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HARISH BAJAJ, AND
ANDRE ITWARU,
File No. 2019-22

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on December 15, 2020 at 10:00 a.m. will be heard on December 15, 2020 at 9:00 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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1.4.2 Solar Income Fund Inc. et al.

FOR IMMEDIATE RELEASE
December 11, 2020

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

A copy of the Order dated December 11, 2020 is available at www.osc.gov.on.ca.

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

A copy of the Order dated December 14, 2020 is available at www.osc.gov.on.ca.

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FOR IMMEDIATE RELEASE
December 16, 2020

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TORONTO – The Commission issued its Reasons and Decision on Sanctions and Costs and an Order in the above named matter.

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated December 14, 2020 are available at www.osc.gov.on.ca.

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1.4.5 Miner Edge Inc. et al.

FOR IMMEDIATE RELEASE
December 15, 2020

MINER EDGE INC.,
MINER EDGE CORP. and
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File No. 2019-44

TORONTO – Take notice that an attendance in the above-named matter is scheduled to be heard on December 17, 2020 at 9:00 a.m.

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1.4.6 Douglas John Eley

FOR IMMEDIATE RELEASE
December 15, 2020

DOUGLAS JOHN ELEY,
File No. 2020-35

TORONTO – The Commission issued its Reasons for Decision on a Stay Motion in the above named matter.

A copy of the Reasons for Decision on a Stay Motion dated December 15, 2020 is available at www.osc.gov.on.ca.

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Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 15.3(2), 15.3(4)(c), 15.6(1)(a)(i), 15.6(1)(d), 15.8(2)(a.1), 15.8(3)(a.1), 15.1.1 and 19.1.
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December 7, 2020

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

VISION CAPITAL CORPORATION
(the Filer)

AND

VISION MARKET NEUTRAL ALTERNATIVE FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on behalf of the Fund for a decision under the securities legislation of the regulator (the **Legislation**) exempting the Class A units and Class F units (collectively, **Units**) of the Fund from:

(a) sections 15.3(2), 15.3(4)(c), 15.6(1)(a)(i), 15.6(1)(d), 15.8(2)(a.1) and 15.8(3)(a.1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the Fund to include the performance data of the Terminated Fund (as defined below) in sales communications notwithstanding that the performance data relates to a period prior to the Fund offering its Units under a simplified prospectus;

(b) section 15.1.1(a) of NI 81-102 and Items 2 and 4 of Appendix F *Investment Risk Classification Methodology to NI 81-102* (**Appendix F**) to permit the Fund to include the past performance data of the Terminated Fund in determining its investment risk level in accordance with Appendix F;

(c) section 15.1.1(b) of NI 81-102 and Item 4(2)(a) and Instruction (1) of Item 4 of Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**) to permit the Fund to disclose its investment risk level as determined by including the past performance data of the Terminated Fund in accordance with Appendix F;

(d) Item 9.1(b) of Part B of Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) to permit the Fund to use the past performance data of the Terminated Fund to calculate its investment risk rating in its simplified prospectus;

(e) section 2.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) for the purposes of the relief requested herein from Form 81-101F1 and Form 81-101F3;

(f) Items 5(2), 5(3) and 5(4) and Instructions (1) and (5) of Part I of Form 81-101F3 in respect of the requirement to comply with sections 15.3(2), 15.3(4)(c), 15.6(1)(a)(i), 15.6(1)(d), 15.8(2)(a.1) and 15.8(3)(a.1) of NI 81-102 to permit the Fund to include in its fund facts documents the past performance data of the Terminated Fund notwithstanding that (i) such performance data relates to a period prior to the Fund offering its Units under a simplified prospectus, and (ii) the Fund has not distributed its securities under a simplified prospectus for 12 consecutive months;

(g) section 4.4 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) for the purposes of relief requested herein from Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**); and

(h) Items 4.1(1) in respect of the requirement to comply with subsections 15.3(2) and 15.3(4)(c) of NI 81-102, 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1 and Item 4 of Part C of Form 81-106F1 to permit the Fund to include in its annual and interim management reports of fund performance (**MRFP**) the past performance data of the Terminated Fund notwithstanding that such performance data relates to a period prior to the Fund offering its securities under a simplified prospectus.

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102, NI 81-101, NI 81-102 and NI 81-106 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

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

2. The Filer is registered under securities legislation in (i) Alberta, British Columbia, Manitoba and Ontario as an adviser in the category of portfolio manager, (ii) Alberta, British Columbia, Manitoba, Ontario and Quebec and as a dealer in the category of exempt market dealer, and (iii) Alberta, British Columbia, Manitoba, Newfoundland, Ontario and Quebec as an investment fund manager.

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

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

5. The Fund is an alternative mutual fund established under the laws of the Province of Ontario on April 24, 2020.

6. The Fund distributes the Units and other classes of units pursuant to a simplified prospectus and annual information form dated April 24, 2020. The Fund is subject to the requirements of NI 81-106 that apply to investment funds that are reporting issuers.

7. The Fund is not in default of securities legislation in any of the Jurisdictions.

8. The Fund did not carry on any active business until the former investors in Vision Market Neutral Master Fund Limited Partnership (the **Terminated Fund**) acquired Units of the Fund on September 1, 2020.

9. The Terminated Fund was a non-prospectus qualified investment fund managed by the Filer that offered its securities only to accredited investors pursuant to prospectus exemptions under National Instrument 45-106 *Prospectus Exemptions.* The Terminated Fund's performance history spans a period of 31 months from its inception date on February 1, 2018 up to and including its termination date of August 31, 2020.

10. The Fund acquired the portfolio of the Terminated Fund in exchange for Units of the Fund and unitholders of the Terminated Fund acquired Units on a pro rata basis when the Terminated Fund was wound up and dissolved (the **Reorganization**).

11. Further to the Reorganization, the unitholders of the Terminated Fund became holders of Units of the Fund with the same aggregate net asset value as they held as unitholders of the Terminated Fund.

12. The Fund has the same fundamental investment objective and investment strategies as the Terminated Fund. The offering memorandum of the Terminated Fund provided, and the simplified prospectus of the Fund provides, that the investment objective of the Terminated Fund and the Fund, respectively, is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with low downside volatility and drawdowns, while maintaining low correlation to the overall market through low equity and sectoral market exposure. To achieve this objective, the Terminated Fund employed, and the Fund employs, an investment strategy that generally maintains long and short exposures that results in relatively low net exposures through investments in securities with a principal focus on real estate-based securities. In addition, pursuant to exemptive relief granted to the Fund on February 21, 2020, the Fund was permitted to short sell up to 100% of its net asset value and process subscriptions and redemptions on a monthly basis, consistent with the strategies and practices of the Terminated Fund.

13. The management fee for the Units of the Fund is the same as units of the Terminated Fund but the performance fee was reduced from 20% to 15%.

14. As a result, the Fund will be managed in a manner that is the same in all materials respects to the manner in which the Terminated Fund was managed, and will essentially be a continuation of the Terminated Fund, although as a reporting issuer.

15. As a reporting issuer, the Fund is required under NI 81-101 to prepare and file a simplified prospectus and fund facts.

16. The Filer proposes to present the performance data of the Terminated Fund in sales communications pertaining to the Fund. Without the Exemption Sought, the sales communications pertaining to the Fund cannot include performance

data of the Terminated Fund or performance data that relates to a period prior to the Fund becoming a reporting issuer, and the Fund cannot provide performance data in its sales communications until it has distributed securities under a simplified prospectus for at least 12 consecutive months.

17. The Filer proposes to use the Terminated Fund's past performance data to determine its investment risk level and to disclose that investment risk level in the simplified prospectus and the fund facts document for the Units. Without the Exemption Sought, the Filer, in determining and disclosing the Fund's investment risk level in the simplified prospectus and the fund facts documents for the Units, cannot use performance data of the Terminated Fund or performance data that relates to a period prior to the Fund becoming a reporting issuer.

18. The Filer proposes to include in the fund facts document for the Units past performance data of the Terminated Fund in the chart required by Items 5(2), 5(3) and 5(4) under the sub-headings "Year-by-year returns", "Best and worst 3-month returns" and "Average return", respectively. Without the Exemption Sought, the fund facts documents of the Fund cannot include performance data of the Terminated Fund or performance data that relates to a period prior to the Fund becoming a reporting issuer.

19. As a reporting issuer, the Fund is required under NI 81-106 to prepare and send MRFPs to all holders of its securities on an annual and interim basis. Without the Exemption Sought, the MRFPs of the Fund cannot include performance data of the Terminated Fund or performance data that relates to a period prior to the Fund becoming a reporting issuer.

20. The performance data of the Terminated Fund is significant and meaningful information for existing and prospective investors of Units.

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 any sales communication, fund facts documents and MRFP of the Fund that contains performance data relating to the Terminated Fund discloses that:

(a) the Fund was inactive and the Terminated Fund was not a reporting issuer prior to the date of the Reorganization;

(b) the expenses of the Terminated Fund would have been higher during such period had the Terminated Fund been subject to the additional regulatory requirements applicable to a reporting issuer; and

(c) the Filer obtained exemptive relief on behalf of the Fund to permit the disclosure of performance data of the Terminated Fund when it was not a reporting issuer.

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

2.1.2 Optometric Services (OPT) Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions -dual application filed by issuer for relief from the prospectus requirements in connection with the conversion of shares and the distribution of shares – shareholders in connection with a buying group, subject to conditions.

Applicable Legislative Provisions

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

October 26, 2020

[TRANSLATION]

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

AND

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

AND

IN THE MATTER OF
OPTOMETRIC SERVICES (OPT) INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption from the prospectus requirement in connection with:

- the conversion of:
    - outstanding class A shares of the Filer (**the Old Class A Shares**) into class A ordinary shares of the Filer (**the New Class A Ordinary Shares**) and class A preferred shares of the Filer (**the New Class A Preferred Shares**);
    - outstanding class E shares of the Filer (**the Old Class E Shares**) into class E ordinary shares of the Filer (**the New Class E Ordinary Shares**) and class E preferred shares of the Filer (**the New Class E Preferred Shares**);
- the issuance of class M ordinary shares of the Filer (the **Class M Ordinary Share**s) and class M preferred shares of the Filer (the **Class M Preferred Share**s) to Client-Shareholders (as defined hereinafter) (the **Proposed Reorganization**); and
- the issuance of class O preferred shares of the Filer (the **Class O Preferred Share**s) and class O ordinary shares of the Filer (the **Class O Ordinary Share**s) to Client-Shareholders (as defined hereinafter) (the **Exemption Sought**).

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

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

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

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

Interpretation

Terms defined in Regulation 11-102, *Regulation 14-101 respecting Definitions*, CQLR, c. V-1.1, r. 3, *Regulation 21-101 respecting Marketplace Operation*, CQLR, c. V-1.1, r. 5 and *Regulation 45-106 respecting Prospectus Exemptions*, CQLR, c. V-1.1, r. 21 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer was incorporated on September 13, 1982 under the *Canada Business Corporations Act*. The Filer's head office is located in Québec.

2. The Filer is a Canada-wide multi-service organization servicing optometrists and clinics across Canada. The Filer seeks to foster independent optometric clinics by providing volume discounts for merchandises, mainly frames and lenses, and affordable management tools so that its Client-Shareholders (as defined below) can compete with chains, big box stores and online sellers. The main activities are negotiating with accredited vendors volume and cash discounts for the benefit of its Client-Shareholders and centralizing billing and payment processes between vendors and Client-Shareholders.

3. Following the Proposed Reorganization, all optometrists or partnerships of optometrists who take advantage of the goods and services offered by the Filer will be shareholders of the Filer (the **Client-Shareholders**, and together with the Former Client-Shareholders, as defined hereinafter, the **Shareholders**).

4. Client-Shareholders must be optometrists or a partnership of optometrists and must be in good standing with the provincial bodies regulating optometry where they practice or operate a clinic or clinics.

5. The authorized capital of the Filer consists of an unlimited number of Old Class A Shares, class B shares, class C shares, class D shares and Old Class E Shares.

6. As of December 31, 2019, 506,612 Old Class A Shares and 207,280 Old Class E Shares were issued and outstanding. No class B shares, class C shares or class D shares of the Filer were issued.

7. The Filer has only offered the Old Class A Shares to its Client-Shareholders.

8. The Filer has not issued any Old Class A Shares since December 31, 2015.

9. The Filer has only offered the Old Class E Shares to its Client-Shareholders having Old Class A Shares exceeding 2% of the issued and outstanding Old Class A Shares and to its Client-Shareholders who ceased to be a client of the Filer (the **Former Client-Shareholders**).

10. As of December 31, 2019, the Filer had 201 Shareholders. The geographical distribution of the Shareholders was as follows: 71 in Québec; 40 in Ontario; 32 in British Columbia; 12 in Alberta; 7 in Manitoba; 18 in Saskatchewan; 8 in New Brunswick; 2 in Prince Edward Island; 9 in Nova Scotia; and 2 in Newfoundland and Labrador.

11. There is no market for the Old Class A Shares and the Old Class E Shares and these shares are not traded on any marketplace.

12. The transfer of shares of the Filer is restricted pursuant to the Filer's constating documents.

13. The Filer provides the following ongoing disclosure to its Shareholders: (i) the notices of annual Shareholders' meetings, agendas, minutes from the previous annual Shareholders' meetings, proxy circulars and annual reports; (ii) the quarterly summaries of the intermediary financial statements; and (iii) the audited annual financial statements (collectively, the **Ongoing Disclosure**).

14. The Client-Shareholders are bound by a service contract with the Filer.

15. The Commission des valeurs mobilières du Québec and the Ontario Securities Commission have in the past granted the Filer discretionary exemptive relief from the prospectus and dealer registration requirements in respect of the issuance of Old Class A Shares.

The Proposed Reorganization

16. The Filer intends to implement the Proposed Reorganization in order to, among other things, help the Filer pursue its mission to foster independent optometry and stipulate that each client of the Filer will have to be a Client-Shareholder of the Filer.

17. The Filer obtained approval of its Shareholders to implement the Proposed Reorganization at the annual meeting of Shareholders held on April 27, 2019.

18. Pursuant to the Proposed Reorganization:

    a) holders of Old Class A Shares will receive in exchange of each owned Old Class A Share, one New Class A Ordinary Share and one New Class A Preferred Share; and

    b) holders of Old Class E Shares will receive in exchange of each owned Old Class E Share, one New Class E Ordinary Share and one New Class E Preferred Share.

19. Following the Proposed Reorganization, the Filer will provide prospective Client-Shareholders with copies of (i) the description of the share capital following the Proposed Reorganization; (ii) the service contract; and (iii) the share repurchase policy.

20. Following the date of execution of a service contract and annually thereafter, each Client-Shareholder will be required to subscribe to an equal number of Class M Preferred Shares and Class M Ordinary Shares (at a subscription price of $9.99 per Class M Preferred Shares and 0.01$ per Class M Ordinary Shares) for a total amount between $240 and $360 per year (the **Annual Subscription**), as determined by the board of directors of the Filer depending on the financial needs of the Filer. The payment of the Annual Subscription by the Client-Shareholder will be made in up to 12 equal monthly installments to the Filer. These Class M Preferred Shares and Class M Ordinary Shares will be issued on December 31st of each year.

21. A Client-Shareholder can terminate a service contract provided that it sends written notification of cancelation to the Filer at least six months, but no more than twelve months, prior to the request date of termination.

22. The Filer has not and will not adopt a share repurchase policy for the New Class A Ordinary Shares, New Class A Preferred Shares, New Class E Ordinary Shares and New Class E Preferred Shares. Following the Proposed Reorganization, no additional shares of these classes will be issued by the Filer, unless an issuance is made in accordance with available regulatory prospectus exemptions.

23. The board of directors of the Filer adopted in principle a share repurchase policy for the Class M Preferred Shares and Class O Preferred Shares (the **Class M and O Share Repurchase Policy**). Pursuant to the Class M and O Share Repurchase Policy, the Filer will repurchase the Class M Preferred Shares and Class O Preferred Shares of a Shareholder at a price equal to the paid-up capital if the Shareholder is either (i) no longer in good standing with the provincial bodies regulating optometry or (ii) no longer bound by the service contract.

24. The repurchase of the shares by the Filer will be made pursuant to the issuer bid exemption under 4.6(a) of *Regulation 62-104 respecting Take-Over Bids and Issuer Bids*, CQLR, c. V-1.1, r. 35.

25. Following the Proposed Reorganization, Shareholders cannot hold more than a total of 2% of the issued and outstanding voting shares of the Filer, namely the New Class A Preferred Shares and Class M Preferred Shares. If a Shareholder holds a number of voting shares exceeding 2% of the issued and outstanding voting shares, the exceeding Class A Preferred Shares will be automatically converted by the Filer into Class E Preferred Shares; and if all of the exceeding Class A Preferred Shares have been converted into Class E Preferred Shares and the Shareholder still holds a number of voting shares exceeding 2% of the issued and outstanding voting shares, the exceeding Class M Preferred Shares will be automatically converted by the Filer into Class O Preferred Shares.

26. Following the Proposed Reorganization, the Shareholders will continue to receive the Ongoing Disclosure.

27. There will be no market for the New Class A Ordinary Shares, New Class A Preferred Shares, New Class E Ordinary Shares, New Class E Preferred Shares, Class M Ordinary Shares, Class M Preferred Shares and Class O Ordinary Shares and Class O Preferred Shares and these shares will not be traded on any marketplace.

28. The Filer is not at present, and does not intend to become, a reporting issuer in any of the Filing Jurisdictions.

29. The Filer has considered whether, under *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**Regulation 31-103**) and the Legislation, it could be considered to be engaged in or holding itself out as engaging in the business of trading in securities and therefore required to register as a dealer, rely on another exemption from the dealer registration requirement or seek exemptive relief from the dealer registration requirement. In light of the particular facts and circumstances of the Filer, including the fact that the initial and Annual Subscription are incidental to the Filer's principal activities, it does not receive any fees or other income from engaging in trades or acts in furtherance of distributions, and its activities do not have the attributes typical of a person or company carrying on the business of a dealer, and having considered the guidance in section 1.3 of the Policy Statement to Regulation 31-103, the Filer has concluded that it should not be considered to be engaged in registrable activities and therefore does not require relief from the registration requirement of the Legislation.

Decision

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

The decision of the Decision Makers is that the Exemption Sought is granted provided that all trades of New Class A Ordinary Shares, New Class A Preferred Shares, New Class E Ordinary Shares, New Class E Preferred Shares, Class M Ordinary Shares, Class M Preferred Shares, Class O Ordinary Shares and Class O Preferred Shares will be an offering subject to the prospectus requirements of the Legislation unless the trade is made in accordance with the Filer's constating documents and by-laws.

Signed 19 October 2020

"Benoît Gascon"
Senior Director of Corporate Finance

2.1.3 Next Edge Capital Corp. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of merger of existing conventional mutual fund into new alternative mutual fund – approval required because merger does not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – merging funds may be considered not to have substantially similar investment objectives or fee structures – merger will not be a tax deferred transaction – approval granted subject to securityholder approval.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.1(1)(f), 5.5(1)(b), 5.6(1), 5.7(1)(b) and 19.1(2).

December 1, 2020

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
NEXT EDGE CAPITAL CORP.
("Next Edge" or the "Filer")

AND

NEXT EDGE BIO-TECH PLUS FUND
(the "Terminating Fund")

AND

NEXT EDGE BIOTECH AND LIFE SCIENCES OPPORTUNITIES FUND
(the "Continuing Fund", together with the Terminating Fund, the "Funds")

DECISION

Background

The principal regulator in the Jurisdiction (the "**Decision Maker**") has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") approving the proposed merger, as further described below, of the Terminating Fund into the Continuing Fund (the "**Merger**") pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* ("**NI 81-102**") (the "**Approval Sought**").

Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*:

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

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

Interpretation

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

Representations

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

The Filer and the Funds

1. Next Edge is a corporation incorporated under the laws of Canada with a head office in Toronto.

2. Next Edge is registered as: (i) an Investment Fund Manager in Ontario, Québec and Newfoundland and Labrador; (ii) a Portfolio Manager in Alberta and Ontario; and (iii) an Exempt Market Dealer in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.

3. Next Edge is the manager and trustee of each of the Funds.

4. The Terminating Fund and the Continuing Fund are each: (i) open-ended mutual fund trusts, established under the laws of Ontario by a declaration of trust, governed by the provisions of NI 81-102; and (ii) reporting issuers as defined under the applicable securities legislation of each province of Canada. The Continuing Fund is also an "alternative mutual fund" under NI 81-102.

5. Class A Units and Class F Units of the Terminating Fund are currently qualified for sale in each of the provinces of Canada pursuant to a simplified prospectus ("**SP**"), annual information form ("**AIF**") and related Fund Facts each dated October 25, 2019 (the "**Terminating Fund Offering Documents**"). The Filer has obtained exemptive relief in order to extend the lapse date of the Terminating Fund Offering Documents to December 31, 2020. Class A1 Units and Class F1 Units of the Terminating Fund were also formerly qualified for distribution but have been removed from the Terminating Fund Offering Documents because they are no longer publicly offered.

6. Securities of the Continuing Fund are qualified for sale in each of the provinces of Canada pursuant to a SP, AIF and related Fund Facts dated November 3, 2020 (the "**Continuing Fund Offering Documents**" and together with the Terminating Fund Offering Documents, the "**Offering Documents**").

7. The net asset value ("**NAV**") for a Fund is calculated on a daily basis at the end of each day the Toronto Stock Exchange is open for trading in accordance with such Fund's valuation policy and as described in the applicable Offering Documents.

8. Neither the Filer, nor either Fund, is in default of any of the requirements of the securities legislation of any of the provinces and territories of Canada.

Reasons for the Approval Sought

9. The Filer intends to reorganize the Funds by merging the Terminating Fund into the Continuing Fund such that securityholders of the Terminating Fund will become securityholders of the Continuing Fund.

10. The Filer has concluded that regulatory approval for the Merger is required under subsection 5.5(1)(b) of NI 81-102. The Filer has further concluded that pre-approval for the Merger under section 5.6(1) is unavailable, because:

    (a) In view of the Filer, contrary to subsection 5.6(1)(a) of NI 81-102:

        (i) the fundamental investment objective of the Continuing Fund may not be considered to be "substantially similar" by a reasonable person to the investment objective of the Terminating Fund. The Continuing Fund is an "alternative mutual fund", whereas the Terminating Fund is a "conventional" mutual fund. In addition, the Terminating Fund may only invest in issuers based in Canada and the United States, whereas there is no geographic limitation in respect of which the Continuing Fund may invest; and

        (ii) the fee structure of the Continuing Fund may not be considered to be "substantially similar" by a reasonable person to the fee structure of the Terminating Fund as the performance fee of the Continuing Fund is not calculated with reference to a performance benchmark. In contrast, as a conventional mutual fund, the performance fee of the Terminating Fund is calculated with reference to a performance benchmark; and

    (b) The Merger will be completed on a taxable basis and will not be a "qualifying exchange" or other form of tax-deferred transaction under the *Income Tax Act (Canada)* (the "**Tax Act**") contrary to subsection 5.6(1)(b) of NI 81-102.

11. Except as noted above, each of the other conditions for pre-approval under subsection 5.6(1) of NI 81-102 will be met in respect of the Merger.

12. The Filer has concluded that the Merger is not a material change for the Continuing Fund, including for purposes of section 5.1(1)(g) of NI 81-102. The Continuing Fund is a newly launched fund. Disclosure regarding the Merger has been included in the initial Fund Facts of the Continuing Fund such that any investor purchasing units of the Continuing Fund in advance of the Effective Date (as defined below) will do so with full knowledge that the Merger will be implemented, provided all necessary approvals are obtained. There will, therefore, be no "change" that would impact an investor's decision to purchase or hold units of the Continuing Fund.

The Proposed Merger

13. Subject to receipt of all necessary regulatory approvals and the outcome of the vote of securityholders of the Terminating Fund, the Merger is anticipated to be effective on or about December 18, 2020 (the "**Effective Date**").

14. Pursuant to subsection 5.1(1)(f) of NI 81-102, the Terminating Fund will seek approval of its securityholders for the Merger at a special meeting to be held virtually on or about December 15, 2020 (the "**Meeting**").

15. Pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds*, the independent review committee of the Funds (the "**IRC**") has reviewed the proposed Merger as a potential "conflict of interest" matter and the process to be followed in connection with the Merger. The IRC has determined that the Merger, if implemented, will achieve a fair and reasonable result for the Funds.

16. The board of directors of the Filer will approve the Merger.

Securityholder Disclosure

17. A press release and a material change report were issued and filed on SEDAR on October 15, 2020, in accordance with applicable securities law, with respect to the proposed Merger. The Terminating Fund Offering Documents were also amended to include disclosure with respect to the Merger in accordance with applicable securities law. The SP, AIF and, as noted, the Fund Facts of the Continuing Fund also disclosed the proposed Merger with the Terminating Fund, including the anticipated Effective Date.

18. A notice of meeting, a management information circular (the "**Circular**") and a form of proxy in connection with the Meeting (collectively, the "**Meeting Materials**") were mailed to securityholders of the Terminating Fund of record as of November 6, 2020 and filed on SEDAR by November 23, 2020. The Meeting Materials disclosed that securityholders of the Terminating Fund would be able vote to approve the Merger by proxy until 11:59 p.m. on the date of the Meeting, namely December 15, 2020.

19. The Circular provided securityholders of the Terminating Fund with sufficient information to permit them to make an informed decision as to whether to approve the Merger.

20. The Circular, among other things, included a description of:

    (a) the Continuing Fund, including certain prospectus-level disclosure concerning the Continuing Fund, including information in respect of its: investment objective and strategies; risk rating; investment structure; registered plan eligibility; portfolio management responsibility; NAV; fees and expenses; annual returns; valuation procedures; and distribution policy and the similarities and differences between the Terminating Fund and the Continuing Fund with respect to such matters;

    (b) the differences between the Continuing Fund, as an alternative mutual fund, and the Terminating Fund, as a conventional mutual fund. More specifically, the Circular described that the Continuing Fund is permitted to use strategies generally prohibited to conventional mutual funds (such as the Terminating Fund), such as the ability to invest more than 10% of its NAV in securities of a single issuer, the ability to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage;

    (c) the tax implications of the Merger;

    (d) the potential benefits of the Merger;

    (e) the process for implementing the Merger; and

    (f) the recommendation of the IRC of the Funds in respect of the Merger.

21. As part of the Meeting Materials, securityholders of the Terminating Fund were provided with the most recently filed relevant corresponding Fund Facts for the Continuing Fund. The Circular also disclosed that securityholders were able obtain the SP and AIF of the Continuing Fund from the Filer upon request or on SEDAR at www.sedar.com. As the Continuing Fund is new, the Circular further disclosed that annual and interim financial statements and annual and

interim Management Reports of Fund Performance for the Continuing Fund are not yet available. Accordingly, investors of the Terminating Fund have the opportunity to consider such information prior to voting on the Merger.

22. The Circular further disclosed that:

(a) the Filer will pay for the costs of the Merger;

(b) securityholders will have the right to redeem the securities of the Terminating Fund up to the close of business on the Effective Date;

(c) in the event the Merger is not approved, the Filer will terminate the Terminating Fund; and

(d) following the Merger, pre-authorized chequing plans, systematic withdrawal plans and other active optional services which had been established with respect to the Terminating Fund, will be re-established with respect to the Continuing Fund unless securityholders or their advisor advise Next Edge otherwise.

Merger Implementation

23. The Merger will be structured substantially as follows:

(a) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the Effective Date.

(b) Prior to the Merger, as required, the Terminating Fund will sell any securities in its portfolio that do not meet the investment objective and investment strategies of the Continuing Fund. As a result, the Terminating Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objective for a brief period of time prior to the Merger being effected. Any accumulated loss carry-forwards of the Terminating Fund, as well as any losses arising from the disposition of the assets in its portfolio, will remain with the Terminating Fund and will not be available to be deducted against taxable income, including taxable capital gains, of the Continuing Fund that arise after the Merger. The Circular provided securityholders with information about such tax implications.

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

(d) The Terminating Fund's assets and liabilities will be transferred to the Continuing Fund. In return, the Continuing Fund will issue to the Terminating Fund securities of the Continuing Fund having an aggregate NAV equal to the value of the assets transferred to the Continuing Fund.

(e) Immediately thereafter, securities of the Continuing Fund received by the Terminating Fund will be distributed to securityholders of the Terminating Fund in exchange for their securities in the Terminating Fund on a dollar-for-dollar and class-by-class basis, as follows.

Terminating Fund	**Continuing Fund**
Class A units	Class A units
Class F units	Class F units
Class A1 units	Class A units
Class F1 units	Class F units

(f) Each securityholder of the Terminating Fund will receive units of the Continuing Fund with a value equal to the value of their units of the Terminating Fund.

(g) The Terminating Fund will be wound-up as soon as practicable and, in any case, within 30 days following the Merger.

24. The right of securityholders of the Terminating Fund to purchase, or switch their, securities of the Terminating Fund will cease as of the close of business two days prior to the Effective Date.

25. The portfolio and other assets of the Terminating Fund to be acquired by the Continuing Fund as a result of the Merger will be acceptable to the portfolio advisor of the Continuing Fund prior to the Merger and consistent with the investment objective of the Continuing Fund.

26. Next Edge will pay the costs associated with the sale of securities in the Terminating Fund's portfolio that do not meet the investment objective and investment strategies of the Continuing Fund, including brokerage commissions.

27. No sales charges or costs or expenses will be payable by the Funds or investors in the Funds in connection with the Merger, including the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.

28. As noted, the Filer will pay for the costs of the Merger. These costs consist mainly of legal, proxy solicitation, printing, mailing, brokerage costs and regulatory fees.

Tax Implications – Terminating Fund Securityholders

29. Although the Merger will be conducted on a taxable basis, in view of the Filer, it is in the best interest of the securityholders of the Funds to complete the Merger on a taxable basis. A taxable trust-to-trust merger is tax neutral for tax-exempt securityholders of the Terminating Fund. In addition, the Filer expects that, in most cases, securityholders in non-registered accounts will have accrued losses on their units of the Terminating Fund which will be realized on the Merger.

Tax Implications – the Terminating Fund

30. Given the compatibility of the portfolios of each Fund, the Filer does not currently anticipate that the Terminating Fund will be required to dispose of any portfolio assets in order to align its portfolio with that of the Continuing Fund in advance of the Merger. Any tax consequences flowing to the Terminating Fund as a result of the Merger will therefore result from the transfer of portfolio assets to the Continuing Fund in connection with the Merger itself. Currently, the Terminating Fund has approximately $1.6 million in unrealized capital gains in its portfolio assets. Upon the Merger, the Terminating Fund will transfer its portfolio assets to the Continuing Fund on a taxable basis and will therefore anticipate realizing approximately $1.6 million in net capital gains from such disposition. However, as the Terminating Fund has approximately $6.0 million in non-capital loss carryforwards and current year expenses, the aforementioned gains will be completely sheltered such that the Terminating Fund will not realize any net capital gains from the dispositions in its taxation year in which the Merger occurs. As a result, based on information currently available, the Filer anticipates that the Terminating Fund will not be required to make an additional distribution of income to securityholders prior to, or in respect of, the Merger in order to avoid liability for non-refundable income tax under Part I of the Tax Act for the taxation year in which the Merger occurs.

Benefits of the Merger

31. The Filer believes that the Merger will be beneficial to securityholders of the Terminating Fund for the following reasons:

    (a) The management fees of both classes of the Continuing Fund will be lower than those of the corresponding classes of the Terminating Fund. In particular, Class F units of the Continuing Fund will not be subject to a management fee. The Merger therefore has the potential to lower costs for securityholders. However, the performance fee of the Continuing Fund, unlike the Terminating Fund, is not calculated with reference to a performance benchmark or index. Consequently, it is possible that the Continuing Fund may be subject to a performance fee on a more consistent basis than the Terminating Fund would otherwise be.

    (b) The Continuing Fund will have a broader investable universe than the Terminating Fund (both in terms of the types of issuers that may be invested in and their geographic location). As a result, the Continuing Fund may have access to additional investment opportunities, increased liquidity and greater flexibility when making investment decisions.

    (c) As noted, the Continuing Fund will be an "alternative mutual fund" under NI 81-102 and will therefore have more flexibility to use investment strategies not permitted for conventional mutual funds, such as the Terminating Fund. For example, the Continuing Fund has the ability to invest more than 10% of its net asset value in securities of a single issuer, to invest in physical commodities or specified derivatives, to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to employ leverage. The Merger will therefore provide securityholders with continued exposure to a similar portfolio of assets but with the added potential to enhance returns through the use of leverage and other strategies available to the Continuing Fund as an "alternative mutual fund".

    (d) It is anticipated that the broader investment mandate and investment strategies may provide the Continuing Fund with a greater ability to raise new capital than that of the Terminating Fund. The ability to raise new capital may therefore permit the Continuing Fund to take advantage of economies of scale with the possibility of lower annual expenses for the Continuing Fund (and thereby lower the management expense ratio borne by securityholders). In addition, the ability to attract assets to the Continuing Fund will benefit investors by ensuring that the Continuing Fund is a viable, long-term, attractive investment vehicle for existing and potential investors.

(e) As noted, none of the costs and expenses associated with the Merger will be borne by the Terminating Fund or securityholders. All such costs will be borne by Next Edge.

32. The Filer has determined that it would be in the best interests of the Fund and their investors and not prejudicial to the public interest to receive the Approval Sought.

Decision

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

The decision of the Decision Maker under the Legislation is that the Approval Sought is granted provided the Filer obtains the prior approval of securityholders of the Terminating Fund for the Merger prior to the Effective Date.

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

2.1.4 SLGI Asset Management Inc.

November 26, 2020

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
SLGI ASSET MANAGEMENT INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the restriction contained in section 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibits a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director unless (i) this fact is disclosed to the client and (ii) the written consent of the client is obtained before the investment is made (the **Requested Relief**), in order to permit the Filer to cause Sun Life Core Advantage Credit Private Pool (the **Top Fund**) to invest in units of SLC Management Short Term Private Fixed Income Plus Fund (the **Short Term PFI Fund**).

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

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

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

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless otherwise defined.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the laws of Canada with its head office in Toronto, Ontario and is a wholly-owned indirect subsidiary of Sun Life Financial Inc. (**SLF**).

2. The Filer is registered as: (i) an investment fund manager in Ontario, Quebec and Newfoundland and Labrador; (ii) a commodity trading manager in Ontario; (iii) a portfolio manager in Ontario; and (iv) a mutual fund dealer in each of the Jurisdictions.

3. The Filer is the investment fund manager of the Top Fund.

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

The Top Fund

5. The Top Fund is an open-ended mutual fund trust established under the laws of Ontario.

6. The Top Fund is a "mutual fund" as defined in securities legislation of the Jurisdictions and is subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**).

7. Units of the Top Fund are qualified for distribution pursuant to a simplified prospectus dated July 21, 2020, as the same may be amended or renewed from time to time. The Top Fund is a reporting issuer in each of the Jurisdictions.

8. The investment objective of the Top Fund is to seek to provide income while preserving capital primarily by investing directly in debt securities or indirectly by investment in mutual funds (including exchange-traded funds) that invest in such securities.

9. To achieve its investment objective, the Top Fund proposes to invest no more than 10% of its assets in units of the Short Term PFI Fund, which investment will be consistent with the Top Fund's investment objectives and strategies.

The Short Term PFI Fund

10. The Short Term PFI Fund is an investment vehicle established as a limited partnership under the laws of Ontario.

11. Sun Life Capital Management (Canada) Inc. (**SLC**) is the manager of the Short Term PFI Fund and SLC Management Short Term PFIP GP Inc. (the **GP**) is the general partner of the Short Term PFI Fund.

12. Each of SLC and the GP is a wholly-owned indirect subsidiary of SLF.

13. As the Filer and the GP are both wholly-owned indirect subsidiaries of SLF, the Filer is therefore an affiliate of the GP.

14. Due to the nature of being a general partner of the Short Term PFI Fund, the GP will have access to the investment decisions made on behalf of the Short Term PFI Fund and will therefore be considered a responsible person as defined under section 13.5(1) of NI 31-103.

15. The Short Term PFI Fund seeks to achieve total return by providing income while preserving capital, by investing primarily in a diverse portfolio of short term private and public fixed income and floating rate assets.

16. The Short Term PFI Fund considers investment opportunities from a range of developed markets, including Canada and the United States.

17. The private fixed income assets held by Short Term PFI Fund will primarily be comprised of loans originated by SLC, such as: secured and unsecured loans to large corporate borrowers; debt financing of real assets, which may include real property and infrastructure, with access to stable and enduring cash flow streams through the monetization of contractual payments or through loans secured by cash flow generating real assets that are difficult to replicate; loans to mid-market companies with revenues of less than $500 million that tend to have limited access to public capital markets generally with strong equity sponsorship, where transactions provide access to diverse fixed and floating rate private investment opportunities across North America and select developed markets overseas, and investments in securitized lease/loan obligations supported by well diversified pools of assets such as manufacturing equipment and transportation assets with added levels of credit enhancement (collectively, **Private Assets**).

18. The Short Term PFI Fund also invests in a wide range of securities available in public fixed income markets (collectively, **Public Assets**) to seek to neutralize exposure to unintended risks and to support ongoing cash flow management.

19. The Short Term PFI Fund's allocation between Private Assets and Public Assets is managed by SLC. Approximately 70% to 100% of the Short Term PFI Fund's portfolio is comprised of Private Assets at any given time, including floating rate securities and commercial mortgages. Approximately 0%-30% of the Short Term PFI Fund's portfolio is comprised of Public Assets at any given time, and the balance of its net assets, if any, is invested in government treasury bills and government guaranteed bonds maturing in less than one year, demand deposits, bankers' acceptances and short term bank paper or short term corporate paper issued by Canadian companies (collectively, **Money Market Instruments**) or cash. Investments in cash or Money Market Instruments are limited to 10% of the Short Term PFI's Fund's net assets, but this limit may be exceeded for short periods in order to match timing inflows and outflows of investments, to fund payments to investors or for other purposes.

20. The investments of the Short Term PFI Fund, which consist primarily of Private Assets, are primarily illiquid.

21. The Short Term PFI Fund is not considered to be an investment fund because of the active nature of its Private Asset investments, as described above. Nevertheless, the Short Term PFI is operated in a manner similar to how the Top

Fund is operated. The Short Term PFI Fund is administered by SLC, as manager, its assets are managed by SLC, as portfolio manager, and SLC calculates a net asset value (**NAV**) in respect of the Short Term PFI Fund that is used for purposes of determining the purchase and redemption price of its units.

22. The Short Term PFI Fund is not in default of the securities legislation of any jurisdiction of Canada.

23. Units of the Short Term PFI Fund are currently only available to investors who meet the definition of "permitted client", as such term is defined in NI 31-103. Units are sold solely to accredited investors pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 *Prospectus Exemptions*.

24. The Short Term PFI Fund is not a reporting issuer in any jurisdiction of Canada.

Fund-on-Underlying Investment Structure

25. An investment by the Top Fund in the Short Term PFI Fund will be compatible with the investment objectives of the Top Fund and will allow the Top Fund to obtain exposure to securities in which the Top Fund may otherwise invest directly, but for the active nature required to originate the loans contained in the Private Asset portion of the Short Term PFI Fund's portfolio (the **Fund-on-Underlying Investment Structure**).

26. The Filer believes that the Fund-on-Underlying Investment Structure will provide the Top Fund with an efficient and cost-effective manner of pursuing portfolio diversification instead of purchasing such securities directly as part of a loan syndication or loan participation, as well as providing the Top Fund with exposure to investment opportunities that it would not otherwise be able to access due to lack of scale and the exclusive nature of the private loan market.

27. Investments by the Top Fund in the Short Term PFI Fund will be effected at an objective price. According to the Filer's policies and procedures, an objective price, for this purpose, shall be the NAV of the Short Term PFI Fund.

28. The Top Fund will not actively participate in the business or operations of the Short Term PFI Fund. As an investor in the Short Term PFI Fund, the Top Fund will have no responsibility for administering any loan contained in the Short Term PFI Fund's portfolio in relation to the borrower.

29. As the Short Term PFI Fund is not an investment fund, the requirements of section 2.5 of NI 81-102 do not apply. An investment by the Top Fund in units of the Short Term PFI Fund is akin to an investment by the Top Fund in securities of a structured product or other non-investment fund issuer.

Valuation of the Short Term PFI Fund

30. The Short Term PFI Fund is valued monthly and units of the Short Term PFI Fund are redeemable monthly with the consent of SLC, provided SLC receives 60 days' prior written notice and SLC determines that the Short Term PFI Fund has sufficient available cash to satisfy the redemption request.

31. SLC is in the process of selecting an independent external valuator to value the Private Assets held by the Short Term PFI Fund for each NAV calculation and expects to have the independent valuator in place by the end of the first quarter of 2021 (the **New Valuation Process**). The valuator will be an industry-leading service provider of independent valuations, risk and liquidity metrics. Its valuation services will be designed to fulfill the statutory and policy requirements of investors, regulators and business managers for independent calculations and validation of net asset value. Specific to private assets, the valuator will provide independent valuations of hard-to-value private equity and credit by leveraging a team of expert analysts that use a broad range of market data, along with client inputs. The New Valuation Process will replace the current internally developed valuation methodology.

32. Deloitte LLP, a public accounting firm that is registered with CPAB, has been retained to act as auditor of the Short Term PFI Fund and will carry out an audit, in accordance with Canadian generally accepted auditing standards, of the annual financial statements of the Short Term PFI Fund. The annual financial statements are prepared in accordance with International Financial Reporting Standards (**IFRS**). The financial statements will present the Private Assets and any Public Assets at their fair values, which will be determined based on all applicable fair valuation principles set out in IFRS 13 *Fair Value Measurement*, as the same may be amended or replaced from time to time. These principles will consider the credit spreads and yields used by market participants in the fair market valuation of private debt securities and other market value influencing assumptions, to the extent that such information is publicly available, as well as other information considered to be relevant by SLC.

Information Provided to Short Term PFI Fund Investors

33. As an investor in the Short Term PFI Fund, the Top Fund will receive the following disclosure documents and other information pertaining to the Short Term PFI Fund:

    (a) Offering memorandum, as updated from time to time;

    (b) Limited partnership agreement, as amended or amended and restated from time to time;

    (c) An annual report consisting of audited financial statements and the auditors' report thereon within 120 days of the Short Term PFI Fund's financial year-end;

    (d) Such tax slips and information required by unitholders of the Short Term PFI Fund to complete their tax returns within the time limits prescribed by the Income Tax Act (Canada);

    (e) A monthly unitholder update consisting of: (i) a statement showing the number and value of units held by the Top Fund in the Short Term PFI Fund; (ii) a summary of the Top Fund's transactions during such month; and (iii) a statement of the Top Fund's annualized rates of return;

    (f) A quarterly Short Term PFI Fund update consisting of: (i) a summary of the Short Term PFI Fund's portfolio holdings; (ii) a statement of the Short Term PFI Fund's annualized rates of return; (iii) commentary on the Short Term PFI Fund's recent performance; (iv) the Short Term PFI Fund's current profile by asset class and credit rating; and (v) general market commentary;

    (g) The NAV per unit of the Short Term PFI Fund on a monthly basis; and

    (h) A description of the general characteristics (i.e. issuer description, industry, maturity date, indicative yield) of each asset held by the Short Term PFI Fund as of the most recent valuation date, upon the Top Fund's request and provided that the Top Fund executed a confidentiality agreement.

Top Fund Liquidity

34. The Top Fund will hold primarily liquid assets. It is expected that the Top Fund will invest no more than 10% of its assets in units of the Short Term PFI Fund, which it will treat as "illiquid assets" pursuant to 2.4 of NI 81-102, and the remainder of its assets in assets that are not considered "illiquid assets", as such term is defined in NI 81-102.

35. Units of the Top Fund are valued and redeemable daily at NAV, calculated in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure.*

Valuation of Short Term PFI Fund Units by the Top Fund

36. An illiquid asset under NI 81-102 is one that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximates the amount at which the portfolio asset is valued in calculating the NAV per security of the Top Fund.

37. The Filer will value the units of the Short Term PFI Fund held by the Top Fund in accordance with its valuation policy and NI 81-106, which requires it to determine the fair value of the Top Fund's assets.

38. The Filer anticipates that the fair value of the Short Term PFI Fund units will be the NAV most recently calculated by SLC. However, due to the timing difference between the daily NAV calculation of the Top Fund and the monthly NAV calculation of the Short Term PFI Fund, the Filer expects it will need to rely upon external sources in order to determine fair value of the Short Term PFI Fund units during the month, until the next NAV of the Short Term PFI Fund has been determined by SLC.

39. In order to arrive at the fair value of the Short Term PFI Fund units on a daily basis and prevent material differences between the value ascribed to the Short Term PFI Fund units in the daily NAV calculation of the Top Fund and the monthly NAV calculation of the Short Term PFI Fund, the Filer will monitor the public debt markets daily for indications that changes in market factors since the most recent month-end NAV of the Short Term PFI Fund may result in a change to the fair value of the Short Term PFI Fund units. Specifically, the valuation of the Short Term PFI Fund assets and its NAV will be monitored for significant changes in risk-free rates and credit spreads, as well as the occurrence of any significant events (including fund level and security level events) related to the Short Term PFI Fund and its assets.

40. Where the Filer or SLC expects that, due to intra-month changes in the valuation of Short Term PFI Fund units, the NAV of the Top Fund has been impacted by more than 0.5%, SLC will calculate a new (intra-month) NAV for the Short Term PFI Fund within three days of the Filer or SLC making such a determination.

41. In the absence of the Requested Relief, the Top Fund would be precluded from purchasing and holding units of the Short Term PFI Fund unless the specific fact is disclosed to unitholders of the Top Fund and the written consent of the unitholders of the Top Fund to the investment is obtained prior to the purchase, since the GP, who may be considered a responsible person (as per section 13.5 of NI 31-103), is also a partner of the Short Term PFI Fund.

42. As the Top Fund is a public mutual fund that is sold through third party dealers rather than directly by the Filer, the Top Fund has a significant number of investors and the Filer does not have a direct client relationship with such investors. Accordingly, it is impractical for the Filer to obtain the written consent of unitholders of the Top Fund to the investment in the Short Term PFI Fund, as required by section 13.5 of NI 31-103.

43. The Fund-on-Underlying Investment Structure will be compatible with the investment objectives of the Top Fund and will allow the Top Fund to obtain exposure to securities in which the Top Fund may otherwise invest directly, but for the active nature required to originate the loans contained in the Private Asset portion of the Short Term PFI Fund's portfolio.

44. Due to the nature of the Private Asset market requiring significant capital contributions to participate and the relatively small amount of net assets available by the Top Fund to invest in the Private Asset class, it is more efficient and cost-effective for the Top Fund to gain exposure to this asset class using the Fund-on-Underlying Investment Structure.

45. The Filer believes that the Fund-on-Underlying Investment Structure will provide the Top Fund with greater portfolio diversification in the Private Asset class than purchasing such securities directly as part of a loan participation or syndication.

46. The investment by the Top Fund in the Short Term PFI Fund will represent a small portion of the overall investments in the Short Term PFI Fund. As a result, the Top Fund will not be in a position to influence the business, operations or investments of the Short Term PFI Fund.

47. The Top Fund's investment in the Short Term PFI Fund will represent the business judgment of a responsible person uninfluenced by considerations other than the best interests of the Top Fund.

Decision

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

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

(a) the Short Term PFI Fund is valued under the New Valuation Process;

(b) the investments in the Short Term PFI Fund are included as part of the calculation for the purposes of the illiquid assets restriction in section 2.4 of NI 81-102;

(c) the Top Fund's independent review committee (**IRC**) will review and provide its approval, including by way of standing instructions, prior to an investment by the Top Fund in the Short Term PFI Fund in accordance with subsection 5.2(2) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**);

(d) the Filer complies with Section 5.1 of NI 81-107 and the Filer and the Top Fund's IRC comply with Section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the Top Fund's investment in the Short Term PFI Fund;

(e) no management fees or incentive fees will be payable by the Top Fund to invest in the Short Term PFI Fund that, to a reasonable person, would duplicate a fee payable by the Short Term PFI Fund for the same service;

(f) no sales fees or redemption fees will be payable by the Top Fund in relation to its purchases or redemptions of units of the Short Term PFI Fund;

(g) the Filer does not cause the units of the Short Term PFI Fund held by the Top Fund to be voted at any meeting of the holders of such units, except that the Filer may arrange for the Short Term PFI Fund units to be voted by the beneficial owners of the Top Fund; and

(h) the prospectus of the Top Fund will provide disclosure to investors in the Top Fund regarding its investment in the Short Term PFI Fund, including:

(i) that the Top Fund will purchase units of the Short Term PFI Fund;

(ii) the approximate or maximum percentage of the NAV of the Top Fund that may be invested in units of the Short Term PFI Fund;

(iii) the relationship between the Filer, SLC, the GP and the Short Term PFI Fund;

(iv) the fees and expenses payable by the Short Term PFI Fund, including any incentive fee; and

(v) that unitholders of the Top Fund are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other disclosure document, if any, and the annual and interim financial statements of the Short Term PFI Fund, if any.

"Darren McKall"
Manager
Investment Funds and Structured Products Branch
ONTARIO SECURITIES COMMISSION

2.2 Orders

2.2.1 Solar Income Fund Inc. et al.

File No. 2019-35

IN THE MATTER OF
SOLAR INCOME FUND INC.,
ALLAN GROSSMAN,
CHARLES MAZZACATO, and
KENNETH KADONOFF

Timothy Moseley, Vice-Chair and Chair of the Panel

December 11, 2020

ORDER

WHEREAS on December 7, 2020, the Ontario Securities Commission held a hearing by teleconference;

ON HEARING the submissions of the representatives for Staff of the Commission (**Staff**) and for Solar Income Fund Inc., Allan Grossman, Charles Mazzacato and Kenneth Kadonoff (together, the **Respondents**), and on reading the joint written submission from the parties filed on December 9, 2020;

IT IS ORDERED THAT:

1. Staff's motion to adduce the evidence of its proposed expert witness shall be heard in writing;

2. the Parties shall adhere to the following timeline for the delivery of materials for the motion:

   a. Staff shall serve and file its motion materials and written submissions by no later than December 18, 2020;

   b. each Respondent shall serve its responding motion materials and written submissions by no later than December 25, 2020, and shall file those materials and submissions by no later than December 29, 2020; and

   c. Staff shall serve and file its reply motion materials and written submissions, if any, by no later than January 6, 2021;

3. each Party shall serve every other Party with a hearing brief containing copies of the documents, and identifying other things, that the Party intends to produce or enter as evidence at the merits hearing, by no later than January 15, 2021;

4. each Respondent shall serve every Party with the report of its expert witness, if any, by no later than February 5, 2021;

5. Staff shall serve every Party with the reply report of its expert witness, if any, by no later than February 22, 2021; and

6. each Party shall provide to the Registrar the electronic documents that the Party intends to rely on or enter into evidence at the merits hearing, along with an Index File, in accordance with the *Protocol for E-hearings*, by no later than February 23, 2021.

"Timothy Moseley"

2.2.2 Meta Growth Corp.

Headnote

Application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

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

December 11, 2020

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
META GROWTH CORP.
(the Filer)

ORDER

Background

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

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

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

Interpretation

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

Representations

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

1. The Filer is 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.

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.

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 Katanga Mining Limited et al.

File No. 2020-37

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

Timothy Moseley, Vice-Chair and Chair of the Panel

December 14, 2020

ORDER

WHEREAS the Ontario Securities Commission (the **Commission**) held a hearing in writing regarding a motion filed by Terence Moyana (**Moyana**) for leave to intervene in the application of Katanga Mining Limited (**Katanga**) dated November 2, 2020, to vary an order of the Commission dated December 18, 2018;

ON READING the notice of motion dated December 1, 2020, and the joint written submission of Katanga, Moyana and Staff of the Commission dated December 11, 2020;

IT IS ORDERED THAT:

1. pursuant to section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and Rule 23(2) of the *Commission's Rules of Procedure and Forms*, (2019) 42 OSCB 9714, the motion shall be heard in writing;

2. Moyana shall serve and file his motion record and memorandum of fact and law by no later than December 14, 2020; and

3. by no later than December 18, 2020:

   a. Katanga shall serve and file any responding motion record and its memorandum of fact and law; and

   b. Staff of the Commission shall serve and file its memorandum of fact and law, if any.

"Timothy Moseley"

2.2.4 DealNet Capital Corp. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering securities to the public under the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16 as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
DEALNET CAPITAL CORP.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA;

2. The Applicant has no intention to seek public financing by way of an offering of securities; and

3. On November 30, 2020 the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*. The representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED at Toronto, Ontario this 11th day of December, 2020.

"Heather Zordel"
Commissioner
Ontario Securities Commission

"Mary Anne De Monte-Whelan"
Commissioner
Ontario Securities Commission

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

File No. 2018-41

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

M. Cecilia Williams, Commissioner and Chair of the Panel
Timothy Moseley, Vice-Chair
Mary Anne De Monte-Whelan, Commissioner

December 14, 2020

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

WHEREAS on July 15, 2020, the Ontario Securities Commission (the **Commission**) held a hearing by videoconference to consider the sanctions and costs that the Commission should impose on MOAG Copper Gold Resources Inc. (**MOAG**), Gary Brown (**Brown**) and Bradley Jones (**Jones**) as a result of the findings in the Commission's Reasons and Decision on the merits, issued on January 15, 2020;

ON READING the materials filed by Staff of the Commission (**Staff**) and Jones, and on hearing the submissions of the representatives for Staff, for Jones and for MOAG, no one participating on behalf of Brown;

IT IS ORDERED THAT:

1. pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), trading in any securities of MOAG shall cease permanently;

2. Against Brown:

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

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, Brown is prohibited permanently from acquiring any securities;

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

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

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

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

   g. pursuant to paragraph 9 of subsection 127(1) of the Act, Brown shall pay an administrative penalty of C$200,000, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

   h. pursuant to paragraph 10 of subsection 127(1) of the Act, Brown shall be required, jointly and severally with Jones, to disgorge to the Commission the sum of US$610,000, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

   i. pursuant to section 127.1 of the Act, Brown shall pay costs of C$30,000 to the Commission; and

3. Against Jones:

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

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, Jones is prohibited permanently from acquiring any securities;

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

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

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

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

g. pursuant to paragraph 9 of subsection 127(1) of the Act, Brown shall pay an administrative penalty of C$400,000, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

h. pursuant to paragraph 10 of subsection 127(1) of the Act, Jones shall be required to disgorge to the Commission:

i. jointly and severally with Brown, the sum of US$610,000, and

ii. the sum of US$2,968,187,

which amounts shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and

i. pursuant to section 127.1 of the Act, Jones shall pay costs of C$70,000 to the Commission.

“M. Cecilia Williams”

“Timothy Moseley”

“Mary Anne De Monte-Whelan”

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

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

Citation: *MOAG Copper Gold Resources Inc (Re)*, 2020 ONSEC 29
Date: 2020-12-14
File No.: 2018-41

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

REASONS AND DECISION ON SANCTIONS AND COSTS
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

Hearing:	July 15, 2020	
Decision:	December 14, 2020	
Panel:	M. Cecilia Williams	Commissioner and Chair of the Panel
	Timothy Moseley	Vice-Chair
	Mary Anne De Monte-Whelan	Commissioner
Appearances:	Anna Huculak	For Staff of the Commission
	Peter Cooper	For MOAG Copper Gold Resources Inc.
	Chris Somerville	For Bradley Jones
	No one appearing for Gary Brown	

REASONS AND DECISION

I. OVERVIEW

[1] In a merits decision dated January 15, 2020 (the **Merits Decision**),[1] the Ontario Securities Commission (the **Commission**) found that Gary Brown (**Brown**), Bradley Jones (**Jones**) and MOAG Copper Gold Resources Inc. (**MOAG**) (together, the **Respondents**) violated a cease trade order of the Commission dated October 13, 2015 (the **Cease Trade Order**), thereby contravening Ontario securities laws.

[2] As a result of breaching the Cease Trade Order, the Respondents raised approximately US$7.4 million by issuing and selling unsecured, convertible US dollar-denominated debentures (**Debentures**) to 92 Taiwan residents.

[3] At the sanctions and costs hearing, Staff of the Commission (**Staff**) requested an order that:

(a) trading in any securities of MOAG cease permanently;

(b) Brown and Jones be removed permanently from Ontario's capital markets, as more particularly described below;

[1] *MOAG Copper Gold Resources Inc (Re)*, 2020 ONSEC 3, (2020) 43 OSCB 907

(c) Brown and Jones be required, jointly and severally, to disgorge US$610,000 and Jones be required to disgorge US$6,745,000;

(d) Brown and Jones pay administrative penalties of C$200,000 and C$400,000, respectively; and

(e) Brown and Jones be required to pay costs of C$30,000 and C$70,000, respectively.

[4] For the reasons that follow, we find that it is in the public interest to order:

(a) trading in any securities of MOAG cease permanently;

(b) Brown and Jones be removed permanently from Ontario's capital markets, as more particularly described below;

(c) Brown and Jones be required to disgorge US$610,000, jointly and severally;

(d) Jones be required to disgorge US$2,968,187; and

(e) Brown and Jones pay administrative penalties of C$200,000 and C$400,000, respectively.

[5] We also find that Brown and Jones should be required to pay costs of C$30,000 and C$70,000, respectively.

II. PRELIMINARY MATTERS

[6] At an attendance on February 13, 2020, Brown advised that he anticipated having five witnesses testify at the sanctions and costs hearing. Jones indicated that he did not expect to have any witnesses and might testify on his own behalf, depending on Staff's submissions. MOAG advised that it would not be calling any evidence at the sanctions and costs hearing.

[7] By order dated February 13, 2020, March 27, 2020, was set as the date by which the Respondents were to file their witness lists and summaries of each witness's anticipated evidence and the sanctions and costs hearing was scheduled to commence on April 27, 2020, and continue on April 29 and 30, 2020. Brown did not file any materials by the March 27, 2020 deadline.

[8] On March 19, 2020, the Commission announced that due to the COVID-19 pandemic, in-person hearings would not be held until further notice. As a result, the sanctions and costs hearing was delayed.

[9] At a teleconference attendance on April 29, 2020, after the parties made submissions about whether Brown should have a further opportunity to present his witnesses' testimony, an order was issued requiring Brown to file his own testimony and the written testimony of any other witnesses by no later than May 21, 2020. Brown did not file any written evidence.

[10] Brown did not participate in a final pre-hearing attendance on May 27, 2020, despite having been properly served with notice of the attendance. At that attendance, the sanctions and costs hearing was set for July 15, 2020.

[11] The sanctions and costs hearing proceeded as scheduled on July 15, 2020, by videoconference. Brown did not attend. Jones attended and was represented by counsel. MOAG was represented by its current CEO, Peter Cooper.

III. ANALYSIS

[12] We turn now to a consideration of what sanctions would be in the public interest.

A. Introduction

[13] The sanctions listed in subsection 127(1) of the *Securities Act* (the **Act**)[2] are protective and are intended to prevent future harm to investors and the capital markets.[3]

[14] Sanctions must be proportionate to the respondent's conduct in the circumstances of the case.[4] The Commission has identified a non-exhaustive list of factors to be considered with respect to sanctions generally, including the seriousness of the misconduct, whether the violations were isolated or recurrent, the respondent's experience in the

[2] RSO 1990, c S.5

[3] *Bradon Technologies Ltd (Re)*, 2016 ONSEC 19, (2016) 39 OSCB 4907 (***Bradon***) at pars 26, citing *Mithras Management Ltd (Re)* (1990), 13 OSCB 1600 (***Mithras***) at 1610-1611

[4] *York Rio Resources Inc (Re),* 2014 ONSEC 9, (2014) 37 OSCB 3422 (***York Rio***) at para 36, citing *MCJC Holdings Inc (Re),* (2002) 25 OSCB 1133 (***MCJC***) and *Sabourin (Re),* 2010 ONSEC 10, (2010) 33 OSCB 5299 at para 56

market, the size of the profit made from the illegal conduct, any mitigating factors, and the likely effect that any sanction would have on the respondent as well as on others.[5]

B. Contraventions of the Act

1. Breach of a Cease Trade Order

[15] The requirement that persons and companies subject to cease trade orders abide by the terms of those orders is essential to the Commission's ability to achieve the purposes and objectives of the Act. Breaching a Commission order is very serious and egregious misconduct.[6]

[16] In this case, MOAG traded approximately US$7.4 million in Debentures while the Cease Trade Order was in effect. Those trades consisted of:

(a) approximately US$3.6 million in debentures that were issued for cash (the **New Debentures**); and

(b) approximately US$3.8 million in debentures that were issued to holders of maturing debentures (the **Rolled Debentures**).

2. Acts in furtherance of the breach of the Cease Trade Order

[17] Directors and officers are responsible for the operations and affairs of the corporate entities they oversee and manage. It is essential to fair and efficient markets that directors and officers ensure their company's adherence to Commission orders. In this case, Jones's and Brown's conduct, as described in paragraphs 48 to 54 of the Merits Decision, were acts in furtherance of MOAG's improper trading. As a result, they were in breach of the Cease Trade Order.

C. Treatment of Cease Trade Orders

[18] Jones, relying on the Commission's decision in *Hinke (Re)*[7], submits that there needs to be consistency in how breaches of cease trade orders are sanctioned by the Commission. Jones argues that if the Commission sanctions some such breaches severely, and differently from other breaches, the Commission will undermine the principle that all cease trade orders are serious.

[19] In our view, *Hinke* does not support Jones's submission that sanctions for cease trade orders must be consistent. The panel in *Hinke* rejected the proposed approach that a small breach should be considered insignificant. The panel did not suggest that all cease trade orders had to be treated alike.

[20] The non-exhaustive list of factors used by the Commission in assessing sanctions generally demonstrates that sanctions for breaches of Ontario securities law (including of a cease trade order) will, and should, vary based on the specific circumstances of each case.

D. Application of the relevant sanctioning factors

[21] The misconduct in this case was very serious. It was recurring, it extended over 18 months, and it affected many investors.

[22] Brown asked for the Cease Trade Order; yet, after the order was imposed, he was aware sales of the Debentures continued. He monitored funds from those sales coming in to MOAG's bank account and he paid commissions for those sales.

[23] Jones knew that the Cease Trade Order was in effect and that the Commission had not proceeded with either of MOAG's partial or full revocation applications. Jones believed that issuing the Debentures in contravention of the Cease Trade Order was in the best interests of MOAG and its investors as it was necessary for MOAG's continued survival.

[24] As a result of the Respondents' misconduct, they obtained approximately US$7.4 million in principal for the Debentures, which has not been repaid. In addition, MOAG has paid no interest on the Debentures since December 2016. MOAG is unable to make any further payments of principal or interest.

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5 *York Rio* at para 34, citing *Belteco Holdings Inc (Re),* (1998) 21 OSCB 7743 at 7746 and *MCJC* at 1136
6 *Al-Tar Energy Corp (Re)*, 2010 ONSEC 11, (2010) 33 OSCB 5535 at para 341
7 *Hinke (Re)*, 2007 LNONOSC 500 (***Hinke***)

[25] Brown and Jones have extensive experience in the market. Brown has participated in the capital markets for approximately 35 years. He has worked as a promoter since 1985 and has run public companies since 1986. As of December 5, 2015, Brown had been a director of reporting issuers for about 40 years.

[26] Jones was a partner at KPMG for 14 years, where he was in charge of the firm's securities industry practice. Since 1995, Jones has been involved in the executive management of a number of public and private companies. He has acted as a director or officer of reporting issuers for more than two decades.

[27] Brown has expressed no remorse. While there is no obligation on a respondent to express remorse, and a respondent's failure to express remorse is not an aggravating factor, the absence of remorse precludes our finding it to be a mitigating factor for Brown. Similarly, we had no evidence to support any other mitigating factors for Brown.

[28] Jones has purported to be remorseful for his conduct and for the ensuing investor harm. However, he continues to attempt to rationalize his actions as having been in the best interest of MOAG and its investors. As a result, we cannot find that he is truly remorseful. A commitment to the survival of the company without regard to the consequences of his actions is no justification for a breach of Ontario securities law.[8]

[29] In our view, Jones's agreed statement of facts is not a mitigating factor. The timing of its execution and the nature of the admissions it contained did not make a positive difference with respect to the substance or length of the merits hearing.

E. Alleged misleading statements

[30] Staff submits that when assessing the seriousness of the misconduct in this case, we should consider misleading statements made by MOAG and Jones to Staff and the public about the improper trading. We disagree.

[31] Statements made by MOAG or Jones may have been about the trades, but they were neither elements of, nor characteristics of, the trades. They are independent of the trades.

[32] The Statement of Allegations in this case did not refer to MOAG's and Jones's statements. It would be unfair to MOAG and Jones if they were to face those allegations now.

[33] As a result, we give no consideration to those statements when determining the appropriate sanctions and costs against MOAG and Jones.

F. Sanctions sought by Staff

1. Introduction

[34] Staff seeks conduct sanctions against all of the Respondents, and disgorgement orders and administrative penalties against Brown and Jones.

2. Conduct sanctions

[35] Staff asks that the Commission:

(a) permanently prohibit trading in any securities of MOAG;

(b) in respect of Brown and Jones:

i. permanently prohibit each of them from acquiring or trading securities or derivatives;

ii. order that the exemptions contained in Ontario securities law shall not apply to each of Brown and Jones permanently;

iii. require each of Brown and Jones to resign any position that either of them holds as a director or officer of an issuer, registrant or investment fund manager and prohibit each of them from holding any such position; and

iv. permanently prohibit each of Brown and Jones from becoming or acting as a registrant, investment fund manager or promoter.

[8] *Quadrexx Hedge Capital Management Ltd (Re)*, 2018 ONSEC 3, (2018) 41 OSCB 1023 at para 15

[36] Participation in the capital markets is a privilege, not a right.[9] Staff's requested order would essentially deny that privilege to the Respondents.

[37] The Commission's role is to deny that privilege where it concludes, based on a respondent's past conduct, that the respondent's continued participation in the capital markets "may well be detrimental to the integrity of [the] capital markets."[10]

[38] Brown has been subject to a cease trade order by the British Columbia Securities Commission in the past. He breached the Cease Trade Order against MOAG almost immediately after it was issued. Brown did not participate in either the merits hearing or the sanctions and costs hearing. He has shown no recognition of the seriousness of his misconduct or of the harm suffered by MOAG's investors. Brown's actions lead us to conclude that he cannot be trusted to participate in the capital markets in any way. His conduct demonstrates a serious risk to the public.

[39] Jones does not dispute that the conduct sanctions sought by Staff are appropriate. Neither do we. As Jones has acknowledged, he repeatedly breached the Cease Trade Order over a 16-month period. His actions lead us to conclude that he cannot be trusted to participate in the capital markets in any way. His conduct demonstrates a serious risk to the public.

[40] As the Commission has found in similar circumstances, only a permanent removal from the capital markets would be proportionate to the type of misconduct found in this case, would be sufficient to protect investors from Brown and Jones, and would deliver the necessary deterrent message to others who might contemplate similar misconduct.

3. Disgorgement

[41] Staff asks the Commission to order that:

(a) Brown and Jones, jointly and severally, disgorge US$610,000; and

(b) Jones disgorge US$6,745,000.

[42] The purpose of a disgorgement order is not to provide restitution; rather, it is a remedy that seeks to prevent wrongdoers from benefiting from their breaches of Ontario securities law, and to deter those wrongdoers and others from engaging in similar misconduct.[11]

[43] The Commission's power to order disgorgement is found in paragraph 10 of subsection 127(1) of the Act, which provides that if "a person or company has not complied with Ontario securities law, [the Commission may, if it determines it to be in the public interest to do so, issue] an order requiring the person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance."

[44] If we are to order disgorgement, we must therefore determine what amounts were "obtained" as a result of the Respondents' non-compliance. As the Commission has previously held, "amounts obtained" are not the amounts ultimately retained. In other words, the fact that there may have been expenses or other possible deductions does not change the amounts that were obtained in the first place.[12]

[45] Having said that, while the Commission is authorized to order disgorgement of the full amount obtained by respondents, it need not do so. The Commission has set out various factors that it will take into account in determining whether a disgorgement order is appropriate, and if so, in what amount:

(a) whether an amount was obtained by a respondent as a result of the non-compliance with Ontario securities law;

(b) the seriousness of the misconduct and whether that misconduct caused serious harm, whether directly to original investors or otherwise;

(c) whether the amount obtained as a result of the non-compliance is reasonably ascertainable;

(d) whether those who suffered losses are likely to be able to obtain redress; and

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9 *Borealis International Inc (Re),* 2011 ONSEC 11, (2011) 34 OSCB 5261 (***Borealis***) at para 51, citing *Erikson v Ontario (Securities Commission)*, 2003 CanLII 2451, [2003] OJ No 593 (Div Ct) at para 47

10 *Borealis* at para 16, citing *Mithras* at 1610-1611

11 *Pro-Financial Asset Management (Re)*, 2018 ONSEC 18, (2018) 41 OSCB 3512 (***PFAM***) at para 48

12 *Phillips (Re),* 2015 ONSEC 36, (2015) 38 OSCB 9311 at para 19, aff'd 2016 ONSC 7901 (***Phillips***)

(e) the deterrent effect of a disgorgement order on the respondents and on other market participants.[13]

[46] Before applying each of those factors to the circumstances of this case, there are several preliminary matters to address.

(a) Preliminary Matters

i. Should the calculation of the "amount obtained" include the Rolled Debentures?

[47] Staff seeks disgorgement of US$7,355,000, being the value of the Debentures issued by MOAG contrary to the Cease Trade Order. That amount is the total of US$3,578,187 for the New Debentures and US$3,776,813 for the Rolled Debentures.

[48] In the Merits Decision, we concluded that MOAG's issuances of the Rolled Debentures were trades that occurred while the Cease Trade Order was in effect, and that they therefore constituted breaches of Ontario securities law.[14] It does not necessarily follow that the value of every improper trade was "obtained" by the Respondents. In this case, we must determine whether the words "amounts obtained" can properly include the rolling over of a debenture, which is the forbearance of an obligation to pay.

[49] Staff cites two previous Commission decisions in which Staff says that the Commission has ordered disgorgement of amounts obtained in cash or another form: *Sino-Forest Corporation (Re)*[15] and *Blue Gold Holdings (Re)*.[16]

[50] In *Sino-Forest*, the Commission ordered disgorgement of the full amount of the proceeds realized through the sale of shares that had been acquired as part of a fraud and whose value had increased as a result of the fraudulent activity. In *Blue Gold Holdings*, the Commission ordered disgorgement of the value of shares that had been received as part of a fraudulent transaction.

[51] In our view, neither *Sino-Forest* nor *Blue Gold Holdings* supports Staff's position. In this case, the consideration MOAG received for the Rolled Debentures was the investors' forbearance on repayment of amounts owed to them for maturing debentures. No new money was received by MOAG from investors for the Rolled Debentures, nor did MOAG receive something that it sold for value or for which a value could be readily calculated.

[52] Had MOAG been able to repay holders of the Rolled Debentures, its obligation to them would have been for the face value of the Rolled Debentures (plus applicable interest), not twice the face value.

[53] While MOAG received something of value in exchange for the Rolled Debentures (*i.e.*, the deferral of its obligation to pay investors for maturing debentures), that value does not fall within the ambit of "amounts obtained" from a breach of the Act. Therefore, we exclude the Rolled Debentures when calculating disgorgement.

ii. Is either Jones or Brown, or both of them, "directing minds" of MOAG?

[54] Staff asks that Jones and Brown be made jointly and severally liable for any funds ordered to be disgorged, even though the investors' funds flowed to MOAG rather than to Jones and Brown personally. Staff submits that the Commission has held the directing minds of issuers that receive funds through a breach of Ontario securities law are jointly and severally liable for the disgorgement of those funds.

[55] Jones submits that:

(a) the Merits Decision did not include a finding that he was a directing mind of MOAG;

(b) any allegation that he was a directing mind of MOAG would have to have been made earlier than in oral submissions at the sanctions and costs hearing and would have to have been particularized in greater detail; and

(c) there was a period of time during which Brown was attempting to remove Jones from the corporation, so Jones could not have been a directing mind of MOAG during that time.

[56] We reject Jones's submissions.

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13 *PFAM* at para 56
14 Merits Decision at paras 46-47
15 *Sino-Forest Corporation (Re),* 2018 ONSEC 37, (2018) 41 OSCB 5608 (***Sino-Forest***) at paras 193-194
16 *Blue Gold Holdings Ltd (Re),* 2016 ONSEC 37, (2016) 39 OSCB 10177 (***Blue Gold Holdings***)

[57] The absence of an explicit finding in the Merits Decision that Jones was a directing mind of MOAG does not preclude such a finding now. The evidence tendered during the merits hearing is before us for the purposes of the sanctions and costs hearing and we heard submissions from the parties on the issue during the sanctions and costs hearing. Therefore, it is open to us to make a determination on this point.

[58] In the Merits Decision we found that Jones conducted certain activities between:

(a) October 13, 2015, and December 18, 2015, when MOAG issued and sold US$610,000 New Debentures;

(b) December 19, 2015, and January 16, 2016, when MOAG issued and sold US$2.8 million New Debentures; and

(c) January 23, 2017, and February 10, 2017, when MOAG issued and sold US$210,000 New Debentures;

and that such activities were acts in furtherance of MOAG's improper trading.[17]

[59] Evidence of Brown's attempts to remove Jones from the corporation in December 2015 was before us at the merits hearing. However, it is also clear from the record that the removal of Jones as CFO and a Director of the corporation did not impede his ability to conduct acts in furtherance of MOAG's improper trading during the relevant time period.

[60] No one other than Brown and Jones was involved with issuing the Debentures. Jones did not submit, nor is there any evidence to support a conclusion that, Jones was acting on orders from Brown.

[61] In the Merits Decision we also found that Brown conducted certain activities that were in furtherance of MOAG's non-compliant issuance of US$610,000 of New Debentures.[18]

[62] Without Jones's and Brown's acts in furtherance of MOAG's trading, MOAG would not have issued or sold the Debentures in contravention of the Cease Trade Order. Their acts were those of MOAG during the relevant periods as outlined above. Therefore, we find that Jones and Brown were directing minds of MOAG.

(b) Application of the disgorgement factors

i. Did the Respondents obtain an amount as a result of their non-compliance with Ontario securities law?

[63] Jones submits that a disgorgement order against him is not appropriate as Staff was unable to prove that he personally obtained any of the funds MOAG raised through its illegal Debenture sales.

[64] It is not a precondition to the imposition of a disgorgement order against an individual respondent that there be evidence that funds from the breach of Ontario securities law flowed to that individual.[19]

[65] We have found that without Jones's and Brown's actions the Debentures would not have been traded in breach of the Cease Trade Order. The fact that there was no finding that either profited personally from that activity does not prevent us from imposing a disgorgement order on either or both of them.

ii. Seriousness of the misconduct and whether the misconduct caused serious harm

[66] As we have found, Jones's and Brown's misconduct was very serious. It caused investors to lose all their funds.

[67] We do not accept Jones's submission, rooted in the Commission's decision in *M P Global Financial Ltd (Re),*[20] that because this case does not involve fraud, we should reduce the amount of any disgorgement order. In *M P Global Financial*, the respondents traded contrary to applicable registration and prospectus requirements. While the panel noted that the case did not involve an allegation of fraud when it declined to order full disgorgement in all the circumstances, that decision cannot be read to exclude the possibility that full disgorgement would be appropriate in a case involving similarly serious findings.

[68] It would be contrary to the public interest for us to accede to Jones's submission. Unlike the respondents in *M P Global Financial*, who were found to have breached rules of general application, Jones raised funds in knowing defiance of a Commission order directed specifically at MOAG. The two cases are not comparable.

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17 Merits Decision at paras 50-51
18 Merits Decision at paras 52-53
19 *PFAM* at para 60
20 *M P Global Financial Ltd (Re)*, 2012 ONSEC 35, (2012) 35 OSCB 9061 (***M P Global Financial***)

iii. Is the amount obtained as a result of the non-compliance reasonably ascertainable?

[69] As noted above, in considering disgorgement we exclude the amount of the Rolled Debentures. The amount of the New Debentures is clear:

(a) between October 13, 2015, and December 18, 2015, while Brown was a director, president and CEO, and Jones was a director, MOAG issued US$610,000 in New Debentures; and

(b) between December 19, 2015 and February 10, 2017, while Jones was either a director, CEO and CFO or a consultant, MOAG issued US$2,968,187 in New Debentures.[21]

iv. Are those who suffered losses likely to be able to obtain redress?

[70] The onus does not lie on Staff to demonstrate that victims of misconduct are unlikely to obtain redress. The difficulties inherent in such a determination would impose a burden that is inconsistent with the Commission's investor protection mandate. Rather, if the Respondents were to show that those who suffered losses are likely to obtain redress, the Commission might reduce the disgorgement amount, or not order any disgorgement at all.[22]

[71] The Respondents adduced no such evidence.

v. Deterrent effect on the Respondents and others

[72] It is essential both for the protection of investors and for the promotion of confidence in the capital markets that those engaged in offering securities to the public demonstrate respect for securities law and comply with Commission orders.

[73] Brown and Jones ignored their obligations under Ontario securities law, repeatedly and deliberately trading in breach of the Cease Trade Order.

[74] It is necessary to deter Brown and Jones and others from engaging in similar conduct and to demonstrate, unequivocally, that such behaviour is unacceptable. It is in the public interest to require the Respondents to disgorge the sums obtained as a result of their breach of the Cease Trade Order, specifically:

(a) Brown and Jones, jointly and severally, the sum of US$610,000; and

(b) Jones the sum of US$2,968,187.

4. Administrative penalty

[75] Staff asks that the Commission order that:

(a) Brown pay an administrative penalty of C$200,000; and

(b) Jones pay an administrative penalty of C$400,000.

[76] The Commission has stated in previous decisions that the purpose of administrative penalties is to "deter the particular respondents from engaging in the same or similar conduct in the future and to send a clear deterrent message to other market participants that the conduct in question will not be tolerated in Ontario capital markets."[23] Thus the Commission intends that administrative penalties achieve both specific and general deterrence.

[77] In support of its position, Staff directed our attention to three previous Commission decisions.

[78] In *Da Silva (Re)*[24] an individual respondent made materially misleading statements to the Commission about his employment history and financial situation and sold C$45,280 in securities in breach of a cease trade order that had been made against him following a sanctions and costs hearing in another Commission matter. In considering the administrative penalty, the Commission commented on the seriousness of the misconduct as well as the importance of specific deterrence, given the respondent's recidivism.[25] The Commission ordered that the individual respondent pay an administrative penalty of C$250,000.[26]

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21 Merits Decision at para 50
22 *PFAM* at para 70
23 *PFAM* at para 78, citing *Limelight Entertainment Inc (Re)*, 2008 ONSEC 28, (2008) 31 OSCB 12030 at para 67
24 *Da Silva (Re),* 2012 ONSEC 32, (2012) 35 OSCB 8822 (***Da Silva***)
25 *Da Silva* at para 15
26 *Da Silva* at para 17

[79] *Gold-Quest (Re)*[27] resulted in an administrative penalty of C$300,000 against two respondents who had entered into an agreed statement of facts involving two investment schemes under which a total of approximately US$3.3 million in securities was issued. One of the respondents admitted to breaching the prospectus and dealer registration requirements of the Act in connection with the trading.[28] He also admitted that certain trades in the second investment scheme had breached a temporary cease trade order that had been made against him in an earlier proceeding.[29] The amount raised in breach of the temporary order was unclear, but it appeared that more than 69 investors had purchased the securities while the temporary order was in place.[30]

[80] In *Borealis (Re),* the Commission ordered one of the respondents (who had raised approximately C$610,000 from four investors) to pay an administrative penalty of C$300,000.[31] None of the investors incurred any losses and, in fact, investors received the promised 18% returns on their investments. The Commission found that the respondent had breached the prospectus and dealer registration requirements, as well as a temporary cease trade order that had been made against him in another proceeding.[32]

[81] We note that *Gold-Quest* and *Borealis* both involved additional breaches not applicable in this case, *i.e.*, breaching the prospectus and dealer registration requirements of the Act.

[82] Jones submits that these three decisions are distinguishable from the matter before us. Specifically, Jones argues that none of the comparator decisions involved a cease trade order made at the request of a respondent (*i.e.*, Brown in this instance) who fundamentally misunderstood the order being requested and who did not contemplate the order prohibiting the conduct being sanctioned.

[83] In addition, Jones submits that, by issuing the Cease Trade Order, the Commission unintentionally embroiled itself in a private corporate dispute between Brown and Jones about certain loans recorded in MOAG's financial statements and cross-allegations between Brown and Jones of misappropriation of funds.

[84] Because Brown did not participate in the merits hearing or the sanctions and costs hearing, we have no basis to conclude that he did not understand the implications of the Cease Trade Order with respect to MOAG's ability to continue to trade the Debentures.

[85] Regardless of Brown's understanding of the implications of the Cease Trade Order, however, and whatever private disputes may have existed between Jones and Brown, Jones was aware the Cease Trade Order was in effect and that MOAG's continued issuance and sale of Debentures, and his acts in furtherance of that activity, were in breach of that order.

[86] While the three decisions cited by Staff are not directly comparable (two featured other significant breaches of the Act, and none of them featured sums as significant as was raised by MOAG), they do assist us. In our view, given the seriousness of the misconduct and the harm to investors, administrative penalties of C$200,000 for Brown and C$400,000 for Jones, are proportionate, are sufficient to act as specific and general deterrence, and are appropriate in all the circumstances.

5. Appropriateness of Financial Sanctions

[87] Jones submits that severe financial sanctions, such as those requested by Staff, are not warranted in the circumstances if permanent market participation bans are also ordered against him. Jones submits that the negative impact of market participation bans on his life, his ability to pay financial sanctions, and the fact that he is near the end of his career and opportunities for economic participation for seniors is extremely difficult as a result of the COVID-19 pandemic, all support the Commission not imposing financial sanctions against him.

[88] Staff submits that Jones's financial circumstances are not relevant in this case and the burden is on Jones to tender evidence of his limited ability to pay. He has not done so. Staff also submits that there is no evidence that Jones is of average means or that he is at the end of his working life, and that financial sanctions in addition to conduct sanctions are appropriate against Jones.

[89] We see no reason to reduce or eliminate the administrative penalty or disgorgement order against Jones. The disgorgement order fairly represents the amount improperly obtained and the administrative penalty is appropriate, for the reasons set out above. It would be perverse for us to extend to Jones the sympathy he seeks because of his age

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27 *Gold-Quest International (Re),* 2010 ONSEC 30, (2010) 33 OSCB 11179 (***Gold-Quest***)
28 *Gold-Quest* at para 92
29 *Gold-Quest* at para 94
30 *Gold-Quest* at paras 23 and 26
31 *Borealis* at para 49
32 *Borealis* at para 30

and the pandemic, when his own misconduct denied his victims, many or all of whom may be subject to the same or greater challenges, any such sympathy.

IV. COSTS

A. Introduction

[90] We turn now to consider Staff's request that Brown and Jones pay some of the costs associated with this matter.

[91] Given the Commission's finding that Brown and Jones did not comply with Ontario securities law, section 127.1 of the Act empowers the Commission to order them to pay the costs of the investigation and/or hearings in this matter. Such an order is not a sanction; instead it allows the Commission to recover some of the costs associated with investigations and hearings.

B. Staff's Request

[92] Staff submitted evidence supporting total costs of the investigation and proceeding in this matter of C$279,438.19. That sum is made up of Staff time of C$270,405.00 and disbursements of C$9,033.19. The amount for Staff time is based on hourly rates previously approved by the Commission, and excludes, among other things, time spent:

(a) by members of the Commission's Corporate Finance Branch;

(b) by Staff in the Enforcement Branch's Case Assessment and E-Discovery and Analytics units;

(c) by the initial primary investigator;

(d) by law clerks, students-at-law and assistants;

(e) by members of Staff who recorded 35 or fewer hours on the file; and

(f) preparing for and attending the hearing on sanctions and costs.

[93] To that reduced amount of C$279,438.19, Staff has applied a further discount, and seeks costs of C$30,000 from Brown and C$70,000 from Jones.

C. Analysis

[94] Brown's and Jones's misconduct was serious. Numerous investors suffered significant harm. It was important that there be an appropriate regulatory response, in the form of an investigation into the misconduct and a hearing to consider the merits of Staff's allegations.

[95] There was nothing about Staff's conduct that unduly lengthened the proceeding. While we found it unnecessary to address certain of Staff's allegations,[33] those allegations neither caused the proceeding to be longer nor otherwise contributed to greater costs.

[96] Jones submits that his filing of an agreed statement of facts should entitle him to a further reduction in the amount of costs for which he is liable.

[97] We do not accept that submission. The agreed statement of facts was limited in scope and did not include findings we made in the merits decision that support Staff's request for a disgorgement order. The merits hearing lasted for only three days. The insignificant reduction in hearing time that might be attributed to Jones's admitted facts is more than accounted for by the significant discount that Staff has applied in reaching its requested amount.

[98] We accept Staff's proposed apportionment of the costs between Brown and Jones. A 30/70 split fairly reflects the periods of time during which Brown or Jones had primary responsibility for the misconduct,[34] and the fact that the issuance of the Debentures began when Brown was president and CEO.

[99] Staff's request for costs is reasonable and appropriate in the circumstances. We will order that Brown pay C$30,000 and that Jones pay C$70,000.

[33] See paras 55 to 61 of the Merits Decision
[34] See paras 50 and 52 of the Merits Decision

V. CONCLUSION

[100] For the reasons set out above, we shall issue an order as follows:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities of MOAG shall cease permanently;

(b) in respect of Brown:

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

ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, Brown is prohibited permanently from acquiring any securities;

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

iv. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Brown shall immediately resign from any positions he holds as a director or officer of any issuer or registrant;

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

vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Brown is permanently prohibited from becoming or acting as a registrant or promoter;

vii. pursuant to paragraph 9 of subsection 127(1) of the Act, Brown shall pay an administrative penalty of C$200,000, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

viii. pursuant to paragraph 10 of subsection 127(1) of the Act, Brown shall be required, jointly and severally with Jones, to disgorge to the Commission the sum of US$610,000, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

ix. pursuant to section 127.1 of the Act, Brown shall pay costs of C$30,000 to the Commission; and

(c) in respect of Jones:

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

ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, Jones is prohibited permanently from acquiring any securities;

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

iv. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Jones shall immediately resign from any positions he holds as a director or officer of any issuer or registrant;

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

vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Jones is permanently prohibited from becoming or acting as a registrant or promoter;

vii. pursuant to paragraph 9 of subsection 127(1) of the Act, Jones shall pay an administrative penalty of C$400,000, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

viii. pursuant to paragraph 10 of subsection 127(1) of the Act, Jones shall be required to disgorge to the Commission:

ix. jointly and severally with Brown, the sum of US$610,000, and

x. the sum of US$2,968,187,

(d) which amounts shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and

i. pursuant to section 127.1 of the Act, Jones shall pay costs of C$70,000 to the Commission.

Dated at Toronto this 14th day of December, 2020.

“M. Cecilia Williams”

“Timothy Moseley”

“Mary Anne De Monte-Whelan”

3.1.2 Douglas John Eley – s. 8(4)

Citation: *Eley (Re)*, 2020 ONSEC 30
Date: 2020-12-15
File No.: 2020-35

IN THE MATTER OF
DOUGLAS JOHN ELEY

REASONS FOR DECISION ON A STAY MOTION
(Subsection 8(4) of the *Securities Act*, RSO 1990, c S.5)

Hearing:	November 9, 2020	
Decision:	December 15, 2020	
Panel:	Wendy Berman	Vice-Chair and Chair of the Panel
Appearances:	Jay Naster	For Douglas John Eley
	Robert DelFrate	For Staff of the Investment Industry Regulatory Organization of Canada
	Gavin MacKenzie Alexandra Matushenko	For Staff of the Commission

REASONS FOR DECISION ON A STAY MOTION

I. OVERVIEW

[1] This is a motion by Douglas John Eley (**Eley**) for a stay (the **Stay Motion**) of two decisions of the Investment Industry Regulatory Organization of Canada (**IIROC**) dated January 28, 2020[1] and October 6, 2020[2] (collectively the **IIROC Decisions**) until the disposition of his application for hearing and review of the IIROC Decisions (the **Review Application**).

[2] Pursuant to the IIROC Decisions, Eley was disciplined for certain conduct, including inappropriately altering client documents. Among other sanctions imposed, his registration as an advisor was suspended for 12 months. In the absence of a stay, the sanctions ordered remain in effect, including the suspension.

[3] On October 16, 2020, and upon the consent of the parties, I granted an interim order that the IIROC Decisions be stayed pending the disposition of the Stay Motion or further order of the Commission.

[4] The hearing of the Stay Motion was conducted by videoconference on November 9, 2020. On November 16, 2020, I granted an order, with reasons to follow, that the IIROC Decisions be stayed subject to certain conditions described below, until the disposition of the Review Application or further order of the Commission (the **Stay Motion Order**).[3] These are my reasons.

II. FACTUAL BACKGROUND

[5] Eley is a registered representative with Echelon Wealth Partners Inc. (**Echelon**). Eley has been registered since 2000 with the exception of the period 2013 to 2015 during which he was not registered.

[6] In November 2016, IIROC commenced an investigation into Eley's conduct and on November 22, 2018, IIROC commenced disciplinary proceedings against Eley that resulted in the IIROC Decisions.

[7] On January 28, 2020, an IIROC hearing panel (the **IIROC Panel**) issued its decision on the merits, in which it found that Eley had engaged in business conduct and practices unbecoming or detrimental to the public interest, contrary to IIROC Dealer Member Rule 29.1 (the **Merits Decision**). The IIROC Panel found that between May 2015 and November 2015, Eley engaged in conduct unbecoming of a registrant by inappropriately altering documents after they

1 *Eley (Re)*, 2019 IIROC 35
2 *Eley (Re)*, 2020 IIROC 35
3 (2020) 43 OSCB 8793

had been signed, and by knowingly misrepresenting that clients had signed documents.[4]

[4] Merits Decision at para 114

[8] On October 6, 2020, the IIROC Panel issued its decision on sanctions and costs (the **Sanctions Decision**) and imposed the following sanctions against Eley:

(a) a suspension from registration with IIROC for a period of 12 months, effective ten days from the date of the Sanctions Decision, and an order prohibiting him from taking employment in any capacity with any IIROC Dealer Member during the suspension period;

(b) an 18-month period of close supervision should Eley obtain re-registration;

(c) a fine of $50,000; and

(d) costs of $50,000.[5]

[9] In its Sanctions Decision, the IIROC Panel noted that the number and pattern of inappropriate alterations to clients' file records were of serious concern but declined IIROC Staff's request for a permanent suspension. The IIROC Panel noted that there was no evidence of harm to any client, that Eley acted in some cases for the convenience of his clients and at their direction and that there was no evidence that Eley received any financial benefit from his misconduct.[6]

[10] The IIROC Panel also noted that Eley had previously been disciplined by IIROC (in October 2014) for, among other things, inappropriately endorsing client signatures on documents and using pre-signed client forms. For such misconduct, he was sanctioned with a 6-month suspension, a fine and costs.[7]

[11] On October 7, 2020, Eley filed the Review Application pursuant to s. 21.7(1) of the *Securities Act,* RSO 1990, c S.5 (the **Act**) and also filed the Stay Motion.

[12] The Review Application is scheduled to be heard on January 14 and 15, 2021.

III. LAW AND ANALYSIS

[13] The Commission has authority to grant a stay of the IIROC Decisions pending the disposition of the Review Application pursuant to s. 8(4) of the Act and to impose conditions on such order pursuant to section 16.1(2) of the *Statutory Powers Procedure Act*.[8]

[14] The test to be applied for the grant of a stay is the three-part test articulated by the Supreme Court of Canada and adopted by the Commission in numerous cases:[9]

(a) there is a serious issue to be tried;

(b) the moving party would suffer irreparable harm if the stay were refused; and

(c) the balance of convenience favours granting the stay.[10]

[15] Eley bears the onus of establishing that all three parts of the above test have been met.

[16] IIROC Staff opposes the Stay Motion. Commission Staff takes no position with respect to the outcome of the Stay Motion.

A. Is there a serious issue to be tried?

[17] The threshold to establish that there is a serious issue to be tried is low. The Commission is required to make a preliminary assessment, not a prolonged examination, of the merits of the Review Application to be satisfied that the application is neither vexatious nor frivolous.[11]

[18] Eley argued that the Review Application raises serious issues based on various grounds, including that the IIROC Panel erred by reversing the burden of proof, admitting improper evidence, failing to order disclosure of relevant documents, making factual findings based on improper inferences and excluding relevant evidence.

5 Sanctions Decision at para 48
6 Sanctions Decision at para 32
7 Sanctions Decision at paras 33 and 43; *Eley (Re)*, 2014 IIROC 52 at paras 11 and 73
8 RSO 1990, c S.22; see also *Argosy Securities Inc (Re)*, 2015 ONSEC 38, (2015) 38 OSCB 9711 (***Argosy***) at paras 14-16
9 *RJR-MacDonald Inc. v Canada (Attorney-General),* [1994] 1 SCR 311 (***RJR-MacDonald***); *Argosy* at para 12
10 *RJR-MacDonald* at 334
11 *RJR-MacDonald* at 337

[19] IIROC Staff argued that there is no serious issue to be tried as none of the grounds asserted by Eley are capable of meeting the established standards for intervention by the Commission on a hearing and review of an IIROC decision. Importantly, however, IIROC Staff conceded that the Review Application is neither vexatious nor frivolous.

[20] As established by the Supreme Court of Canada, the serious issue part of the test is satisfied as long as the underlying matter is neither vexatious nor frivolous. All parties agreed that this is the case in this matter.

[21] Based on a preliminary assessment, I am satisfied that there are grounds in the Review Application which raise serious questions to be determined and that the Review Application is neither vexatious nor frivolous. Accordingly, Eley has satisfied this part of the test.

B. Will Eley suffer irreparable harm if a stay is not granted?

[22] The second part of the test requires the Commission to determine whether a refusal to grant the stay could so adversely affect Eley's interests that the harm could not be remedied.[12]

[23] The evidence to demonstrate irreparable harm must be "clear and not speculative".[13] "Irreparable" refers to the nature of the harm suffered rather than its magnitude.[14] The magnitude of the harm, however, may be considered as part of the balance of convenience stage of the test, discussed further below.

[24] Eley submitted that if a stay were refused, he would suffer the loss of his employment as a registered representative, the loss of his "book of business" and reputational damage.

[25] Eley provided evidence which demonstrated that his income as a registered representative and portfolio manager is the primary source of income for him and his family and the loss of such income pending the disposition of the Review Application would have devastating consequences.

[26] IIROC Staff submitted that the evidence provided by Eley with respect to the financial impact of refusing the stay was "soft and speculative", that Eley failed to provide detailed information relating to his income, assets and liabilities and that the evidence is insufficient to establish irreparable harm.

[27] IIROC Staff further argued that the evidence of the loss of the book of business is speculative and undermined by the fact that Eley previously retained almost all his clients following a prior two-year interruption of his registration (which included the six-month suspension resulting from the prior IIROC disciplinary proceedings).

[28] The evidence demonstrates that Eley will suffer financial harm if the stay is not granted, although the extent of such financial harm is unclear. He will lose his employment with Echelon and his primary source of income. Eley is the primary income earner in a family with four school aged children. While Eley may have the ability to earn income from other sources, such as his license as an insurance agent, his ability to do so, as well as the timeline and quantum of any such income, are uncertain.

[29] Although Eley regained his clients following the suspension of his registration in 2013, there is a real possibility that Eley will suffer the permanent loss of some or all of his book of business. Importantly, should Eley succeed in the Review Application, he would have no right of action to recover any income lost as a result of the suspension.

[30] Eley faces a real prospect of irreparable damage to his career, income, business and reputation as a registered representative from immediate enforcement of the suspension. Accordingly, I find that Eley has satisfied this part of the test.

C. Does the balance of convenience favour granting a stay?

[31] The third and final part of the test requires an assessment of which of the parties will suffer greater harm from granting or refusing to grant the stay.

[32] In this balancing exercise, the broad public interest mandate of IIROC to protect investors and the integrity of the capital markets must be given substantial weight.[15]

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12 *RJR-MacDonald* at 341; *Argosy* at para 24
13 *Sazant v College of Physicians & Surgeons (Ontario)*, 2011 CarswellOnt 15914 (ONCA) at para 11
14 *RJR-MacDonald* at 341
15 *RJR-MacDonald* at 343 and 346; *Azeff v Ontario Securities Commission,* Endorsement of Kruzick J. dated October 19, 2015 at 3

[33] Eley argued that given the lack of any harm to clients from his conduct, the short duration of the stay and the fact that he continued to work as a registered representative for approximately four years throughout the IIROC investigation and proceedings, the balance of convenience favours the grant of a stay.

[34] IIROC Staff argued that given the serious nature of the conduct, including a sustained pattern of altering clients' file records, Eley's previous disciplinary sanctions for similar conduct and the harm to the public interest, including undermining the public's confidence in IIROC's disciplinary regime, the balance of convenience weighs in favour of denying a stay.

[35] The nature of the conduct at issue in the IIROC Decisions, being the alteration of client records, is serious and harms the integrity of the capital markets regulatory regime. However, Eley continued to work as an advisor without restriction and without any further incident throughout the almost four-year time period from the commencement of the IIROC investigation to the issuance of the Sanctions Decision. The IIROC Panel recognized that his satisfactory conduct over such time period provided reassurance that the likelihood of any recurrent conduct was low and that the conduct did not result in client harm nor any financial benefit to Eley.

[36] In these circumstances, I am not satisfied that there is sufficient risk of harm to the public interest to outweigh the harm that may be suffered by Eley in the short term if a stay is not granted.

[37] At the Stay Motion hearing, I sought submissions from the parties regarding what, if any, terms and conditions would be appropriate to include in a stay order to address potential investor protection concerns should I grant the stay.

[38] Eley advised that he was willing to be subject to close supervision by Echelon as a condition of any stay order. IIROC Staff submitted that a condition of strict supervision should be imposed at a minimum.

[39] Given the short duration of the stay, the specific financial and personal circumstances of Eley and the low risk of client harm, I find that the balance of convenience weighs in favour of granting a stay.

[40] Further, I am satisfied that in the circumstances, the risk of harm to investors is adequately addressed by the imposition of the condition of close supervision, as outlined below.

IV. CONCLUSION AND ORDER

[41] For the reasons set out above, I issued the Stay Motion Order granting the stay of the IIROC Decisions until the disposition of the Review Application or further order of the Commission, subject to the following conditions:

(a) the registration of Eley shall be subject to close supervision by his sponsoring firm; and

(b) Eley's sponsoring firm must submit written monthly close supervision reports (in the form specified in Appendix "A" of the Stay Motion Order) to IIROC. These reports must be submitted within 15 calendar days after the end of each month.

Dated at Toronto this 15th day of December, 2020.

"Wendy Berman"

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Forbes Energy Services Ltd.	December 8, 2020	
Isodiol International Inc.	December 9, 2020	
Ionic Brands Corp.	June 22, 2020	December 11, 2020
Nautilus Minerals Inc.	December 10, 2020	
Nemaska Lithium Inc.	November 6, 2020	December 14, 2020

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:
Harvest Clean Energy ETF
Harvest Travel & Leisure Index ETF
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Dec 7, 2020
NP 11-202 Preliminary Receipt dated Dec 8, 2020
Offering Price and Description:
Class U Units and Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3148563

Issuer Name:
NBI Active International Equity ETF
NBI Active U.S. Equity ETF
NBI Canadian Dividend Income ETF
NBI Sustainable Canadian Corporate Bond ETF
Principal Regulator – Quebec
Type and Date:
Preliminary Long Form Prospectus dated Dec 10, 2020
NP 11-202 Preliminary Receipt dated Dec 11, 2020
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3149796

Issuer Name:
Dynamic Power Global Balanced Class
Dynamic Power Global Growth Class
Dynamic Global Equity Private Pool Class
Dynamic U.S. Equity Private Pool Class
Marquis Institutional Global Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated December 10, 2020
NP 11-202 Final Receipt dated Dec 14, 2020
Offering Price and Description:
Series A shares, Series F shares, Series FH Shares, Series FT shares, Series G shares, Series H Shares, Series I Shares, Series IP shares, Series O shares, Series OP shares, Series T shares and Series V securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3120848

Issuer Name:
Fidelity Europe Class
Fidelity International Disciplined Equity® Class
Fidelity International Disciplined Equity® Currency Neutral Class
Fidelity Corporate Bond Class
Principal Regulator - Ontario
Type and Date:
Amendment #6 to Final Simplified Prospectus and Amendment #7 to AIF dated December 7, 2020
NP 11-202 Final Receipt dated Dec 9, 2020
Offering Price and Description:
Series A shares, Series B shares, Series E1 shares, Series E1T5 shares, Series E2 shares, E2T5 shares, Series E3 shares, Series E3T5 shares, Series E4 shares, Series E4T5 shares, Series F shares, Series P1 shares, Series P1T5 shares, Series P2 shares, Series P2T5 shares, Series P3 shares, Series P3T5 shares, Series P4 shares, Series P5 shares, Series S5 shares, Series S8 shares, Series T5 shares, Series T8 shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3018443

Issuer Name:
Fidelity Emerging Markets Equity Income Multi-Asset Base Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated December 4, 2020
NP 11-202 Final Receipt dated Dec 9, 2020
Offering Price and Description:
Series O units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3070313

Issuer Name:
Maple Leaf Short Duration 2021 Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 11, 2020
NP 11-202 Preliminary Receipt dated December 14, 2020
Offering Price and Description:
Maximum: $20,000,000 - 800,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – National Class Units
Minimum: $2,500,000 - 100,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – National Class Units
Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Industrial Alliance Securities Inc.
Richardson GMP Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Maple Leaf Short Duration 2021 Flow-Through Management Corp.
Project #3150447

Issuer Name:
Maple Leaf Short Duration 2021 Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 11, 2020
NP 11-202 Preliminary Receipt dated December 14, 2020
Offering Price and Description:
Maximum: $20,000,000 - 800,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – Québec Class Units
Minimum: $2,500,000 - 100,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – Québec Class Units
Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Industrial Alliance Securities Inc.
Richardson GMP Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Maple Leaf Short Duration 2021 Flow-Through Management Corp.
Project #3150449

NON-INVESTMENT FUNDS

Issuer Name:
Harvest Clean Energy ETF
Harvest Travel & Leisure Index ETF
Principal Regulator - Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Dec 7, 2020
NP 11-202 Preliminary Receipt dated Dec 8, 2020
Offering Price and Description:
Class U Units and Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3148563

Issuer Name:
NBI Active International Equity ETF
NBI Active U.S. Equity ETF
NBI Canadian Dividend Income ETF
NBI Sustainable Canadian Corporate Bond ETF
Principal Regulator – Quebec
Type and Date:
Preliminary Long Form Prospectus dated Dec 10, 2020
NP 11-202 Preliminary Receipt dated Dec 11, 2020
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3149796

Issuer Name:
Dynamic Power Global Balanced Class
Dynamic Power Global Growth Class
Dynamic Global Equity Private Pool Class
Dynamic U.S. Equity Private Pool Class
Marquis Institutional Global Equity Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated December 10, 2020
NP 11-202 Final Receipt dated Dec 14, 2020
Offering Price and Description:
Series A shares, Series F shares, Series FH Shares, Series FT shares, Series G shares, Series H Shares, Series I Shares, Series IP shares, Series O shares, Series OP shares, Series T shares and Series V securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3120848

Issuer Name:
Fidelity Europe Class
Fidelity International Disciplined Equity® Class
Fidelity International Disciplined Equity® Currency Neutral Class
Fidelity Corporate Bond Class
Principal Regulator - Ontario
Type and Date:
Amendment #6 to Final Simplified Prospectus and Amendment #7 to AIF dated December 7, 2020
NP 11-202 Final Receipt dated Dec 9, 2020
Offering Price and Description:
Series A shares, Series B shares, Series E1 shares, Series E1T5 shares, Series E2 shares, E2T5 shares, Series E3 shares, Series E3T5 shares, Series E4 shares, Series E4T5 shares, Series F shares, Series P1 shares, Series P1T5 shares, Series P2 shares, Series P2T5 shares, Series P3 shares, Series P3T5 shares, Series P4 shares, Series P5 shares, Series S5 shares, Series S8 shares, Series T5 shares, Series T8 shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3018443

Issuer Name:
Fidelity Emerging Markets Equity Income Multi-Asset Base Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated December 4, 2020
NP 11-202 Final Receipt dated Dec 9, 2020
Offering Price and Description:
Series O units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3070313

Issuer Name:
Maple Leaf Short Duration 2021 Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 11, 2020
NP 11-202 Preliminary Receipt dated December 14, 2020
Offering Price and Description:
Maximum: $20,000,000 - 800,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – National Class Units
Minimum: $2,500,000 - 100,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – National Class Units
Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Industrial Alliance Securities Inc.
Richardson GMP Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Maple Leaf Short Duration 2021 Flow-Through Management Corp.
Project #3150447

Issuer Name:
Maple Leaf Short Duration 2021 Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 11, 2020
NP 11-202 Preliminary Receipt dated December 14, 2020
Offering Price and Description:
Maximum: $20,000,000 - 800,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – Québec Class Units
Minimum: $2,500,000 - 100,000 Maple Leaf Short Duration 2021 Flow-Through Limited Partnership – Québec Class Units
Price per Unit: $25.00
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Industrial Alliance Securities Inc.
Richardson GMP Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
Maple Leaf Short Duration Holdings Ltd.
Maple Leaf Short Duration 2021 Flow-Through Management Corp.
Project #3150449

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	Contessa Capital Canada Corporation	Exempt Market Dealer	December 8, 2020
Voluntary Surrender	CHS Asset Management Inc.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	December 4, 2020
Consent to Suspension (Pending Surrender)	Westwood International Advisors Inc.	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	December 9, 2020
Voluntary Surrender	JCM Venture Capital Ltd.	Exempt Market Dealer	December 4, 2020
Change in Registration Category	Highstreet Asset Management Inc.	From: Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager To: Exempt Market Dealer and Portfolio Manager	December 11, 2020

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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) – Proposed Amendment to the Risk Component of the Dealer Member Fee Model – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENT TO THE RISK COMPONENT OF THE DEALER MEMBER FEE MODEL

IIROC is publishing for public comment proposed amendment to the Risk Component of the Dealer Member Fee Model. As an interim step and as part of the pandemic response program, IIROC set the risk component to zero for FY2021. IIROC is now proposing to make that change permanent by removing the risk component from its Dealer Member Fee Model (the Proposed Amendment). A copy of the IIROC Notice including the Proposed Amendment is also published on our website at https://www.osc.gov.on.ca. The 45 day-comment period ends on February 1, 2021.

13.2 Marketplaces

13.2.1 Liquidnet Canada – Notice of Proposed Changes and Request for Comment

LIQUIDNET CANADA

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Liquidnet Canada is publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto." Market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by February 1, 2021 to

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West
Toronto, ON M5H 3S8
marketregulation@osc.gov.on.ca

and

Thomas Scully
General Counsel
Liquidnet Canada Inc.
620 Eighth Avenue – 20th floor
New York, NY 10018
tscully@liquidnet.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

Any questions regarding the information below should be addressed to:

Jay Lee
Head of Liquidnet Canada
Liquidnet Canada Inc.
79 Wellington Street West - Suite 2403
TD South Tower
Toronto, ON M5K 1K2
jlee@liquidnet.com

Liquidnet Canada proposes to introduce the following changes to the Liquidnet Canada trading system relating to bond trading functionality:

1. Canadian participants enabled to trade additional emerging market bonds

A. Description of the proposed change

Background

Currently, pursuant to prior exemptions and approvals, Liquidnet Canada, operator of the Liquidnet Canada ATS, and its affiliates, offer services for trading the following categories of bonds:

- US and Canadian high-yield corporate bonds
- US and Canadian investment grade corporate bonds
- European high-yield corporate bonds
- European investment grade corporate bonds
- European convertible bonds.

The US bonds traded through the Liquidnet system include emerging market corporate bonds that Liquidnet settles in the US; the Canadian bonds traded through the Liquidnet system include emerging market corporate bonds that Liquidnet settles in Canada; and the European bonds traded through the Liquidnet system include emerging market corporate bonds that Liquidnet settles in Europe.

Proposed changes

Liquidnet Canada proposes to offer Canadian participants the ability to trade the following additional types of emerging market bonds through the Liquidnet system:

- Emerging market corporate bonds denominated in hard currency (US dollars, Euros, Swiss francs or British pounds)
- Emerging market corporate bonds denominated in local currency
- Emerging market sovereign bonds denominated in hard currency (US dollars, Euros, Swiss francs or British pounds)
- Emerging market sovereign bonds denominated in local currency
- Supranational bonds, local government bonds, and government agency bonds.

Emerging market bonds refer to sovereign and corporate bonds issued by emerging market countries, and corporations within those countries, in either local currency or hard currency (US dollars, Euros, Swiss francs, or British pounds). These countries include, but are not limited to, the Czech Republic, Hungary, Mexico, Poland, South Africa and Turkey.

Emerging market bonds may clear through DTCC, Euroclear, CDS and/or through a local/national settlement system.

B. The expected date of implementation

It is expected that the proposed changes will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada plans to implement the proposed changes to provide Canadian participants with the ability to trade additional types of bonds, while harmonizing the trading functionality available to Canadian participants with that already offered to participants in other jurisdictions, such as the United States and Europe.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed changes will only provide Canadian participants with the ability to trade additional types of emerging market bonds.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market. With regard to fair access, the proposed changes will allow all Canadian participants to trade additional emerging market bonds, so there are no apparent fair-access concerns.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed changes or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed instrument types are currently being traded by participants in other jurisdictions, e.g., US and Europe, so Liquidnet Canada need only make minor back-end changes in order to implement the proposed change for Canadian participants.

H. Discussion of alternatives

Liquidnet Canada considered whether or not to implement the proposed changes. Since the proposed changes will provide both buy-side Members and dealers with additional access to liquidity in emerging market securities, Liquidnet Canada intends to implement the proposed changes, subject to receipt of regulatory approval.

I. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada's foreign affiliates currently offer trading of these additional types of emerging market bonds to participants domiciled in the US and Europe.

* * *

2. Securities dealers enabled to send targeted invitations

A. Description of the proposed change

Background

On or about October 20, 2016, the OSC approved Liquidnet Canada's proposal to provide Canadian institutional buy-side clients (known as "Members") with access to targeted invitation functionality for trading bonds.

Currently, targeted invitation functionality allows Members to selectively widen their search for trading opportunities by sending invitations concerning particular bonds or groups of bonds to other Members who previously had the opposite-side indication in the Liquidnet fixed income trading system within a Member-specified look-back period. All Canadian Members who opt-in to participate in this functionality are eligible and enabled to send and receive targeted invitations. Since targeted invitation notifications are objectively limited to Members who have demonstrated contra-interest during a defined look-back period, information leakage, and associated market impact, is minimized.

Highlighted below are important characteristics of a targeted invitation for bonds:

- A targeted invitation for a bond does not represent a firm order
- A targeted invitation is only displayed to one recipient at a time
- If a recipient accepts a targeted invitation, the sender and recipient can engage in the normal negotiation process -- just as they would for any other match in the system.

Currently, only Members can send and receive targeted invitations for bonds; securities dealers ("dealers") who participate on the fixed income trading system cannot send or receive targeted invitations.

Proposed changes

Liquidnet Canada proposes to also allow dealers to send targeted invitations. By default, a Member will not receive targeted invitations from a dealer unless the Member affirmatively elects to receive dealer targeted invitations. Dealers will still not be permitted to receive targeted invitations.

B. The expected date of implementation

It is expected that the proposed changes will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada plans to implement the proposed change to provide additional trading functionality to dealers while also increasing trading opportunities for buy-side participants.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed changes will only provide dealer participants with additional trading functionality.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market. With regard to fair access, the proposed changes will result in expanded trading functionality for dealers with both dealers and buy-side institutions being permitted to send targeted invitations, so we respectfully submit that there are no fair-access concerns.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed changes or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed functionality is also available to dealers in other jurisdictions, so Liquidnet Canada need only make minor back-end changes in order to implement the proposed change for Canadian dealers.

H. Discussion of alternatives

Liquidnet Canada considered whether or not to implement the proposed changes. Since the proposed changes will increase trading opportunities for both buy-side clients and dealers, Liquidnet Canada intends to implement the proposed changes, subject to receipt of regulatory approval.

I. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada's foreign affiliates currently offer this feature to dealers in the US and Europe.

* * *

3. Securities dealers configured to interact with Members "as equals"

A. Description of the proposed change

Background

Currently, a securities dealer ("dealer") can participate in the negotiation process for bonds with a Member via an asymmetric protocol by which the dealer can display an indication to Members with matching contra-indications. While Members are notified of such matches with dealers, dealers are only notified of the match if a Member elects to take action on the match by entering a price to start a negotiation.

Proposed changes

Liquidnet proposes to configure all dealers to participate in the existing negotiation functionality in the same manner as Members. For purposes of this disclosure, Liquidnet refers to such dealers as interacting with, or facing, Members "as equals".

Member configurations for interacting with dealers as equals

A Member may elect to interact will all dealers as equals (first bullet below) or block interaction with some or all dealers as equals (second, third and fourth bullets below). A Member may select from the following options when electing how it wishes to interact with dealers:

- ***Member faces all dealers as equal***. The Member negotiates with all dealers in the same manner as it negotiates with other Members. When the Member is matched with a dealer, both the dealer and the Member are notified of the match and may proceed with a negotiation in the same manner as negotiations between two Members. The Member is not notified that it is interacting with a dealer. The asymmetric negotiation protocol between a Member and a dealer described above will not apply to any negotiations between the Member and a dealer.

- ***Member provides an exclusion list, and faces all other dealers as equal***. The Member provides Liquidnet with a list of dealers that it has elected not to interact with as equal, and agrees to face all other dealers as equal. The asymmetric negotiation protocol between a Member and a dealer will only apply to negotiations with dealers on the Member's exclusion list.

- ***Member faces only "Gold Tier" dealers as equal.*** Liquidnet will provide the Member with a list of "Gold Tier" dealers, and the Member agrees to face only those "Gold Tier" dealers as equal. Liquidnet will classify participating dealers as "Gold Tier" based on consideration of the following factors:

  - the dealer's expected liquidity and trading volume
  - the dealer's interest in participating "as equal" in Liquidnet
  - the dealer's trading strategy/objectives.

  Liquidnet will only include a dealer on the "Gold Tier" list if the dealer has consented to such disclosure.

- ***Member faces no dealers as equal.*** The Member elects not to face any dealers as equal. In this case, the Member will either (i) continue facing all dealers in accordance with the asymmetric negotiation protocol between a Member and a dealer or (ii) not face any dealers at all. Because a dealer may elect to only interact with Members as equals, Members who do not elect to interact with dealers as equals will have no interaction with such a dealer.

In cases where a Member has elected (i) to face only "Gold Tier" dealers as equal or (ii) to not face any dealers as equal, the Member may still elect to face local emerging market liquidity providers as equal, i.e., domestic dealers based in local emerging markets. These local emerging markets include dealers domiciled outside of the US, Canada, UK, France, Germany, Netherlands, Spain, Luxembourg, Portugal, Denmark, Sweden, Norway, Finland, Belgium, Austria, Switzerland, Ireland and Iceland.

Available configuration for interacting with dealers as equal on an indication by indication basis

Regardless of whether, and to what extent, a Member has elected to interact with dealers as equal, upon Member request, Liquidnet may configure a Member with the ability to face (or elect not to face) dealers as equal on an indication by indication basis, as follows:

- If a Member has elected to face all dealers as equal, the Member may elect not to face any dealers as equal for any particular indication

- If a Member has elected not to face any dealers as equal, the Member may elect to face all dealers as equal for any particular indication

- If a Member has elected to face a subset of dealers as equal (via either submitting an exclusion list or agreeing to interact with "Gold Tier" dealers), the Member may elect not to face that subset of dealers as equal for any particular indication.

Dealer configurations for interacting with Members and other dealers

Any dealer may elect to only interact with Members who have chosen to face all dealers (or that particular dealer) as equals. In such case, the dealer will not match with a Member who has chosen not to face that dealer as equal.

If a dealer agrees to interact with all Members (including Members who have not elected to interact with that dealer as equal), the asymmetric negotiation protocol between a Member and a dealer, will apply to any negotiations between the dealer and any Member who has chosen not to interact with the dealer as equal. In such case, when the Member and the dealer match, the dealer will only see the match if the Member chooses to interact with the dealer on that match.

By default, dealers do not face other dealers

A dealer will not face another dealer unless both dealers affirmatively elect to interact with other dealers. The process for negotiation between dealers is the same as the process for negotiation between Members. A dealer can opt-in to this functionality through the settings areas of the Liquidnet desktop application or upon request to its Liquidnet relationship manager.

Fees for securities dealers may include a fee sharing arrangement

Fees for securities dealers are subject to negotiation between Liquidnet and the dealer and may include a fee sharing arrangement.

B. The expected date of implementation

It is expected that the proposed changes will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada plans to implement the proposed change to provide additional trading functionality to dealers while also increasing trading opportunities for buy-side participants.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed changes will only provide dealer participants with additional trading functionality.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market. With regard to fair access, the proposed changes will result in expanded trading functionality for dealers and permit buy-side institutions to elect to face dealers "as equals" at their option, so we respectfully submit that there are no fair access concerns.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

Liquidnet Canada and its affiliates consulted with certain customers before proceeding with the proposed change. The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed changes or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed functionality is also available to dealers in other jurisdictions, so Liquidnet Canada need only make minor back-end changes in order to implement the proposed change for Canadian dealers.

H. Discussion of alternatives

Liquidnet Canada considered whether or not to implement the proposed changes. Since the proposed changes has resulted in increased trading opportunities for both buy-side clients and dealers in other markets, Liquidnet Canada intends to implement the proposed changes, subject to receipt of regulatory approval.

I. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada's foreign affiliates currently offer this feature to participants in the US and Europe.

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4. Attribute-based invitation functionality

A. Description of the proposed change

Liquidnet Canada plans to offer new "attribute-based invitation" functionality to participants, as described below.

Availability

Members can create attribute-based inquires seeking quotes for bonds with specified attributes from other participants who have shown recent interest in those bonds. These inquiries are referred to as "attribute-based invitations." Upon request by a dealer, Liquidnet, in its sole discretion, may also enable the dealer to send attribute-based invitations. Liquidnet will notify Members prior to enabling any dealers to send attribute-based invitations.

Definition and characteristics of an attribute-based invitation

An attribute-based invitation (ABI) is a request for bids or offers sent to other participants (including dealers, as applicable) that have shown interest in one or more bonds having the specified attributes. By default, all participants are enabled to receive ABIs, but a participant may elect not to receive ABIs by contacting his or her fixed income sales coverage or product support personnel. By default, if a Member has elected to face all, or a subset of, dealers as equal, an ABI created by the Member will be sent to those dealers, unless the Member elects not to send the ABI to dealers. A Member who has elected not to face any dealers as equal may still opt to send a given ABI to dealers.

A participant must specify at least the following attributes when creating an ABI:

- Rating (range or specific)
- Sector (one or more)
- Direction (buy/sell)
- Maturity (range or specific)
- Currency (one or more)
- Expiry time (in minutes) ("expiry time")
- Time for responses to be valid after expiry ("good for time").

At his or her option, a participant may further limit the number of bonds included within the ABI by specifying one or more of the following characteristics:

- Ticker (one or more)
- Minimum yield
- Minimum spread

Prior to sending an ABI, a participant may further edit the list of bonds included in the inquiry, e.g., a participant can remove bonds with a certain ticker, etc., from the ABI. After sending an ABI, a participant may cancel the ABI at any time.

Portfolio-based invitations

An ABI may also include an inquiry based on a list of bonds uploaded by a participant. For example, rather than create an ABI by specifying the various attributes listed above, a participant can upload a list of bonds and generate a request for bids or offers based on that specific list. This is referred to as a "portfolio-based invitation." Unless otherwise noted, the descriptions of ABI functionality herein also apply to portfolio-based invitations.

Execution of portfolio-based invitations at a predefined mid-price

The sender of a portfolio-based invitation may specify that he or she is only interested in trading at a predefined mid-price for the relevant bonds, e.g., the current mid-price as obtained by Liquidnet from a third-party source that estimates the mid-price, such as ICE Data Services. A recipient who receives such an invitation may either agree to trade at the mid-price or reject the invitation. If the recipient agrees to trade at the indicated mid-price, the sender may either accept and execute or decline.

Determining recipients of an attribute-based invitation

A participant will receive an invitation to provide quotes for one or more bonds meeting the specified attributes of an ABI (referred to herein as "relevant bonds") where the participant has demonstrated recent interest, as follows:

- For Member recipients:
    - The Member currently has a contra indication for a relevant bond in the system
    - The Member previously had a contra indication for a relevant bond in the system
    - The Member currently has a relevant bond on its targeted invitation watchlist.
- For dealer recipients:
    - The dealer currently has a contra indication for a relevant bond in the system.

As noted above, a dealer will not receive a request to provide quotes where the dealer previously had a contra indication in the system or currently has the bond on its watchlist.

In the case of a previous indication, a recipient will only be invited to provide a quote for a relevant bond if the recipient had a contra indication for that bond within the recipient's maximum look-back period for receiving targeted invitations. For example, if a recipient restricts his or her look-back period for receipt of targeted invitations to 20 trading days, the recipient will only be invited to provide quotes for relevant bonds based on previous contra indications that he or she had in the system during the previous 20 trading days. Liquidnet may, at its discretion, change this default look-back period.

When a recipient has a relevant bond on its watchlist, the recipient will be notified of the ABI regardless of the direction specified by the sender of the ABI because watchlists do not include direction.

Responses to attribute-based invitations; expiry and good for times

Once the sender submits an ABI, recipients receives a notification alerting them that the sender has requested quotes in relevant bonds. Each recipient is invited to provide quotes only for those bonds where the recipient has shown recent interest, as described above. The notification identifies the relevant bonds where the recipient (i) has a current contra indication, (ii) had a previous contra indication, and (iii) has the bond on its watchlist. The recipient may then input a bid/offer price and size for one or more relevant bonds. A bid or offer sent in response to an ABI is referred to as a "response" and a recipient who responds to an ABI is referred to as a "respondent".

Any participant that receives an ABI notification can send a response on one or more bonds before the expiry time. The respondent may either designate the response as firm, i.e., executable by the sender, or subject to confirmation by the respondent. But the availability of this option to respondents may be limited by the workflow of the sender.

After the end of the expiry time, a respondent cannot amend his or her price or size for any bond during the good for period. But a respondent can cancel his or her response for any bond of an ABI at any time, whether the response is firm or subject to confirmation.

The sender of an ABI can view any response at the time it is sent and take one of the following actions, as applicable, before the expiry time or between the expiry time and the end of the good for time:

- Sender requests execution and, if response was firm, executes a trade
- Sender submits a firm counter to the response
- Sender dismisses or ignores the response.

When a sender requests execution, i.e., in cases where the response was not firm, the respondent may either accept or reject the sender's request for execution. When a sender counters the response, the respondent can either execute or cancel. For the avoidance of doubt, a respondent need not (but can) execute the full size specified by the sender.

Display of responses

For each bond included within an ABI, responses are displayed to the sender in order based on the following criteria:

- ***Price or spread***. Responses with a better price or spread are displayed above responses with a worse price or spread, from the perspective of the sender.
- ***Size***. For responses with the same price, a larger size is displayed above a smaller size response.
- ***Time stamp of response creation***. For responses with the same price and size, a response with an earlier time stamp is displayed above a response with a later time stamp.

A sender can execute against multiple responses for a given bond.

Termination of an attribute-based invitation

An ABI terminates upon the earliest to occur of the following events:

- The sender receives no responses by the expiry time
- The sender has not executed against one or more responses by the good for time
- The sender cancels the ABI.

Information provided to senders of attribute-based invitations

The sender of an ABI only receives information regarding the ABI when recipients elect to respond and provide quotes for relevant bonds. The sender does not receive any other information concerning the recipients of an ABI and/or the specific relevant bonds for which each recipient has been invited to provide quotes.

Monitoring usage of attribute-based invitations

Liquidnet will monitor usage of ABI functionality by participants, including price and size details of responses to ABIs. Liquidnet reserves the right to limit or block usage of ABI functionality by individual traders or participant firms if Liquidnet determines, in its sole discretion, that such usage is not in the best interests of the Liquidnet community.

B. The expected date of implementation

It is expected that the proposed changes will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada plans to implement the proposed change to provide Canadian participants with additional trading functionality and trading opportunities, while harmonizing the trading functionality available to Canadian participants with that already offered to participants in other jurisdictions, such as the United States and Europe.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed changes will only provide participants with additional trading functionality.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market. With regard to fair access, the proposed changes will allow Member and dealer participants to access the proposed ABI functionality, while still enabling Liquidnet to limit or block usage of ABI functionality by individual traders or participant firms if Liquidnet determines that such usage is not in the best interests of the Liquidnet community. Liquidnet respectfully submits that this level of access to new functionality is appropriate given the different types of participants on the fixed income trading system and consistent with the principles of fair access.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

Liquidnet Canada and its affiliates consulted with certain customers before proceeding with the proposed change. The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed changes or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed functionality is also available to participants in other jurisdictions, so Liquidnet Canada need only make minor back-end changes in order to implement the proposed change for Canadian participants.

H. Discussion of alternatives

Liquidnet Canada considered whether or not to implement the proposed changes. Since the proposed changes should result in increased trading opportunities for both buy-side clients and dealers, Liquidnet Canada intends to implement the proposed changes, subject to receipt of regulatory approval.

I. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada's foreign affiliates currently offer this feature to participants in the US and Europe.

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5. Algo pricing service

A. Description of the proposed change

Liquidnet Canada plans to offer a new "algo pricing" service for bonds. This proposed service will allow Members to request quotes on Canadian, US and European corporate bonds and emerging market bonds from banks and other institutions (referred to herein as "algo pricing providers" or "APs") who have agreed, upon request, to electronically transmit proprietary quotes for such bonds (referred to herein as "algo pricing") to Liquidnet Members. Quotes may be generated algorithmically or by a trader at the AP. As described in more detail below, if a Member and an AP both agree to trade at a quoted price, a trade will be executed on the Liquidnet system. Algo pricing quotes will not be available to securities dealers.

Algo pricing service may not be available to all Members or traders at a Member

An AP may elect to provide quotes to all requesting Members or only a subset of Members previously permissioned by the AP. An AP may also elect to permission all, or only a subset, of the traders at a Member firm to receive algo pricing quotes from the AP.

Algo pricing may not be available for all bonds

Algo pricing may not be available for all bonds otherwise eligible for trading on Liquidnet, and the group of bonds for which algo pricing is available may change from time to time. The availability of algo pricing for any given bond is subject to at least one AP agreeing to provide an electronic quote for such bond, following the AP's receipt of a request for such quote from a Member via Liquidnet.

Algo pricing may not be available for a Member's full order size

Algo pricing may also not be available for the full order size specified by a Member when requesting a quote on a bond. In such case, an AP may provide a quote for a bond that is good for only a portion of the Member's order size.

Available configurations for requesting AP quotes

A Member may only receive proprietary quotes from an AP for bonds where the Member currently has an indication in the Liquidnet system. For any such bonds where the Member has an indication in the Liquidnet system, the Member may further elect to be configured to request such quotes from APs in one or more of the following cases (as applicable):

- upon demand by the Member (i.e., manual request)
- automatically, following a failed match

- automatically, following a partial execution of a trade
- automatically, following an attribute-based inquiry where the Member received no responses for a given bond.

An AP may elect to provide quotes to Members in all, or only a subset, of the bulleted circumstances above. Subject to agreement with Liquidnet, an AP may also elect to provide quotes to Members under other scenarios.

As noted above, Members may specify when algo pricing requests on their indications are generated for transmission to APs, and whether such requests are transmitted automatically or only upon manual intervention by the Member. A Member can modify the parameters/criteria that an indication must meet before an algo price request is transmitted to APs via the desktop application. Alternatively, upon request by the Member, fixed income sales personnel can make such modifications on the Member's behalf.

A Member's request for algo pricing will be directed to all APs who have either agreed to provide algo pricing quotes to all Members or have otherwise permissioned the requesting Member to receive algo pricing quotes. If an AP has not permissioned a Member to receive algo pricing quotes, the AP will not receive the Member's algo pricing request.

Members may elect to send algo pricing requests to only a subset of APs

Upon request by a Member, Liquidnet may block the Member's algo pricing requests from being transmitted to one or more APs.

A Member may continue to match and negotiate on an indication while algo pricing quotes are available

As noted above, subject to the preferences of the applicable Member, an algo pricing request may be automatically transmitted to APs after the Member has completed any active negotiations on an indication. A Member may engage in negotiations on an indication after, or at the same time as, a requests for algo pricing quotes is transmitted to APs, and during the time when algo pricing quotes for the indication are available for execution by the Member.

Responses to Member requests for algo pricing quotes

Upon receipt of a Member request for algo pricing quotes on one or more bonds, one or more APs may respond by transmitting quotes to Liquidnet via FIX protocol or any other suitable protocol agreed between the AP and Liquidnet. An AP is not required to provide quotes on all (or any) bonds requested by the Member. Liquidnet will set a default expiry time for all AP quotes, but an AP may request to be configured for a different expiry time.

Responding to algo pricing quotes

Upon receipt of AP quotes in one or more bonds, a Member may either request execution or dismiss an AP quote at any time prior to expiration of the quote. In response to a Member request for execution, an AP may confirm, reject, or improve price on the quote. If the AP confirms, a trade will be executed at the agreed-upon price and size. A Member may re-transmit a request for algo pricing following expiration of the initial request for such a quote.

Member and AP identities are disclosed on a pre-trade and post-trade basis

Members who elect to be enabled for the algo pricing service will be identified to all APs, and all APs will be identified to such Members, on both a pre-trade and post-trade basis.

When one or more APs provides an algo pricing quote in response to a Member request, the identity of the AP associated with each quote is provided to the Member. Any requests to an AP for an algo pricing quote will include the identities of both the requesting Member firm and individual trader at the Member firm.

Disclosure of AP identities to Members and prospects

Liquidnet may disclose to all Members and prospects the identities of all APs participating in the algo pricing service, regardless of whether a Member or prospect has elected to participate in the algo pricing service.

Disclosure of information to APs and prospective APs

Liquidnet may disclose to participating APs and prospective APs the number of APs and type of APs (e.g., banks or alternative liquidity providers) participating in the algo pricing service.

Access to algo pricing service statistics

Liquidnet may provide any AP with data concerning the AP's own historical participation statistics and, on an aggregated and anonymized basis, all APs' historical participation statistics via the Liquidnet System in real-time, including:

- Number of different quotes provided by the AP (or all APs combined)
- Number of executed quotes by the AP (or all APs combined)
- Total volume from executed quotes by the AP (or all APs combined)
- Rankings based on the above statistics, as applicable
- Additional statistics as agreed between Liquidnet and the APs.

Fees for algo pricing providers

Fees for algo pricing providers (APs) are subject to negotiation between Liquidnet and the AP and may include a fee sharing arrangement.

B. The expected date of implementation

It is expected that the proposed changes will be implemented following the later of (i) the date that Liquidnet Canada is notified that the change is approved and (ii) the date all applicable regulatory requirements have been met.

C. Rationale for the proposed change

Liquidnet Canada plans to implement the proposed change to provide Canadian Members with additional trading functionality and liquidity in all categories of bonds, while harmonizing the trading functionality available to Canadian Members with that already offered in other jurisdictions, such as the United States.

D. Expected impact of the proposed change on market structure, subscribers, investors and capital markets

We foresee no adverse impact on market structure, subscribers, investors or the capital markets because the proposed changes will only provide Members with additional trading functionality and liquidity.

E. Expected impact of the proposed change on Liquidnet Canada's compliance with Ontario securities law and the requirements for fair access and maintenance of a fair and orderly market

We foresee no adverse impact on Liquidnet Canada's compliance with Ontario securities laws or to requirements of fair access and the maintenance of a fair and orderly market. With regard to fair access, the proposed changes will allow any Member to request algo pricing quotes, so there are no apparent fair-access concerns.

F. Consultations undertaken in formulating the proposed change, including internal governance process followed

Liquidnet Canada and its affiliates consulted with certain customers before proceeding with the proposed change. The proposed change was approved by the management of Liquidnet Canada.

G. Whether the proposed change will require subscribers and vendors to modify their own systems

The proposed change does not constitute a material change to "technology requirements regarding interfacing with or accessing the marketplace" within the meaning of Part 12.3 of NI 21-101 because subscribers and service vendors will not be required to do any significant amount of systems-related development work or testing to enable the proposed changes or fully interact with the Liquidnet Canada ATS as a result of the proposed change. More particularly, the proposed algo pricing service is already in-use in other jurisdictions, e.g., US, so Liquidnet Canada need only make minor back-end changes in order to implement the proposed change for Canadian Members.

H. Discussion of alternatives

Liquidnet Canada considered whether or not to implement the proposed changes. Since the proposed changes will provide Members with additional trading functionality and liquidity, Liquidnet Canada intends to implement the proposed changes, subject to receipt of regulatory approval.

I. Whether the proposed change would introduce a fee model or feature that currently exists in other markets or jurisdictions

Liquidnet Canada's US affiliate currently offers the algo pricing service to Members domiciled in the US.

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