The Ontario Securities Commission

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

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File No.: 2020-41

IN THE MATTER OF
BECKSLEY CAPITAL INC. and
FABRIZIO LUCCHESE

NOTICE OF HEARING
Section 8 of the *Securities Act,* RSO 1990, c S.5

PROCEEDING TYPE: Application for Hearing and Review

HEARING DATE AND TIME: February 8, 2021 at 10:00 a.m.

LOCATION: By teleconference

PURPOSE

The purpose of this proceeding is to consider a request made by the parties named above on December 30, 2020 for a Hearing and Review of a decision of a Director of the Commission dated November 20, 2020.

The hearing set for the date and time indicated above is the first attendance in this proceeding, as described in subsection 6(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 20th day of January, 2021

"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.

1.4 Notices from the Office of the Secretary

1.4.1 Becksley Capital Inc. and Fabrizio Lucchese

FOR IMMEDIATE RELEASE
January 20, 2021

BECKSLEY CAPITAL INC. AND
FABRIZIO LUCCHESE,
File No. 2020-41

TORONTO – On January 20, 2021, the Commission issued a Notice of Hearing to consider a request made by the parties named above for a Hearing and Review of a decision of a Director dated November 20, 2020.

The hearing will be held on February 8, 2021 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated January 20, 2021 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 David Randall Miller

FOR IMMEDIATE RELEASE
January 22, 2021

DAVID RANDALL MILLER,
File No. 2019-48

TORONTO – Following a hearing held on January 20, 2021, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and David Randall Miller in the above named matter.

Take notice the hearing dates in the above named matter scheduled for April 28, May 28, 31, June 3, 4, 7, and 9-11, 2021 are vacated.A copy of the Order dated January 22, 2021, Settlement Agreement dated January 4, 2021, and Oral Reasons for Approval of a Settlement dated January 20, 2021 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.3 Vernon Ray Fauth

FOR IMMEDIATE RELEASE
January 22, 2021

VERNON RAY FAUTH,
File No. 2020-36

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

A copy of the Reasons and Decision dated January 21, 2021 and the Order dated January 21, 2021 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

1-877-785-1555 (Toll Free)
inquiries@osc.gov.on.ca

1.4.4 Jonathan Cartu et al.

FOR IMMEDIATE RELEASE
January 26, 2021

JONATHAN CARTU,
DAVID CARTU, AND
JOSHUA CARTU,
File No. 2020-14

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

A copy of the Order dated January 26, 2021 is available at www.osc.gov.on.ca.

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GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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For General Inquiries:

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inquiries@osc.gov.on.ca

1.4.5 Becksley Capital Inc. and Fabrizio Lucchese

FOR IMMEDIATE RELEASE
January 26, 2021

BECKSLEY CAPITAL INC. AND
FABRIZIO LUCCHESE,
File No. 2020-41

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on February 8, 2021 at 10:00 a.m. will be heard on March 8, 2021 at 10:00 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

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For General Inquiries:

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inquiries@osc.gov.on.ca

Chapter 2

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National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to facilitate the offering of securities of a conventional mutual fund class and securities of an exchange-traded fund class within the same fund structure – conventional mutual fund class and exchange-traded fund class referable to the same portfolio and have substantially identical disclosure – relief granted from the requirement in NI 81-101 to prepare and file a simplified prospectus for conventional mutual fund class securities provided that a long form prospectus is prepared and filed in accordance with NI 41-101 – disclosure required by NI 81-101 for conventional mutual fund class securities and not contemplated by NI 41-101 will be disclosed in long form prospectus under relevant headings – technical relief granted to enable the funds to comply with Parts 9, 10 and 14 of NI 81-102 as if the conventional mutual fund class and exchange-traded fund class were separate funds.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 6.1.
National Instrument 81-102 Investment Funds, Parts 9, 10 and 14 and s. 19.1.
National Instrument 41-101 General Prospectus Requirements.

January 19, 2021

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
GUARDIAN CAPITAL LP
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the fund listed in Schedule A (the **Proposed Fund**), which will offer exchange traded mutual fund units and conventional mutual fund units, and such other mutual funds as are managed or may be managed by the Filer now or in the future and that are structured in the same manner as the Proposed Fund (together with the Proposed Fund, the **Funds** and each individually**,** a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that

(a) exempts the Filer and each Fund from the requirement to prepare and file a simplified prospectus and annual information form for the Mutual Fund Securities (as defined below) in accordance with the provisions of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and the forms prescribed by Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) (the **Simplified Prospectus Form Requirements**) and Form 81-101F2 *Contents of Annual Information Form* (**Form 81-101F2**), subject to the terms of this decision and provided that the Filer files a prospectus for the Mutual Fund Securities in accordance with the provisions of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), other than the requirements pertaining to the filing of an ETF Facts, and in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**); and

(b) permits the Filer and each Fund to treat the ETF Securities and the Mutual Fund Securities as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Sales and Redemption Requirements**),

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

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

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

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

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

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

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

ETF Facts means a prescribed summary disclosure document required pursuant to National Instrument 41-101 *General Prospectus Requirements*, in respect of one or more classes of ETF Securities being distributed under a prospectus.

ETF Securities means securities of an ETF class of a Fund that are listed or will be listed on the TSX or another Marketplace and that will be distributed pursuant to a prospectus prepared in accordance with NI 41-101 and Form 41-101F2.

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

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

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

Fund Facts means a prescribed summary disclosure document required pursuant to NI 81-101, in respect of one or more classes of Mutual Fund Securities being distributed under a prospectus.

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

Mutual Fund Securities means, subject to obtaining the Exemption Sought, securities of a non-exchange-traded class of a Fund that are or will be distributed pursuant to a prospectus prepared in accordance with NI 41-101 and Form 41-101F2.

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

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

TSX means the Toronto Stock Exchange.

Representations

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

The Filer

1. The Filer is an Ontario limited partnership, which is wholly-owned by Guardian Capital Group Limited. The general partner of the Filer is Guardian Capital Inc., an Ontario corporation wholly-owned by Guardian Capital Group Limited, with its head office in Toronto, Ontario.

2. The Filer is registered as: (i) a portfolio manager in all of the provinces of Canada; (ii) an exempt market dealer in all of the provinces of Canada; (iii) an investment fund manager in Ontario, Québec and Newfoundland and Labrador; (iv) commodity trading counsel in Ontario; and (v) a commodity trading manager in Ontario.

3. The Filer is, or will be, the investment fund manager and portfolio manager of the Funds. The Filer has applied, or will apply, to list the ETF Securities on the TSX or another Marketplace.

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

The Funds

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

6. Each Fund will offer ETF Securities and Mutual Fund Securities under separate classes of the Fund that are referable to the same portfolio of assets.

7. Subject to any exemptions that have been or may be granted by the applicable securities regulatory authorities, each Fund will be an open-ended mutual fund subject to NI 81-102.

8. The ETF Securities will be listed on the TSX or another Marketplace. The Filer will not file a final prospectus for any of the Funds in respect of the ETF Securities until the TSX or other applicable Marketplace has conditionally approved the listing of the ETF Securities.

9. Mutual Fund Securities will not be listed on the TSX or another Marketplace.

10. The Filer has or will file a long form prospectus prepared and filed in accordance with NI 41-101 and Form 41-101F2 on behalf of the Funds in respect of the ETF Securities, subject to any exemptions that may be granted by the applicable securities regulatory authorities.

11. ETF Securities and Mutual Fund Securities, if any, are or will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus.

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

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

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

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

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

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

Simplified Prospectus Form Requirements

18. Without the Exemption Sought, the Filer would be required to prepare and file a prospectus pursuant to NI 81-101 in respect of the Funds' Mutual Fund Securities. This would be in addition to the prospectus that would need to be filed and prepared pursuant to NI 41-101 in respect of the Funds' ETF Securities.

19. The Filer believes it is more efficient and expedient to include all of the classes of each Fund, including ETF Securities and Mutual Fund Securities of a Fund, in one prospectus form instead of two different prospectus forms. The Filer also believes that this presentation will assist in providing full, true and plain disclosure of all material facts relating to the securities of the Funds by permitting disclosure relating to all classes of securities to be included in one prospectus. The Filer will file a long form prospectus in respect of the Proposed Fund, and proposes to continue to file long form prospectuses in respect of Funds.

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

21. The Funds will file Fund Facts in the form prescribed by Form 81-101F3 *Contents of Fund Facts Document* in respect of any Mutual Fund Securities, and will file ETF Facts in the form prescribed by Form 41-101F4 *Information Required in an ETF Facts Document* in respect of any ETF Securities.

22. The Funds will comply with the provisions of NI 41-101 when filing any amendment or prospectus.

23. The Mutual Fund Securities of each Fund will be subject to the prospectus and Fund Facts delivery obligations set out in NI 81-101.

Sales and Redemption Requirements

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

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

Decision

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

1. The decision of the principal regulator is that the Exemption Sought from the Simplified Prospectus Form Requirements is granted, provided that the Filer will be in compliance with the following conditions:

    (a) the Filer files a long form prospectus in respect of the Mutual Fund Securities in accordance with the requirements of NI 41-101 and Form 41-101F2, other than the requirements pertaining to the filing of an ETF Facts document;

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

    (c) the Filer includes disclosure regarding this decision under the heading "Exemptions and Approvals" in each Fund's prospectus.

2. The decision of the principal regulator is that the Exemption Sought from the Sales and Redemption Requirements is granted, provided that the Filer will be in compliance with the following conditions:

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

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

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

SCHEDULE A

PROPOSED FUND

Guardian Canadian Sector Controlled Equity Fund

2.1.2 Invesco Canada Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraphs 2.2(1)(a), 2.5(2)(a) and (c) of National Instrument 81-102 Investment Funds to allow mutual funds to invest in ETFs in the United States – U.S. Underlying ETFs are subject to the United States Investment Company Act of 1940 – Investments in U.S. ETFs limited to 10% of a fund's net asset value – Relief subject to terms and conditions based on investment restrictions of NI 81-102 such that top funds cannot do indirectly via investment in underlying ETFs what they cannot do directly under NI 81-102.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.2(1)(a), 2.5(2)(a) and (c), and 19.1.

January 26, 2021

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
INVESCO CANADA LTD
(Invesco)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Invesco, on behalf of existing and future mutual funds (the **Funds**) managed by Invesco or an affiliate or associate of Invesco (collectively, the Filer) for a decision (the **Exemption Sought**) under the securities legislation of the principal regulator (the **Legislation**) exempting each Fund from the following provisions of National Instrument 81-102 *Investment Funds* (**NI 81-102**) in order to permit the Funds to invest in securities of existing and future exchange-traded funds that are not index participation units and whose securities are, or will be, listed for trading on a stock exchange in the United States (the **U.S. Underlying ETFs**):

(a) paragraph 2.2(1)(a) (the **Control Restriction**) to permit each Fund to purchase securities of a U.S Underlying ETF even though, immediately after the purchase, the Fund would hold securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the U.S. Underlying ETF, or (ii) the outstanding equity securities of the U.S. Underlying ETF (the **Control Relief**);

(b) paragraph 2.5(2)(a) to permit each Fund to invest in securities of a U.S. Underlying ETF even though the U.S. Underlying ETF is not subject to NI 81-102; and

(c) paragraph 2.5(2)(c) to permit each Fund to invest in securities of a U.S. Underlying ETF even though the U.S. Underlying ETF is not a reporting issuer in any province or territory of Canada (a "**Jurisdiction**").

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, 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:

1. Invesco:

   (a) is a corporation amalgamated under the laws of Ontario;

   (b) is an indirect wholly-owned subsidiary of Invesco Ltd., a global investment manager;

   (c) has its head office in Toronto, Ontario;

   (d) is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador; an advisor in the category of portfolio manager in all provinces of Canada; and a commodity trading manager in Ontario;

   (e) or an affiliate or associate of Invesco is, or will be, the manager of the Funds; and

   (f) is not in default of applicable securities legislation in any Jurisdiction.

2. Each Fund:

   (a) is, or will be, an open-end mutual fund established under the laws of Ontario;

   (b) is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities;

   (c) is, or will be, a reporting issuer in one or more of the Jurisdictions;

   (d) is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**);

   (e) that is an existing Fund is not in default of applicable securities legislation in any Jurisdiction; and

   (f) may, from time to time, wish to invest in U.S. Underlying ETFs in accordance with their investment objectives.

3. Each:

   (a) U.S. Underlying Fund's securities are not IPUs as it does not:

      (i) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index; or

      (ii) invest in a manner that causes the U.S. Underlying ETF to replicate the performance of that index.

   (b) U.S. Underlying ETF is, or will be, listed on a recognized exchange in the United States and the market for them is, or will be, liquid because it is, or will be, supported by designated brokers. As a result, the Filer expects a Fund to be able to dispose of such securities through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.

   (c) U.S. Underlying ETF will not hold more than 10% of its net asset value (**NAV**) in securities of another investment fund unless: (i) the U.S. Underlying ETF is a clone fund, as defined in NI 81-102, (ii) the other investment fund is a money market fund, as defined in NI 81-102, or (iii) securities of the other investment fund are IPUs;

   (d) U.S. Underlying ETF may be managed by the Filer and sales fees or redemption fees may be payable by a Fund in relation to its purchase or redemption of the securities of the U.S. Underlying ETF; and

   (e) U.S. Underlying ETF is, or will be, a publicly offered mutual fund subject to the United States *Investment Company Act of 1940* (**Investment Company Act**).

4. No Fund will pay management or incentive fees which to a reasonable person would duplicate a fee payable by a U.S. Underlying ETF for the same service.

5. Absent the Exemption Sought, an investment by a Fund in a U.S. Underlying ETF would:

   (a) be prohibited by paragraph 2.5(2)(a)(i) of NI 81-102 because such U.S. Underlying ETF may not be subject to NI 81-102; and

   (b) be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such U.S. Underlying ETF may not be a reporting issuer in any Jurisdiction;

(c) not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the U.S. Underlying ETF are not IPUs.

6. The Filer has concluded that it could not currently gain exposure to applicable asset classes, sectors and/or markets entirely through existing Canadian mutual funds or exchanged traded funds (the **Canadian Funds**).

7. The key benefits of a Fund investing in the U.S. Underlying ETFs are greater choice, improved portfolio diversification and potentially enhanced returns. For example:

(a) an investment in the U.S. Underlying ETFs will provide the Funds with access to specialized knowledge expertise and/or analytical resources of the investment adviser to the U.S. Underlying ETFs;

(b) the U.S. Underlying ETFs provide a potentially better risk profile, diversification and improved liquidity/tradability than direct holdings of asset classes to which the U.S. Underlying ETFs provide exposure; and

(c) the investment strategies of the U.S. Underlying ETFs offer significantly broader exposure to asset classes, sectors and markets than those available in the existing Canadian exchange-traded fund market.

8. The Filer submits that having the option to allocate a limited portion of each Fund's assets to U.S. Underlying ETFs will increase diversification opportunities and may improve a Fund's overall risk/reward profile.

9. An investment in a U.S. Underlying ETF by a Fund is an efficient and cost effective alternative to obtaining exposure to securities held by the U.S. Underlying ETF rather than purchasing those securities directly in the Fund.

10. An investment in a U.S. Underlying ETF by a Fund should pose limited investment risk to the Fund because each U.S. Underlying ETF will be subject to the Investment Company Act, subject to any exemption therefrom that may in the future be granted by the applicable securities regulatory authority.

11. Due to the potential size disparity between the Funds and the U.S. Underlying ETFs, particularly when U.S. Underlying ETFs are initially launched, it is possible that a relatively small investment, on a percentage of NAV basis, by a relatively larger Fund in securities of a U.S. Underlying ETF could result in such Fund holding securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the Underlying ETF, or (ii) the outstanding equity securities of that Underlying ETF, contrary to the Control Restriction.

12. Absent the Control Relief, an investment by a Fund in securities of a U.S. Underlying ETF will not qualify for the exemption set out in paragraph 2.2(1.1)(b) of NI 81-102 in respect of the Control Restriction because securities of the U.S. Underlying ETFs are not IPUs.

Decision

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

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

(a) the investment by a Fund in securities of a U.S. Underlying ETF is in accordance with the investment objectives of the Fund;

(b) a Fund does not purchase securities of a U.S. Underlying ETF if, immediately after the purchase, more than 10% of the NAV of the Fund in aggregate, taken at market value at the time of the purchase, would consist of securities of U.S. Underlying ETFs;

(c) a Fund does not short sell securities of a U.S Underlying ETF;

(d) securities of each U.S. Underlying ETF are listed on a recognized exchange in the United States;

(e) each U.S. Underlying ETF is, immediately before the purchase by a Fund of securities of that U.S. Underlying ETF, an investment company subject to the Investment Company Act in good standing with the United States Securities and Exchange Commission; and

(f) the prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in U.S. Underlying ETFs on the terms described in this decision.

“Darren McKall”
Manager, Investment Funds & Structured Products Branch
Ontario Securities Commission

2.2 Orders

2.2.1 Ely Gold Royalties Inc. – s. 1(11)(b)

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
ELY GOLD ROYALTIES INC.
(the Applicant)

ORDER
(Paragraph 1(11)(b))

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

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

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

1. The Applicant was incorporated under the *Business Corporations Act* (Alberta) under the name 694227 Alberta Inc. on May 10, 1996. The Applicant changed its name to Kinvara Ventures Inc. on June 24, 1996, and subsequently changed its name to Ivana Ventures Inc. on May 20, 2005, pursuant to articles of amendment. The Applicant continued under the *Business Corporations Act* (British Columbia) pursuant to a Form 16 Continuation Application made effective on November 2, 2005. It changed its name to Ely Gold & Minerals Inc. on July 4, 2008, and then subsequently changed its name to Ely Gold Royalties Inc. on November 22, 2017, in each case pursuant to a Form 11 Notice of Alteration.

2. The Applicant's head office is located at Suite 2833, 595 Burrard Street, Vancouver, British Columbia V7X 1K8.

3. The authorized capital of the Applicant consists of an unlimited number of common shares without par value (**Common Shares**). As of the date hereof, 159,951,798 Common Shares are issued and outstanding. The Applicant has outstanding obligations to issue: (i) 29,723,577 Common Shares upon the exercise of 29,723,577 outstanding common share purchase warrants; and (ii) 10,675,000 Common Shares upon the exercise of 10,675,000 outstanding common share purchase options.

4. The Common shares are listed and posted for trading on the TSX Venture Exchange (**TSXV**) under the symbol "ELY" and on the OTCQX Bulletin Board, an over-the-counter market in the United States, under the symbol "ELGYF". No other securities of the Applicant are listed, traded or quoted on any stock exchange or trading or quotation system.

5. As at the date hereof, the Common Shares are not listed or traded or quoted on any other stock exchange or trading or quotation system in Canada.

6. The Applicant is a reporting issuer under the *Securities Act* (British Columbia) (the **BC Act**) and the *Securities Act* (Alberta) (the **Alberta Act**). The Applicant became a reporting issuer in British Columbia on April 17, 2000 and in Alberta on September 11, 1996.

7. The Applicant is not a reporting issuer or the equivalent in any jurisdiction other than British Columbia and Alberta.

8. The Applicant's principal regulator is the British Columbia Securities Commission (the **BCSC**). The BCSC will continue to be the principal regulator of the Applicant once it has obtained reporting issuer status in Ontario.

9. The Applicant is not on the lists of defaulting reporting issuers maintained pursuant to the BC Act or the Alberta Act, and is not in default of any requirement under the BC Act or the Alberta Act, or the rules and regulations made thereunder.

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

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

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

13. Pursuant to section 18 of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual (the **TSXV Manual**), a listed-issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "Significant Connection to Ontario" (as defined in Policy 1.1 of the TSXV Manual) and, upon becoming aware that it has a significant connection to Ontario, promptly make a *bona fide* application to the Commission to be designated as a reporting issuer in Ontario.

14. The Applicant has undertaken an assessment of its shareholder base to determine whether or not the Applicant has a "significant connection to Ontario" as defined in the policies of the TSXV. As a result of that assessment, the Applicant has determined that it has a significant connection to Ontario in that more than 20% of the total number of outstanding Common shares of the Applicant are owned by registered and beneficial shareholders resident in Ontario.

15. None of the Applicant, any of its officers or directors, or any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant has:

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

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

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

16. None of the Applicant, any of its officers or directors, or any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

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

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

17. None of the Applicant's officers or directors, or any shareholder holding sufficient securities to materially affect the control of the Applicant, is or has been at the time of such event, an officer or director of any other issuer which is or has been subject to:

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

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

    except that, with respect to Thomas E. Wharton Jr. who (i) is a current director of the Applicant and (ii) was a director and insider of Chakana Copper Corp. (**Chakana**), the BCSC issued a management cease trade order (the **MCTO**) in respect of all Chakana insiders on October 1, 2019, to accommodate Chakana's need for additional time to file its annual audited financial statements for the year ended May 31, 2019, interim financial statements for the three months ended August 31, 2019, the accompanying management's discussion and analysis, and officer certifications (the **Late Filings**). The MCTO was lifted on November 19, 2020 after Chakana filed the Late Filings.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

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

DATED at Toronto on this 18th day of December, 2020.

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

2.2.2 Vernon Ray Fauth – ss. 127(1), 127(10)

File No. 2020-36

IN THE MATTER OF
VERNON RAY FAUTH

Wendy Berman, Vice-Chair and Chair of the Panel

January 21, 2021

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

WHEREAS, the Ontario Securities Commission (the **Commission**) held a hearing in writing to consider a request by Staff of the Commission (**Staff**), for an order imposing sanctions against Vernon Ray Fauth (**Fauth**) pursuant to subsections 127(1) and 127(10) of the *Securities Act,* RSO 1990, c S.5 (the **Act**);

ON READING the materials filed by Staff, Fauth not having filed any materials, although properly served;

IT IS ORDERED that:

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

2. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Fauth is prohibited permanently;

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

4. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Fauth resign any positions he holds as a director or officer of an issuer or registrant;

5. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Fauth is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

6. pursuant to paragraph 8.5 of subsection 127(1), Fauth is prohibited permanently from becoming or acting as a registrant or promoter.

"Wendy Berman"

2.2.3 Terrace Global Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceased to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

January 15, 2021

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

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
TERRACE GLOBAL INC.
(the "Filer")

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the "**Order Sought**").

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia and Alberta.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this order, unless otherwise defined.

Representations

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

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and

5. the Filer is not in default of securities legislation in any jurisdiction.

Order

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

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

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

2.2.4 Jonathan Cartu et al.

File No. 2020-14

IN THE MATTER OF JONATHAN CARTU, DAVID CARTU, AND JOSHUA CARTU

M. Cecilia Williams, Commissioner and Chair of the Panel

January 26, 2021

ORDER

WHEREAS on January 26, 2021, the Ontario Securities Commission held a hearing by teleconference with respect to an attendance in this proceeding;

ON HEARING the submissions of Staff of the Commission (**Staff**), and the representative for David Cartu and no one appearing for Jonathan Cartu and Joshua Cartu, although properly served;

IT IS ORDERED THAT:

1. each respondent shall file and serve a witness list, and serve a summary of each witness's anticipated evidence on Staff, and indicate any intention to call an expert witness, by 4:30 p.m. on February 26, 2021; and

2. an attendance in this proceeding is scheduled for March 25, 2021 at 10:00 a.m., by teleconference, or on such other date and time as may be agreed to by the parties and set by the Office of the Secretary.

"M. Cecilia Williams"

2.3 Orders with Related Settlement Agreements

2.3.1 David Randall Miller – ss. 127, 127.1

File No. 2019-48

IN THE MATTER OF
DAVID RANDALL MILLER

Timothy Moseley, Vice-Chair and Chair of the Panel
Raymond Kindiak, Commissioner
Frances Kordyback, Commissioner

January 22, 2021

ORDER
(Sections 127 and 127.1 of the *Securities Act,* RSO 1990, c S.5)

WHEREAS on January 20, 2021, the Ontario Securities Commission (the **Commission**) held a hearing by videoconference to consider an application made jointly by David Randall Miller and Staff of the Commission (**Staff**) for approval of a settlement agreement dated January 4, 2021 (the **Settlement Agreement**);

ON READING the Amended Statement of Allegations dated December 19, 2019, and the Joint Application Record for a Settlement Hearing, including the Settlement Agreement, and on hearing the submissions of the representatives for Staff and for Miller, and on considering that $125,000 of the $200,000 payable by Miller in partial satisfaction of the administrative penalty and disgorgement amount have been received by the Commission in accordance with the terms of the Settlement Agreement;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act, Miller is prohibited from trading in any securities or derivatives and from acquiring any securities for a period of 10 years from the date of this Order;

3. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Miller for a period of 10 years from the date of this Order;

4. pursuant to paragraph 6 of subsection 127(1) of the Act, Miller is reprimanded;

5. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Miller shall resign any positions that he holds as a director or officer of an issuer or a registrant;

6. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Miller is prohibited from becoming or acting as an officer or director of an issuer or registrant for a period of 10 years commencing on the date of this Order;

7. pursuant to paragraph 8.3 of subsection 127(1) of the Act, Miller shall resign any positions he holds as a director or officer of an investment fund manager;

8. pursuant to paragraph 8.4 of subsection 127(1) of the Act, Miller is prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 10 years from the date of this Order;

9. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Miller is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 10 years from the date of this Order;

10. pursuant to paragraph 9 of subsection 127(1) of the Act, Miller shall pay an administrative penalty in the amount of $92,929.18, which amount shall be designated for allocation or use by the Commission in accordance with s. 3.4(2)(b) of the Act;

11. pursuant to paragraph 10 of subsection 127(1) of the Act, Miller shall disgorge to the Commission the amount of $97,070.82, which amount shall be designated for allocation or use by the Commission in accordance with s. 3.4(2)(b) of the Act;

12. pursuant to subsection 127.1 of the Act, Miller shall pay $10,000 in costs to the Commission;

13. pursuant to paragraph 1 of subsection 127(1) of the Act, and notwithstanding any other provision contained in this Order, Miller is permitted to:

    a. personally trade and/or acquire mutual funds, Exchange Traded Funds, government bonds and/or Guaranteed Investment Certificates for the account of any Registered Retirement Savings Plan (**RRSP**), Registered Retirement Income Fund (**RRIF**), Registered Education Savings Plan (**RESP**) and Tax Free Savings Account (**TFSA**), as defined in the *Income Tax Act*, RSC 1985, c.1 (5th Supp.), in which he and/or his children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom Miller must give a copy of this Order;

    b. retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and/or TFSA described above, on Miller's behalf, provided that:

        i. the respective dealer/portfolio manager(s) is provided with a copy of this Order prior to trading or acquiring securities on Miller's behalf;

        ii. the respective dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and Miller has no direction or control over the selection of specific securities;

        iii. Miller is permitted to have discussions with the respective registered dealer/portfolio manager(s) to allow him to provide information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, or as otherwise initiated by the respective registered dealer/portfolio manager(s); and

        iv. Miller may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by Miller within 30 days of making such change;

    c. receive, in Adrea Capital Corporation's (**Adrea**) brokerage account(s), securities for consulting services provided by Adrea and/or Miller;

    d. trade securities acquired in the manner identified above at subparagraph 13(c) only through one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, provided that:

        i. the respective dealer/portfolio manager(s) is provided with a copy of this Order prior to trading securities on Adrea's behalf;

        ii. with regard to sales of securities from the account, the respective dealer/portfolio manager(s) has sole discretion over what trades may be made in the account, and Miller has no direction or control over the selection of specific securities;

        iii. Miller is permitted to have discussions with the respective registered dealer/portfolio manager(s) to allow him to provide information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, or as otherwise initiated by the registered dealer/portfolio manager(s); and

        iv. Miller may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by Miller within 30 days of making such change;

    e. act as a director and/or officer of Adrea provided that:

        i. Miller remains the sole director, officer and shareholder of Adrea;

        ii. the business operated by Adrea remains strictly limited to providing consulting services to mining companies, oil and gas companies, technology and innovation companies, and industrial companies; and

        iii. Adrea, or Miller in the course of his work for Adrea, does not raise capital through the issuance of securities of Adrea to the public, and does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer, except as set out in subparagraph 13(a), (b) and (c) above or subparagraph 13(e)(iv) below; and

iv. Miller ensures that any securities owned by Adrea as of the date of this Order are managed by the aforementioned dealer/portfolio manager as part of the exception contained in subparagraph 13(c) and may be traded only in accordance with the terms of that exception.

"Timothy Moseley"

"Raymond Kindiak"

"Frances Kordyback"

IN THE MATTER OF
DAVID RANDALL MILLER

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. This proceeding involves David Randall Miller (**Miller**), the former CEO of a reporting issuer called Inspiration Mining Corporation (**Inspiration**), who directed the issuer to publish five false and misleading press releases over a seven-month period to capitalize on heightened investor interest in the cannabis industry. Miller did not take reasonable steps to ensure that the press releases were truthful and not misleading. He obtained proceeds of $112,116.92 by selling his own Inspiration shares during the price spike created by the false and misleading press releases, which was $97,070.82 higher than the Market Value of the shares (as defined in paragraph 21 below).

2. It is critical to investor protection and the integrity of the capital markets that disclosure by issuers be truthful and not misleading. When an industry is experiencing significant investor interest, as cannabis was in 2018, individuals must not try to capitalize on that interest by publishing false and misleading news releases, and/or information which they know to be unsupported by evidence. Insiders who sell their own securities after issuing false and misleading press releases, with knowledge of material facts not disclosed to the public, are abusing the market.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. The parties will jointly file a request that the Ontario Securities Commission (the **Commission**) hold a hearing (the **Settlement Hearing**) to consider whether, pursuant to ss. 127 and 127.1 of the Securities Act, RSO 1990, c S.5 (the **Act**), it is in the public interest for the Commission to make certain orders against the Respondent.

4. Staff of the Commission (**Staff**) recommend settlement of the proceeding (the **Proceeding**) against the Respondent commenced by the Notice of Hearing dated December 20, 2019, in accordance with the terms and conditions set out in Part V of this Settlement Agreement. The Respondent consents to the making of an order (the **Order**) substantially in the form attached as Schedule “A” to this 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 Respondent agrees with the facts set out in Part III of this Settlement Agreement and the conclusions in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

Background

6. Miller is the former CEO of Inspiration. Miller is a resident of Ontario.

7. Inspiration, now known as Silk Energy Limited, is a reporting issuer whose stated business during the Material Time was mining and exploration. The Commission is Silk Energy Limited’s principal regulator and was Inspiration’s principal regulator during the Material Time. During the Material Time, Inspiration traded on the Canadian Securities Exchange under the symbol ISM. On or about July 4, 2019, Inspiration changed its name to Silk Energy Limited in anticipation of a reverse take-over transaction with Silk Energy AS. The effective date of the transaction was September 3, 2019.

Inspiration Announces Negotiations with Compassion

8. Between about January 11, 2018 and August 7, 2018 (the **Material Time**), while he was CEO of Inspiration, Miller caused Inspiration to issue a series of press releases (the **Press Releases**) regarding purported negotiations between Inspiration and Compassion Cannabis Corporation (**Compassion**), as set out below. Miller authored, participated in the drafting of, and/or approved the release of, each of the Press Releases.

    - On January 11, 2018, Inspiration announced that it had commenced formal negotiations to acquire Compassion, which Inspiration's news release described as a private Ontario company which “has the expertise to capitalize on the various facets of the going marijuana market, including the ‘Vape’ market and dispensary centers for the industry.” No other information about Compassion was disclosed in this news release.

    - On January 18, 2018, Inspiration announced that it had scheduled a shareholders’ meeting to seek approval to change its name to “Inspiration Cannabis Corporation” and to change its business from exploration to cannabis distribution.

    - Inspiration made further announcements on February 23, 2018, April 24, 2018, and April 26, 2018 regarding the state of negotiations with Compassion and related due diligence.

- On or about August 7, 2018, Inspiration announced that negotiations with Compassion had been terminated.

Compassion

9. Compassion is a private Ontario company incorporated in 2014. Its sole director and officer is JC (**JC**). During the Material Time, Compassion had no assets, employees, or active business operations. It had never generated any revenue. It did not hold a cannabis distribution licence and had never applied for one. During the Material Time, its negotiations with Inspiration were its sole business activity, save for occasional internet research about the cannabis industry conducted by JC.

10. JC has not previously worked in the cannabis industry and does not have any significant expertise in the cannabis industry.

11. JC and Miller have a business relationship dating back to at least 2013 and are personal friends. JC worked for Inspiration between about 2013 and 2016 in an administrative and business development capacity. She reported to Miller. After about 2016, including during the Material Time, JC continued to work as Miller's assistant at another company.

12. JC had contacts who were associated with a cannabis company based in British Columbia (the **BC Company**).

13. Evidence regarding Compassion's relationship with the BC Company and Miller's knowledge of the BC Company's activities was provided to Staff after the Statement of Allegations in this matter was issued.

14. In or around 2014 and 2015, Miller received information which could have suggested that, as of 2015:

    a) Compassion had a relationship with the BC Company;

    b) Compassion and the BC Company had discussed a potential merger, and the BC Company had contemplated a continuation in Ontario;

    c) The BC Company intended to operate in the cannabis industry; and

    d) The BC Company had applied for a license from Health Canada to legally produce cannabis.

15. Miller did not receive additional information about Compassion's relationship with the BC Company after 2015. Before directing Inspiration to issue the Press Releases, he did not take steps to understand Compassion's current status, its relationship to the BC Company, or the current status of the BC Company. The BC Company was dissolved in 2017, before the Material Time. Miller has represented that he was not aware of the dissolution.

The Press Releases were False and Misleading

16. During the Material Time, Miller caused Inspiration to issue five press releases that were false and misleading. The press releases issued on or about January 11 and 18, 2018 were false and misleading for the following reasons:

    a) They falsely stated that Compassion had expertise in the cannabis industry which would allow it to capitalize on the marijuana market, when in fact it had no real expertise in the cannabis industry; and

    b) They failed to state that Compassion was represented in the negotiations by JC. They moreover failed to disclose the nature of the relationship between Miller and JC, specifically that JC was a business associate and friend of Miller, that she had worked as an assistant to Miller for some time, and that she was working as an assistant to Miller during the Material Time.

17. The press releases issued on or about February 23 and April 24, 2018 were misleading because they indicated that due diligence was being conducted in relation to the purported negotiations. The February 23, 2018 press release stated that the due diligence and negotiations were "ahead of schedule and on track." The April 24, 2018 press release stated that the negotiations and related due diligence were "going very well and ahead of the targeted date." In reality, Inspiration was not conducting formal due diligence on Compassion.

18. Moreover, the press releases issued on or about April 24 and April 26, 2018 were misleading as they repeated the statements from the January 11 and 18, 2018 press releases that falsely stated that Compassion had expertise in the cannabis industry which would allow it to capitalize on the marijuana market, when in fact it had no real expertise in the cannabis industry. These press releases in addition to the February 23, 2018 press release also failed to state that Compassion was represented in the negotiations by JC, and failed to disclose the nature of the relationship between Miller and JC, as did the January 11 and 18, 2018 press releases.

19. In addition, the April 26, 2018 press release falsely stated that Inspiration "is contemplating upon the request of Compassion Cannabis that it is allowed to accept crypto currency for settlement for any transactions that occur." Compassion made no such request.

20. During the Material Time, Miller was aware or ought to have been aware that the Press Releases were false and misleading, as set out above at paragraphs 16 to 0 above. He was aware of the above-noted facts which were not disclosed in the Press Releases and/or was aware that he had insufficient information which would support the claims about Compassion which appeared in the Press Releases. The undisclosed facts, as well as the lack of support for the claims in the Press Releases, were material facts in respect of Inspiration which had not been generally disclosed.

Increase in Inspiration Share Price and Share Sales by Miller

21. Between January 10 and 22, 2018, the same week that Inspiration began issuing the Press Releases, the market price of Inspiration shares increased from $0.04 to $0.22 (450%). The average price for Inspiration shares in the 20 days before the first Press Release was $0.025 (the **Market Value**).

22. Between January 12 and 19, 2018, Miller sold 601,844 shares of Inspiration for gross proceeds of $112,116.92. He made some of these sales through Adrea Capital Corporation (**Adrea**), a private corporation of which Miller is the sole director, officer and shareholder. Had Miller sold these shares for the Market Value, his proceeds would have been $15,046.10.

23. At the time of these trades, Miller was Inspiration's CEO and was therefore in a special relationship with Inspiration pursuant to s. 76(5)(c)(i) of the Act. Moreover, as the CEO of Inspiration, Miller was an "insider" of Inspiration as defined in s. 1(1) of the Act; he was therefore in a special relationship with Inspiration pursuant to s. 76(5)(a)(i) of the Act.

24. At the time of these trades, Miller was aware or ought to have been aware that the January 11 and January 18, 2018 press releases were false and misleading for the reasons identified in paragraphs 16 to 0 above. He was aware of the facts which were not disclosed in the January 11 and January 18, 2018 press releases. These facts, as well as the lack of support for the claims in the January 11 and January 18, 2018 press releases, were material facts which had not been generally disclosed.

25. Miller did not file insider reports with regard to these trades, as required by s. 107(2) of the Act, which had the effect of preventing the market from learning of his sales of Inspiration shares immediately after the 450% increase caused by the false and misleading Press Releases.

PART IV – NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

26. By engaging in the conduct described above, the Respondent admits and acknowledges that he breached Ontario securities law by contravening ss. 76(1), 107(2) and 126.2(1) of the Act, and that his actions were contrary to the public interest.

PART V – TERMS OF SETTLEMENT

27. The Respondent agrees to the terms of settlement set forth below. Subject to the Commission's approval of the Settlement Agreement, and prior to the Settlement Hearing seeking that approval, the Respondent shall pay to the Commission the sum of $125,000 by bank draft, certified cheque or wire transfer in partial satisfaction of the administrative penalty and disgorgement described in subparagraphs 28.j) and 28.k) below (the "Initial Settlement Payment"). The Respondent shall pay a further $75,000 in satisfaction of the remainder of the administrative penalty, disgorgement and costs described in subparagraphs 28.j), 28.k) and 28(l) below, on or before March 31, 2021. For greater certainty, if the settlement is not approved by the Commission, the Initial Settlement Payment shall be returned to the Respondent forthwith.

28. The Respondent consents to the Order, pursuant to which it is ordered that:

    a) the Settlement Agreement is approved;

Conduct Sanctions

    b) the Respondent is prohibited from trading in any securities or derivatives and from acquiring any securities for a period of 10 years from the date of the Order, pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act;

    c) any exemptions contained in Ontario securities law shall not apply to the Respondent for a period of 10 years from the date of the Order, pursuant to paragraph 3 of subsection 127(1) of the Act;

    d) the Respondent is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

e) the Respondent shall resign any positions that he holds as a director or officer of an issuer or a registrant, pursuant to paragraphs 7 of and 8.1 of subsection 127(1) of the Act;

f) the Respondent is prohibited from becoming or acting as an officer or director of an issuer or registrant for a period of 10 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act.

g) the Respondent shall resign any positions that he holds as a director or officer of an investment fund manager, pursuant to paragraph 8.3 of subsection 127(1) of the Act;

h) the Respondent is prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 10 years from the date of the Order, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

i) the Respondent is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 10 years from the date of the Order, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

Financial Sanctions and Costs

j) The Respondent shall pay an administrative penalty in the amount of $92,929.18, which amount shall be designated for allocation or use by the Commission in accordance with s. 3.4(2)(b) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act;

k) The Respondent shall disgorge to the Commission the amount of $97,070.82, which amount shall be designated for allocation or use by the Commission in accordance with s. 3.4(2)(b) of the Act, pursuant to paragraph 10 of subsection 127(1) of the Act;

l) The Respondent shall pay $10,000 in costs to the Commission, pursuant to subsection 127.1 of the Act;

Exceptions and Conditions

m) Notwithstanding any other provision contained in the Order the Respondent is permitted to:

i. personally trade and/or acquire mutual funds, Exchange Traded Funds, government bonds and/or Guaranteed Investment Certificates for the account of any Registered Retirement Savings Plan (**RRSP**), Registered Retirement Income Fund (**RRIF**), Registered Education Savings Plan (**RESP**) and Tax Free Savings Account (**TFSA**), as defined in the *Income Tax Act*, RSC 1985, c.1, as amended, in which he and/or his children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom the Respondent must give a copy of the Order;

ii. retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and/or TFSA on the Respondent's behalf, provided that:

1. the respective dealer/portfolio manager(s) is provided with a copy of the Order prior to trading or acquiring securities on the Respondent's behalf;

2. the respective dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and the Respondent has no direction or control over the selection of specific securities;

3. the Respondent is permitted to have discussions with the respective registered dealer/portfolio manager(s) to allow the Respondent to provide information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, or as otherwise initiated by the registered dealer/portfolio manager(s); and

4. the Respondent may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by the Respondent within 30 days of making such change;

iii. receive, in Adrea's brokerage account(s), securities for consulting services provided by Adrea and/or Miller;

iv. trade securities acquired in the manner identified above at (iii) only through one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, provided that;

1. the respective dealer/portfolio manager(s) is provided with a copy of the Order prior to trading securities on Adrea's behalf;

2. with regard to sales of securities from the account, the respective dealer/portfolio manager(s) has sole discretion over what trades may be made in the account, and the Respondent has no direction or control over the selection of specific securities;

3. the Respondent is permitted to have discussions with the respective registered dealer/portfolio manager(s) to allow the Respondent to provide information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, or as otherwise initiated by the registered dealer/portfolio manager(s); and

4. the Respondent may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by the Respondent within 30 days of making such change;

v. act as a director and/or officer of Adrea, provided that:

1. Miller remains the sole director, officer and shareholder of Adrea;

2. The business operated by Adrea remains strictly limited to providing consulting services to mining companies, oil and gas companies, technology and innovation companies, and industrial companies;

3. Adrea, or Miller in the course of his work for Adrea, does not raise capital through the issuance of securities of Adrea to the public, and does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer, except as set out in subparagraphs 28(m)(i), (ii) or (iii) above or subparagraph 28(m)(v)(4) below; and

4. Miller ensures that any securities owned by Adrea as of the date of the Order are managed by the aforementioned dealer/portfolio manager as part of the exception contained in subparagraph 28(m)(iii) above and may be traded only in accordance with the terms of that exception.

PART VI – FURTHER PROCEEDINGS

29. If the Commission approves this Settlement Agreement, Staff will not commence or continue any other proceeding under Ontario securities law against the Respondent based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, in which case Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

30. The Respondent acknowledges that, if the Commission approves this Settlement Agreement and the Respondent fails to comply with any term in it, Staff or the Commission, as the case may be, is entitled to bring any proceedings necessary to enforce compliance with the terms of the Settlement Agreement.

31. The Respondent waives any defences to a proceeding referenced in paragraph 29 or 30 above that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

32. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Commission, which shall be held on a date determined by the Secretary to the Commission in accordance with this Settlement Agreement and the Commission's *Rules of Procedure and Forms* (as amended).

33. The Respondent will attend the Settlement Hearing, either in person or by such electronic means as may be determined by the Secretary to the Commission if the Settlement Hearing is conducted electronically.

34. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

35. If the Commission approves this Settlement Agreement:

    a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and

    b) neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

36. Whether or not the Commission approves this Settlement Agreement, the Respondent 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 be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

37. If the Commission does not make the Order or an order substantially in the form attached as Schedule "A" to this Settlement Agreement:

    a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and

    b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

38. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

39. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

40. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

DATED at Toronto, this 22nd day of December, 2020.

"Lynda Morgan"
Witness (print name):

"David Randall Miller"
DAVID RANDALL MILLER

DATED at _____, _____ this ____ day of _____ , 2020.

ONTARIO SECURITIES COMMISSION

"Jeff Kehoe"
Director, Enforcement Branch

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

41. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

42. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

DATED at _____, _____ this ____ day of _____ , 2020.

Witness (print name):

DAVID RANDALL MILLER

DATED at Toronto, Ontario this 4th day of January, 2021.

ONTARIO SECURITIES COMMISSION

"Jeff Kehoe"
Director, Enforcement Branch

SCHEDULE "A"

File No. 2019-48

IN THE MATTER OF
DAVID RANDALL MILLER

[Name(s) of Commissioner(s) comprising the Panel]

[**Day and date Order made**]

ORDER
Subsection 127(1) of the *Securities Act*, RSO 1990, c S.5

WHEREAS on ___, 2021, the Ontario Securities Commission held a hearing by video conference to consider an application made jointly by David Randall Miller (**Miller** or the **Respondent**) and Staff of the Commission for approval of a settlement agreement dated ____, 2020 (the **Settlement Agreement**);

ON READING the Amended Statement of Allegations dated December 19, 2019 and the Joint Application Record for a Settlement Hearing, including the Settlement Agreement;

AND ON HEARING the submissions of counsel for Staff and the Respondent, and considering that $125,000 of the $200,000 payable by the Respondent in partial satisfaction of the administrative penalty and disgorgement amount has been received by the Commission in accordance with the terms of the Settlement Agreement;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

Conduct Sanctions

2. the Respondent is prohibited from trading in any securities or derivatives and from acquiring any securities for a period of 10 years from the date of the Order, pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act;

3. any exemptions contained in Ontario securities law shall not apply to the Respondent for a period of 10 years from the date of the Order, pursuant to paragraph 3 of subsection 127(1) of the Act;

4. the Respondent is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

5. the Respondent shall resign any positions that he holds as a director or officer of an issuer or a registrant, pursuant to paragraphs 7 of and 8.1 of subsection 127(1) of the Act;

6. the Respondent is prohibited from becoming or acting as an officer or director of an issuer or registrant for a period of 10 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act.

7. the Respondent shall resign any positions that he holds as a director or officer of an investment fund manager, pursuant to paragraph 8.3 of subsection 127(1) of the Act;

8. the Respondent is prohibited from becoming or acting as a director or officer of an investment fund manager for a period of 10 years from the date of the Order, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

9. the Respondent is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of 10 years from the date of the Order, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

Financial Sanctions and Costs

10. The Respondent shall pay an administrative penalty in the amount of $92,929.18, which amount shall be designated for allocation or use by the Commission in accordance with s. 3.4(2)(b) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act;

11. The Respondent shall disgorge to the Commission the amount of $97,070.82, which amount shall be designated for allocation or use by the Commission in accordance with s. 3.4(2)(b) of the Act, pursuant to paragraph 10 of subsection 127(1) of the Act;

12. The Respondent shall pay $10,000 in costs to the Commission, pursuant to subsection 127.1 of the Act;

Exceptions and Conditions

13. Notwithstanding any other provision contained in this Order the Respondent is permitted to:

a) personally trade and/or acquire mutual funds, Exchange Traded Funds, government bonds and/or Guaranteed Investment Certificates for the account of any Registered Retirement Savings Plan (**RRSP**), Registered Retirement Income Fund (**RRIF**), Registered Education Savings Plan (**RESP**) and Tax Free Savings Account (**TFSA**), as defined in the *Income Tax Act*, RSC 1985, c.1, as amended, in which he and/or his children have sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom the Respondent must give a copy of the Order;

b) retain the services of one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, to trade and/or acquire securities in any RRSP, RRIF, RESP and/or TFSA described above, on the Respondent's behalf, provided that:

i. the respective dealer/portfolio manager(s) is provided with a copy of the Order prior to trading or acquiring securities on the Respondent's behalf;

ii. the respective dealer/portfolio manager(s) has sole discretion over what trades and acquisitions may be made in the account and the Respondent has no direction or control over the selection of specific securities;

iii. the Respondent is permitted to have discussions with the respective registered dealer/portfolio manager(s) to allow the Respondent to provide information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, or as otherwise initiated by the respective registered dealer/portfolio manager(s); and

iv. the Respondent may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by the Respondent within 30 days of making such change;

c) receive, in Adrea Capital Corporation's (**Adrea**) brokerage account(s), securities for consulting services provided by Adrea and/or Miller;

d) trade securities acquired in the manner identified above at subparagraph 13(c) only through one or more independent, arms-length dealer/portfolio manager(s) who are registered in accordance with Ontario securities law, provided that;

i. the respective dealer/portfolio manager(s) is provided with a copy of the Order prior to trading securities on Adrea's behalf;

ii. with regard to sales of securities from the account, the respective dealer/portfolio manager(s) has sole discretion over what trades may be made in the account, and the Respondent has no direction or control over the selection of specific securities;

iii. the Respondent is permitted to have discussions with the respective registered dealer/portfolio manager(s) to allow the Respondent to provide information regarding general investment objectives, suitability and risk tolerance or as required under Ontario securities law, or as otherwise initiated by the registered dealer/portfolio manager(s); and

iv. the Respondent may change registered dealer/portfolio manager(s), subject to the conditions set out above, with notice to the Commission of any such change to be filed by the Respondent within 30 days of making such change;

e) act as a director and/or officer of Adrea provided that:

i. Miller remains the sole director, officer and shareholder of Adrea;

ii. The business operated by Adrea remains strictly limited to providing consulting services to mining companies, oil and gas companies, technology and innovation companies, and industrial companies; and

iii. Adrea, or Miller in the course of his work for Adrea, does not raise capital through the issuance of securities of Adrea to the public, and does not, directly or indirectly, trade in or distribute, advise in respect of trades or distributions of, or promote the purchase or sale of, securities or exchange contracts of any issuer, except as set out in subparagraph 13(a), (b) and (c) above or subparagraph 13(e)(iv) below; and

iv. Miller ensures that any securities owned by Adrea as of the date of this Order are managed by the aforementioned dealer/portfolio manager as part of the exception contained in subparagraph 13(c) and may be traded only in accordance with the terms of that exception.

_____

[Name of Chair of the Panel]

_____

[Name of Commissioner]

_____

[Name of Commissioner]

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 David Randall Miller – ss. 127, 127.1

Citation: *Miller (Re)*, 2021 ONSEC 3
Date: 2021-01-20
File No.: 2019-48

IN THE MATTER OF
DAVID RANDALL MILLER

ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)

Hearing:	January 20, 2021	
Decision:	January 20, 2021	
Panel:	Timothy Moseley Raymond Kindiak Frances Kordyback	Vice-Chair and Chair of the Panel Commissioner Commissioner
Appearances:	Lynda Morgan	For David Randall Miller
	Christina Galbraith	For Staff of the Commission

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 in the hearing as edited and approved by the panel, to provide a public record of the oral reasons.

[1] Staff of the Commission has alleged that David Miller contravened the *Securities Act*[1] by issuing false and misleading press releases and by engaging in improper insider trading. Staff and Mr. Miller seek approval of a settlement agreement they have entered into regarding these allegations. We conclude that it would be in the public interest to approve the settlement, for the following reasons.

[2] Mr. Miller is the former CEO of Inspiration Mining Corporation, a reporting issuer now known as Silk Energy Limited. In 2018, Mr. Miller caused Inspiration to issue five false and misleading press releases regarding purported negotiations between Inspiration and Compassion Cannabis Corporation. He did that to capitalize on heightened investor interest in the cannabis industry.

[3] Shortly after issuing the first of the false press releases, Mr. Miller sold some shares of Inspiration, either directly or through his personal corporation. By doing so, he took advantage of an increase in the price of Inspiration shares that had followed the false press releases. He realized a gain that was almost $100,000 greater than he would otherwise have realized.

[4] The sale of those shares was not permitted, because he was in a special relationship with Inspiration, as that term is defined in Ontario securities law, due to his being in possession of the material facts relating to the false press releases.

[5] Mr. Miller compounded the problem by failing to file the required insider reports regarding his illegal trades.

[1] RSO 1990, c S.5

[6] The settlement agreement sets out in greater detail the relevant facts and the specific contraventions of Ontario securities law. It also sets out the various sanctions to which Staff and Mr. Miller have agreed, including:

a. a ten-year ban from participating in the capital markets (subject to very limited exceptions);

b. disgorgement to the Commission in the amount of $97,070.82;

c. an administrative penalty in the amount of $92,929.18; and

d. costs in the amount of $10,000.

[7] We have reviewed the settlement agreement in detail. We have had the benefit of a confidential settlement conference, and follow-up discussions, with counsel for both parties.

[8] Our role at this settlement hearing is to determine whether the negotiated result falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement. The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties.

[9] Mr. Miller's admitted misconduct is serious. The requirement to make truthful disclosure is a cornerstone of the securities regulatory regime. Mr. Miller deliberately violated that important principle, and then sought to profit from his misconduct, at the expense of other investors.

[10] In our view, the sanctions in this proceeding are a reasonable response to that misconduct. We take into account the fact that a settlement avoids the consumption of resources that would be required to proceed to a contested hearing.

[11] It is in the public interest for us to approve the settlement. We will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 20th day of January, 2021.

"Timothy Moseley"

"Raymond Kindiak"

"Frances Kordyback"

3.1.2 Vernon Ray Fauth – ss. 127(1), 127(10)

Citation: *Fauth (Re)*, 2021 ONSEC 4
Date: 2021-01-21
File No. 2020-36

IN THE MATTER OF
VERNON RAY FAUTH

REASONS AND DECISION
(Subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5)

Hearing:	In Writing	
Decision:	January 21, 2021	
Panel:	Wendy Berman	Vice-Chair and Chair of the Panel
Appearances:	Vivian Lee Alvin Qian	For Staff of the Commission
	No submissions were made on behalf of Vernon Ray Fauth	

REASONS AND DECISION

I. OVERVIEW

[1] On November 8, 2018, the Alberta Securities Commission (the **ASC**) issued a decision and found that Vernon Ray Fauth (**Fauth**) contravened Alberta securities laws by illegally dealing in securities, making misrepresentations to investors and perpetrating a fraud on investors (the **ASC Merits Decision**).[1]

[2] On June 24, 2019, the ASC issued its decision on sanctions and costs (the **ASC Sanctions Decision**) and imposed various sanctions, restrictions and requirements on Fauth, including a permanent prohibition from participating in Alberta's capital markets, disgorgement in the amount of $2,585,414.87, an administrative penalty in the amount of $400,000 and costs in the amount of $250,000, as described more fully below.[2]

[3] Staff of the Ontario Securities Commission (**Staff** of the **Commission**) has applied for a protective order in the public interest pursuant to s. 127(10) of the *Securities Act*,[3] (the **Act**), which provides that an order may be made under s. 127(1) of the Act against a person who has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives. Staff submits that the precondition for a protective order has been met and that it is in the public interest, based on these circumstances, for the Commission to make an inter-jurisdictional enforcement order permanently prohibiting Fauth from participating in Ontario's capital markets.

[4] For the reasons that follow, I find that it is in the public interest to issue an order substantially in the form requested by Staff.

II. SERVICE AND PARTICIPATION

[5] Staff served Fauth with the Notice of Hearing, Statement of Allegations and Staff's hearing brief,[4] written submissions and brief of authorities by email on October 21, 2020 and by courier to Fauth's last known mailing address on October 22, 2020.[5]

[6] Staff elected to proceed by way of the expedited procedure for a written hearing provided for in the Commission's *Rules of Procedure and Forms*.[6] As stated in the Notice of Hearing, Fauth had 21 days from the date of service to file a request for an oral hearing, and 28 days from the date of service to file a hearing brief and written submissions. The deadlines for Fauth to request an oral hearing and to serve and file a hearing brief and written submissions have passed. No request for an oral hearing was made and no materials were filed by, or on behalf of, Fauth.

1 Exhibit 1, Staff's Hearing Brief, *Re Fauth*, 2018 ABASC 175, Tab 1 (**ASC Merits Decision**)
2 Exhibit 1, Staff's Hearing Brief, *Re Fauth*, 2019 ABASC 102, Tab 2 (**ASC Sanctions Decision**)
3 RSO 1990 c S.5
4 Staff's Hearing Brief marked as Exhibit 1
5 Exhibit 2, Affidavit of Service of Michelle Spain, Sworn October 27, 2020 at paras 2-5.
6 (2019) 42 OSCB 9714 (**OSC *Rules of Procedure***), r 11(3)

[7] Pursuant to the *Statutory Powers Procedure Act*[7] and the OSC *Rules of Procedure*,[8] the Commission may proceed in the absence of a party who has been provided adequate notice of a proceeding. I am satisfied that Fauth was provided with adequate notice of this proceeding and that I may proceed in his absence.

III. FACTUAL BACKGROUND

A. ASC Proceedings and Conduct at Issue

[8] Fauth is a resident of Alberta[9] and has never been registered with the Commission in any capacity.[10] Fauth has not been registered with the ASC in any capacity since December 31, 2003, although he was registered as a mutual fund salesperson prior to that date.[11]

[9] Fauth's misconduct took place between October 2006 and September 2014 (the **Material Time**).[12] During that time, Fauth solicited investments in Espoir Capital Corporation (**Espoir**), a corporation for which he was the founder, a director and officer and the sole shareholder.

[10] Over a period of approximately 10 years (which included the Material Time), Fauth raised approximately $15.5 million for Espoir from investors, who either purchased three-year debentures or advanced loans under promissory notes with Espoir. Approximately 70 investors in Alberta, British Columbia and Ontario invested approximately $15 million by way of debentures[13] and five investors invested $545,000 by way of promissory notes.[14]

[11] Fauth made misleading or untrue statements to, and/or omitted material information from, investors regarding their investment in Espoir, both through direct discussions with investors and through promotional materials and correspondence provided to investors.[15]

[12] Investors were told that their investment was "safe" and "secure" and that funds were, or would be, invested in real estate and mortgages and secured by that real estate.[16] Contrary to such representations, investor funds were primarily invested in, or loaned to, Fauth-owned, controlled or managed entities. The vast majority of these non-arm's length transactions were undocumented and unsecured.[17] In addition, some of the investor funds were used to repay principal and make interest payments to other Espoir investors in the manner of a Ponzi scheme.[18]

[13] While some debenture holders and promissory noteholders were paid out and interest was paid until approximately mid-2013, most investors lost their invested funds. As of December 31, 2014, investors were owed over $12.3 million and there is little to no prospect that these funds will ever be repaid.[19]

[14] Investors suffered significant financial and personal hardship as a result of the loss of some or all their invested funds. The impact was especially significant on those investors who lost their life savings and were retired or nearing retirement.[20]

B. ASC Findings

[15] In the ASC Merits Decision, the ASC found that:

(a) from approximately September 28, 2010 to November 19, 2012, Fauth breached s. 75(1)(a) of the Alberta *Securities Act*[21] (the **Alberta Act**) by acting as a dealer in securities while not registered to do so and without an exemption from that requirement;

(b) from approximately October 6, 2006 to November 19, 2012, Fauth breached s. 92(4.1) of the Alberta Act by making representations he knew or reasonably ought to have known were materially misleading or untrue, or by failing to state facts that were required to be stated or necessary to make the statements not misleading; and

7 RSO 1990, c S.22, s 7(2)
8 OSC Rules of Procedure, r 21(3)
9 ASC Merits Decision at para 25.
10 Exhibit 1, Staff's Hearing Brief, Section 139 Certificate Re: Fauth dated May 4, 2020, Tab 3.
11 ASC Merits Decision at para 27.
12 ASC Merits Decision at para 4.
13 ASC Merits Decision at para 46.
14 ASC Merits Decision at para 63.
15 ASC Sanctions Decision at paras 16 and 17.
16 ASC Merits Decision at para 334.
17 ASC Merits Decision at para 339; ASC Sanctions Decision at paras 18 and 19.
18 ASC Sanctions Decision at para 20.
19 ASC Sanctions Decision at para 21.
20 ASC Sanctions Decision at para 45.
21 RSA 2000, c S-4

(c) from approximately January 1, 2009 to September 30, 2014, Fauth breached s. 93(b) of the Alberta Act by directly or indirectly engaging or participating in an act, practice or course of conduct relating to a security that he knew or reasonably ought to have known perpetrated a fraud on investors.[22]

[16] The ASC found that Fauth illegally sold and promoted securities, deliberately misled investors over an extended period and made unauthorized use of investment funds.[23] The ASC stated that the Fauth's misconduct was among the most serious, and was "deliberate, self-serving and caused substantial harm".[24]

[17] The ASC Panel further held that Fauth's misrepresentations went to "the heart of what the Espoir investors specifically wanted: safety and minimal risk." Fauth used these investor funds in unauthorized, unsafe and high-risk investments and exposed investors to significant risk, which ultimately resulted in the loss of the majority of investor funds.[25]

B. ASC Sanctions

[18] On June 24, 2019 the ASC issued the ASC Sanctions Decision which imposed the following sanctions, requirements and restrictions on Fauth:

(a) pursuant to s. 198(1)(d) of the Act, Fauth must resign from any positions he holds as a director or officer (or both) of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization or designated benchmark administrator;

(b) pursuant to ss. 198(1)(b), (c), (e) and (e.3), Fauth is permanently prohibited from:

i. trading in or purchasing any security or derivative, and from relying on any exemptions contained in Alberta securities laws;

ii. becoming or acting as a director or officer (or both) of any issuer or other person or company that is authorized to issue securities, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository, designated rating organization or designated benchmark administrator; and

iii. acting in a management or consultative capacity in connection with activities in the securities market.

(c) pursuant to section 198(1)(i) of the Alberta Act, Fauth must pay to the ASC disgorgement in the amount of $2,585,414.87;

(d) pursuant to section 199 of the Alberta Act, Fauth must pay to the ASC an administrative penalty of $400,000; and

(e) pursuant to section 202 of the Alberta Act, Fauth must pay costs to the ASC in the amount of $250,000. [26]

IV. LEGAL FRAMEWORK IN ONTARIO

[19] Subsection 127(10) of the Act provides that an order may be made under s. 127(1) where a person has been subject to an order by a securities regulatory authority in any jurisdiction that imposes sanctions, conditions, restrictions or requirements. If that precondition is met, the Commission must consider whether it should exercise its jurisdiction to make a protective order in the public interest.

[20] In determining whether such an order should be made in the public interest, the Commission may consider, among other factors, the seriousness of the misconduct, the harm suffered by investors, specific and general deterrence and any aggravating or mitigating factors.[27] The purpose of such an order is "protective and preventive" and made to restrain potential conduct that could be detrimental to the integrity of Ontario's capital markets and therefore prejudicial to the public interest.[28]

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22 ASC Merits Decision at paras 255, 312, 363.
23 ASC Sanctions Decision at para 41.
24 ASC Sanctions Decision at paras 40 and 47.
25 ASC Sanctions Decision at paras 41-43.
26 ASC Sanctions Decision at para 134.
27 *Belteco Holdings Inc. (Re)* (1998), 21 OSCB 7743 at 7746-7747.
28 *Cartaway Resources Corp.*, 2004 SCC 26 (CanLII) at para 60; *Committee for Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37 (CanLII) at paras 42 to 43.

V. ANALYSIS AND CONCLUSION

[21] I am satisfied that Fauth has been subject to an order by a securities regulatory authority, namely the ASC, that imposed sanctions, conditions, restrictions or requirements and that the precondition for an order under s.127(1) of the Act has been met.

[22] Fauth's misconduct was extremely serious. Over a period of approximately ten years, he raised investor funds totaling about $15.5 million from at least75 investors without being registered and without any exemption from registration. Fauth had extensive experience in the capital markets, was previously a registrant in Alberta, was familiar with the regulatory environment and knew that there were requirements under securities laws which could affect his fundraising activities on behalf of Espoir.[29]

[23] Fauth solicited these investor funds through misleading and fraudulent representations, which caused significant financial and personal hardship to investors. The impact was especially significant on those investors who lost their life savings and were retired or nearing retirement.[30]

[24] Registration is a cornerstone of securities law designed to ensure that those who sell or promote securities are proficient, solvent and act with integrity. Unregistered trading or promotion of securities defeats some of these necessary legal protections and undermines investor protection and the integrity of the capital markets.[31]

[25] Fraud is one of the most egregious securities regulatory violations. It causes direct and immediate harm to its investors, and it significantly undermines confidence in the capital markets.[32]

[26] It is important that this Commission impose sanctions that will protect Ontario investors by specifically deterring Fauth from engaging in similar or other misconduct in Ontario, and by acting as a general deterrent to other like-minded persons.

[27] Staff submits that an order permanently prohibiting Fauth from participating in Ontario's capital markets is necessary in the circumstances. I agree that such an order is in the public interest.

[28] The findings of the ASC demonstrate the Fauth's conduct has an Ontario connection as funds were raised by Fauth from Ontario investors.[33] However, in the circumstances of this matter, including the serious nature of the misconduct, an Ontario connection is not a necessary condition to my granting an order imposing sanctions on Fauth. The Commission has previously relied on findings made by other provincial securities regulators and not required an Ontario connection in determining that an inter-jurisdictional order is necessary to protect Ontario investors and the integrity of the Ontario capital markets.[34]

A. Differences between Alberta and Ontario sanctions

[29] Due to differences between the Act and the Alberta Act, some of the sanctions I impose differ from those imposed by the ASC, as outlined below.

[30] The ASC prohibited Fauth from "acting in a management or consultative capacity in connection with activities in the securities market."[35] This terminology is not used in subsection 127(1) of the Act.[36] Such activities will largely be prohibited by an order prohibiting Fauth from acting as a director or officer of any issuer or registrant or from becoming or acting as a registrant or promoter.[37]

VI. CONCLUSION

[31] For the reasons set out above, a permanent ban prohibiting Fauth from participating in the Ontario capital markets is necessary to adequately protect investors and the Ontario capital markets. I therefore order that:

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

b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Fauth is prohibited permanently;

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29 ASC Sanctions Decision at para 50.
30 ASC Sanctions Decision at para 45.
31 *Meharchand (Re),* 2019 ONSEC 7 at para 47 (***Meharchand***).
32 *Meharchand* at para 51.
33 ASC Merits Decision at para 46.
34 *Cook (Re)*, 2018 ONSEC 6 at para 9; *Elliott (Re)* (2009), 32 OSCB 6931 at paras 24 and 25.
35 ASC Sanctions Decision at para 134.
36 *McClure (Re),* 2017 ONSEC 34 at para 8 (***McClure***).
37 *McClure* at para 9.

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

d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Fauth resign any positions he holds as a director or officer of an issuer or registrant;

e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Fauth is prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

f. pursuant to paragraph 8.5 of subsection 127(1), Fauth is prohibited permanently from becoming or acting as a registrant or promoter.

Dated at Toronto this 21st day of January, 2021.

“Wendy Berman”

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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
ITOK Capital Corp.	May 13, 2013	May 27, 2013	May 27, 2013	January 22, 2021

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Kalytera Therapeutics, Inc.	June 22, 2020	January 22, 2021
Orchid Ventures, Inc.	January 5, 2021	January 21, 2021

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
Agrios Global Holdings Ltd.	September 17, 2020	
Greenbank Capital Inc.	December 1, 2020	
Nutritional High International Inc.	December 1, 2020	

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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:
Dynamic Retirement Income+ Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jan 18, 2021
NP 11-202 Final Receipt dated Jan 20, 2021
Offering Price and Description:
Series I Units, Series H Units, Series F Units, Series A Units, Series FH Units and Series O Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3026444

Issuer Name:
FÉRIQUE Global Innovation Equity Fund
FÉRIQUE Global Sustainable Development Bond Fund
FÉRIQUE Global Sustainable Development Equity Fund
Principal Regulator – Quebec
Type and Date:
Preliminary Simplified Prospectus dated Jan 15, 2021
NP 11-202 Final Receipt dated Jan 19, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3137982

Issuer Name:
IA Clarington Inhance Global Equity SRI Fund
IA Clarington Loomis U.S. All Cap Growth Fund
Principal Regulator – Quebec
Type and Date:
Preliminary Simplified Prospectus dated Jan 21, 2021
NP 11-202 Preliminary Receipt dated Jan 22, 2021
Offering Price and Description:
Series I Units, Series T5 Units, Series F Units, Series E Units, Series A Units, Series L5 Units, Series F5 Units, Series E5 Units and Series L Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3162721

Issuer Name:
Horizons Psychedelic Stock Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Jan 20, 2021
NP 11-202 Final Receipt dated Jan 22, 2021
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3155317

Issuer Name:
Ninepoint Convertible Securities Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jan 20, 2021
NP 11-202 Final Receipt dated Jan 21, 2021
Offering Price and Description:
Series I Units, Series F Units, Series D Units, Series PF Units, Series A Units and Series QF Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3154581

Issuer Name:
Canoe Defensive Global Equity Fund
Principal Regulator - Alberta
Type and Date:
Amendment #2 to Final Simplified Prospectus dated January 15, 2021
NP 11-202 Final Receipt dated Jan 19, 2021
Offering Price and Description:
Series A, AH, D, F, F6, FH, OX and T6
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3063236

Issuer Name:
Fidelity Long-Term Leaders Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated January 12, 2021
NP 11-202 Final Receipt dated Jan 20, 2021
Offering Price and Description:
Series A units, Series B units, Series E1 units, Series E1T5 units, Series E2 units, Series E2T5 units, Series E3 units, Series F units, Series F5 units, Series F8 units, Series O units, Series P1 units, Series P1T5 units, Series P2 units, Series P2T5 units, Series P3 units, Series P3T5 units, Series P4 units, Series S5 units, Series S8 units, Series T5 units and Series T8 units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3042487

Issuer Name:
International Clean Power Dividend Fund
Principal Regulator - Alberta (ASC)
Type and Date:
Preliminary Long Form Prospectus dated January 20, 2021
NP 11-202 Preliminary Receipt dated January 21, 2021
Offering Price and Description:
Maximum: $* - * Units
Minimum: $15,000,000 - 1,500,000 Units
Minimum Purchase: 100 Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
IA Private Wealth Inc.
National Bank Financial Inc.
Raymond James Ltd.
Richardson Wealth Limited
Manulife Securities Incorporated
Hampton Securities Limited
Middlefield Capital Corporation
Echelon Wealth Partners Inc.
Mackie Research Capital Corporation
Promoter(s):
Middlefield Limited
Project #3162593

Issuer Name:
Bitcoin Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 19, 2021
NP 11-202 Receipt dated January 20, 2021
Offering Price and Description:
Maximum US$500,000,000
Maximum 50,000,000 Class A Units, Class F Units and/or Class S Units @ $10/Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
INFOR Financial Inc.
Echelon Wealth Partners Inc.
PI Financial Corp.
Richardson Wealth Limited
Leede Jones Gable Inc.
Mackie Research Capital Corporation
Sightline Wealth Management LP
Promoter(s):
Ninepoint Partners LP
Project #3156923

Issuer Name:
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Individual Savings Plan
CST Advantage Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 15, 2021
NP 11-202 Receipt dated January 19, 2021
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3134327

Issuer Name:
Canadian Scholarship Trust Individual Savings Plan
CST Advantage Plan
Canadian Scholarship Trust Family Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 15, 2021
NP 11-202 Receipt dated January 19, 2021
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3134325

Issuer Name:
CMP 2021 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 18, 2021
NP 11-202 Receipt dated January 19, 2021
Offering Price and Description:
CMP 2021 Resource Limited Partnership
Class A Units
Class F Units
$50,000,000 (Maximum)
50,000 Limited Partnership Units
Price per Unit: $1,000
Minimum Subscription: $5,000 (Five Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Industrial Alliance Securities Inc.
Echelon Wealth Partners Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Raymond James Ltd.
Promoter(s):
Goodman & Company, Investment Counsel Inc.,
Project #3151832

Issuer Name:
CST Advantage Plan
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Individual Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 15, 2021
NP 11-202 Receipt dated January 19, 2021
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3134324

Issuer Name:
CST Bright Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 15, 2021
NP 11-202 Receipt dated January 20, 2021
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3134323

Issuer Name:
Ninepoint 2021 Flow-Through Limited Partnership - National Class
Ninepoint 2021 Flow-Through Limited Partnership - Quebec Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 22, 2021
NP 11-202 Receipt dated January 22, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Richardson Wealth Limited
Industrial Alliance Securities Inc.
Manulife Securities InCorporated
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
Ninepoint 2019 Corporation
Project #3151154

Issuer Name:
Ninepoint 2021 Flow-Through Limited Partnership - Quebec Class
Ninepoint 2021 Flow-Through Limited Partnership - National Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 22, 2021
NP 11-202 Receipt dated January 22, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
Richardson Wealth Limited
Industrial Alliance Securities Inc.
Manulife Securities InCorporated
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
Ninepoint 2019 Corporation
Project #3151157

NON-INVESTMENT FUNDS

Issuer Name:
Altius Renewable Royalties Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 18, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
C$● ● Common Shares
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
CORMARK SECURITIES INC.
CANACCORD GENUITY CORP.
LAURENTIAN BANK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
HAYWOOD SECURITIES INC.
Promoter(s):
ALTIUS MINERALS CORPORATION
Project #3161398

Issuer Name:
Americas Gold and Silver Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 19, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
$30,000,185.00 - 9,063,500 Common Shares at a price of $3.31 per Common Share
Underwriter(s) or Distributor(s):
DESJARDINS SECURITIES INC.
CORMARK SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
CLARUS SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
-
Project #3160780

Issuer Name:
Aumento Capital VIII Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated January 19, 2021
NP 11-202 Preliminary Receipt dated January 20, 2021
Offering Price and Description:
$500,000.00 - 1,000,000 Common Shares Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #3161907

Issuer Name:
Choice Consolidation Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 22, 2021
NP 11-202 Preliminary Receipt dated January 22, 2021
Offering Price and Description:
U.S.$100,000,000 10,000,000 Class A Restricted Voting Units
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
BEACON SECURITIES LIMITED
Promoter(s):
CHOICE CONSOLIDATION SM SPONSOR LLC
CALTI CHOICE SPONSOR LLC
Project #3162928

Issuer Name:
Cybin Inc. (formerly, Clarmin Explorations Inc.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 22, 2021
NP 11-202 Preliminary Receipt dated January 25, 2021
Offering Price and Description:
$30,015,000.00 - 13,340,000 Units
$2.25 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
STIFEL NICOLAUS CANADA INC.
EIGHT CAPITAL
BLOOM BURTON SECURITIES INC.
Promoter(s):
-
Project #3161189

Issuer Name:
DRI Healthcare Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 25, 2021
NP 11-202 Preliminary Receipt dated January 25, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
UBS SECURITIES CANADA INC.
RBC DOMINION SECURITIES INC.
Promoter(s):
DRI CAPITAL INC.
Project #3163453

Issuer Name:
Element Nutritional Sciences Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 20, 2021
NP 11-202 Preliminary Receipt dated January 25, 2021
Offering Price and Description:
22,080,000 Common Shares on Conversion of 22,080,000 Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3162376

Issuer Name:
Enthusiast Gaming Holdings Inc. (formerly J55 Capital Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 25, 2021
NP 11-202 Preliminary Receipt dated January 25, 2021
Offering Price and Description:
$51,002,500.00 - 8,870,000 Common Shares
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
PARADIGM CAPITAL INC.
RBC DOMINION SECURITIES INC
CORMARK SECURITIES INC.
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #3162164

Issuer Name:
Graphene Manufacturing Group PTY Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 18, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3161535

Issuer Name:
iFabric Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 19, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
$[●] [●] Units Offering Price: $3.90 per Unit
Underwriter(s) or Distributor(s):
STIFEL NICOLAUS CANADA INC.
IA PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3161777

Issuer Name:
Khiron Life Sciences Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated January 18, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
$50,000,000.00 - Common Shares Warrants Units Debt Securities Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3161504

Issuer Name:
Mydecine Innovations Group Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 20, 2021
NP 11-202 Preliminary Receipt dated January 21, 2021
Offering Price and Description:
$15,000,000.00 - 30,000,000 Units
Price: $0.50 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #3161024

Issuer Name:
New Target Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated January 22, 2021
NP 11-202 Preliminary Receipt dated January 25, 2021
Offering Price and Description:
3,000,000 COMMON SHARES AT A PRICE OF $0.15 PER SHARE
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Todd Hanas
Project #3163205

Issuer Name:
POCML 6 Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated January 25, 2021
NP 11-202 Preliminary Receipt dated January 25, 2021
Offering Price and Description:
$280,000.00 - 2,800,000 Common Shares PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
IA PRIVATE WEALTH INC.
Promoter(s):
-
Project #3163460

Issuer Name:
Rex Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated January 21, 2021
NP 11-202 Preliminary Receipt dated January 22, 2021
Offering Price and Description:
$450,000.00 - 3,000,000 COMMON SHARES AT A PRICE OF $0.15 PER SHARE
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #3162783

Issuer Name:
TELUS International (Cda) Inc.
Principal Regulator - British Columbia
Type and Date:
Amendment dated January 19, 2021 to Preliminary Long Form Prospectus dated January 8, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
US$□ □ Subordinate Voting Shares
Underwriter(s) or Distributor(s):
J.P. MORGAN SECURITIES CANADA INC.
MORGAN STANLEY CANADA LIMITED
BARCLAYS CAPITAL CANADA INC.
MERRILL LYNCH CANADA INC.
CIBC WORLD MARKETS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
WELLS FARGO SECURITIES CANADA, LTD.
MUFG SECURITIES (CANADA),
LTD. NATIONAL BANK FINANCIAL INC
Promoter(s):
-
Project #3159020

Issuer Name:
TELUS International (Cda) Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form PREP Prospectus dated January 25, 2021 amending and restating the Preliminary Long Form PREP Prospectus dated January 19, 2021, amending and restating the Preliminary Long Form PREP Prospectus dated January 8, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
J.P. MORGAN SECURITIES CANADA INC.
MORGAN STANLEY CANADA LIMITED
BARCLAYS CAPITAL CANADA INC.
MERRILL LYNCH CANADA INC.
CIBC WORLD MARKETS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
WELLS FARGO SECURITIES CANADA, LTD.
MUFG SECURITIES (CANADA),
LTD. NATIONAL BANK FINANCIAL INC
Promoter(s):
-
Project #3159020

Issuer Name:
The Valens Company Inc. (formerly Valens Groworks Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated January 22, 2021
NP 11-202 Preliminary Receipt dated January 22, 2021
Offering Price and Description:
$100,000,000.00 - COMMON SHARES, DEBT SECURITIES, SUBSCRIPTION RECEIPTS, WARRANTS, UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3163125

Issuer Name:
VEXT Science, Inc. (formerly, Vapen MJ Ventures Corporation)
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 19, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
$18,032,000.00 - 16,100,000 Units
Price: $1.12 per Unit
Underwriter(s) or Distributor(s):
BEACON SECURITIES LIMITED
CANACCORD GENUITY CORP.
EIGHT CAPITAL
Promoter(s):
-
Project #3159980

Issuer Name:
Westhaven Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 19, 2021
NP 11-202 Preliminary Receipt dated January 19, 2021
Offering Price and Description:
$13,013,000.00 - 18,590,000 Units
$0.70 per Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
Promoter(s):
-
Project #3161852

Issuer Name:
Wishpond Technologies Ltd. (formerly, Antera Ventures I Corp.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 20, 2021
NP 11-202 Preliminary Receipt dated January 20, 2021
Offering Price and Description:
$7 million - 4 million Common Shares
$1.75 per Common Share
Underwriter(s) or Distributor(s):
BEACON SECURITIES LIMITED
PI FINANCIAL CORP.
DESJARDINS SECURITIES INC.
HAYWOOD SECURITIES INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #3161984

Issuer Name:
Ascot Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated January 21, 2021
NP 11-202 Receipt dated January 21, 2021
Offering Price and Description:
C$90,000,000.00 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities, Share Purchase Contracts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3160967

Issuer Name:
BIGG Digital Assets Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated January 21, 2021
NP 11-202 Receipt dated January 21, 2021
Offering Price and Description:
$12,000,000.00 - 24,000,000 Units
$0.50 per Unit
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
CANACCORD GENUITY CORP.
ECHELON WEALTH PARTNERS
Promoter(s):
Mark Binns
Lance Morginn
Shone Anstey
Project #3159197

Issuer Name:
Cargojet Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 25, 2021
NP 11-202 Receipt dated January 25, 2021
Offering Price and Description:
$350,156,500.00
1,642,000 Common Voting Shares and/or Variable Voting Shares
Price: $213.25 per Offered Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
J.P. MORGAN SECURITIES CANADA INC.
MORGAN STANLEY CANADA LIMITED
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
LAURENTIAN BANK SECURITIES INC.
CANACCORD GENUITY CORP.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
ATB CAPITAL MARKETS INC.
BEACON SECURITIES LIMITED
CORMARK SECURITIES INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #3159747

Issuer Name:
County Capital 2 Ltd.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated January 19, 2021
NP 11-202 Receipt dated January 20, 2021
Offering Price and Description:
OFFERING: $600,000.00 (6,000,000 Common Shares)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3138140

Issuer Name:
Gold Hunter Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated January 21, 2021
NP 11-202 Receipt dated January 22, 2021
Offering Price and Description:
$750,000.00 - Common Shares 5,000,000
Price:$0.15
Underwriter(s) or Distributor(s):
LEEDE JONES GABLE INC.
Promoter(s):
RICHARD MACEY
Project #3137411

Issuer Name:
Leaf Mobile Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated January 22, 2021
NP 11-202 Receipt dated January 22, 2021
Offering Price and Description:
$20,000,000.00 - 88,888,888 Subscription Receipts
Price: $0.225 per Subscription Receipt
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3133186

Issuer Name:
Nevada Copper Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated January 22, 2021
NP 11-202 Receipt dated January 22, 2021
Offering Price and Description:
$33,000,000.00 - 200,000,000 Units
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
HAYWOOD SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #3159393

Issuer Name:
Numinus Wellness Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus (NI 44-101) dated January 21, 2021
NP 11-202 Receipt dated January 21, 2021
Offering Price and Description:
$15,000,120.00 - 22,059,000 Units
Price: $0.68 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp. and Eight Capital
Promoter(s):
-
Project #3150442

Issuer Name:
Planet 13 Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 25, 2021
NP 11-202 Receipt dated January 25, 2021
Offering Price and Description:
$60,025,000.00 - 8,575,000 Units
Price: $7.00 per Unit
Underwriter(s) or Distributor(s):
BEACON SECURITIES LIMITED
CANACCORD GENUITY CORP.
Promoter(s):
ROBERT GROESBECK
LARRY SCHEFFLER
Project #3159585

Issuer Name:
TC Energy Corporation
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated January 22, 2021
NP 11-202 Receipt dated January 22, 2021
Offering Price and Description:
$2,000,000,000.00 - Common Shares, First Preferred Shares, Second Preferred Shares, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3160863

Issuer Name:
Titan Medical Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 21, 2021
NP 11-202 Receipt dated January 21, 2021
Offering Price and Description:
US $10,000,000 (6,451,613 Units)
Price: US $1.55 per Unit
Underwriter(s) or Distributor(s):
BLOOM BURTON SECURITIES INC.
Promoter(s):
-
Project #3158484

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Torva Capital Management Inc.	Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	January 20, 2021
Consent to Suspension (Pending Surrender)	High Tide Wealth Management Inc.	Portfolio Manager	January 22, 2021
New Registration	ATH Asset Management Inc.	Portfolio Manager	January 25, 2021

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Amended MOU regarding the Oversight of IIROC – Notice of Approval

NOTICE OF COMMISSION APPROVAL
OF
MEMORANDUM OF UNDERSTANDING
AMONG THE CANADIAN SECURITIES ADMINISTRATORS
REGARDING THE OVERSIGHT OF
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

The Commission is publishing an amended memorandum of understanding (**MOU**) among the Canadian Securities Administrators (**CSA**) regarding the oversight of the Investment Industry Regulatory Organization of Canada (**IIROC**).

The MOU is subject to the approval of the Ontario Minister of Finance. The MOU was delivered to the Minister on January 25, 2021. Subject to the Minister's approval, the amended MOU will take effect on April 1, 2021.

The MOU amends and restates an existing IIROC MOU, which came into effect on September 1, 2008. The IIROC MOU is being amended as part of the CSA project aimed to increase regulatory efficiency by streamlining and harmonizing the oversight regime of IIROC. For more details on this project, please refer to the relevant OSC Notice published on July 30, 2020 on our website at http://www.osc.gov.on.ca/.

MEMORANDUM OF UNDERSTANDING
REGARDING OVERSIGHT OF
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
AMONG:

BRITISH COLUMBIA SECURITIES COMMISSION
ALBERTA SECURITIES COMMISSION
FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN
MANITOBA SECURITIES COMMISSION
ONTARIO SECURITIES COMMISSION
AUTORITÉ DES MARCHÉS FINANCIERS
OFFICE OF THE SUPERINTENDENT OF SECURITIES, DIGITAL GOVERNMENT AND SERVICE NEWFOUNDLAND AND LABRADOR
NOVA SCOTIA SECURITIES COMMISSION
FINANCIAL AND CONSUMER SERVICES COMMISSION OF NEW BRUNSWICK
PRINCE EDWARD ISLAND OFFICE OF THE SUPERINTENDENT OF SECURITIES
OFFICE OF THE SUPERINTENDENT OF SECURITIES, NORTHWEST TERRITORIES
OFFICE OF THE SUPERINTENDENT OF SECURITIES, NUNAVUT
OFFICE OF THE YUKON SUPERINTENDENT OF SECURITIES
(each a **Recognizing Regulator**, collectively the **Recognizing Regulators** or the **Parties**)

The Parties agree as follows:

1. Underlying Principles

a. Recognition

Investment Industry Regulatory Organization of Canada (**IIROC**) is recognized as a self-regulatory organization under applicable legislation by each of the Recognizing Regulators and is a regulation services provider pursuant to National Instrument 23-101 *Trading Rules*.

b. Oversight Program

To ensure effective oversight of IIROC's performance of its self-regulatory activities and regulation services, the Parties to this Memorandum of Understanding (**MOU**) have developed an oversight program (the **Oversight Program**) which includes:

(i) reviewing information filed by IIROC, as set out in section 4;

(ii) reviewing and approving Rule Changes, as set out in section 6; and

(iii) performing periodic reviews of IIROC's self-regulatory activities and regulation services as set out in section 5.

The purpose of the Oversight Program is to ensure that IIROC is acting in accordance with its public interest mandate, specifically by complying with its terms and conditions of recognition.

c. Previous Memoranda of Understanding

This MOU amends, restates and replaces the Memorandum of Understanding dated May 30, 2008 among the recognizing regulators of IIROC concerning the oversight of IIROC (the **Previous MOU**).

The Previous MOU superseded the letter agreement dated June 5, 2001 between the Investment Dealers Association of Canada (**IDA**) and the recognizing regulators of the IDA regarding the coordination of oversight of the IDA by the Canadian Securities Administrators and the Memorandum of Understanding Regarding Oversight of Market Regulation Services Inc. (**RS**) dated May 1, 2002 among the recognizing regulators of RS.

2. Definitions

"Approved Person" has the meaning attributed to that term in IIROC's Rules.

"Board" has the meaning ascribed to that term in IIROC's By-law No. 1.

"Member" has the meaning attributed to that term in IIROC's By-law No. 1

"Principal Regulator" means the Recognizing Regulator that is designated as such from time to time by consensus of all the Recognizing Regulators.

"Rule" means any rule, policy, form, fee model or other similar instrument of IIROC.

"Rule Change" means a new Rule, or an amendment, a revocation or a suspension of an existing Rule.

3. General Provisions

a. Oversight Committee

An oversight committee will be established (the **Oversight Committee**) which will act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of IIROC.

The Oversight Committee will include staff representatives from each of the Recognizing Regulators.

The Oversight Committee will provide to the Canadian Securities Administrators (**CSA**) Chairs an annual written report that will include a summary of all oversight activities during the previous period.

b. Staff Contact

The Principal Regulator will provide IIROC with key staff contacts in each jurisdiction for the purposes of matters arising under this MOU or relating to oversight in general.

c. Status Meetings

The Principal Regulator will organize quarterly conference calls and an annual in-person meeting of the Oversight Committee and IIROC staff. The purpose is to discuss matters relating to the oversight of IIROC, issues relating to the regulation of IIROC's Members and other matters that are of interest to the Recognizing Regulators and IIROC. The Principal Regulator is also responsible for taking minutes of these calls and in-person meetings.

4. Review of Information Filed

Any comments of the staff of the Recognizing Regulators on information filed by IIROC will be sent to the Principal Regulator. The Principal Regulator will request that IIROC respond to comments raised by the Recognizing Regulators and forward any response to the Recognizing Regulators.

5. Oversight Reviews

The Recognizing Regulators have developed procedures for performing periodic reviews of IIROC's self-regulatory activities and regulation services, as set out in Appendix "A".

6. Review of By-laws and Rules

The Recognizing Regulators have developed a Joint Rule Review Protocol (the **Protocol**) for coordinating the review and approval of, or non-objection to, IIROC by-laws and Rules, as set out in Appendix "B".

7. Appendices

The appendices are integral parts of this MOU.

8. Amendments to and Withdrawal from this MOU

This MOU may be amended from time to time as mutually agreed upon by the Recognizing Regulators. Any amendments must be in writing and approved by the duly authorized representatives of each Recognizing Regulator. Each Recognizing Regulator can, at any time, withdraw from this MOU on at least 90 days written notice to the Principal Regulator and to each Recognizing Regulator.

9. Effective Date

This MOU comes into effect on April 1, 2021.

BRITISH COLUMBIA SECURITIES COMMISSION

Per:_____

Title:_____

ALBERTA SECURITIES COMMISSION

Per:_____

Title:_____

FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

Per:_____

Title:_____

MANITOBA SECURITIES COMMISSION

Per:_____

Title:_____

ONTARIO SECURITIES COMMISSION

Per:_____

Title:_____

AUTORITÉ DES MARCHÉS FINANCIERS

Per:_____

Title:_____

OFFICE OF THE SUPERINTENDENT OF SECURITIES, DIGITAL GOVERNMENT AND SERVICE NEWFOUNDLAND AND LABRADOR

Per:_____

Title:_____

DEPUTY MINISTER FOR INTERGOVERNMENTAL AFFAIRS NEWFOUNDLAND AND LABRADOR

Per:_____

Title:_____

NOVA SCOTIA SECURITIES COMMISSION

Per:_____

Title:_____

FINANCIAL AND CONSUMER SERVICES COMMISSION OF NEW BRUNSWICK

Per:_____

Title:_____

PRINCE EDWARD ISLAND OFFICE OF THE SUPERINTENDENT OF SECURITIES

Per:_____

Title:_____

OFFICE OF THE SUPERINTENDENT OF SECURITIES, NORTHWEST TERRITORIES

Per:_____

Title:_____

OFFICE OF THE SUPERINTENDENT OF SECURITIES, NUNAVUT

Per:_____

Title:_____

OFFICE OF THE YUKON SUPERINTENDENT OF SECURITIES

Per:_____

Title:_____

Appendix A

Oversight Reviews

The Recognizing Regulators will carry out periodic oversight reviews of IIROC's offices for the purposes of: (i) evaluating whether selected regulatory processes are effective, efficient, and are applied consistently and fairly; and (ii) assessing compliance with the terms and conditions of recognition.

A Recognizing Regulator may choose to participate in a coordinated review of an IIROC office depending on the functions carried out in that office, or may choose to rely on another Recognizing Regulator for the review of an IIROC office. In cases where a Recognizing Regulator chooses not to review the IIROC office in its jurisdiction, the other Recognizing Regulators may conduct a review of that IIROC office.

Each Recognizing Regulator may also perform an independent review of IIROC to deal with significant and/or local issues. Any Recognizing Regulator who intends to perform such a review will notify staff of the other Recognizing Regulators prior to conducting such a review.

The Recognizing Regulators who choose to participate in an oversight review are considered to be "Reviewing Regulators" for the purposes of this Appendix A.

The scope of the review will be determined by utilizing a risk-based methodology established and agreed upon by staff of the Reviewing Regulators.

When conducting a coordinated review, the Reviewing Regulators will use best efforts to adhere to the following within any timelines established among themselves:

1) The Reviewing Regulators will establish and agree on a work plan for the coordinated review that sets the target completion date for each step, including conducting the review, reviewing draft reports, confirming factual accuracy, translating and publishing the final report, and follow-up plans.

2) The coordinated review of IIROC's offices will be conducted at the same time and, for each IIROC office, a Reviewing Regulator will be designated as the regulator who has overall responsibility for the review of that office.

3) The Reviewing Regulators will develop and use a uniform review program and uniform performance benchmarks to conduct the coordinated review and will ensure the review is appropriately staffed in their respective jurisdiction.

4) The Principal Regulator will, as needed, arrange for communication among the Reviewing Regulators during the course of a review, to discuss the progress of the work completed and to ensure appropriate consistency in the Reviewing Regulators' approach.

5) Each Reviewing Regulator will share with all other Reviewing Regulators the results of its review, including draft findings and, upon request, supporting materials.

6) Unless otherwise agreed upon, the Principal Regulator will draft a review report and share it among the Reviewing Regulators to ensure it meets all of their expectations and requirements, as applicable. The review report will:

    a) take into account the draft findings and comments of the Reviewing Regulators, and

    b) use a common set of criteria to rate the significance and urgency of findings.

7) After the Reviewing Regulators are mutually satisfied with the draft review report, the Principal Regulator will forward the draft review report to IIROC to confirm factual accuracy.

8) IIROC will review the draft review report for factual accuracy and respond to the Reviewing Regulators with comments.

9) The Reviewing Regulators will consider IIROC's comments and revise the review report as necessary.

10) The Principal Regulator will send the revised review report to IIROC for its formal response.

11) On receipt of IIROC's formal response, the Reviewing Regulators will incorporate such formal response and any follow-up plans to the review report as applicable.

12) Each Reviewing Regulator will seek the necessary internal approval to publish the final review report, taking into account language translation needs where applicable.

13) When each Reviewing Regulator has obtained the necessary internal approvals, the Principal Regulator will, and the other Reviewing Regulators may, publish the final review report.

Appendix B

Joint Rule Review Protocol

1. Scope and purpose

The Recognizing Regulators (**RRs**) have entered into this Protocol to establish uniform procedures for their review of and decision-making about Rule Changes proposed by IIROC.

Any review of a new by-law or amendment to an existing by-law proposed by IIROC will follow the process for review of and decision-making about Rule Changes set out in this Protocol, with the necessary adaptations.

2. Classifying Rule Changes

(a) **Classification**. IIROC will classify each proposed Rule Change as "housekeeping" or "public comment".

(b) **Housekeeping Rule Changes**. A "housekeeping" Rule Change is a Rule Change that has no material impact on investors, issuers, registrants, IIROC, the Canadian Investor Protection Fund (**CIPF**) or the Canadian capital markets generally and that:

(i) makes necessary changes of an editorial nature (such as correcting a textual mistake or inaccurate cross-reference, correcting a translation, making a formatting change, or standardization of terminology),

(ii) changes the routine internal processes, practices, or administration of IIROC,

(iii) is necessary to conform to applicable securities legislation, statutory or legal requirements, accounting or auditing standards, or to other IIROC Rules or by-laws (including those that the RRs have approved or non-objected to, but which IIROC has not yet made effective), or

(iv) establishes or changes a due, fee or other charge imposed by IIROC under a Rule that the RRs have previously approved or non-objected to.

(c) **Public comment Rule Changes**. A "public comment" Rule Change is any Rule Change that is not a housekeeping Rule Change.

(d) **RRs' disagreement with classification**. If staff of an RR thinks IIROC incorrectly classified a proposed Rule Change as housekeeping, the RRs and IIROC will use best efforts to adhere to the following:

(i) within 5 business days of the date of IIROC's filing under section 3, staff of the RR who intends to disagree with the classification will advise staff of the other RRs, in writing, that they intend to disagree and provide reasons for its intended disagreement.

(ii) within 3 business days of receiving or sending a notice of disagreement, staff of the Principal Regulator (**PR**) will discuss the classification, and may arrange a conference call, with staff of the other RRs and, as applicable, IIROC.

(iii) if disagreement with the classification still exists after any such discussion, staff of the PR will notify IIROC of the disagreement, in writing, with a copy to staff of the other RRs within 10 business days of the date of IIROC's filing.

(iv) if staff of the PR sends a notice of disagreement to IIROC under paragraph 2(d)(iii), IIROC will reclassify the proposed Rule Change as a public comment Rule Change or withdraw the proposed Rule Change by filing a written notice with staff of the RRs indicating that it will be withdrawing the Rule Change.

(v) if IIROC does not receive any such notice of disagreement within 10 business days of the date of IIROC's filing, IIROC will assume that staff of the RRs agree with the classification.

3. Required Filings

(a) **Language requirements**. IIROC will file the information required under this section concurrently in both English and French, accompanied with an attestation from a certified translator.

(b) **Filings for housekeeping Rule Changes**. IIROC will file the following information with staff of the RRs for each proposed housekeeping Rule Change:

(i) a cover letter that indicates the classification of the proposed Rule Change and the applicable provisions in subsection 2(b),

(ii) the Board resolution, including the date that the proposed Rule Change was approved and a statement that the Board has determined that the proposed Rule Change is in the public interest,

(iii) the text of the proposed Rule Change and, where applicable, a blacklined version showing the changes to an existing Rule, and

(iv) a notice for publication including:

(A) a brief description of the proposed Rule Change,

(B) the reasons for the housekeeping classification,

(C) the anticipated effective date of the proposed Rule Change,

(D) a statement as to whether the proposed Rule Change involves a Rule that IIROC, its Members or Approved Persons must comply with in order to be exempted from a requirement of securities legislation and any applicable references to such requirement,

(E) confirmation that IIROC followed its established internal governance practices in approving the proposed Rule Change and considered the need for consequential amendments, and

(F) a statement as to whether the proposed Rule Change conflicts with applicable laws or the terms and conditions of IIROC's recognition.

(c) **Filings for public comment Rule Changes**. IIROC will file the following information with staff of the RRs for each proposed public comment Rule Change:

(i) a cover letter that indicates the classification of the proposed Rule Change,

(ii) the Board resolution, including the date that the proposed Rule Change was approved, and a statement that the Board has determined that the proposed Rule Change is in the public interest,

(iii) the text of the proposed Rule Change, and, where applicable, a blacklined version showing the changes to an existing Rule, and

(iv) a notice for publication including:

(A) Information that must be included:

a. a concise statement, together with supporting analysis (including applicable quantitative analysis), of the nature, purpose and effect (including any regional-specific effect) of the proposed Rule Change,

b. an explanation as to how IIROC has taken the public interest into account when developing the Rule Change and the anticipated effects of the proposed Rule Change on investors, issuers, registrants, IIROC, the CIPF and the Canadian capital markets generally,

c. a description of the Rule Change,

d. a description of the Rule-making process, including the context in which IIROC developed the proposed Rule Change, the process followed and the consultation process undertaken when developing the Rule Change,

e. the anticipated effective date of the proposed Rule Change,

f. a request for public comment together with details on how to submit comments within the comment period deadline, and a statement that IIROC will publish all comments received during the comment period on its public website,

g. the items in subparagraphs 3(b)(iv)(D), (E) and (F).

(B) Information that must be included, if relevant:

a. where the proposed Rule Change requires investors, issuers, registrants, IIROC, or the CIPF to make technological systems changes, a description of the implications of the proposed Rule Change and, where possible, a discussion of material implementation issues and plans,

b. any issues considered and any alternative approaches considered, including the reasons for rejecting those alternative approaches,

c. a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable requirement or is contemplating making a comparable requirement and, if applicable, a comparison of the proposed Rule Change to the requirement of the other jurisdiction.

4. Review criteria

Without limiting the discretion of the RRs, the RRs agree that the following are factors that staff of the RRs should consider when reviewing proposed Rule Changes:

(a) whether IIROC has provided sufficient analysis of the nature, purpose and effect of a proposed Rule Change,

(b) whether the proposed Rule Change conflicts with applicable laws or the terms and conditions of IIROC's recognition, and

(c) whether a proposed Rule Change is in the public interest.

5. Review and approval process for housekeeping Rule Changes

(a) **Confirming receipt**. Upon receipt of the materials filed under subsection 3(b), staff of the PR will, as soon as practicable, send written confirmation of receipt of the proposed housekeeping Rule Change to IIROC, with a copy to staff of the other RRs.

(b) **Approval**. Except where a notice of disagreement has been sent to IIROC in accordance with paragraph 2(d)(iii), the proposed Rule Change will be deemed approved or non-objected to on the eleventh business day following the date of IIROC's filing under section 3.

6. Review process for public comment Rule Changes

(a) **Confirming receipt**. Upon receipt of the materials filed under subsection 3(c), staff of the PR will, as soon as practicable, send written confirmation of receipt of the proposed public comment Rule Change to IIROC, with a copy to staff of the other RRs.

(b) **Publication and public comment period**. As soon as practicable, staff of the PR and IIROC will, and staff of the other RRs may:

(i) coordinate a publication date among themselves, and

(ii) publish on their respective public websites or bulletin the materials referred to in paragraphs 3(c)(iii) and (iv) for the comment period recommended by IIROC, commencing on the date the proposed public comment Rule Change appears on the public website or in the bulletin of the PR.

(c) **Publishing and responding to public comments**. Within 3 business days of the end of the subsection 6(b) comment period, IIROC will publish any public comments on its public website, if it has not already done so. IIROC will also prepare a summary of public comments and responses to those public comments, if any, and send them to staff of the RRs within any timelines established by staff of the RRs.

(d) **RR review**. After the subsection 6(b) comment period has ended, and, if applicable, IIROC has provided the summary and responses required by subsection 6(c), staff of the RRs will, in writing, provide any significant comments to staff of the other RRs within any timelines established among themselves.

(e) **RRs have no comments**. If staff of the PR does not receive or have any significant comments within the period provided for under subsection 6(d), staff of the RRs will be deemed not to have any comments and proceed immediately to the approval or non-objection process in section 8.

(f) **RRs have comments**. If staff of the PR receives or has significant comments within the period provided for under subsection 6(d), staff of the RRs and, as applicable, IIROC will use best efforts to adhere to the following process using timelines established among themselves:

(i) after the end of the period provided for under subsection 6(d), staff of the PR will prepare and send to staff of the other RRs a draft comment letter that incorporates their own significant comments and the significant comments raised by staff of the other RRs and may, if deemed necessary, identify different views among staff of the RRs,

(ii) staff of the RRs will provide any significant comments on the draft comment letter, in writing, to staff of the PR and the other RRs; if staff of the PR does not receive any such comments within the timelines agreed upon, staff of the other RRs will be deemed not to have any comments,

(iii) following the other RRs' response (or deemed response), staff of the PR will consolidate all comments received and, when finalized to the satisfaction of staff of the RRs, send the comment letter to IIROC, with a copy to staff of the other RRs,

(iv) IIROC will respond, in writing, to the comment letter sent by staff of the PR, with a copy to staff of the other RRs,

(v) after receiving IIROC's response, staff of the RRs will provide any significant comments, in writing, to staff of the other RRs; if staff of the PR does not receive or have any such comments within the timelines agreed upon, staff of the RRs will:

(A) be deemed not to have any comments, and

(B) proceed immediately to the approval or non-objection process in section 8,

(vi) staff of the RRs and, as applicable, IIROC will follow the process in paragraphs 6(f)(i) to (v) when staff of the RRs have significant comments on IIROC's response to any comment letter,

(vii) staff of the PR will attempt to resolve any issues that staff of the RRs have raised on a timely basis and will consult with staff of the other RRs or IIROC, as needed,

(viii) if staff of the RRs disagree about the substantive content of the comment letter in paragraph 6(f)(i) or whether to recommend approval of or non-objection to the Rule Change, staff of the PR will invoke section 12, and

(ix) if IIROC fails to respond to comments of staff of the RRs within 120 days of receipt of the most recent comment letter from staff of the RRs (or such other time agreed upon by staff of the RRs), IIROC may withdraw the Rule Change in accordance with section 13 or staff of the RRs will, if they agree among themselves to do so in writing, recommend that their respective decision makers object to or not approve the Rule Change.

7. Revising and republishing public comment Rule Changes

(a) **Language requirements.** If, subsequent to its publication for comment, IIROC revises a public comment Rule Change, IIROC will file any such revision, which will include, as applicable, a blacklined version to the original published version, a blacklined version to the existing Rule, and the text of the revised Rule Change concurrently in both English and French, accompanied with an attestation from a certified translator.

(b) **Revising Rule Changes**. If such a revision changes the Rule Change's substance or effect in a material way, staff of the PR may, in consultation with IIROC and staff of the other RRs, require the revised Rule Change to be republished for an additional comment period. Upon republication, the previously published Rule Change will be superseded.

(c) **Published documents**. If a public comment Rule Change is republished, the revised request for comments will include, as applicable, the information filed under subsection 7(a), the date of Board approval (if different from the original published version), IIROC's summary of public comments received and responses for the previous request for comments, together with an explanation of the revisions to the Rule Change and the supporting rationale for the revisions.

(d) **Applicable provisions**. Any republished public comment Rule Change will be subject to all provisions in this Protocol applicable to public comment Rule Changes, except where otherwise provided for in this Protocol.

8. Approval process for public comment Rule Changes

(a) **PR seeks approval**. Staff of the PR will use their best efforts to seek approval of or non-objection to the Rule Change within 30 business days of the end of the review process set out in section 6.

(b) **PR circulates documents**. After the PR makes a decision about a Rule Change, staff of the PR will promptly circulate to staff of the other RRs applicable documentation relating to the PR's decision.

(c) **Other RRs seek approval**. Staff of the other RRs will use their best efforts to seek approval or non-objection within 30 business days of receipt of applicable documentation from staff of the PR.

(d) **Other RRs communicate decision to PR**. Staff of each RR will promptly inform staff of the PR in writing after a decision about the Rule Change has been made.

(e) **PR communicates decision to IIROC**. Staff of the PR will promptly communicate to IIROC, in writing, the decision about the Rule Change, including any conditions, upon receipt of notification of the other RRs' decisions.

9. Effective date of Rule Changes

(a) **Public comment Rule Changes**. Public comment Rule Changes (other than Rule Changes implemented under section 11) will be effective on the later of:

(i) the date the PR publishes the notice of approval or non-objection in accordance with subsection 10(a), and

(ii) the date designated by IIROC under subparagraph 3(c)(iv)(A).

(b) **Housekeeping Rule Changes**. Housekeeping Rule Changes will be effective on the later of:

(i) the date of deemed approval or non-objection in accordance with subsection 5(b), and

(ii) the date designated by IIROC under subparagraph 3(b)(iv)(C).

(c) **Revisions to the effective date of a Rule Change**. IIROC will advise staff of the RRs in writing if it has not made a Rule Change effective by the date designated by IIROC under subparagraph 3(c)(iv)(A), and will include the following information:

(i) the reasons it has not yet made the Rule Change effective,

(ii) IIROC's projected timeline for making the Rule Change effective, and

(iii) the impact on the public interest of not making the Rule Change effective by the date designated by IIROC under subparagraph 3(c)(iv)(A).

10. Publishing notice of approval

(a) **Public comment Rule Changes**. For any public comment Rule Change, staff of the PR and IIROC will both publish a notice of approval of or non-objection on their respective public websites, together with:

(i) if applicable, IIROC's summary of comments received and responses,

(ii) if changes were made to the version published for public comment, a blacklined version of the revised Rule Change compared to the previously published public comment Rule Change, and

(iii) if requested, a blacklined version to the existing Rule.

(b) **Housekeeping Rule Changes**. For any housekeeping Rule Change, staff of the PR will prepare a notice of deemed approval or non-objection and both the PR and IIROC will publish the notice, together with the materials referred to in paragraphs 3(b)(iii) and (iv), on their respective public websites.

11. Immediate implementation

(a) **Criteria for immediate implementation**. If IIROC reasonably thinks there is an urgent need to implement a proposed public comment Rule Change because of a substantial risk of material harm to investors, issuers, registrants, other market participants, IIROC, the CIPF or the Canadian capital markets generally, IIROC may make the proposed public comment Rule Change effective immediately, subject to subsection 11(d), and provided that:

(i) IIROC provides staff of each RR with written notice of its intention to rely upon this procedure at least 10 business days before the Board considers the proposed public comment Rule Change for approval, and

(ii) IIROC's written notice in paragraph 11(a)(i) includes:

(A) the date on which IIROC intends the proposed public comment Rule Change to be effective, and

(B) an analysis in support of the need for immediate implementation of the proposed public comment Rule Change.

(b) **Notice of disagreement**. If staff of an RR does not agree that immediate implementation is necessary, staff of the RRs and, as applicable, IIROC will use best efforts to adhere to the following:

(i) Staff of the RR which disagrees with the need for immediate implementation will, within 5 business days after IIROC provides notice under subsection 11(a), advise staff of the other RRs in writing that they disagree and provide the reasons for its disagreement.

(ii) Staff of the PR will promptly notify IIROC of the disagreement in writing.

(iii) Staff of IIROC and staff of the RRs will discuss and attempt to resolve any concerns raised on a timely basis but, if the concerns are not resolved to the satisfaction of staff of all RRs, IIROC cannot immediately implement the proposed public comment Rule Change.

(c) **Notice of no disagreement**. Where there is no notice of disagreement under and within the timelines set out in paragraph 11(b)(i), or where concerns have been resolved under paragraph 11(b)(iii), staff of the PR will immediately provide written notice of no disagreement to IIROC, with a copy to staff of the other RRs, indicating that it may now seek Board approval to immediately implement the proposed public comment Rule Change.

(d) **Effective date**. Proposed public comment Rule Changes that IIROC immediately implements in accordance with section 11 will be effective on the later of the following:

(i) the date the Board approves the Rule Change, and

(ii) the date designated by IIROC in its written notice to staff of the RRs.

(e) **Subsequent review of Rule Change**. A public comment Rule Change that is implemented immediately will subsequently be published, reviewed, and approved or non-objected to in accordance with the applicable provisions of this Protocol.

(f) **Subsequent disapproval of Rule Change**. If the RRs subsequently object to or do not approve a public comment Rule Change that IIROC immediately implemented, IIROC will promptly repeal the public comment Rule Change and inform its Members of the RRs' decision.

12. Disagreements

If any disagreement, either among the RRs or between the RRs and IIROC, about a matter arising out of or relating to this Protocol cannot be resolved through discussions, staff of the RRs will use best efforts to adhere to the following using timelines established among themselves:

(a) Staff of the PR will arrange for senior staff of the RRs to discuss the issues and attempt to reach a consensus.

(b) If, following such discussions, a consensus is not reached, staff of the PR will escalate the disagreement as applicable and, ultimately, to the RRs' Chairs or other senior executives of the RRs or such other process as agreed to by staff of the RRs.

(c) If, following such escalation, a consensus is not reached, IIROC may withdraw the Rule Change in accordance with section 13 or staff of the RRs will recommend that their respective decision makers object to or not approve the Rule Change.

13. Withdrawing Rule Changes

(a) **Filing notice of withdrawal**. If IIROC withdraws a proposed public comment Rule Change that the RRs have not yet approved or non-objected to, IIROC will file with staff of the RRs a written notice indicating that it will be withdrawing the Rule Change.

(b) **Contents of notice of withdrawal**. The written notice in subsection 13(a) must contain:

(i) the reason IIROC submitted the proposed Rule Change,

(ii) any date that the Board approved the proposed Rule Change,

(iii) any prior publication dates,

(iv) the Board resolution supporting the withdrawal of the proposed Rule Change, if applicable,

(v) the reasons IIROC is withdrawing the proposed Rule Change, and

(vi) the impact of withdrawing the proposed Rule Change on the public interest.

(c) **Publishing notice of withdrawal**. Where the proposed Rule Change being withdrawn had previously been published for comment under subsection 6(b), staff of the PR and IIROC will both publish a notice on their public websites stating that IIROC will be withdrawing the proposed Rule Change, together with the reasons IIROC is withdrawing the proposed Rule Change.

14. Reviewing and amending Protocol

Staff of the RRs will, when they agree it is necessary to do so, conduct a joint review of the operation of this Protocol in order to identify issues relating to:

(a) the effectiveness of this Protocol,

(b) the continuing appropriateness of the timelines and other requirements set out in this Protocol, and

(c) any necessary or desirable amendments to this Protocol.

15. Waiving or varying Appendix B

(a) **IIROC request**. IIROC may file a written request with the RRs to waive or vary any part of this Protocol and, in such a case, the RRs will use best efforts to adhere to the following using timelines established among themselves:

(i) an RR who objects to the granting of the waiver or variation will, in writing, notify the other RRs of its objection, together with the reasons for its objection. If the PR does not receive or send any notice of objection within the agreed upon timelines, the RRs are deemed to not object to the waiver or variation.

(ii) the PR will provide written notice to IIROC as to whether or not the waiver or variation has been granted.

(b) **RR request**. The RRs may waive or vary any part of this Protocol if all of the RRs agree in writing to such waiver or variation.

(c) **General**. A waiver or variation may be specific or general and may be made for a time or for all time as mutually agreed to by the RRs.

16. Publishing materials

If staff of the PR publishes any materials under this Protocol, staff of the other RRs may also publish the same materials, and in such a case, staff of the PR will coordinate the publication date with staff of the other RRs.

13.1.2 Mutual Fund Dealers Association of Canada (MFDA) – Amended MOU regarding the Oversight of the MFDA – Notice of Approval

NOTICE OF COMMISSION APPROVAL
OF
MEMORANDUM OF UNDERSTANDING
AMONG CERTAIN CANADIAN SECURITIES ADMINISTRATORS
REGARDING THE OVERSIGHT OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA

The Commission is publishing an amended memorandum of understanding (**MOU**) regarding the oversight of the Mutual Fund Dealers Association of Canada (**MFDA**) among the Commission and Alberta Securities Commission; British Columbia Securities Commission; Manitoba Securities Commission; Financial and Consumer Services Commission (New Brunswick); Office of the Superintendent of Securities, Northwest Territories; Nova Scotia Securities Commission; Office of the Superintendent of Securities, Nunavut; Prince Edward Island Office of the Superintendent of Securities; Financial and Consumer Affairs Authority of Saskatchewan; and Office of the Yukon Superintendent of Securities (together with the Commission, the **Recognizing Regulators**).

The MOU is subject to the approval of the Ontario Minister of Finance. The MOU was delivered to the Minister on January 25, 2021. Subject to the Minister's approval, the amended MOU will take effect on April 1, 2021.

The MOU amends and restates an existing MFDA MOU, which came into effect on October 2, 2013. The MFDA MOU is being amended as part of the Recognizing Regulators' project aimed to increase regulatory efficiency by streamlining and harmonizing the oversight regime of the MFDA. For more details on this project, please refer to the relevant OSC Notice published on July 30, 2020 on our website at http://www.osc.gov.on.ca/.

MEMORANDUM OF UNDERSTANDING
REGARDING OVERSIGHT OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA
AMONG:

BRITISH COLUMBIA SECURITIES COMMISSION
ALBERTA SECURITIES COMMISSION
FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN
MANITOBA SECURITIES COMMISSION
ONTARIO SECURITIES COMMISSION
NOVA SCOTIA SECURITIES COMMISSION
FINANCIAL AND CONSUMER SERVICES COMMISSION OF NEW BRUNSWICK
PRINCE EDWARD ISLAND OFFICE OF THE SUPERINTENDENT OF SECURITIES
OFFICE OF THE SUPERINTENDENT OF SECURITIES, NORTHWEST TERRITORIES
OFFICE OF THE SUPERINTENDENT OF SECURITIES, NUNAVUT
OFFICE OF THE YUKON SUPERINTENDENT OF SECURITIES
(each a **Recognizing Regulator** or **RR**, collectively the **Recognizing Regulators** or **RRs**)

To promote effective and efficient oversight of the Mutual Fund Dealers Association of Canada (**MFDA**), the Recognizing Regulators agree as follows:

1. Underlying principles

a. Recognition

Each of the RRs recognizes the MFDA as a self-regulatory organization or body under applicable legislation.

b. Oversight program

To ensure effective oversight of the MFDA's activities, the RRs to this Memorandum of Understanding (**MOU**) have developed an oversight program (the **Oversight Program**) that includes:

i. communicating with the MFDA, as set out in section 4.

ii. reviewing and approving Rule Changes (defined in section 2) of the MFDA, in accordance with the Joint Rule Review Protocol as set out in Appendix "B" (the **Protocol**).

iii. reviewing the MFDA's activities as set out in section 6.

The purpose of the Oversight Program is to ensure that the MFDA meets its public interest mandate, specifically, by complying with the terms and conditions of recognition and applicable securities legislation.

c. Previous Memorandum of Understanding

This MOU amends, restates and replaces the Memorandum of Understanding dated August 8, 2013 among the RRs concerning the oversight of the MFDA.

2. Definitions

"Approved Person" has the same meaning as that under the Rules.

"Board" has the same meaning as that under the Rules.

"Member" has the same meaning as that under the Rules.

"Principal Regulator" or "PR" means the RR designated as such from time to time by consensus of the RRs.

"Rules" means the by-laws, rules, regulations, policies, forms and other similar instruments of the MFDA, and a "Rule" means any one of these.

"Rule Change" means a new Rule, or an amendment, a revocation or a suspension of an existing Rule.

3. General provisions

a. Oversight Committee

An oversight committee (the **Oversight Committee**) has been established to act as a forum to discuss issues, concerns and proposals related to the oversight of the MFDA.

The Oversight Committee includes representatives from each of the RRs.

The Oversight Committee provides an annual written report to the Canadian Securities Administrators (the **CSA**) Chairs that will include a summary of all oversight activities carried out during the previous period.

b. Status meetings

The PR will organize quarterly conference calls and annual in-person meetings:

i. of the Oversight Committee to discuss matters relating to the oversight of the MFDA and other matters that are of interest to the RRs and the MFDA, and

ii. between the Oversight Committee and MFDA staff.

The PR will record minutes of these meetings and calls.

4. Communication with the MFDA

RRs will strive to communicate with the MFDA through the PR.

5. Review and approval or non-objection to MFDA Rules

The RRs have entered into the Protocol to establish uniform procedures relating to the review and approval of or non-objection to Rule Changes proposed by the MFDA.

6. Oversight reviews

The RRs will carry out reviews of MFDA offices when necessary for the purposes of assessing compliance with the terms and conditions of recognition.

The RRs agree to carry out coordinated reviews using a national assessment tool and the coordinated oversight review process described in Appendix “A”.

Those RRs who participate in an oversight review (**Reviewing Regulators**) will follow the steps and target completion dates outlined in the work plan established in the oversight review process, including fact checking and other communications with the MFDA.

7. Disagreement between Recognizing Regulators

The process for approval of Rule Changes, including resolving disagreements about Rule Changes, is set out in the Protocol.

All other disagreements that cannot be resolved through discussions among staff of the RRs will be resolved as follows:

i. Within 10 business days of becoming aware of the disagreement, staff of the PR will use their best efforts to arrange for senior staff of the RRs to discuss the issues and attempt to reach a consensus.

ii. If, after discussions, senior staff of the RRs are unable to reach a consensus, staff of the PR will, as soon as practicable, elevate the disagreement to the CSA's Policy Coordination Committee for policy matters, the Executive Directors' Committee for operational matters, or such other process as agreed to by staff of the RRs.

8. Protocol

The appendices are integral parts of this MOU.

9. Amendments to and withdrawal from this MOU

The RRs may amend this MOU from time to time. The duly authorized representative of each RR must approve any amendment to this MOU and such amendment must be in writing.

An RR may withdraw from this MOU with at least 90 days written notice to each other RR.

10. Effective date

This MOU comes into effect on April 1, 2021.

BRITISH COLUMBIA SECURITIES COMMISSION

Per:_____

Title:_____

ALBERTA SECURITIES COMMISSION

Per:_____

Title:_____

FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

Per:_____

Title:_____

MANITOBA SECURITIES COMMISSION

Per:_____

Title:_____

ONTARIO SECURITIES COMMISSION

Per:_____

Title:_____

NOVA SCOTIA SECURITIES COMMISSION

Per:_____

Title:_____

FINANCIAL AND CONSUMER SERVICES COMMISSION OF NEW BRUNSWICK

Per:_____

Title:_____

PRINCE EDWARD ISLAND OFFICE OF THE SUPERINTENDENT OF SECURITIES

Per:_____

Title:_____

OFFICE OF THE SUPERINTENDENT OF SECURITIES, NORTHWEST TERRITORIES

Per:_____

Title:_____

OFFICE OF THE SUPERINTENDENT OF SECURITIES, NUNAVUT

Per:_____

Title:_____

OFFICE OF THE YUKON SUPERINTENDENT OF SECURITIES

Per:_____

Title:_____

Appendix A

Oversight Reviews

The Recognizing Regulators will carry out periodic oversight reviews of the MFDA's offices for the purposes of: (i) evaluating whether selected regulatory processes are effective, efficient, and are applied consistently and fairly; and (ii) assessing compliance with the terms and conditions of recognition.

A Recognizing Regulator may choose to participate in a coordinated review of an MFDA office depending on the functions carried out in that office, or may choose to rely on another Recognizing Regulator for the review of an MFDA office. In cases where a Recognizing Regulator chooses not to review the MFDA office in its jurisdiction, the other Recognizing Regulators may conduct a review of that MFDA office.

Each Recognizing Regulator may also perform an independent review of the MFDA to deal with significant and/or local issues. Any Recognizing Regulator who intends to perform such a review will notify staff of the other Recognizing Regulators prior to conducting such a review.

The Recognizing Regulators who choose to participate in an oversight review are considered to be "Reviewing Regulators" for the purposes of this Appendix A.

The scope of the review will be determined by utilizing a risk-based methodology established and agreed upon by staff of the Reviewing Regulators.

When conducting a coordinated review, the Reviewing Regulators will use best efforts to adhere to the following within any timelines established among themselves:

1) The Reviewing Regulators will establish and agree on a work plan for the coordinated review that sets the target completion date for each step, including conducting the review, reviewing draft reports, confirming factual accuracy, translating and publishing the final report, and follow-up plans.

2) The coordinated review of the MFDA's offices will be conducted at the same time and, for each MFDA office, a Reviewing Regulator will be designated as the regulator who has overall responsibility for the review of that office.

3) The Reviewing Regulators will develop and use a uniform review program and uniform performance benchmarks to conduct the coordinated review and will ensure the review is appropriately staffed in their respective jurisdiction.

4) The Principal Regulator will, as needed, arrange for communication among the Reviewing Regulators during the course of a review, to discuss the progress of the work completed and to ensure appropriate consistency in the Reviewing Regulators' approach.

5) Each Reviewing Regulator will share with all other Reviewing Regulators the results of its review, including draft findings and, upon request, supporting materials.

6) Unless otherwise agreed upon, the Principal Regulator will draft a review report and share it among the Reviewing Regulators to ensure it meets all of their expectations and requirements, as applicable. The review report will:

   a) take into account the draft findings and comments of the Reviewing Regulators, and

   b) use a common set of criteria to rate the significance and urgency of findings.

7) After the Reviewing Regulators are mutually satisfied with the draft review report, the Principal Regulator will forward the draft review report to the MFDA to confirm factual accuracy.

8) The MFDA will review the draft review report for factual accuracy and respond to the Reviewing Regulators with comments.

9) The Reviewing Regulators will consider the MFDA's comments and revise the review report as necessary.

10) The Principal Regulator will send the revised review report to the MFDA for its formal response.

11) On receipt of the MFDA's formal response, the Reviewing Regulators will incorporate such formal response and any follow-up plans to the review report as applicable.

12) Each Reviewing Regulator will seek the necessary internal approval to publish the final review report, taking into account language translation needs where applicable.

13) When each Reviewing Regulator has obtained the necessary internal approvals, the Principal Regulator will, and the other Reviewing Regulators may, publish the final review report.

Appendix B

Joint Rule Review Protocol

1. Scope and purpose

The "RRs have entered into this Protocol to establish uniform procedures for their review of and decision-making about Rule Changes proposed by the MFDA.

2. Classifying Rule Changes

(a) **Classification.** The MFDA will classify each proposed Rule Change as "housekeeping" or "public comment".

(b) **Housekeeping Rule Changes.** A "housekeeping" Rule Change is a Rule Change that has no material impact on investors, issuers, registrants, the MFDA, the MFDA Investor Protection Corporation (**MFDA IPC**) or the Canadian capital markets generally and that:

(i) makes necessary changes of an editorial nature (such as correcting a textual mistake or inaccurate cross-reference, correcting a translation, making a formatting change, or standardization of terminology),

(ii) changes the routine internal processes, practices, or administration of the MFDA,

(iii) is necessary to conform to applicable securities legislation, statutory or legal requirements, accounting or auditing standards, or to other MFDA Rules (including those that the RRs have approved or non-objected to, but which the MFDA has not yet made effective), or

(iv) establishes or changes a due, fee or other charge imposed by the MFDA under a Rule that the RRs have previously approved or non-objected to.

(c) **Public comment Rule Changes**. A "public comment" Rule Change is any Rule Change that is not a housekeeping Rule Change.

(d) **RRs' disagreement with classification**. If staff of an RR thinks the MFDA incorrectly classified a proposed Rule Change as housekeeping, the RRs and the MFDA will use best efforts to adhere to the following:

(i) within 5 business days of the date of the MFDA's filing under section 3, staff of the RR who intends to disagree with the classification will advise staff of the other RRs, in writing, that they intend to disagree and provide reasons for its intended disagreement.

(ii) within 3 business days of receiving or sending a notice of disagreement, staff of the Principal Regulator (**PR**) will discuss the classification, and may arrange a conference call, with staff of the other RRs and, as applicable, the MFDA .

(iii) if disagreement with the classification still exists after any such discussion, staff of the PR will notify the MFDA of the disagreement, in writing, with a copy to staff of the other RRs within 10 business days of the date of the MFDA's filing.

(iv) if staff of the PR sends a notice of disagreement to the MFDA under paragraph 2(d)(iii), the MFDA will reclassify the proposed Rule Change as a public comment Rule Change or withdraw the proposed Rule Change by filing a written notice with staff of the RRs indicating that it will be withdrawing the Rule Change.

(v) if the MFDA does not receive any such notice of disagreement within 10 business days of the date of the MFDA's filing, the MFDA will assume that staff of the RRs agree with the classification.

3. Required Filings

(a) **Language requirements**. Upon request, the MFDA will file the information required under this section concurrently in both English and French, accompanied with a translation certificate.

(b) **Filings for housekeeping Rule Changes**. The MFDA will file the following information with staff of the RRs for each proposed housekeeping Rule Change:

(i) a cover letter that indicates the classification of the proposed Rule Change and the applicable provisions in subsection 2(b),

(ii) the Board resolution, including the date that the proposed Rule Change was approved and a statement that the Board has determined that the proposed Rule Change is in the public interest,

(iii) the text of the proposed Rule Change and, where applicable, a blacklined version showing the changes to an existing Rule, and

(iv) a notice for publication including:

(A) a brief description of the proposed Rule Change,

(B) the reasons for the housekeeping classification,

(C) the anticipated effective date of the proposed Rule Change,

(D) a statement as to whether the proposed Rule Change involves a Rule that the MFDA, its Members or Approved Persons must comply with in order to be exempted from a requirement of securities legislation and any applicable references to such requirement,

(E) confirmation that the MFDA followed its established internal governance practices in approving the proposed Rule Change and considered the need for consequential amendments, and

(F) a statement as to whether the proposed Rule Change conflicts with applicable laws or the terms and conditions of the MFDA's recognition.

(c) **Filings for public comment Rule Changes**. The MFDA will file the following information with staff of the RRs for each proposed public comment Rule Change:

(i) a cover letter that indicates the classification of the proposed Rule Change,

(ii) the Board resolution, including the date that the proposed Rule Change was approved, and a statement that the Board has determined that the proposed Rule Change is in the public interest,

(iii) the text of the proposed Rule Change, and, where applicable, a blacklined version showing the changes to an existing Rule, and

(iv) a notice for publication including:

(A) Information that must be included:

a. a concise statement, together with supporting analysis (including applicable quantitative analysis), of the nature, purpose and effect (including any regional-specific effect) of the proposed Rule Change,

b. an explanation as to how the MFDA has taken the public interest into account when developing the Rule Change and the anticipated effects of the proposed Rule Change on investors, issuers, registrants, the MFDA, the MFDA IPC and the Canadian capital markets generally,

c. a description of the Rule Change,

d. a description of the Rule-making process, including the context in which the MFDA developed the proposed Rule Change, the process followed and the consultation process undertaken when developing the Rule Change,

e. the anticipated effective date of the proposed Rule Change,

f. a request for public comment together with details on how to submit comments within the comment period deadline, and a statement that the MFDA will publish all comments received during the comment period on its public website,

g. the items in subparagraphs 3(b)(iv)(D), (E) and (F).

(B) Information that must be included, if relevant:

a. where the proposed Rule Change requires investors, issuers, registrants, the MFDA, or the MFDA IPC to make technological systems changes, a description of the implications of the proposed Rule Change and, where possible, a discussion of material implementation issues and plans,

b. any issues considered and any alternative approaches considered, including the reasons for rejecting those alternative approaches,

c. a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable requirement or is contemplating making a comparable requirement and, if applicable, a comparison of the proposed Rule Change to the requirement of the other jurisdiction,

4. Review criteria

Without limiting the discretion of the RRs, the RRs agree that the following are factors that staff of the RRs should consider when reviewing proposed Rule Changes:

(a) whether the MFDA has provided sufficient analysis of the nature, purpose and effect of a proposed Rule Change,

(b) whether the proposed Rule Change conflicts with applicable laws or the terms and conditions of the MFDA's recognition, and

(c) whether a proposed Rule Change is in the public interest.

5. Review and approval process for housekeeping Rule Changes

(a) **Confirming receipt**. Upon receipt of the materials filed under subsection 3(b), staff of the PR will, as soon as practicable, send written confirmation of receipt of the proposed housekeeping Rule Change to the MFDA, with a copy to staff of the other RRs.

(b) **Approval**. Except where a notice of disagreement has been sent to the MFDA in accordance with paragraph 2(d)(iii), the proposed Rule Change will be deemed approved or non-objected to on the eleventh business day following the date of the MFDA's filing under section 3.

6. Review process for public comment Rule Changes

(a) **Confirming receipt**. Upon receipt of the materials filed under subsection 3(c), staff of the PR will, as soon as practicable, send written confirmation of receipt of the proposed public comment Rule Change to the MFDA, with a copy to staff of the other RRs.

(b) **Publication and public comment period**. As soon as practicable, staff of the PR and the MFDA will, and staff of the other RRs may:

(i) coordinate a publication date among themselves, and

(ii) publish on their respective public websites or bulletin the materials referred to in paragraphs 3(c)(iii) and (iv) for the comment period recommended by the MFDA, commencing on the date the proposed public comment Rule Change appears on the public website or in the bulletin of the PR.

(c) **Publishing and responding to public comments**. Within 3 business days of the end of the subsection 6(b) comment period, the MFDA will publish any public comments on its public website, if it has not already done so. The MFDA will also prepare a summary of public comments and responses to those public comments, if any, and send them to staff of the RRs within any timelines established by staff of the RRs.

(d) **RR review**. After the subsection 6(b) comment period has ended, and, if applicable, the MFDA has provided the summary and responses required by subsection 6(c), staff of the RRs will, in writing, provide any significant comments to staff of the other RRs within any timelines established among themselves.

(e) **RRs have no comments**. If staff of the PR does not receive or have any significant comments within the period provided for under subsection 6(d), staff of the RRs will be deemed not to have any comments and proceed immediately to the approval or non-objection process in section 8.

(f) **RRs have comments**. If staff of the PR receives or has significant comments within the period provided for under subsection 6(d), staff of the RRs and, as applicable, the MFDA will use best efforts to adhere to the following process using timelines established among themselves:

(i) after the end of the period provided for under subsection 6(d), staff of the PR will prepare and send to staff of the other RRs a draft comment letter that incorporates their own significant comments and the significant comments raised by staff of the other RRs and may, if deemed necessary, identify different views among staff of the RRs,

(ii) staff of the RRs will provide any significant comments on the draft comment letter, in writing, to staff of the PR and the other RRs; if staff of the PR does not receive any such comments within the timelines agreed upon, staff of the other RRs will be deemed not to have any comments,

(iii) following the other RRs' response (or deemed response), staff of the PR will consolidate all comments received and, when finalized to the satisfaction of staff of the RRs, send the comment letter to the MFDA, with a copy to staff of the other RRs,

(iv) the MFDA will respond, in writing, to the comment letter sent by staff of the PR, with a copy to staff of the other RRs,

(v) after receiving the MFDA's response, staff of the RRs will provide any significant comments, in writing, to staff of the other RRs; if staff of the PR does not receive or have any such comments within the timelines agreed upon, staff of the RRs will:

(A) be deemed not to have any comments, and

(B) proceed immediately to the approval or non-objection process in section 8,

(vi) staff of the RRs and, as applicable, the MFDA will follow the process in paragraphs 6(f)(i) to (v) when staff of the RRs have significant comments on the MFDA's response to any comment letter,

(vii) staff of the PR will attempt to resolve any issues that staff of the RRs have raised on a timely basis and will consult with staff of the other RRs or the MFDA, as needed,

(viii) if staff of the RRs disagree about the substantive content of the comment letter in paragraph 6(f)(i) or whether to recommend approval of or non-objection to the Rule Change, staff of the PR will invoke section 12, and

(ix) if the MFDA fails to respond to comments of staff of the RRs within 120 days of receipt of the most recent comment letter from staff of the RRs (or such other time agreed upon by staff of the RRs), the MFDA may withdraw the Rule Change in accordance with section 13 or staff of the RRs will, if they agree among themselves to do so in writing, recommend that their respective decision makers object to or not approve the Rule Change.

7. Revising and republishing public comment Rule Changes

(a) **Revising Rule Changes**. If, subsequent to its publication for comment, the MFDA revises a public comment Rule Change in a manner that changes the proposed Rule Change's substance or effect in a material way, staff of the PR may, in consultation with the MFDA and staff of the other RRs, require the revised Rule Change to be republished for an additional comment period. Upon republication, the previously published Rule Change will be superseded.

(b) **Published documents**. If a public comment Rule Change is republished under subsection 7(a), the revised request for comments will include, as applicable, a blacklined version showing the changes to the original published version, the date of Board approval (if different from the original published version), the MFDA's summary of public comments received and responses for the previous request for comments, together with an explanation of the revisions to the Rule Change and the supporting rationale for the revisions.

(c) **Applicable provisions**. Any republished public comment Rule Change will be subject to all provisions in this Protocol applicable to public comment Rule Changes, except where otherwise provided for in this Protocol.

8. Approval process for public comment Rule Changes

(a) **PR seeks approval**. Staff of the PR will use their best efforts to seek approval of or non-objection to the Rule Change within 30 business days of the end of the review process set out in section 6.

(b) **PR circulates documents**. After the PR makes a decision about a Rule Change, staff of the PR will promptly circulate to staff of the other RRs applicable documentation relating to the PR's decision.

(c) **Other RRs seek approval**. Staff of the other RRs will use their best efforts to seek approval or non-objection within 30 business days of receipt of applicable documentation from staff of the PR.

(d) **Other RRs communicate decision to PR**. Staff of each RR will promptly inform staff of the PR in writing after a decision about the Rule Change has been made.

(e) **PR communicates decision to the MFDA**. Staff of the PR will promptly communicate to the MFDA, in writing, the decision about the Rule Change, including any conditions, upon receipt of notification of the other RRs' decisions.

9. Effective date of Rule Changes

(a) **Public comment Rule Changes**. Public comment Rule Changes (other than Rule Changes implemented under section 11) will be effective on the later of:

(i) the date the PR publishes the notice of approval or non-objection in accordance with subsection 10(a), and

(ii) the date designated by the MFDA under subparagraph 3(c)(iv)(A).

(b) **Housekeeping Rule Changes**. Housekeeping Rule Changes will be effective on the later of:

(i) the date of deemed approval or non-objection in accordance with subsection 5(b), and

(ii) the date designated by the MFDA under subparagraph 3(b)(iv)(C).

(c) **Failing to make a Rule Change effective within one year**. The MFDA will advise staff of the RRs in writing if it has not made a Rule Change effective within one year of receiving approval or non-objection from the RRs, and will include the following information:

(i) the reasons it has not yet made the Rule Change effective,

(ii) the MFDA's projected timeline for making the Rule Change effective, and

(iii) the impact on the public interest of not making the Rule Change effective within one year.

10. Publishing notice of approval

(a) **Public comment Rule Changes**. For any public comment Rule Change, staff of the PR and the MFDA will both publish a notice of approval of or non-objection on their respective public websites, together with:

(i) if applicable, the MFDA's summary of comments received and responses,

(ii) if changes were made to the version published for public comment, a blacklined version of the revised Rule Change compared to the previously published public comment Rule Change, and

(iii) if requested, a blacklined version to the existing Rule.

(b) **Housekeeping Rule Changes**. For any housekeeping Rule Change, staff of the PR will prepare a notice of deemed approval or non-objection and both the PR and the MFDA will publish the notice, together with the materials referred to in paragraphs 3(b)(iii) and (iv), on their respective public websites.

11. Immediate implementation

(a) **Criteria for immediate implementation**. If the MFDA reasonably thinks there is an urgent need to implement a proposed public comment Rule Change because of a substantial risk of material harm to investors, issuers, registrants, other market participants, the MFDA, the MFDA IPC or the Canadian capital markets generally, the MFDA may make the proposed public comment Rule Change effective immediately, subject to subsection 11(d), and provided that:

(i) The MFDA provides staff of each RR with written notice of its intention to rely upon this procedure at least 10 business days before the Board considers the proposed public comment Rule Change for approval, and

(ii) The MFDA's written notice in paragraph 11(a)(i) includes:

(A) the date on which the MFDA intends the proposed public comment Rule Change to be effective, and

(B) an analysis in support of the need for immediate implementation of the proposed public comment Rule Change.

(b) **Notice of disagreement**. If staff of an RR does not agree that immediate implementation is necessary, staff of the RRs and, as applicable, the MFDA will use best efforts to adhere to the following:

(i) Staff of the RR which disagrees with the need for immediate implementation will, within 5 business days after the MFDA provides notice under subsection 11(a), advise staff of the other RRs in writing that they disagree and provide the reasons for their disagreement.

(ii) Staff of the PR will promptly notify the MFDA of the disagreement in writing.

(iii) Staff of the MFDA and staff of the RRs will discuss and attempt to resolve any concerns raised on a timely basis but, if the concerns are not resolved to the satisfaction of staff of all RRs, the MFDA cannot immediately implement the proposed public comment Rule Change.

(c) **Notice of no disagreement**. Where there is no notice of disagreement under and within the timelines set out in paragraph 11(b)(i), or where concerns have been resolved under paragraph 11(b)(iii), staff of the PR will immediately provide written notice of no disagreement to the MFDA, with a copy to staff of the other RRs, indicating that it may now seek Board approval to immediately implement the proposed public comment Rule Change.

(d) **Effective date**. Proposed public comment Rule Changes that the MFDA immediately implements in accordance with section 11 will be effective on the later of the following:

(i) the date the Board approves the Rule Change, and

(ii) the date designated by the MFDA in its written notice to staff of the RRs.

(e) **Subsequent review of Rule Change**. A public comment Rule Change that is implemented immediately will subsequently be published, reviewed, and approved or non-objected to in accordance with the applicable provisions of this Protocol.

(f) **Subsequent disapproval of Rule Change**. If the RRs subsequently object to or do not approve a public comment Rule Change that the MFDA immediately implemented, the MFDA will promptly repeal the public comment Rule Change and inform its Members of the RRs' decision.

12. Disagreements

If any disagreement, either among the RRs or between the RRs and the MFDA, about a matter arising out of or relating to this Protocol cannot be resolved through discussions, staff of the RRs will use best efforts to adhere to the following using timelines established among themselves:

(a) Staff of the PR will arrange for senior staff of the RRs to discuss the issues and attempt to reach a consensus.

(b) If, following such discussions, a consensus is not reached, staff of the PR will escalate the disagreement as applicable and, ultimately, to the RRs' Chairs or other senior executives of the RRs or such other process as agreed to by staff of the RRs.

(c) If, following such escalation, a consensus is not reached, the MFDA may withdraw the Rule Change in accordance with section 13 or staff of the RRs will recommend that their respective decision makers object to or not approve the Rule Change.

13. Withdrawing Rule Changes

(a) **Filing notice of withdrawal**. If the MFDA withdraws a proposed public comment Rule Change that the RRs have not yet approved or non-objected to, the MFDA will file with staff of the RRs a written notice indicating that it will be withdrawing the Rule Change.

(b) **Contents of notice of withdrawal**. The written notice in subsection 13(a) must contain:

(i) the reason the MFDA submitted the proposed Rule Change,

(ii) any date that the Board and, if applicable, Members approved the proposed Rule Change,

(iii) any prior publication dates,

(iv) the Board resolution supporting the withdrawal of the proposed Rule Change, if applicable,

(v) the reasons the MFDA is withdrawing the proposed Rule Change, and

(vi) the impact of withdrawing the proposed Rule Change on the public interest.

(c) **Publishing notice of withdrawal**. Where the proposed Rule Change being withdrawn had previously been published for comment under subsection 6(b), staff of the PR and the MFDA will both publish a notice on their public websites stating that the MFDA will be withdrawing the proposed Rule Change, together with the reasons the MFDA is withdrawing the proposed Rule Change.

14. Revoking or rescinding Rule Change approvals

(a) **Filing notice**. If the MFDA decides not to make effective a proposed Rule Change that the RRs have approved or non-objected to, the MFDA will file with staff of the RRs a written notice indicating that it will not be making the Rule Change effective, which contains the following:

(i) the purpose of the current Rule, if applicable,

(ii) the reason the MFDA submitted the proposed Rule Change,

(iii) the dates that the Board, the RRs and, if applicable, Members approved or non-objected to the proposed Rule Change,

(iv) the reasons for why the MFDA is not making the proposed Rule Change effective, and

(v) the impact on the public interest of not making the proposed Rule Change effective.

(b) **Revoking approvals**. Staff of the RRs and staff of the MFDA will follow the steps in subsection 6(f) and sections 8 and 12, as needed and as applicable, when revoking or rescinding their approvals of or non-objections to the MFDA's proposed Rule Change.

(c) **Publishing notice**. After the RRs have revoked or rescinded their approvals or non-objections under subsection 14(b):

(i) the MFDA will publish a notice on its website indicating that it will not be making the proposed Rule Change effective, which includes a brief history of and the reasons for not making the proposed Rule Change effective, and

(ii) staff of the PR will prepare and publish a notice of revocation or rescission of the approval or non-objection to the proposed Rule Change, which refers to the MFDA's notice in paragraph 14(c)(i).

15. Reviewing and amending Protocol

Staff of the RRs will, when they agree it is necessary to do so, conduct a joint review of the operation of this Protocol in order to identify issues relating to:

(a) the effectiveness of this Protocol,

(b) the continuing appropriateness of the timelines and other requirements set out in this Protocol, and

(c) any necessary or desirable amendments to this Protocol.

16. Waiving or varying Appendix B

(a) **MFDA request**. The MFDA may file a written request with the RRs to waive or vary any part of this Protocol and, in such a case, the RRs will use best efforts to adhere to the following using timelines established among themselves:

(i) an RR who objects to the granting of the waiver or variation will, in writing, notify the other RRs of its objection, together with the reasons for its objection. If the PR does not receive or send any notice of objection within the agreed upon timelines, the other RRs are deemed to not object to the waiver or variation.

(ii) the PR will provide written notice to the MFDA as to whether or not the waiver or variation has been granted.

(b) **RR request**. The RRs may waive or vary any part of this Protocol if all of the RRs agree in writing to such waiver or variation.

(c) **General**. A waiver or variation may be specific or general and may be made for a time or for all time as mutually agreed to by the RRs.

17. Publishing materials

If staff of the PR publishes any materials under this Protocol, staff of the other RRs may also publish the same materials, and in such a case, staff of the PR will coordinate the publication date with staff of the other RRs.

13.2 Marketplaces

13.2.1 TSX Inc. – Market-on-Close Modernization – Notice of Approval

TSX INC.

NOTICE OF APPROVAL

MARKET-ON-CLOSE MODERNIZATION

In accordance with the Process for the Review and Approval of the Information Contained in Form 21-101F1 and the Exhibits Thereto, the Ontario Securities Commission has approved amendments to the TSX Inc. ("**TSX**") Rule Book to modernize the Market-On-Close facility ("**MOC**").

Summary of the Amendments

TSX will be amending the TSX Rule Book and certain TSX marketplace functionality to allow for the new MOC model (collectively, the "**Amendments**"). The Amendments will add transparency, align the MOC with similar facilities offered by other global exchanges, and provide consistency of execution.

In connection with the comments received, TSX is making further refinements to the TSX Rule Book. These refinements introduce an additional step to the closing allocation that allows for increased MOC executions. Currently, there may be Pegged LOC orders where the re-priced limit price to the Reference Price is less aggressive than the Calculated Closing Price ("**CCP**"), preventing that order from being executed even when the entered limit price is equal to or more aggressive than the CCP ("**Passive Pegged LOC orders**"). The additional allocation step proposed will give such Passive Pegged LOC orders a chance to be traded at the CCP in the event that there is unfilled volume remaining at the CCP. Passive Pegged LOC orders that are repriced to be less aggressive than the CCP will never impact the CCP. For an example of this feature, please see Appendix A, Example 2 - Passive Pegged LOC orders.

At Appendix B is a blacklined version of the additional TSX Rule Book amendments outlined above compared against the proposal published on October 15, 2020, and at Appendix C is a cumulative blacklined version of the TSX Rule Book amendments compared against the current TSX Rule Book.

Comments Received

The Amendments were published for comment on October 15, 2020, and ten (10) comment letters were received. A summary of the comments submitted, together with TSX's responses, is attached as Appendix A. TSX thanks the commenters for their feedback.

Effective Date

The Amendments will be implemented and available October 2021, subject to stakeholder feedback and industry readiness and feedback.

Appendix A

Summary of Comments and Responses

List of Commenters:

OMERS Administration Corporation	Canadian Security Traders Association, Inc.
Peter Haynes, TD Securities Inc.	Camilo Gil, CIBC World Markets Inc.
BlackRock Asset Management Canada Limited	Alex Perel, Scotiabank Global Banking and Markets
National Bank Financial Inc.	Ivan Cajic, Virtu ITG Canada Corp
RBC Dominion Securities Inc. and RBC Capital Markets	Joe Wald, Ray Ross, and Dave Persaud, BMO Capital Markets

Capitalized terms used and not otherwise defined in the Notice of Approval shall have the meaning in the Notice of Proposed Amendments and Request For Comments dated October 15, 2020.

Summary of Comments Received	TSX Responses
All commenters were supportive of the TSX MOC proposal. One commenter also noted that the MOC proposal will increase participation in the closing auction, ought to create more opportunities to provide liquidity, will increase transparency, and strikes a reasonable balance between minimizing volatility and maintaining adequate price discovery and market efficiency. Four commenters noted that the Proposed Amendments will modernize the MOC mechanism by facilitating heightened levels of transparency, greater alignment with global standards, and consistency of execution. Five commenters were complimentary of TSX's inclusive industry consultation process in relation to the Proposed Amendments. One such commenter noted that the number of changes and their complexity will require broad education of all market participants, and encouraged TSX to proactively educate market participants as these changes are brought to market. One commenter believed that the introduction of the freeze period will mitigate volatility and large price moves into the close, and the introduction of a randomized start time for the freeze period will discourage all participants from waiting until the last possible moment to submit their close orders, which it believed would ultimately increase liquidity in the closing auction. Another commenter noted moving the initial imbalance to 15:50 increases its relevance, and the ability to send MOC orders after distributing the prevailing imbalance should help build more liquidity in the auction.	TSX thanks the commenters for their input. TSX also thanks the commenters and industry participants for their time in collaborating with TSX on this very important proposal.
One commenter encouraged TSX to maintain the anticipated implementation date of Q2 2021. One commenter noted that TSX needs to ensure that vendors	TSX thanks the commenters for their input. Based on feedback received and results of an industry readiness survey, TSX will move the implementation date

Summary of Comments Received	TSX Responses
and dealers have sufficient time for implementation. One commenter noted that there will be work required to a variety of systems within firms, and stated that the industry be permitted the appropriate time period to implement the required technology changes. Another commenter stated that the Q2 2021 timeline was aggressive, and expressed concern that stakeholders would not be ready in time for a Q2 2021 deployment. The commenter, however, encouraged all industry stakeholders to mobilize towards the proposed timelines, and encouraged TSX to pay close attention to the preparedness of data vendors, trading software providers and the dealer community to assess the feasibility of the Q2 2021 implementation. One commenter advised against launching the Proposed Amendments in May 2021 given the proximity to the semi-annual MSCI rebalance which is scheduled to take place on May 27. Instead, the commenter suggested a July 2021 or August 2021 launch date when there are no major index rebalances scheduled to take place.	from Q2 2021 to October 2021. TSX will continue to actively engage industry stakeholders to help enable participant readiness for the October 2021 launch.
One commenter suggested that LOCs entered after the freeze period have a different name from LOCs entered prior to the MOC Freeze Period. One commenter noted the difference in the treatment for orders entered prior to, and after the MOC Freeze Period, all called "Limit-on-Close" will be confusing. The commenter suggested that LOCs entered in the MOC Freeze Period be renamed "closing offset". Another commenter also noted the difference in the treatment for orders entered prior to, and after the MOC Freeze Period, all called "Limit-on-Close" will be confusing. The commenter suggested that the "closing offset" order name be retained to refer to LOCs entered after the start of the MOC Freeze Period.	TSX thanks the commenters for their suggestions. TSX would like to clarify that "Limit on Close" is a single order type that can be entered throughout the trading day, but have different behaviour depending the period, such as: a) ***Pre-Imbalance***: No restrictions b) ***Imbalance:*** No CXL, CFO allowed only for more aggressive price c) ***MOC Freeze Period:*** No CXL, No CFO, pegged to no more aggressive than the Reference Price This is similar to today's functionality where LOCs entered prior to the imbalance and after imbalance are subject to different volume and price restrictions. Therefore, from a communications perspective, TSX will refer to LOCs entered during the MOC Freeze Period as "Pegged Limit on Close", or "Pegged LOC" orders to recognize that the price on LOCs entered during the MOC Freeze Period is pegged to be the reference price, up to its entered limit price. TSX believes that giving LOCs entered during the MOC Freeze Period the same name as "closing offset" would be confusing given that current "closing offset" orders behave differently from Pegged LOC orders in that: a) closing offset orders can be entered in and cancelled at any time where Pegged LOCs can only be entered during the MOC Freeze Period and cannot be cancelled or modified; b) closing offset orders are repriced to the same side TBBO instead of reference price like Pegged LOC orders; and c) the order entry of "closing offset" orders utilizes a different tag. The use of "closing offset" orders will be removed completely to clearly show this order type no longer exists.
One commenter asked for guidance on how order priority will be determined if the Proposed Amendments are implemented, and in particular, with changes introduced to allow for MOC orders to be entered after the 3:50 p.m. cut-off time, for LOCs	TSX thanks the commenters for their input and suggestions. TSX noted in the Notice of Proposed Amendments and Request for Comments that "there are no changes to the

Summary of Comments Received	TSX Responses
to be entered without restriction before the freeze period, and the new LOCs to be entered during the freeze period repriced to the closing reference price. Another commenter asked for clarification on order matching priority when considering repriced aggressive LOCs versus passive LOCs. Another commenter suggested that the Proposed Amendments be more specific on the prioritization of order matching between various types of LOCs. In addition to a suggested name change, the commenter suggested that the order matching priority be specifically delineated for these two different LOC order types, and that the matching logic reward those who put their best foot forward the earliest. In addition to a suggested name change, the commenter suggested that (a) that these LOCs entered after the start of the MOC Freeze Period be ranked lower in priority than any LOCs entered prior to the start of the MOC Freeze Period, and (b) fill priority among LOCs entered after the start of the MOC Freeze Period be determined in a fashion which rewards their entry by the maximum number of participants. Specifically, the commenter suggested that a round-robin-style allocation (where a partial fill is offered to many individual offsetting orders) may be a more equitable approach to encouraging offsetting liquidity from a diverse range of participants near the close.	allocation of MOC trades", which means that during allocation, MOC / LOC orders would continue to be prioritized by price, followed by broker, followed by time. This is consistent with allocation priority during continuous trading. For Pegged LOCs entered during the MOC Freeze Period, the price for prioritization of Pegged LOC orders would be either their limit price or the Reference Price right before close (the midpoint of the TBBO), whichever is less aggressive. **Example 1 - Pegged LOC orders:** a) Order A: Buy LOC order entered at 3:40pm @ $9.99 b) Order B: Buy Pegged LOC order entered at 3:57pm @ $10.50 c) Order C: Buy Pegged LOC order entered at 3:58pm @ $9.99 At 4:00pm, the Reference Price is $10.00 and the CCP is $9.99. Order B is re-priced to the Reference Price of $10.00. The price and allocation priority for Example 1 are: i) Order B @ $10.00 (most aggressive price); ii) Order A @ $9.99 (earliest time at $9.99 price level); iii) Order C @ $9.99. All trades will be executed at CCP of $9.99. **Example 2 - Passive Pegged LOC orders:** a) Order A: Buy LOC order entered at 3:40pm @ $9.99 b) Order B: Buy Pegged LOC order entered at 3:57pm @ $10.50 c) Order C: Buy Pegged LOC order entered at 3:58pm @ $9.99 At 4:00pm, the Reference Price is $9.98 and the CCP is at $9.99. Since Orders B and C have entered limit prices that are equal to or more aggressive than the CCP, but they are capped at a Reference Price ($9.98) that is less aggressive than the CCP ($9.99), they are designated as "Passive Pegged LOC" orders and will be last in priority. The price and allocation priority in Example 2 are: i) Order A @ $9.99 (LOC order); ii) Order B (earliest passive Pegged LOC); iii) Order C (last passive Pegged LOC) Further detailed examples have been added to the TMX MOC Proposal – Detailed Guide for further clarification. As illustrated above, repriced aggressive LOCs will have priority over passive LOCs due to the more aggressive price. Time priority will ensure that LOCs have priority over Pegged LOCs, which by definition will have lower time priority, at the same price level. With respect to the suggestion of a round-robin style allocation, TSX will be not pursuing that allocation style at this time as it is a departure from the current allocation priority of price / broker / time, and does not encourage those to put their

Summary of Comments Received	TSX Responses
	best foot forward early.
One commenter noted that there will likely be a shift of volume from the continuous trading period towards the auction, and sought some commitment from TSX on pricing policy in absence of allowance for legitimate competing matches.	TSX continually evaluates its fees to ensure that the fees reflect the value that its features bring. As the MOC is changing substantially, TSX will evaluate the fees. As with our normal process, any fee changes will involve industry consultation, require regulatory approval, and appropriate notice will be given.
One commenter requested clarification regarding the introduction of self-trade management in the MOC facility, and in particular how these self-trade orders may have the potential to distort imbalance messages on a pre-trade basis.	TSX does not expect that self-trade orders will distort imbalance messages on a pre-trade basis since they are genuine orders intended for execution and will be included in all imbalance messages. Self-trade orders that happen to match against other orders with the same self-trade key will still trade, but these trades will be marked as self-trades and not disseminated publicly. In such cases, publicly reported MOC traded volumes may be less than what is anticipated from the "Paired Volume" field on the imbalance messages, but it will accurately reflect actual trades. In the current MOC, without the self-trade management feature, these self-trades will be manually cancelled after being publicly disseminated. By implementing the self-trade management feature, TSX expects that the traded volumes will be more accurate earlier, without needing to adjust for post-trade cancellations. It is also anticipated that the self-trade management feature will also reduce operational burden for both the brokers and TSX operations staff. TSX would also like to clarify that the self-trade management feature will also be applied to the opening auction for consistency and similar benefits.
One commenter stated that exchange-traded funds ("**ETFs**") should not be considered for inclusion in the MOC facility until such a time that the industry and TSX are confident that ETF market making into the MOC facility would be robust. The commenter noted that TSX should not consider the inclusion of ETFs until at least six months of successful operation for the new MOC, and suggested that before any ETF inclusion is considered, TSX evaluate whether ETF-specific enhancements to the MOC would be appropriate or beneficial.	TSX thanks the commenters for their input. TSX does not currently have any plans to include ETFs in the MOC facility at launch of the new MOC. However, if at any time TSX determines that it would be beneficial to include ETFs in the MOC facility, TSX will conduct analysis and industry consultations to ensure that the appropriate enhancements are made to the MOC facility. TSX will also ensure that such changes are only made after at least six months of successful operation for the new MOC.

Appendix B

Part 1 - Interpretation

Rule 1-101 Definitions (Amended)

[…]

(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:

[…]

"**MOC Freeze Period**" means the time period beginning at the end of the MOC Imbalance Period and ending at the Closing Call.

Added ([●], 2021)

[…]

"**MOC Imbalance Period** " means the time period beginning at the start of the Special Trading Session and ending at the start of the MOC Freeze Period.

Added ([●], 2021)

[…]

"**MOC Order**" means a MOC Market Order, or a MOC Limit Order.

Amended (April 18, 2019 and [●], 2021)

[…]

"**MOC Passive Pegged Limit Orders**" means a MOC Limit Order that is entered during the MOC Freeze Period, where (i) the entered limit price is more aggressive than the MOC Reference Price that causes it to be re-priced to the MOC Reference Price; (ii) the MOC Reference Price is less aggressive than the calculated closing price; and (iii) the entered limit price is equal to or more aggressive than the calculated closing price.

Added ([●], 2021)

[…]

"**MOC Reference Price**" means the mid-point between the bid price and the ask price on the Exchange.

Added ([●], 2021)

[…]

Rule 4-902 Market-On-Close

[…]

(2) MOC Order Entry

(a) MOC Market Orders and MOC Limit Orders may be entered, cancelled and modified in the MOC Book on each Trading Day from 7:00 a.m. until the time the first MOC Imbalance is broadcast.

(b) The MOC Imbalance is calculated and broadcast on each Trading Day at the start of the MOC Imbalance Period until the Closing Call at set time intervals as determined by the Exchange and again in the event of a delay of the Closing Call as specified by the Exchange.

(c) **Repealed (April 19, 2010)**

(d) During the MOC Imbalance Period,

(i) only MOC Market Orders, and MOC Limit Orders may be entered in the MOC Book.

(ii) MOC Market Orders entered cannot be cancelled or modified.

(iii) MOC Limit Orders entered cannot be cancelled, and the price of the MOC Limit Orders may only be modified to a more aggressive buy price or sell price, as the case may be.

(e) During the MOC Freeze Period,

(i) only MOC Limit Orders may be entered in the MOC Book.

(ii) MOC Limit Orders cannot be cancelled or modified.

(iii) if the buy price or sell price, as the case may be, of the MOC Limit Order is more aggressive than the Reference Price, such aggressive price will be deemed to be the Reference Price for purposes of determining the Calculated Closing Price.

(f) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the subsequent MOC Imbalance for a set period of time specified by the Exchange.

Amended ([●], 2021)

(3) Closing Call

[…]

(c) Orders shall execute in the Closing Call in the following sequence:

(i) MOC Market Orders shall trade with offsetting MOC Market Orders entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

(ii) MOC Market Orders shall trade with offsetting MOC Market Orders, according to time priority; then

(iii) MOC Market Orders shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

(iv) MOC Market Orders shall trade with offsetting limit orders in the Closing Call, according to time priority; then

(v) limit orders in the Closing Call shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization. Limit orders are prioritized by MOC Limit Orders and displayed limit orders, then dark limit orders, then MOC Passive Pegged Limit Orders. Within those categories they are then matched according to time priority, provided that neither order is an unattributed order; then

(vi) remaining orders in the Closing Call shall trade according to time priority.

Amended ([●], 2021)

Appendix C

Part 1 - Interpretation

Rule 1-101 Definitions (Amended)

[…]

(2) In all Exchange Requirements, unless the subject matter or context otherwise requires:

[…]

~~"MOC **Closing Offset Order**" means a MOC Limit Order that only trades on the side of the MOC Book that is offsetting the imbalance, and never at a price within the market's best bid and offer.~~

~~Added (**April 18, 2019**)~~

"**MOC Freeze Period**" means the time period beginning at the end of the MOC Imbalance Period and ending at the Closing Call.

Added ([●], 2021)

[…]

"MOC Imbalance Period " means the time period beginning at the start of the Special Trading Session and ending at the start of the MOC Freeze Period.

Added ([●], 2021)

[…]

"**MOC Order**" means a MOC Market Order, or a MOC Limit Order~~, or a MOC Closing Offset Order~~.

Amended (April 18, 2019 and [●], 2021)

[…]

"**MOC Passive Pegged Limit Orders**" means a MOC Limit Order that is entered during the MOC Freeze Period, where (i) the entered limit price is more aggressive than the MOC Reference Price that causes it to be re-priced to the MOC Reference Price; (ii) the MOC Reference Price is less aggressive than the calculated closing price; and (iii) the entered limit price is equal to or more aggressive than the calculated closing price.

Added ([●], 2021)

[…]

"**MOC Reference Price**" means the mid-point between the bid price and the ask price on the Exchange.

Added ([●], 2021)

[…]

Rule 4-902 Market-On-Close

[…]

(2) MOC Order Entry

(a) MOC Market Orders and MOC Limit Orders may be entered, cancelled and modified in the MOC Book on each Trading Day from 7:00 a.m. until the time the first MOC Imbalance is broadcast. ~~MOC Closing Offset Orders may be entered, cancelled and modified in the MOC Book on each Trading Day from 7:00 a.m. until the Closing Call.~~

~~MOC Market Orders and MOC Limit Orders that are included in any MOC Imbalance broadcast may not be cancelled or modified after that MOC Imbalance is broadcast.~~

(b) The MOC Imbalance is calculated and broadcast on each Trading Day at ~~twenty minutes before the closing time~~the start of the MOC Imbalance Period until the Closing Call at set time intervals as determined by the Exchange and again in the event of a delay of the Closing Call as specified by the Exchange.

(c) **Repealed (April 19, 2010)**

(d) ~~Following the broadcast of a MOC Imbalance, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance. MOC Limit Orders not included as part of that MOC Imbalance broadcast may be cancelled subject to established time constraints as specified by the Exchange. MOC Closing Offset Orders may continue to be entered in the MOC Book on either side of the MOC Imbalance.~~During the MOC Imbalance Period,

(i) only MOC Market Orders, and MOC Limit Orders may be entered in the MOC Book.

(ii) MOC Market Orders entered cannot be cancelled or modified.

(iii) MOC Limit Orders entered cannot be cancelled, and the price of the MOC Limit Orders may only be modified to a more aggressive buy price or sell price, as the case may be.

(e) During the MOC Freeze Period,

(i) only MOC Limit Orders may be entered in the MOC Book.

(ii) MOC Limit Orders cannot be cancelled or modified.

(iii) if the buy price or sell price, as the case may be, of the MOC Limit Order is more aggressive than the Reference Price, such aggressive price will be deemed to be the Reference Price for purposes of determining the Calculated Closing Price.

(f) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the subsequent MOC Imbalance for a set period of time specified by the Exchange. ~~Pursuant to paragraph (d), MOC Limit Orders entered during the delay may be cancelled during this time period.~~

Amended ([●], 2021)

(3) Closing Call

[…]

(c) Orders shall execute in the Closing Call in the following sequence:

(i) MOC Market Orders shall trade with offsetting MOC Market Orders entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

(ii) MOC Market Orders shall trade with offsetting MOC Market Orders, according to time priority; then

(iii) MOC Market Orders shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

(iv) MOC Market Orders shall trade with offsetting limit orders in the Closing Call, according to time priority; then

(v) limit orders in the Closing Call shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization. Limit orders are prioritized by MOC Limit Orders and displayed limit orders, then dark limit orders, then MOC ~~Closing Offset~~Passive Pegged Limit Orders. Within those categories they are then matched according to time priority, provided that neither order is an unattributed order; then

(vi) remaining orders in the Closing Call shall trade according to time priority.

Amended ([●], 2021)

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