requesting investor's investment shall be in accordance with the terms of CBMF Trust's Trust Agreement dated June 26, 2015 (the **Declaration of Trust**) as they exist on the date of this Order, and notwithstanding any future amendments to the Declaration of Trust;

    b. If requested by any of the 17 CBMF Trust investors with whom the Exempt Market Dealer retained by CBAM was not able to hold a meaningful discussion with regard to suitability and exemption status, as described at subparagraph 39(e) of the Settlement Agreement, redemption of the requesting investor's investment shall be in accordance with the terms of the Declaration of Trust as they exist on the date of this Order, and notwithstanding any future amendments to the Declaration of Trust;

4. The Respondents excluding CBMF Trust shall pay an administrative penalty of $100,000 pursuant to paragraph 9 of subsection 127(1) of the Act, on a joint and several basis, which amount is designated for allocation or for use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and

5. Pursuant to subsection 127(2) of the Act, the following term and condition applies to the approval of the Settlement Agreement in this Order: the Respondents shall for a period of two years following the approval of the Settlement Agreement provide to any dealer registered under Ontario securities law engaged by the Respondents a copy of the Settlement Agreement and of this Order approving the Settlement Agreement.

“D. Grant Vingoe”

IN THE MATTER OF
CLIFTON BLAKE ASSET MANAGEMENT LTD.,
CLIFTON BLAKE MORTGAGE FUND TRUST,
QASIM (KC) DAYA,
VICTOR HSU, AND
WESLEY MYLES

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. Registration requirements under Ontario securities law are set out in the *Securities Act*, RSO 1990 c S.5 (the "Act") and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103"). Mortgage investment entities ("MIEs") that invest all or substantially all of their assets in mortgages and are in the business of trading securities, which include the distribution of the securities of MIEs, require registration.

2. CSA Staff Notice 31-323 *Guidance Relating to the Registration Obligations of Mortgage Investment Entities*, which was published in February 2011, re-iterates that MIEs, or any other person or company trading in the securities of an MIE, is required to register with the Ontario Securities Commission (the "Commission") if it is in the business of trading securities. Staff Notice 81-722 *Mortgage Investment Entities and Investment Funds*, which was published in September 2013, provides further guidance on the distinction between MIEs and investments funds and their respective registration requirements. This information is reiterated to market participants in OSC Staff Notice 33-738 *2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers*. This information was publicly available during the Relevant Period (defined below).

3. The parties shall jointly file a request that the Commission issue a Notice of Hearing (the "Notice of Hearing") to announce that it will hold a public hearing to consider whether, pursuant to section 127 of the Act, it is in the public interest for the Commission to make certain orders in respect of Clifton Blake Asset Management Ltd. ("CBAM"), Clifton Blake Mortgage Fund Trust ("CBMF Trust"), Qasim (KC) Daya ("Mr. Daya"), Victor Hsu ("Mr. Hsu"), and Wesley Myles ("Mr. Myles") (collectively, the "Respondents").

PART II - JOINT SETTLEMENT RECOMMENDATION

4. Staff of the Commission ("Staff") recommend settlement of the proceeding (the "Proceeding") against the Respondents 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 substantially the form attached as Schedule A to the Settlement Agreement, based on the facts set out herein.

5. 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 IV of this Settlement Agreement.

PART III - AGREED FACTS

A. OVERVIEW

5. From July 2015 to December 2016 (the "Relevant Period"), the Respondents were in the business of trading in the securities of the CBMF Trust in Ontario. The Respondents sold approximately $25 million worth of units in CBMF Trust, an MIE, to approximately 144 investors, most of whom live in Ontario. The Respondents were not registered with the Commission and no registration exemption was available.

6. During the Relevant Period, trades in the units of CBMF Trust were made in reliance on prospectus exemptions since no prospectus or preliminary prospectus had been filed with the Commission. While the Respondents sought to rely on prospectus exemptions, they failed to comply with the applicable requirements on certain occasions and in those cases an exemption was therefore not available.

7. The Respondents engaged in conduct contrary to the public interest by failing to adequately know their clients and ensure "Know Your Client" ("KYC") information was collected and assessed for each investor in the CBMF Trust, and thereby failed to ensure the investments were suitable for each of the investors.

B. THE RESPONDENTS

8. CBAM operates a broad-based Ontario real estate business including development, asset management, property management, and mortgage lending and administration. CBAM also raises capital through the sale of partnership units in real estate private equity funds (the "CB Funds") and the sale of units in the CBMF Trust. All of the CB Funds are Ontario limited partnerships of which CBAM is the general partner. CBAM manages the CB Funds and the CBMF Trust.

9. In June 2015, CBAM and the Principals (as defined below) established the CBMF Trust, an MIE with a pooled mortgage fund structure, with Clifton Blake Capital Corp. ("CBCC") as the originator and administrator of the mortgage loans funded by CBMF Trust. Clifton Blake Mortgage Fund LP ("CBMF LP") is an Ontario limited partnership wholly owned by CBMF Trust which holds the portfolio of first and second mortgages funded by the CBMF Trust.

10. CBMF Trust is a mutual fund trust for tax purposes that carries on a mortgage origination and lending business. The CBMF Trust is managed by CBAM. The Trustee is Caledon Trust, which also has a limited management role. The units of CBMF Trust are redeemable in accordance with the terms of CBMF Trust's Trust Agreement dated June 26, 2015 (the "Declaration of Trust"), which governs the CBMF Trust.

11. CBMF LP is an Ontario limited partnership of which the sole limited partner is the CBMF Trust. The CBMF LP does not conduct any activities other than holding the mortgage portfolio of the Trust.

12. Clifton Blake Mortgage Fund (GP) Inc. is a wholly owned subsidiary of CBAM, and is the general partner of the LP.

13. Mr. Daya is a resident of Toronto, Ontario. Mr. Daya is a partner in CBAM, the President and an indirect 33% owner of CBAM. Mr. Daya is licensed as a mortgage broker with FSCO and is the principal broker of CBCC.

14. Mr. Hsu is a resident of Toronto, Ontario. Mr. Hsu is a partner of CBAM and an indirect 33% owner of CBAM.

15. Mr. Myles is a resident of Toronto, Ontario. Mr. Myles is a partner in CBAM and an indirect 33% owner of CBAM.

C. CBCC

16. CBCC has advised Staff that it intends to seek registration as an Exempt Market Dealer ("EMD"). CBCC is an Ontario corporation and a wholly owned subsidiary of CBAM operating in Ontario. CBCC is licensed with the Financial Services Commission of Ontario ("FSCO") as a mortgage broker and administrator. CBCC originates and administers mortgages on behalf of the CBMF Trust. Mr. Daya is the principal broker for CBCC.

17. CBCC, through its senior management and credit committee, evaluates each mortgage loan and property prior to funding, and monitors its construction loans and assets, including conducting site visits.

D. UNREGISTERED TRADING

18. CBAM is owned indirectly by Messrs Daya, Hsu, and Myles (collectively, the "Principals"). CBAM began the business of trading in securities in July 2015 when CBAM began selling units in the CBMF Trust.

19. During the Relevant Period, investors in the CBMF Trust subscribed by executing a subscription agreement confirming they were accredited investors, or alternatively, family, friends and business associates. Investors who invested during the period from October 2016 onward made a capital commitment contingent upon the CBMF Trust finding suitable mortgages to fund in order to increase the CBMF Trust portfolio. Investors only contributed their capital when the CBMF Trust identified a mortgage and then "called" for the capital. Investors received CBMF Trust units once the capital was contributed.

20. Initially CBAM raised $6.45 million from 15 investors through the sale of units in the CBMF Trust. However, by December 2016, CBAM had raised $25 million through the sale of units in the CBMF Trust from approximately 144 investors. The significant increase in the number of investors, some of whom contributed only nominal amounts, was in part to qualify CBMF Trust as a mutual fund trust within the meaning of the Income Tax Act (Canada) R.S.C., 1985, c. 1 (5th Supp.).

21. No sales commissions or referral fees were charged or paid in respect of these sales.

22. The units of the CBMF Trust are securities as that term is defined in subsection 1(1) of the Act. However, they are not of the nature to permit reliance upon the licensed mortgage broker dealer registration or prospectus exemptions

available pursuant to subsections 35(4) and 73.2(3) of the Act. During the Relevant Period, none of the Respondents were registered in any capacity with the Commission.

23. On July 27, 2016, CBCC applied to be registered with the Commission as an EMD in order to act as a dealer in respect of securities of the CBMF Trust and the CB Funds, as well as any future Clifton Blake MIE or fund that might be created. CBCC withdrew this application at Staff's request on March 1, 2017 pending the completion of the enforcement proceeding underlying this agreement.

24. In the context of reviewing CBCC's application for registration, Staff of the Compliance and Registration Regulation ("CRR") Branch examined CBAM on a voluntary basis. On December 7, 2016, the date of the interview, CBAM voluntarily ceased trading in securities of, amongst other things, the CBMF Trust. At the interview, CBAM's representatives expressed uncertainty about CBAM's legal obligations. Based on the information provided by CBAM's representatives, CRR Staff advised that registration was likely required and asked CBAM to stop making distributions.

25. On or about November 1, 2017, CBAM retained an EMD to, amongst other things, conduct a suitability analysis for CBMF Trust investors. The EMD has completed its mandate and produced a report.

26. During the Relevant Period, the Respondents engaged in the business of trading in securities by selling units of the CBMF Trust to the public. As such, the Respondents required dealer registration, yet failed to register under the Act despite there being no exemptions to the registration requirement available to the Respondents under Ontario securities law, contrary to subsection 25(1) of the Act.

E. ILLEGAL DISTRIBUTIONS OF CBMF TRUST SECURITIES

27. The units of the CBMF Trust had not been previously issued. No prospectus or preliminary prospectus was filed with the Commission and no receipt for them has ever been issued by the Director as required by subsection 53(1) of the Act with respect to the trades of the units of the CBMF Trust.

28. When distributing units of CBMF Trust, the Respondents sought to rely upon the accredited investor and the family, friends and business associates prospectus exemptions. CBAM filed exempt distribution reports required by National Instrument 45-106 – Prospectus Exempt Distributions ("NI 45-106") with the Commission for the distributions made by the CBMF Trust. In certain circumstances, the Respondents failed to comply with the applicable requirements of the friends, family and business associates exemption. The EMD has determined that five of the CBMF Trust investors were ineligible for prospectus exemptions. Two of these five investors voluntarily redeemed their investments effective February 1, 2019.

F. FAILURE TO MEET OBLIGATIONS AS A DEALER

29. During the Relevant Period, the Respondents acted as a securities dealer that sold only securities of related issuers.

30. The Respondents did not adequately collect or consider KYC information from investors and did not examine investors' portfolios to ensure that investments in the CBMF Trust were suitable for them.

31. Investors in the CBMF Trust completed subscription agreements and received certificates evidencing their investment. The subscription agreements included forms by which investors could indicate upon which prospectus exemption they were relying. However, aside from checking to see that these forms had been completed, there was no formal KYC review conducted with prospective investors to see if they qualified for the prospectus exemption.

32. CBAM began collecting formal KYC information in June 2016 for existing investors. In September 2016, a more comprehensive KYC document was developed and put into use.

33. The EMD has determined that 12 investors made unsuitable investments in the CBMF Trust, each of whom signed a waiver and risk acknowledgment form and advised the EMD they wished to maintain their investment.

G. LIABILITY OF DIRECTORS AND OFFICERS

34. During the Relevant Period the Principals as directors and/or officers of CBAM and *de facto* directors and/or officers of CBMF Trust, authorized, permitted or acquiesced in the corporate Respondents' non-compliance with Ontario securities law.

H. CONDUCT CONTRARY TO THE PUBLIC INTEREST

35. The conduct described above was contrary to the fundamental purposes and principles of the Act found in subsections 1.1 and 2.1 of the Act and contrary to the public interest.

I. COOPERATION WITH STAFF AND OTHER MITIGATING FACTORS

36. The Respondents request that the Settlement Hearing panel consider the following mitigating circumstances. Staff do not object to the mitigating circumstances set out by the Respondents below.

37. The Respondents have fully cooperated with Staff's investigation.

38. The Respondents have never been registered in any capacity with the Commission and had no experience with securities registration requirements until the present matter.

39. CBAM retained an EMD, at its own expense and that of the Principals, to conduct a review of the CBMF Trust investments made during the Relevant Period on terms negotiated with and acceptable to Staff. The EMD has completed its mandate. To date, CBAM and the Principals have spent $117,000 on this engagement. The EMD has conducted the following review and instituted the following steps with regard to the investors who invested in the CBMF Trust during the Relevant Period:

    a. The EMD contacted the investors who invested in the CBMF Trust during the Relevant Period. The EMD conducted KYC suitability analyses of these investors in accordance with sections 13.2 and 13.3 of NI 31-103, except as described in subparagraph (e) below;

    b. With respect to those investors that the EMD determined made unsuitable investments, the EMD advised each of them of the reasons for its conclusion that their investments in the CBMF Trust were unsuitable and that the investor had the right to redeem their investments;

    c. For any investors who were identified by the EMD to have made unsuitable investments in the CBMF Trust, but declined to redeem their units, the EMD requested these investors to sign acknowledgements indicating that:

        i. They had a meaningful discussion with the EMD about the unsuitability of their investments;

        ii. They had been specifically advised of the reasons for the EMD's conclusions regarding the unsuitability of their investments; and

        iii. They instructed the EMD that they wished to retain their investments;

    d. The EMD reviewed all of the investments made in the CBMF Trust to determine if a prospectus exemption is available for each investor, or was available at the time of the investment. Three investors currently invested in the CBMF Trust, who invested a combined total of $16,000, did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments; and

    e. 17 CBMF Trust investors did not respond to the EMD's repeated attempts to contact them, and as a result the EMD was not able to hold a meaningful discussion with regard to suitability and exemption status with these investors. The EMD conducted such exemption and suitability analysis as was possible from the information available in CBAM's files, and has no suitability concerns with regard to these investors. Each of these investors invested a *de minimis* amount and/or is an accredited investor, a permitted client, or the spouse of a permitted client. These investors have been informed that they may redeem their investments at any time.

40. The EMD produced a report, signed by the Ultimate Designated Person of the EMD and the Chief Compliance Officer of the EMD, indicating that the review has been completed (the "Report"). The Report included, among other items:

    a. The number of investors for whom the review was completed;

    b. An attestation that the EMD had completed the review for the investors included in item (a);

    c. The number of investors who were identified by the EMD to have made unsuitable investments in the CBMF Trust;

d. The number of investors who were identified by the EMD to be permitted clients and whether the investor chose to waive, in writing, the EMD's obligation to conduct a suitability analysis;

e. The number of investors who signed an acknowledgment form as described in paragraph 39(c) (because they declined to redeem the units despite the EMD's finding that the investment is not suitable);

f. A description of the information and documentation provided to investors for whom it was determined that the investment was unsuitable; and

g. The number of investors who had not responded despite repeated attempts by the EMD to contact them, and about whom certain information about exemption status and suitability was available from CBAM's files, as described at subparagraph 39(e) above.

41. Should the review and changes outlined above have required, the Respondents agree to make any revisions to the reports of exempt distributions for investments made during the Relevant Period.

42. Of the investors reviewed, 12 investors were determined to have made unsuitable investments in the CBMF Trust, each of whom has subsequently signed a waiver and risk acknowledgement form and advised the EMD they wish to retain their investments, as described in subparagraph 39(c) above. Only five have been identified as ineligible for any prospectus exemption. Two of these five investors have redeemed their investments effective February 1, 2019. The remaining three investors declined offers from CBAM to redeem their investments, as described at subparagraph 39(d) above. These three investors invested a combined total of $16,000 in the CBMF Trust.

43. On January 12, 2017, Staff of the CRR Branch wrote to counsel for CBAM requesting additional information on the business of CBAM and related or affiliated entities, including information relevant to registration and distribution requirements pursuant to Ontario securities law, which was provided on January 27, 2017. On February 27, 2017, during a conference call, CBAM voluntarily agreed to continue the cease trade, and agreed not to issue any new funds without prior notice to Staff. Commencing on or about April 2017, CBAM began distributing securities in the CBMF Trust through the EMD with Staff's prior approval.

44. Staff have found no evidence of any dishonest or deceptive conduct by the Respondents. The CMBF Trust appears to have been profitable and multiple investors have declined offers to redeem their investments. The units of CBMF Trust are redeemable in accordance with the terms of the Declaration of Trust governing CBMF Trust.

PART IV - CONTRAVENTIONS OF ONTARIO SECURITIES LAW

45. By engaging in the conduct described above, the Respondents admit and acknowledge that they have breached Ontario securities law and engaged in conduct contrary to the public interest. In particular:

a. CBAM engaged in the business of, or held themselves out as engaging in the business of, trading in securities of the CBMF Trust, without being registered in accordance with Ontario securities law as a dealer, contrary to subsection 25(1) of the Act, and where there were no exemptions available;

b. Certain of the distributions in the CBMF Trust were made in reliance on the family, friends and business associates exemption. In certain circumstances, the Respondents failed to comply with the applicable requirements of the friends, family and business associates exemption, and in those cases an exemption was therefore not available. These distributions constituted distributions of securities in circumstances where: (1) no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director; and, (2) where there were no exemptions available under Ontario securities law, contrary to section 53 of the Act;

c. The Respondents engaged in conduct contrary to the public interest by failing to adequately know their clients and ensure sufficient KYC information was collected for each investor in the CBMF Trust in order to ensure the investments were suitable for each of the investors; and

d. The Principals, as directors and/or officers of CBAM and de facto directors and/or officers of the CBMF Trust, authorized, permitted or acquiesced in CBAM's and CBMF Trust's non-compliance with Ontario securities law as set out above, and accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the Act.

PART V - TERMS OF SETTLEMENT

46. The Respondents agree to the terms of settlement listed below and to the Order in substantially the form attached as Schedule "A" to this Settlement Agreement, to be made by the Commission pursuant to section 127 of the Act, the terms of which include that:

    a. The Settlement Agreement be approved;

    b. Each of the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

    c. Three investors currently invested in the CBMF Trust, who invested a combined total of $16,000, did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments. Given the *de minimis* number of investors and amounts at issue, CBAM and the Principals shall not be required to redeem the investments of these investors; however, CBAM and the Principals shall redeem these investments, if requested by the investor, in accordance with the terms of the Declaration of Trust as they exist on the date of the Order, and notwithstanding any future amendments to the Declaration of Trust;

    d. CBAM and the Principals shall redeem the investments of the 17 CBMF Trust investors with whom the EMD was not able to hold a meaningful discussion with regard to suitability and exemption status, described at subparagraph 39(e) above, if requested by the investor, in accordance with the terms of CBMF Trust's Declaration of Trust as they exist on the date of the Order, and notwithstanding any future amendments to the Declaration of Trust;

    e. CBAM and the Principals shall pay an administrative penalty of $100,000, on a joint and several basis, which is designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act; and

    f. Pursuant to subsection 127(2) of the Act, the following term and condition applies to the approval of this Settlement Agreement: the Respondents shall for a period of two years following the approval of the settlement agreement provide to any dealer registered under Ontario securities law engaged by the Respondents a copy of the Settlement Agreement and of the Order approving the Settlement Agreement.

47. The Respondents undertake to consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing the requirement set out in sub-paragraph 46(f) above. This requirement may be modified to reflect the provisions of the relevant provincial or territorial securities law.

48. The Respondents agree to attend in person at the hearing before the Commission to consider the approval of this Settlement Agreement.

49. The Respondents agree to make the payment specified in subparagraph 46(e), by certified cheque prior to the issuance of any Commission order approving this Settlement Agreement.

50. The voluntary cease trade in respect of the securities of CBMF Trust and the CB Funds shall terminate on the date of the Commission's order approving this Settlement Agreement, and any subsequent trades of securities of the CBMF Trust and the CB Funds will be made through or to a dealer registered under Ontario securities law in a category that permits such trade, or by the Respondents directly only if and when registered to conduct such trades.

51. This Settlement Agreement, including any failure to satisfy the terms of the Settlement Agreement, may be considered as a factor relevant to suitability for registration in any future application for registration by the Respondents.

52. The Respondents acknowledge that this Settlement Agreement and proposed Order may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondents. The Respondents agree to contact the securities regulator of any other jurisdiction in which they may intend to engage in any securities-related activities, prior to undertaking such activities.

PART VI - STAFF COMMITMENT

53. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondents under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 54 below.

54. If the Commission approves this Settlement Agreement and the Respondents fail to comply with any of the terms of this Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondents. These proceedings may be based on, but will not be limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

55. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission to be conducted according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.

56. This Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

57. If the Commission approves this Settlement Agreement, the Respondents irrevocably waive all right to a full hearing, judicial review or appeal of this matter under the Act.

58. If the Commission approves this Settlement Agreement, neither Staff nor 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.

59. 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 VIII - DISCLOSURE OF SETTLEMENT AGREEMENT

60. If the Commission does not approve this Settlement Agreement or does not make an order in substantially the form attached as Schedule "A" to this Settlement Agreement:

    a. This Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the Settlement Hearing takes place 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 on the merits of the allegations contained in the Statement of Allegations of Staff in this matter. 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.

61. The parties will keep the terms of this Settlement Agreement confidential until the Commission approves this Settlement Agreement, subject to the parties' need to make submissions at the public hearing.

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

62. This Settlement Agreement may be signed in one or more counterparts which, together, constitute a binding agreement.

63. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this 21st day of March, 2019.

"*Nicholas Dobbek*"	"*Qasim (KC) Daya*"
Witness (print name):	Qasim (KC) Daya
"*Nicholas Dobbek*"	"*Victor Hsu*"
Witness (print name):	Victor Hsu
"*Nicholas Dobbek*"	"*Wesley Myles*"
Witness (print name):	Wesley Myles

CLIFTON BLAKE ASSET MANAGEMENT LTD.

"*Qasim (KC) Daya*"
By: Qasim (KC) Daya
President

CLIFTON BLAKE MORTGAGE FUND TRUST, by its manager, CLIFTON BLAKE ASSET MANGEMENT LTD.

"*Qasim (KC) Daya*"
By: Qasim (KC) Daya
President

Dated at Toronto this 22nd day of March, 2019.

ONTARIO SECURITIES COMMISSION

"*Jeff Kehoe*"
Jeff Kehoe
Director, Enforcement Branch

SCHEDULE "A"

IN THE MATTER OF
CLIFTON BLAKE ASSET MANAGEMENT LTD.,
CLIFTON BLAKE MORTGAGE FUND TRUST,
QASIM (KC) DAYA,
VICTOR HSU, AND
WESLEY MYLES

File No.____

[Name(s) of Commissioner(s) comprising the Panel]

[Day and date Order made]

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

WHEREAS on ____, 2019, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the approval of a settlement agreement dated ____, 2019 (the **Settlement Agreement**) between Staff of the Commission and Clifton Blake Asset Management Ltd. (**CBAM**), Clifton Blake Mortgage Fund Trust (**CBMF Trust**), Qasim (KC) Daya, Victor Hsu, and Wesley Myles (collectively, the **Respondents**).

ON READING the Statement of Allegations dated ____, 2019 and the Settlement Agreement and on hearing the submissions of the representatives of each of the parties,

IT IS ORDERED THAT:

1. The Settlement Agreement is approved;

2. Each of the Respondents is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990 c S.5 (the **Act**);

3. The Respondents excluding CBMF Trust shall redeem the following investments upon investor request:

    a. If requested by any of the three investors currently invested in the CBMF Trust who did not and do not qualify for any prospectus exemption and have declined CBAM's offers to date to redeem their investments, redemption of the requesting investor's investment shall be in accordance with the terms of CBMF Trust's Trust Agreement dated June 26, 2015 (the **Declaration of Trust**) as they exist on the date of this Order, and notwithstanding any future amendments to the Declaration of Trust;

    b. If requested by any of the 17 CBMF Trust investors with whom the Exempt Market Dealer retained by CBAM was not able to hold a meaningful discussion with regard to suitability and exemption status, as described at subparagraph 39(e) of the Settlement Agreement, redemption of the requesting investor's investment shall be in accordance with the terms of the Declaration of Trust as they exist on the date of this Order, and notwithstanding any future amendments to the Declaration of Trust;

4. The Respondents excluding CBMF Trust shall pay an administrative penalty of $100,000 pursuant to paragraph 9 of subsection 127(1) of the Act, on a joint and several basis, which amount is designated for allocation or for use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and

5. Pursuant to subsection 127(2) of the Act, the following term and condition applies to the approval of the Settlement Agreement in this Order: the Respondents shall for a period of two years following the approval of the settlement agreement provide to any dealer registered under Ontario securities law engaged by the Respondents a copy of the Settlement Agreement and of this Order approving the Settlement Agreement.

2.4 Rulings

2.4.1 R.J. O'Brien & Associates Canada Inc. – s. 38(1) of the CFA

Headnote

Application for a ruling pursuant to section 38 of the Commodity Futures Act granting relief from the dealer registration requirement in section 22 of the CFA to allow the Filer, an investment dealer and member of the Investment Industry Regulatory Organization of Canada (IIROC), to use employees of a Designated Foreign Affiliate of the Filer for After-Hours Trading in commodity futures contracts and commodity futures options on the Bourse de Montréal Inc. – Relief granted, subject to terms and conditions

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., subsections 22(1) and 38(1).

March 29, 2019

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

AND

IN THE MATTER OF
R.J. O'BRIEN & ASSOCIATES CANADA INC.
(the Filer)

RULING
(Subsection 38(1) of the CFA)

UPON the application (the **Application**) of the Filer to the Ontario Securities Commission (the **Commission**) for a ruling of the Commission, pursuant to subsection 38(1) of the CFA, that the Designated Foreign Affiliate Employees (as defined below) of the Filer are not subject to the dealer registration requirement in the CFA when conducting Extended Hours Activities (as defined below) on the Bourse de Montréal Inc. (the **MX**), subject to the terms and conditions set out below (the **Exemption Sought**);

AND WHEREAS for the purposes of this ruling (the **Decision**):

(i) "dealer registration requirement in the CFA" means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of subsection 22(1)(a) of the CFA;

(ii) "**Exchange-Traded Future**" means a commodity futures contract or a commodity futures option as those terms are defined in subsection 1(1) of the CFA; and

(iii) terms used in this Decision that are defined in the *Securities Act* (Ontario) (**OSA**), and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

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

The Filer

1. The Filer is a corporation formed under the laws of Canada. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an investment dealer under the securities legislation of all the provinces of Canada; is registered as a futures commission merchant under the commodity futures legislation of Ontario and Manitoba; and is registered as a dealer under the derivatives legislation of Québec.

3. The Filer is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and an approved participant of the MX.

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

5. R.J. O'Brien & Associates, LLC (**RJOUS**) is a limited liability company formed under the laws of the State of Delaware. The head office of RJOUS is located in Chicago, Illinois, United States.

6. R.J. O'Brien Limited (**RJOUK**) is a private unlimited company incorporated in England and Wales. The head office of RJOUK is located in London, England. Each of RJOUS and RJOUK are referred to herein as a "**Designated Foreign Affiliate**".

7. The Filer, RJOUS and RJOUK are privately-held businesses that are indirect subsidiaries and wholly-owned by the O'Brien family of Chicago, Illinois.

8. RJOUS is a registered futures commission merchant with the U.S. Commodity Futures Trading Commission and approved as a swap firm and a member of the National Futures Association.

9. RJOUK is a United Kingdom-based broker dealer in securities and dealer in derivatives. RJOUK is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

10. RJOUS and RJOUK together hold memberships and/or have third-party clearing relationships with commodity and financial futures exchanges and clearing associations, including the Chicago Mercantile Exchange Group, London Stock Exchange, the US and Europe Intercontinental Exchange, Dubai Mercantile Exchange, CBOE Futures Exchange and Eurex AG. Each of RJOUS and RJOUK may also carry positions reflecting trades executed on other exchanges through affiliates and/or third-party clearing brokers.

The MX Extended Trading Hours Amendments

11. The MX, based in Montréal, Québec, operates an exchange for options, commodity futures contracts and commodity futures options, and offers access to trading in those to market participants in Canada.

12. On July 9, 2018, the MX announced that the MX had approved amendments to its rules and procedures in order to accommodate the extension of the MX's trading hours. As a result of these amendments, commencing October 9, 2018, trading of certain products on the MX now commences at 2:00 a.m. Eastern Time (**ET**) rather than the current 6:00 a.m. ET.

13. As set out in MX Circular 111-18, in order to accommodate this earlier trading, the MX amended its rules to allow participants on the MX to have employees of affiliated corporations, including foreign affiliates, become an approved person of the MX participant and thus be able to handle trading requests originating from the MX participant's clients or clients of the MX participant's affiliated corporations or subsidiaries.

Application of the dealer registration requirement in the CFA to Designated Foreign Affiliate Employees

14. The Filer is an MX approved participant and each of RJOUS and RJOUK is an affiliated corporation. The Filer wishes to make use of certain designated employees of RJOUS and RJOUK (the **Designated Foreign Affiliate Employees**) to handle trading requests on the MX from the Filer's clients and clients of the Filer's affiliated corporations or subsidiaries during the MX's extended trading hours from 2:00 a.m. ET to 6:00 a.m. ET each day on which the MX is open for trading (the **Extended Hours Activities**).

15. The dealer registration requirement in the CFA requires an individual to be registered to act as a dealing representative on behalf of a registered firm. The Exemption Sought is intended to provide the Filer with an exemption from (i) the requirement that the Filer use only registered dealing representatives to conduct the Extended Hours Activities; and (ii) the requirement that the employees of RJOUS and RJOUK who will be conducting the Extended Hours Activities be registered as dealing representatives of the Filer.

16. The Filer seeks an exemption from the dealer registration requirement in the CFA because, in the absence of such exemption, each employee of RJOUS and RJOUK who was to trade on behalf of the Filer would be required to become individually registered and licensed in Canada. The Filer believes this would be duplicative since the Designated Foreign Affiliate Employees are certified under applicable US or UK law, would be supervised by the Filer's designated supervisors and would otherwise be subject to the conditions set forth below. The Filer believes this would be unduly onerous in light of the limited trading activities the Designated Foreign Affiliate Employees would be conducting on behalf of the Filer, namely only handling client orders, and only during the period from 2:00 a.m. ET to 6:00 a.m. ET.

17. The Filer has also applied to IIROC for an exemption from the registered representative requirements that are found in IIROC Dealer Member Rules 18.2(a) and 18.2(c) and the requirement to enter into an employee or agent relationship with the person conducting securities related business on its behalf that is found in IIROC Dealer Member Rule 39.3 and to register and complete proficiencies of a Trader under IIROC Dealer Member Rule 500.

18. The Filer anticipates that the IIROC Relief, if granted, will be subject to certain conditions, including:

    (a) The Designated Foreign Affiliate Employees must be certified under the applicable laws of the US or UK in a category that permits trading the types of products which they will be trading on the MX.

    (b) The Designated Foreign Affiliate Employees will be permitted to accept and enter orders from clients of the Filer or clients of the Filer's affiliated corporations or subsidiaries during the period from 2:00 a.m. ET to 6:00 a.m. ET and will not be permitted to give advice.

    (c) The Filer retains all responsibilities for its client accounts.

    (d) The actions of the Designated Foreign Affiliate Employees will be supervised by specific designated supervisors of the Filer (the **Designated Supervisors**), each of whom is qualified to supervise trading in futures contracts, futures contract options and options.

19. The Filer and each Designated Foreign Affiliate must jointly and severally undertake to ensure IIROC has, upon request, prompt access to the audit trail of all trades that relate to Extended Hours Activities and records relating thereto.

20. The Exemption Sought would apply to Designated Foreign Affiliate Employees who are designated and recorded on a list maintained by the Designated Supervisors, which list must be provided to IIROC in writing and updated on at least an annual basis.

21. The Filer and each of RJOUS and RJOUK will enter into an agency arrangement pursuant to which

    (a) Each of RJOUS and RJOUK will, among other things, agree to designate members of its staff to serve as Designated Foreign Affiliate Employees who are properly registered, licensed, certified or authorized in their home jurisdiction and sufficiently skilled and familiar to undertake such trading and front office activity, and further agree that the activities of the Designated Foreign Affiliate Employees permitted under this exemptive relief shall be supervised by the Designated Supervisors of the Filer; and

    (b) the Filer will assume all responsibility for the actions of the Designated Foreign Affiliate Employees and of RJOUS and RJOUK that relate to the Filer's clients regarding this trading on MX, and the Filer will acknowledge that it will be liable under IIROC rules for such actions.

20. All MX trading rules will apply to orders entered by the Designated Foreign Affiliate Employees.

21. Other than individual registration, all other existing Canadian regulatory requirements would continue to apply to this arrangement, including without limitation:

    (a) the Filer's client accounts would continue to be carried on the books of the Filer;

    (b) all communications with the Filer's clients will continue to be in the name of the Filer; and

    (c) the Filer's client account monies, security and property will continue to be held by the Filer or its approved custodian.

22. The Filer will establish and maintain written policies and procedures that address the performance and supervision requirements relating to MX extended trading hours.

23. The Filer will disclose this extended trading hours arrangement to clients for its MX trading services.

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

IT IS RULED pursuant to subsection 38(1) of the CFA that the Exemption Sought is granted, so long as:

(a) the Designated Foreign Affiliate and the Designated Foreign Affiliate Employees are registered, licensed, certified or authorized under the applicable laws of the foreign jurisdiction in which the head office or principal

place of business of the Designated Foreign Affiliate is located in a category that permits trading the type of products which the Designated Foreign Affiliate Employees will be trading on the MX;

(b) the Designated Foreign Affiliate Employees are permitted to accept and enter orders from clients of the Filer or clients of the Filer's affiliated corporations or subsidiaries on behalf of the Filer during the period from 2:00 a.m. ET to 6:00 a.m. ET and will not be permitted to give advice;

(c) the Filer retains all responsibilities for its client accounts;

(d) the actions of the Designated Foreign Affiliate Employees will be supervised by the Designated Supervisors, each of whom is qualified to supervise trading in futures contracts, futures contract options and options;

(e) the Filer and the Designated Foreign Affiliate enter into an agency arrangement substantially as described in paragraph 21, and such agreement remains in effect; and

(f) the Filer has applied for and obtained from IIROC an exemption from the registered representative requirements that are found in the IIROC Dealer Member Rules, and any other requirements of IIROC that IIROC reasonably determines is applicable to the Firm and the Designated Foreign Affiliate Employees in connection with conducting the Extended Hours Activities (collectively, the **IIROC Relief**) and remains in compliance with the terms and conditions of the IIROC Relief.

"Grant Vingoe"
Vice-Chair or Commissioner
Ontario Securities Commission

"M.C. Williams"
Vice-Chair or Commissioner
Ontario Securities Commission

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Clifton Blake Asset Management Ltd. et al. – s. 127

Citation: Clifton Blake Asset Management Ltd. (Re), 2019 ONSEC 12
Date: 2019-03-28
File No. 2019-4

IN THE MATTER OF
CLIFTON BLAKE ASSET MANAGEMENT LTD.,
CLIFTON BLAKE MORTGAGE FUND TRUST,
QASIM (KC) DAYA,
VICTOR HSU, and
WESLEY MYLES

ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Section 127 of the *Securities Act*, RSO 1990, c S.5)

Hearing:	March 28, 2019	
Decision:	March 28, 2019	
Panel:	D. Grant Vingoe	Vice-Chair and Chair of the Panel
Appearances:	Christina Galbraith	For Staff of the Commission
	Laura Paglia	For the Respondents

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

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] These are the oral reasons for the approval of a settlement in the matter of Clifton Blake Asset Management Ltd. (**CBAM**), Clifton Blake Mortgage Fund Trust (**CBMF Trust**), Qasim (KC) Daya, Victor Hsu, and Wesley Myles (collectively, the **Respondents**). Staff and the Respondents have submitted a Joint Application for a Settlement Hearing, dated March 22, 2019.

[2] I previously conducted a confidential settlement conference related to this matter, and the Settlement Agreement included in the Joint Application reflects the matters discussed at that conference.

[3] The Agreed Facts section in the Settlement Agreement states that, from July 2015 to December 2016 (the **Relevant Period**), the Respondents were in the business of trading in the securities of CBMF Trust, a mortgage investment entity (**MIE**). The Respondents sold approximately $25 million worth of these securities to approximately 144 investors, mainly in Ontario. The agreed facts further state that the Respondents were not registered with the Commission and that no registration exemptions were available.

[4] The agreed facts also state that the Respondents failed to comply with the requirements for prospectus exemptions on certain occasions. They also engaged in conduct contrary to the public interest by failing in their 'Know Your Client' responsibilities, and thereby failing in ensuring that the investments were suitable for their investors.

[5] CBAM and the individual respondents established CBMF Trust as an MIE, with a wholly-owned subsidiary of CBAM originating and administering mortgage loans to be funded by CBMF Trust, with the portfolio of loans held by a related limited partnership, as described in the agreed facts. The individual respondents were each approximately 1/3 indirect owners of and partners in CBAM. Mr. Daya was also the President of CBAM and a licensed mortgage broker with the Financial Services Commission of Ontario. It is agreed that each of these individuals was either an actual or de facto

officer and/or director of CBAM and the CBMF Trust. Each of them authorized, permitted or acquiesced in the non-compliance detailed in the Settlement Agreement.

[6] During the Relevant Period, investors in CBMF Trust executed subscription agreements to implement their investment. Investors executing subscription agreements from October 2016 onward were required to meet capital calls if mortgages were selected to be made available to fund. Each investor confirmed that the investor was an accredited investor or alternatively, family, friends and business associates in relation to the issuer. These subscription agreements resulted in substantial sales of securities, as I have noted.

[7] It is also agreed that the units in CBMF Trust are securities and not the type of mortgage interests for which the *Securities Act*, RSO 1990, c S.5 provides registration or prospectus exemptions.

[8] These improper sales came to light when a CBAM subsidiary applied to be registered with the Commission as an exempt market dealer. The application was withdrawn pending the resolution of the enforcement proceeding underlying the Settlement Agreement under consideration.

[9] During the period the application for registration was pending, CBAM was examined on a voluntary basis by Staff in the OSC's Compliance and Registration Branch. As a result of discussions with Staff, CBAM voluntarily ceased trading in securities of CBMF Trust, among others.

[10] CBAM also retained an exempt market dealer to conduct a suitability analysis in respect of the sales that had occurred, determining that 12 investors made unsuitable investments in the CBMF Trust. Each of these investors were offered to opportunity to redeem their investments, but decided to retain their investments and signed a waiver and risk acknowledgement form.

[11] By way of additional mitigating factors, it is requested that this Panel consider that:

a. The Respondents have fully cooperated with Staff's investigation;

b. The Respondents have never been registered with the Commission and have had no experience in securities registration matters until the present occurrence;

c. The actions outlined in paragraph 10;

d. CBAM agreed to cease trading in CBMF Trust securities during Staff's inquiries and not to resume without prior notice to Staff. Staff subsequently consented to the resumption of sales through the EMD; and

e. Staff found no evidence of any dishonest or deceptive conduct by the Respondents.

[12] I agree that the Respondents have taken responsibility for their actions and have sought to rectify the effects of non-compliance on affected investors in CBMF Trust securities.

[13] Staff and the Respondents have jointly proposed terms of settlement that include, among other terms and conditions:

a. Each Respondent shall be reprimanded;

b. If any of the investors for whom a prospectus exemption was not available and who declined the offer to rescind shall seek to redeem their securities, CBAM and the individual respondents shall honour any subsequent request to redeem made by them;

c. CBAM and the individual respondents shall also honour requests to redeem from those investors where meaningful discussions on suitability and exemption status did not occur with the EMD;

d. CBAM and the individual respondents shall pay, and I've been advised they have paid, an administrative penalty of $100,000 on a joint and several basis; and

e. For a period of two years following the approval of the Settlement Agreement, a copy of the Settlement Agreement and the Order resulting from this proceeding shall be delivered to any dealer registered in Ontario engaged by the Respondents.

[14] The Respondents are present today at this hearing. I am advised that the payment of the administrative penalty has been satisfied.

[15] In light of the agreed facts and mitigating factors, I find that it is in the public interest to approve the Settlement Agreement. An Order will be issued in substantially the form append to the Joint Application.

[16] Each of the Respondents is hereby reprimanded for their conduct.

Dated at Toronto this 28th day of March, 2019.

"D. Grant Vingoe"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Molystar Resources Inc.	13 May 2009	25 May 2009	25 May 2009	29 March 2019

Failure to File Cease Trade Orders

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

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

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

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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:
Barrantagh Small Cap Canadian Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 22, 2019
NP 11-202 Preliminary Receipt dated March 27, 2019
Offering Price and Description:
Series F and O units @ net asset value
Underwriter(s) or Distributor(s):
Barrantagh Investment Management Inc.
Promoter(s):
N/A
Project #2890504

Issuer Name:
1. RBC Canadian Bond Index Fund
2. RBC Canadian Government Bond Index Fund
3. RBC Canadian Index Fund
4. RBC U.S. Index Fund
5. RBC U.S. Index Currency Neutral Fund
6. RBC International Index Currency Neutral Fund
Principal Regulator - Ontario
Type and Date:
Amendment #6 to Final Simplified Prospectus dated March 29, 2019
Received on April 1, 2019
Offering Price and Description:
-
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:
CIBC Latin American Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 28, 2019
Received on March 28, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
N/A
Project #2771903

Issuer Name:
TD International Stock Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 29, 2019
Received on March 29, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Investment Services Inc.
TD Waterhouse Canada Inc.
Promoter(s):
TD Asset Management Inc.
Project #2785920

Issuer Name:
Horizons US Marijuana Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 27, 2019
NP 11-202 Preliminary Receipt dated March 29, 2019
Offering Price and Description:
Class A units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #2894188

Issuer Name:
iShares Core Balanced ETF Portfolio (formerly iShares Balanced Income CorePortfolioTM Index ETF)
iShares Core Growth ETF Portfolio (formerly iShares Balanced Growth CorePortfolioTM Index ETF)
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Long Form Prospectus dated March 29, 2019
Received on April 1, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Promoter(s):
N/A
Project #2762670

Issuer Name:
Manulife Global Infrastructure Class
Manulife Global Infrastructure Fund
Principal Regulator - Ontario
Type and Date:
Amendment #4 to Final Annual Information Form dated March 29, 2019
Received on March 29, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Manulife Securities Incorporated/Manulife Securities Investment Services Inc.
Promoter(s):
N/A
Project #2783412

Issuer Name:
TD Managed Income ETF Portfolio
TD Managed Income & Moderate Growth ETF Portfolio
TD Managed Balanced Growth ETF Portfolio
TD Managed Aggressive Growth ETF Portfolio
TD Managed Maximum Equity Growth ETF Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 29, 2019
Received on March 29, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Waterhouse Canada Inc.
TD Investment Services Inc.
Promoter(s):
TD Asset Management Inc.
Project #2822091

Issuer Name:
U.S. Marijuana ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 28, 2019
NP 11-202 Preliminary Receipt dated March 29, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Evolve Funds Group Inc.
Project #2894388

Issuer Name:
Accelerate Absolute Return Hedge Fund
Accelerate Enhanced Canadian Benchmark Alternative Fund
Accelerate Private Equity Alpha Fund
Principal Regulator - Alberta (ASC)
Type and Date:
Final Long Form Prospectus dated March 22, 2019
NP 11-202 Receipt dated March 26, 2019
Offering Price and Description:
units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Accelerate Financial Technologies Inc.
Project #2860280

Issuer Name:
Brompton European Dividend Growth ETF
Global Healthcare Income & Growth ETF
Tech Leaders Income ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 26, 2019
NP 11-202 Receipt dated March 28, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Brompton Funds Limited
Project #2876253

Issuer Name:
CIBC Latin American Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 28, 2019
NP 11-202 Receipt dated March 29, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
N/A
Project #2771903

Issuer Name:
Franklin Strategic Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #6 to Final Simplified Prospectus dated March 18, 2019
NP 11-202 Receipt dated March 27, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Promoter(s):
N/A
Project #2758148

Issuer Name:
iShares Canadian Corporate Bond Index ETF
iShares Canadian Government Bond Index ETF
iShares Canadian Growth Index ETF
iShares Canadian HYBrid Corporate Bond Index ETF
iShares Canadian Real Return Bond Index ETF
iShares Canadian Select Dividend Index ETF
iShares Canadian Value Index ETF
iShares China Index ETF
iShares Core Canadian Long Term Bond Index ETF
iShares Core Canadian Short Term Bond Index ETF
iShares Core Canadian Short Term Corporate + Maple Bond Index ETF
iShares Core Canadian Universe Bond Index ETF
iShares Core MSCI All Country World ex Canada Index ETF
iShares Core MSCI Canadian Quality Dividend Index ETF
iShares Core MSCI EAFE IMI Index ETF
iShares Core MSCI EAFE IMI Index ETF (CAD-Hedged)
iShares Core MSCI Emerging Markets IMI Index ETF
iShares Core MSCI Global Quality Dividend Index ETF
iShares Core MSCI Global Quality Dividend Index ETF (CAD-Hedged)
iShares Core MSCI US Quality Dividend Index ETF
iShares Core MSCI US Quality Dividend Index ETF (CAD-Hedged)
iShares Core S&P 500 Index ETF
iShares Core S&P 500 Index ETF (CAD-Hedged)
iShares Core S&P U.S. Total Market Index ETF
iShares Core S&P U.S. Total Market Index ETF (CAD-Hedged)
iShares Core S&P/TSX Capped Composite Index ETF
iShares Edge MSCI Min Vol Canada Index ETF
iShares Edge MSCI Min Vol EAFE Index ETF
iShares Edge MSCI Min Vol EAFE Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol Emerging Markets Index ETF
iShares Edge MSCI Min Vol Global Index ETF
iShares Edge MSCI Min Vol Global Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol USA Index ETF
iShares Edge MSCI Min Vol USA Index ETF (CAD-Hedged)
iShares Edge MSCI Multifactor Canada Index ETF
iShares Edge MSCI Multifactor EAFE Index ETF
iShares Edge MSCI Multifactor EAFE Index ETF (CAD-Hedged)
iShares Edge MSCI Multifactor USA Index ETF
iShares Edge MSCI Multifactor USA Index ETF (CAD-Hedged)
iShares Floating Rate Index ETF
iShares Global Healthcare Index ETF (CAD-Hedged)
iShares India Index ETF
iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged)
iShares Jantzi Social Index ETF
iShares MSCI EAFE Index ETF (CAD-Hedged)
iShares MSCI Emerging Markets Index ETF
iShares MSCI Europe IMI Index ETF
iShares MSCI Europe IMI Index ETF (CAD-Hedged)
iShares MSCI World Index ETF
iShares NASDAQ 100 Index ETF (CAD-Hedged)

iShares S&P Global Consumer Discretionary Index ETF (CAD-Hedged)
iShares S&P Global Industrials Index ETF (CAD-Hedged)
iShares S&P U.S. Mid-Cap Index ETF
iShares S&P U.S. Mid-Cap Index ETF (CAD-Hedged)
iShares S&P/TSX 60 Index ETF
iShares S&P/TSX Capped Consumer Staples Index ETF
iShares S&P/TSX Capped Energy Index ETF
iShares S&P/TSX Capped Financials Index ETF
iShares S&P/TSX Capped Information Technology Index ETF
iShares S&P/TSX Capped Materials Index ETF
iShares S&P/TSX Capped REIT Index ETF
iShares S&P/TSX Capped Utilities Index ETF
iShares S&P/TSX Completion Index ETF
iShares S&P/TSX Composite High Dividend Index ETF
iShares S&P/TSX Global Base Metals Index ETF
iShares S&P/TSX Global Gold Index ETF
iShares S&P/TSX North American Preferred Stock Index ETF (CAD-Hedged)
iShares S&P/TSX SmallCap Index ETF
iShares Short Term High Quality Canadian Bond Index ETF
iShares U.S. High Dividend Equity Index ETF
iShares U.S. High Dividend Equity Index ETF (CAD-Hedged)
iShares U.S. High Yield Bond Index ETF (CAD-Hedged)
iShares U.S. IG Corporate Bond Index ETF (CAD-Hedged)
iShares U.S. Small Cap Index ETF (CAD-Hedged)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
units @ net asset value
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Not applicable
Promoter(s):
N/A
Project #2878215

Issuer Name:
iShares Conservative Short Term Strategic Fixed Income ETF
iShares Conservative Strategic Fixed Income ETF
iShares Core Balanced ETF Portfolio (formerly iShares Balanced Income CorePortfolioTM Index ETF)
iShares Core Growth ETF Portfolio (formerly iShares Balanced Growth CorePortfolioTM Index ETF)
iShares Diversified Monthly Income ETF
iShares Short Term Strategic Fixed Income ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Promoter(s):
N/A
Project #2878245

Issuer Name:
Manulife Multifactor Canadian Large Cap Index ETF
Manulife Multifactor Developed International Index ETF
Manulife Multifactor U.S. Large Cap Index ETF
Manulife Multifactor U.S. Mid Cap Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
Unhedged and Hedged units @ net asset value
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2874638

Issuer Name:
TD Emerald Balanced Fund
TD Emerald Canadian Bond Index Fund
TD Emerald Canadian Equity Index Fund
TD Emerald Canadian Short Term Investment Fund
TD Emerald Canadian Treasury Management - Government of Canada Fund
TD Emerald Canadian Treasury Management Fund
TD Emerald International Equity Index Fund
TD Emerald U.S. Market Index Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 28, 2019
NP 11-202 Receipt dated March 28, 2019
Offering Price and Description:
Institutional Class Units and Class B Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
TD Asset Management Inc.
Project #2874005

_____

NON-INVESTMENT FUNDS

Issuer Name:
48North Cannabis Corp.
Principal Regulator - Ontario
Type and Date:
Short Form Prospectus dated March 26, 2019
NP 11-202 Receipt dated March 26, 2019
Offering Price and Description:
$25,000,064.00
18,382,400 Units
Price: C$1.36 per Unit
Underwriter(s) or Distributor(s):
EightI Capital
Canaccord Genuity Corp.
Promoter(s):
-
Project #2886597

Issuer Name:
Aether Catalyst Solutions, Inc.
Principal Regulator - British Columbia
Type and Date:
Long Form Prospectus dated March 31, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2872097

Issuer Name:
Bitfarms Ltd.
Type and Date:
Preliminary Long Form Prospectus dated November 8, 2018
Withdrawn on March 29, 2019
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
Pierre-Luc Quimper
Emiliano Joel Grodzki
Mathieu Vachon
Nicolas Bonta
Project #2841117

Issuer Name:
Bitfarms Ltd.
Type and Date:
Preliminary Long Form Prospectus dated March 27, 2019
Receipted on March 27, 2019
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
Pierre-Luc Quimper
Emiliano Joel Grodzki
Mathieu Vachon
Nicolas Bonta
Project #2890726

Issuer Name:
Buckhaven Capital Corp.
Principal Regulator - British Columbia
Type and Date:
CPC Prospectus dated March 22, 2019
NP 11-202 Receipt dated March 26, 2019
Offering Price and Description:
OFFERING: $322,500.00 (2,150,000 COMMON SHARES)
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Murray Sinclair & Robert Buchan
Project #2870019

Issuer Name:
Canaccord Genuity Growth II Corp.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 1, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
$87,000,000.00 - 29,000,000 Class A Restricted Voting Units
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Cormark Securities Inc.
Promoter(s):
CG Investments Inc. III
Project #2885572

Issuer Name:
Halo Labs Inc. (formerly Apogee Opportunities Inc.)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 29, 2019
NP 11-202 Receipt dated March 29, 2019
Offering Price and Description:
MINIMUM: $13,000,000.00 (13,000 UNITS)
MAXIMUM: $20,000,000.00 (20,000 UNITS)
PRICE: $1,000.00 PER UNIT
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Gravitas Securities Inc.
Clarus Securities Inc.
Cormark Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #2882779

Issuer Name:
IM Exploration Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
Offering: $300,000.00 or 3,000,000 Common Shares
Offering Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Yaron Conforti
Joel Freudman
Project #2854904

Issuer Name:
NexPoint Hospitality Trust
Principal Regulator - Ontario
Type and Date:
Long Form Prospectus dated March 27, 2019
NP 11-202 Receipt dated March 27, 2019
Offering Price and Description:
US$4,588,500 - 917,700 Units; Price US$5.00 per Unit
Underwriter(s) or Distributor(s):
Raymond James LTD.
Promoter(s):
Nexpoint Real Estate Advisors VI, L.P.
Project #2856324

Issuer Name:
North American Palladium Ltd.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated April 1, 2019
NP 11-202 Receipt dated April 1, 2019
Offering Price and Description:
$500,000,000.00
COMMON SHARES DEBT SECURITIES
SUBSCRIPTION RECEIPTS
WARRANTS
SHARE PURCHASE CONTRACTS
UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2888549

Issuer Name:
Northstar Gold Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 28, 2019
NP 11-202 Preliminary Receipt dated March 29, 2019
Offering Price and Description:
MINIMUM OFFERING: $3,000,000.00 (* COMMON SHARES)
MAXIMUM OFFERING: $4,000,000.00 (* COMMON SHARES)
PRICE: $C* PER COMMON SHARE
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
Brian P. Fowler
Project #2894084

Issuer Name:
Nova Scotia Power Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated March 28, 2019
NP 11-202 Receipt dated March 29, 2019
Offering Price and Description:
$400,000,000.00
3.571% Series AB Medium Term Notes Due 2049
(Unsecured)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
-
Project #2885642

Issuer Name:
Ontario Power Generation Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 26, 2019
NP 11-202 Receipt dated March 27, 2019
Offering Price and Description:
$4,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
Goldman Sachs Canada Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2886652

Issuer Name:
Sun Life Financial Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 28, 2019
NP 11-202 Receipt dated March 28, 2019
Offering Price and Description:
$5,000,000,000.00 - Debt Securities
Class A Shares
Class B Shares
Common Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2883694

Issuer Name:
Valens Groworks Corp. (formerly Genovation Capital Corp.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 25, 2019
NP 11-202 Preliminary Receipt dated March 26, 2019
Offering Price and Description:
$37,499,999.00
12,711,864 Units
$2.95 per Unit
Underwriter(s) or Distributor(s):
AltaCorp Capital Inc.
GMP Securities L.P.
Raymond James Ltd.
Haywood Securities Inc.
Mackie Research Capital Corp.
Promoter(s):
-
Project #2887278

Issuer Name:
Victoria Gold Corp.
Principal Regulator - Ontario
Type and Date:
Short Form Prospectus dated March 29, 2019
NP 11-202 Receipt dated March 29, 2019
Offering Price and Description:
$17,555,900.00
5,799,091 Common Shares
and
28,310,000 Flow-Through Shares
Price:
$0.44 per Offered Common Share $0.53 per Flow-Through Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Cormark Securities Inc.
Echelon Wealth Partners Inc.
PI Financial Corp.
Promoter(s):
-
Project #2886480

Issuer Name:
Victoria Gold Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated March 25, 2019
NP 11-202 Preliminary Receipt dated March 26, 2019
Offering Price and Description:
$17,555,900.00
5,799,091 Common Shares and 28,310,000 Flow-Through Shares
Price:
C$0.44 per Offered Common Share
C$0.53 per Flow-Through Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Cormark Securities Inc.
Echelon Wealth Partners Inc.
PI Financial Corp.
Promoter(s):
-
Project #2886480

Issuer Name:
Walcott Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated March 27, 2019
NP 11-202 Preliminary Receipt dated March 28, 2019
Offering Price and Description:
$350,000.00 - 3,500,000 Common Shares at C$0.10
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Marshall Farris
Project #2892057

Issuer Name:
Woodbridge Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated March 26, 2019
NP 11-202 Receipt dated March 27, 2019
Offering Price and Description:
Minimum Offering: $450,000.00 or 4,500,000 Common Shares
Maximum Offering: $550,000.00 or 5,500,000 Common Shares Price: $0.10 per Common Share
Agent's Option (as hereinafter defined)
Incentive Stock Options (as hereinafter defined)
Underwriter(s) or Distributor(s):
PI Financial Corp
Promoter(s):
Raphael Danon
Project #2863292

Issuer Name:
XPhyto Therapeutics Corp. (formerly, CannaBunker Development Corp.)
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated March 25, 2019
NP 11-202 Preliminary Receipt dated March 27, 2019
Offering Price and Description:
5,565,500 Common Shares and 5,565,500 Common Share Purchase Warrants issuable on deemed exercise of 5,565,500 Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hugh Rogers
Project #2861115

Issuer Name:
Yukoterre Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 26, 2019
NP 11-202 Preliminary Receipt dated March 27, 2019
Offering Price and Description:
3,500,000 Common Shares
Price: C$0.10
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Fred Leigh
Project #2891195

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	DX Financial Securities Ltd.	Exempt Market Dealer	March 26, 2019
Voluntary Surrender	WealthConnect Inc.	Restricted Portfolio Manager	March 28, 2019
New Registration	Virtu Financial Canada ULC	Investment Dealer	March 28, 2019

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Proposed Amendments to IIROC By-Law No. 1, s. 5.3(2) (Director Term Limits) – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS TO IIROC BY-LAW NO. 1

SECTION 5.3(2) (DIRECTOR TERM LIMITS)

IIROC is publishing for public comment an amendment to section 5.3(2) of its By-law No. 1 to change the way in which Director term limits are calculated (the Proposed Amendment).

IIROC's By-law No. 1 provides that a Director may be elected to serve four consecutive terms in office but shall not be eligible to be elected to serve a fifth consecutive term. Currently, if a Director is appointed to replace a Director who has left during his or her two-year term, the new Director assumes the same term as the departing Director. As such, this initial term will be less than a full two years but will count towards the new Director's four-term limit. The Proposed Amendment would exclude the shortened initial term from the term limit calculation.

If approved, IIROC intends to seek Member approval of the Proposed Amendment at its Annual Meeting in September 2019.

A copy of the IIROC Notice, including the text of the Proposed Amendment, is also published on our website at www.osc.gov.on.ca. The comment period ends on May 6, 2019.

13.1.2 MFDA – Proposed Amendments to MFDA Rule 2.3.1(b) (Discretionary Trading) – Request for Comment

REQUEST FOR COMMENT

MUTUAL FUND DEALERS ASSOCIATION OF CANADA (MFDA)

PROPOSED AMENDMENTS TO MFDA RULE 2.3.1(b) (DISCRETIONARY TRADING)

The MFDA is publishing for public comment proposed amendments (Proposed Amendments) to MFDA Rule 2.3.1(b) which currently prohibits a Member or Approved Person from engaging in discretionary trading.

The objective of the Proposed Amendments is to allow Members to engage in very limited discretionary trading in respect of mutual fund model portfolios offered by Members.

The MFDA notes that it will work collaboratively with the Canadian Securities Administrators to ensure that there is appropriate regulatory oversight in respect of any discretionary activity undertaken by Members.

A copy of the MFDA Notice, including the text of the Proposed Amendments, is published on our website at www.osc.gov.on.ca. The comment period ends on August 2, 2019.

Chapter 25

Other Information

25.1 Consents

25.1.1 Cannabis Strategies Acquisition Corp. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

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

Statutes Cited

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

Regulations Cited

R.R.O. 1990, Regulation 289/00, as am., s. 4(b), made under the Business Corporations Act, R.S.O. 1990, c.B.16, as am.

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

AND

IN THE MATTER OF
CANNABIS STRATEGIES ACQUISITION CORP.
(the "Applicant")

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the "**Application**") of the Applicant to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue in another jurisdiction pursuant to section 181 of the OBCA;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the OBCA on July 31, 2017 as Cannabis Strategies Acquisition Corp.

2. The head office of the Applicant is located at 590 Madison Avenue, 26th Floor, New York, New York, 10022.

3. The Applicant is an offering corporation as defined in the OBCA and is a reporting issuer under the *Securities Act* (Ontario) (the "**Act**") and the securities legislation of each of the other provinces and territories of Canada (other than Québec) (collectively, the "**Legislation**").

4. The Applicant is a "special purpose acquisition corporation", or "SPAC", under Section 10.17 of the Aequitas NEO Exchange Inc. ("**NEO**") Listing Manual (the "**Listing Manual**"), as varied by exemptive relief, having completed its SPAC initial public offering on December 21, 2017 pursuant to a final prospectus that was filed in each of the provinces and territories of Canada (other than Québec) dated December 14, 2017.

5. The Applicant's authorized share capital currently consists of Class A restricted voting shares (each, a "**Class A Share**") and Class B shares (each, a "**Class B Share**"). In addition, warrants of the Applicant (each, a "**Warrant**") are outstanding, each of which is exercisable, beginning 65 days after completion of a "qualifying transaction" by the

Applicant, to acquire one Class A Share (or Subordinate Voting Share, as further described below), and rights of the Applicant (each, a "**Right**") are outstanding, each of which represents the entitlement to receive, for no additional consideration, one-tenth of one Class A Share (or Subordinate Voting Share, as further described below). As at December 10, 2018, there were 13,475,000 Class A Shares outstanding, 3,958,674 Class B Shares outstanding, 16,359,058 Warrants outstanding and 13,737,188 Rights outstanding.

6. The Class A Shares, the Warrants and the Rights of the Applicant are listed on the NEO under the symbols "CSA.A", "CSA.WT" and "CSA.RT", respectively. The Class B Shares of the Applicant are not listed on the NEO or any other marketplace.

7. On October 17, 2018, the Applicant entered into definitive agreements, as may be amended, supplemented or otherwise modified from time to time (collectively, the "**Definitive Agreements**") with each of LivFree Wellness, LLC ("**LivFree**"), Washoe Wellness, LLC ("**Washoe**"), The Canopy NV, LLC ("**Canopy**"), Sira Naturals, Inc. ("**Sira**") and Cannapunch of Nevada LLC ("**Cannapunch**", and collectively with LivFree, Washoe, Canopy and Sira, the "**Target Businesses**") and/or, *inter alios*, their respective equity holders, providing for the potential acquisition (the "**Transaction**"), directly or indirectly, by the Applicant of the businesses of each of Target Businesses (the "**Qualifying Transaction**").

8. The Qualifying Transaction is intended to constitute the Applicant's "qualifying transaction" under the Listing Manual.

9. Following the completion of the Qualifying Transaction and in accordance with and as part of the Transaction, the Applicant proposes to, among other things, discontinue as a corporation under the laws of Ontario and continue under the laws of British Columbia (the "**Continuance**").

10. The Applicant's current principal regulator is the Commission. Following the completion of the Continuance, the Applicant's principal regulator will continue to be the Commission.

11. The Continuance is proposed to be made for the purpose of complying with director residency requirements and to facilitate the adoption of constrained share provisions to seek to ensure compliance with non-Canadian cannabis legislation, which is not permitted under section 45 of the OBCA, following the completion of the Transaction.

12. Subject to obtaining requisite consent, including under Ontario Securities Commission Rule 56-501 – *Restricted Shares* ("**OSC Rule 56-501**"), the Applicant's founding shareholders (including its sponsor) will be granted a one-time right, immediately prior to the closing of Transaction, to convert their existing Class B Shares on a one-for-one basis into a newly-created class of multiple voting shares of the Applicant (the "**Multiple Voting Shares**"). The terms of the remaining Class B Shares would then be amended and they would be re-named subordinate voting shares of the Applicant (the "**Subordinate Voting Shares**"). Upon the closing of the Transaction, any non-redeemed Class A Shares would be converted into Subordinate Voting Shares. The Multiple Voting Shares would be subject to a five-year sunset provision and customary coat-tail arrangements.

13. A description of the material provisions respecting the Transaction, including the proposed Continuance, the share structure comprised of Multiple Voting Shares and Subordinate Voting Shares, as well as the constrained share provisions, was provided to the Applicant's shareholders in the management information circular of the Applicant dated [●], 2019 (the "**Circular**") in respect of the Applicant's special meeting of shareholders held on [●], 2019 (the "**Meeting**").

14. In accordance with the OBCA and the Act, the special resolution of shareholders to be obtained at the Meeting in connection with the Continuance (the "**Continuance Resolution**") requires the approval of 66 2/3% of the aggregate votes cast by holders of the Class A Shares and the Class B Shares (voting together as if they were a single class of shares) present in person or by proxy at the Meeting, as well as, among other things, a majority of the minority vote pursuant to OSC Rule 56-501.

15. The Applicant's shareholders had the right to dissent with respect to the proposed Continuance pursuant to section 185 of the OBCA, and the Circular disclosed particulars of this right in accordance with applicable law.

16. The Continuance Resolution was approved at the Meeting by [●]% of the votes cast by the shareholders of the Applicant. Less than [●]% (by number of shares) of the shareholders exercised their dissent rights under section 185 of the OBCA.

17. Immediately following completion of the Transaction, the Applicant intends to apply to the Director under the OBCA pursuant to section 181 of the OBCA for authorization of the Continuance.

18. Following the Continuance, the Applicant intends to remain a reporting issuer in Ontario and in each of the other provinces and territories of Canada (other than Québec). The Applicant's head office is expected to continue to be located at 590 Madison Avenue, 26th Floor, New York, New York, 10022.

19. The Applicant is not in default of any applicable requirement of (i) any of the provisions of the OBCA, the Act or the Legislation, including any of the rules or regulations made thereunder; and (ii) any of the rules, regulations or policies of the NEO.

20. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to subsection 83 of the Act or the Legislation.

21. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the OBCA, the Act or Legislation.

22. Certain of the material rights, duties and obligations of a corporation governed by the the *Business Corporations Act* (British Columbia) (the "**BCBCA**") are different from those of a corporation governed by the OBCA. The material differences have been disclosed to the Applicant's shareholders in the Circular.

23. Pursuant to subsection 4(b) of the Regulation, where a corporation applying to continue to another jurisdiction is an offering corporation, the application for continuance must be accompanied by a consent from the Commission.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as an exempted company under the BCBCA.

DATED at Toronto on this 22nd day of March 2019.

"Tim Moseley"
Vice-Chair
Ontario Securities Commission

"Cecilia Williams"
Commissioner
Ontario Securities Commission

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