The Ontario Securities Commission

OSC Bulletin

March 11, 2021

Volume 44, Issue 10

(2021), 44 OSCB

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

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42869942

The OSC Bulletin is published weekly by Thomson Reuters Canada, under the authority of the Ontario Securities Commission.

Printed in the United States by Thomson Reuters.

ISSN 0226-9325

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NOTICE OF AMENDMENTS

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION
RULE 48-501 *TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS* AND CHANGES TO
COMPANION POLICY 48-501CP

March 4, 2021

Introduction

The Ontario Securities Commission (**OSC**) has made amendments to OSC Rule 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions* (**OSC Rule 48-501** or **the Rule**) and changes to its related Companion Policy (**48-501CP**) (together, the **Amendments)**.

The purpose of the Amendments is described in the "Substance and Purpose" section below.

This Notice contains the following appendices:

- Appendix A - A copy of the amending instrument for the Amendments
- Appendix B - A blacklined version of OSC Rule 48-501 and 48-501CP giving effect to the Amendments

Provided ministerial approval is obtained, the Amendments will come into force on May 18, 2021.

Background

The Amendments:

- remove restrictions on dealers involved in distributions, formal bids, and share exchange transactions; and
- remove restrictions on insiders and associated entities (collectively, **Insiders**) of issuers and selling shareholders involved in a transaction covered by the Rule, provided the Insider is not acting jointly or in concert with the issuer or selling shareholder.

The exemption from the prospectus requirement contained in Part 4 of OSC Rule 48-501 (**Part 4**) will remain in whole.

The Amendments were published for comment on August 6, 2020. No comments were received.

Substance and Purpose

OSC Rule 48-501 places trading restrictions on issuers and selling shareholders and their affiliates, Insiders and dealers acting as an underwriter, dealer manager, or in a similar capacity in respect of a transaction covered by the Rule.

Specifically, OSC Rule 48-501 restricts bids for, and purchases of, a security that is the subject of a transaction covered by the Rule (**Offered Securities**).[1] OSC Rule 48-501 generally restricts both bids and purchases of securities where they may affect the market price of an Offered Security. The Rule is intended to prevent market manipulation, specifically activity in the public markets, that can raise the market price of an Offered Security with the goal of improving the likelihood of success of a transaction covered by the Rule.

[1] The Rule also restricts bids and purchases of "connected securities," which are securities related to the Offered Security, where price movements in the connected security could be expected to influence the market price of the Offered Security. This prevents persons restricted under the Rule from doing, indirectly through bids and purchases of a connected security, what they could not do directly through bids and purchases of the Offered Security. For the purposes of this Notice, references to "Offered Securities" should be read to include connected securities.

OSC Rule 48-501 complements the Universal Market Integrity Rules (**UMIR**) of the Investment Industry Regulatory Organization of Canada (**IIROC**), specifically UMIR Rule 7.7 *Trading During Certain Securities Transactions* (**UMIR Rule 7.7**), and also covers activity by entities outside of the regulatory jurisdiction of IIROC, such as issuers and Insiders.

UMIR Rule 7.7 contains the same restrictions and exemptions as OSC Rule 48-501 for dealer members of IIROC that are involved in distributions and other transactions covered by OSC Rule 48-501. For this reason, transactions by dealers made in compliance with UMIR Rule 7.7 are exempt from OSC Rule 48-501. The Amendments will therefore remove duplication with UMIR Rule 7.7.

The Rule contains duplicative regulation and restrictions on trading activity that are more onerous than necessary to prevent manipulative trading activity. In particular,

- the restrictions on dealer activity duplicate UMIR Rule 7.7, and
- the class of persons associated with an issuer who are restricted by OSC Rule 48-501 ("Issuer-Restricted Persons" as defined in the Rule) is broader than necessary to achieve the goal of preventing market manipulation, necessitating exemption applications by Insiders that are routinely granted.

The Amendments repeal provisions applicable to dealers (other than Part 4, as discussed below), and restrictions on Insiders by carving them out of the definition of "Issuer-Restricted Person," unless they are acting jointly or in concert with an issuer. Trading by Insiders will continue to be subject generally to Ontario securities law, including provisions prohibiting manipulative and deceptive trading.

a) The scope of the rule is duplicative and broader than necessary to achieve the regulatory objective

As noted above, the Rule duplicates the provisions of UMIR Rule 7.7 with respect to IIROC dealer members and is not necessary. Also, as an IIROC rule, UMIR Rule 7.7 applies nationally, while OSC Rule 48-501 is limited to Ontario.

Staff believe that the inclusion of Insiders and associated entities in the definition of "Issuer-Restricted Person" is broader than necessary to achieve the goal of preventing manipulative trading to ensure the success of a transaction covered by the Rule. The Amendments will bring the definition in line with restrictions on issuer-related persons in analogous rules of the United States Securities and Exchange Commission.[2] Insiders will still be subject to section 126.1 of the *Securities Act* (Ontario), which prohibits market manipulation for any purpose, including attempting to ensure the success of a transaction covered by the Rule.[3] Insiders will continue to be subject to OSC Rule 48-501 if they act jointly or in concert with the issuer. For clarity, a controlling shareholder of an issuer is presumed to be acting jointly or in concert with the issuer.

The OSC has received a number of exemption applications on behalf of Insiders requesting relief from OSC Rule 48-501 and has granted the requested relief. These exemptions should now be considered routine and indicative of an over-broad reach of the Rule.

*b) Potentially negative effects on at-the-market (**ATM**) distributions for Insiders*

Most distributions have a clear end of distribution, after which time, OSC Rule 48-501 ceases to apply. In the case of prospectus offerings and private placements, it is when the securities being distributed have been sold and the underwriter has ceased stabilization activities in the public markets. In the case of other transactions, it is when the transaction closes.

However, in the case of ATM distributions specifically, the securities are sold continuously by the issuer, using an investment dealer acting as agent, in the open market. The period during which OSC Rule 48-501 applies is open-ended and can be much longer than for a traditional distribution.

Under both OSC Rule 48-501 and UMIR Rule 7.7, dealers subject to the rules have a number of exemptions to allow normal course trading activity, including a complete exemption for trading in "highly-liquid" securities.[4] In contrast, the exemptions available to Insiders are very limited. Insiders are effectively prohibited from trading in the market while the Rule is in effect. There is no equivalent to the exemption that dealers must trade highly-liquid securities without restriction. Therefore, the impact of the Rule on Insiders during an ATM is much greater than on dealers. This can create difficulties, such as when directors and officers need to purchase shares to meet minimum shareholding requirements set by the issuer.

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2 Regulation M (17 C.F.R. §§ 242.100-242.105) restricts "affiliated purchasers" in addition to dealers, issuers and selling shareholders. "Affiliated purchaser" is defined in 17 C.F.R § 100(b) as affiliates of the issuer or selling shareholder and any person acting directly or indirectly in concert with an issuer or selling security holder.

3 The Rule was adopted prior to the inclusion of section 126.1 in the Act, *i.e.*, before the Act had a prohibition on market manipulation.

4 A "highly-liquid security" is a listed or quoted security that
   (a) has traded, in total, on one or more marketplaces as reported on a consolidated market display during a 60-day period ending not earlier than 10 days prior to the commencement of the restricted period,
      (i) an average of at least 100 times per trading day, and
      (ii) with an average trading value of at least $1,000,000 per trading day, or
   (b) is subject to Regulation M under the 1934 Act and is considered to be an "actively-traded security" thereunder.

c) Part 4 – Research Reports

The Amendments will not affect Part 4 of OSC Rule 48-501. Part 4 contains an exemption from the prospectus requirements for dealers involved in transactions covered by the Rule, subject to certain conditions designed to ensure that the research is issued in the normal course and not in order to create demand for the securities involved. A repeal of Part 4 could create uncertainty as to whether publication of research reports in the normal course during a distribution or other transaction is permitted. Furthermore, Part 4 is not duplicated in UMIR Rule 7.7.[5]

Several proposed amendments have been made to Part 4 to clarify that is applies to dealer-restricted persons during the dealer-restricted period (as defined in the Rule). These are not substantive changes.

d) Ontario-only Rule

As OSC Rule 48-501 is an OSC-only rule, and no other jurisdiction has adopted a similar rule, the restrictions on Issuer-Restricted Persons only apply in Ontario.

Authority for OSC Rule 48-501

The Amendments are made pursuant to the rule-making authority in the following provisions of the *Securities Act* (Ontario): (i) paragraph 143(1)11 authorizes the Commission to make rules regulating the trading of publicly traded securities and (ii) paragraph 143(1)13 authorizes the Commission to regulate trading in securities to prevent trading that is fraudulent, manipulative, deceptive or unfairly detrimental to investors.

Questions

Please direct any questions with respect to this Notice or the Amendments to:

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[5] IIROC does not have the authority to grant exemptions from the prospectus requirements, so a similar provision in UMIR Rule 7.7 is only available to an IIROC dealer member if publication of the research report is permitted under applicable securities legislation.

Appendix A

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 48-501
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS

1. Ontario Securities Commission Rule 48-501 is amended by this Instrument.

2. Section 1.1 is amended by

(a) deleting the definition of "exchange-traded fund***", and***

(b) replacing the definition of "issuer-restricted person***" with the following:***

"issuer-restricted person" means, in respect of a particular offered security,

(a) the issuer of the offered security,

(b) a selling security holder of the offered security in connection with a prospectus distribution or restricted private placement,

(c) an affiliated entity of the issuer of the offered security or a selling security holder; or

(d) any person or company acting jointly or in concert with the person or company described in clause (a), (b) or (c) for a particular transaction;***.***

3. Subsection 1.2(2) is repealed.

4. Section 2.1 is repealed.

5. Section 3.1 is repealed.

6. Section 4.1 is amended by replacing "Despite section 53 of the Act and section 2.1, a dealer-restricted person***" with "***Despite section 53 of the Act, during a dealer-restricted period, a dealer-restricted person***"***

7. Section 4.2 is amended by replacing "Despite section 53 of the Act and section 2.1, a dealer-restricted person***" with "***Despite section 53 of the Act, during a dealer-restricted period, a dealer-restricted person***".***

CHANGES TO
COMPANION POLICY 48-501CP
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS

1. Companion Policy 48-501CP Trading During Distributions, Formal Bids and Share Exchange Transactions is changed by this Document.

2. Part 1 is deleted.

3. Section 3.1 is changed by replacing "section 91 of the Act,***" with "***section 1.9 of National Instrument 62-104 *Take-Over Bids and Issuer Bids,****".***

4. Part 4 is deleted.

5. Sections 5.2, 5.2.1 and 5.3 are deleted.

Appendix B

ONTARIO SECURITIES COMMISSION RULE 48-501
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS

PART 1 - DEFINITIONS

1.1 Definitions

In this Rule

"connected security" means, in respect of an offered security,

(a) a security into which the offered security is immediately convertible, exchangeable or exercisable unless the security is a listed security or quoted security and the price at which the offered security is convertible, exchangeable or exercisable is greater than 110% of the best ask price of the security at the commencement of the restricted period,

(b) a security of the issuer of the offered security or another issuer that, according to the terms of the offered security, may significantly determine the value of the offered security,

(c) if the offered security is a special warrant, the security which would be issued on the exercise of the special warrant, and

(d) if the offered security is an equity security, any other equity security of the issuer,

where the security trades on a marketplace or a market where there is mandated transparency of orders or trade information;

"dealer-restricted period" means, for a dealer-restricted person, the period,

(a) in connection with a prospectus distribution or a restricted private placement of an offered security, commencing on the later of

(i) the date two trading days prior to the day the offering price of the offered security is determined, and

(ii) the date on which a dealer enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon, and

ending on the date the selling process ends and all stabilization arrangements relating to the offered security are terminated,

(b) in connection with a securities exchange take-over bid or issuer bid, commencing on the date of dissemination of the take-over bid circular, issuer bid circular or similar document and ending with the termination of the period during which securities may be deposited under such bid, including any extension thereof, or the withdrawal of the bid, and

(c) in connection with an amalgamation, arrangement, capital reorganization or similar transaction, commencing on the date of dissemination of the information circular for such transaction and ending on the date of approval of the transaction by the security holders that will receive the offered security or the termination of the transaction by the issuer or issuers;

"dealer-restricted person" means, in respect of a particular offered security,

(a) a dealer that

(i) is an underwriter, as defined in the Act, in a prospectus distribution or a restricted private placement,

(ii) is participating, as agent but not as an underwriter, in a restricted private placement, and

(A) the number of securities to be issued under the restricted private placement would constitute more than 10% of the issued and outstanding offered securities, and

(B) the dealer has been allotted or is otherwise entitled to sell more than 25% of the securities to be issued under the restricted private placement,

(iii) has been appointed by an offeror to be the dealer-manager, manager, soliciting dealer or adviser in respect of a securities exchange take-over bid or issuer bid, or

(iv) has been appointed by an issuer to be the soliciting dealer or adviser in respect of obtaining security holder approval for an amalgamation, arrangement, capital reorganization or similar transaction that would result in the issuance of securities that would be a distribution exempt from prospectus requirements in accordance with applicable securities law, where, in each case, adviser means an adviser whose compensation depends on the outcome of the transaction,

(b) a related entity of the dealer referred to in clause (a) but does not include such related entity, or any separate and distinct department or division of a dealer referred to in clause (a) where,

(i) the dealer

(A) maintains and enforces written policies and procedures reasonably designed to prevent the flow of information regarding any prospectus distribution, private placement or transaction referred to in clause (a) to or from the related entity, department or division, and

(B) obtains an annual assessment of the operation of such policies and procedures,

(ii) the dealer has no officers or employees that solicit orders or recommend transactions in securities in common with the related entity, department or division, and

(iii) the related entity, department or division does not during the dealer-restricted period, in connection with the restricted security,

(A) act as a market maker (other than to meet its obligations under the rules of a recognized exchange),

(B) solicit orders from clients, or

(C) engage in proprietary trading,

(c) a partner, director, officer, employee or a person holding a similar position or acting in a similar capacity for the dealer referred to in clause (a) or for a related entity of the dealer referred to in clause (b), or

(d) any person or company acting jointly or in concert with a person or company described in clause (a), (b) or (c) for a particular transaction;

"exchange-traded fund" **[repealed]** ~~means a mutual fund, the units of which are~~

~~(a) listed securities or quoted securities, and~~

~~(b) in continuous distribution in accordance with applicable securities legislation;~~

"highly-liquid security" means a listed security or quoted security that,

(a) has traded, in total, on one or more marketplaces as reported on a consolidated market display during a 60-day period ending not earlier than 10 days prior to the commencement of the restricted period,

(i) an average of at least 100 times per trading day, and

(ii) with an average trading value of at least $1,000,000 per trading day, or

(b) is subject to Regulation M under the 1934 Act and is considered to be an "actively-traded security" thereunder;

"issuer-restricted period" means, for an issuer-restricted person, the period,

(a) in connection with a prospectus distribution or a restricted private placement of an offered security, commencing on the date two trading days prior to the day the offering price of the offered security is determined, and ending on the date the selling process ends and all stabilization arrangements relating to the offered security are terminated,

(b) in connection with a securities exchange take-over bid or issuer bid, commencing on the date of the dissemination of the take-over bid circular, issuer bid circular or similar document and ending with the termination of the period during which securities may be deposited under such bid, including any extension thereof, or the withdrawal of the bid, and

(c) in connection with an amalgamation, arrangement, capital reorganization or other similar transaction, commencing on the date of dissemination of the information circular for such transaction and ending on the date of approval of the transaction by the security holders that will receive the offered security or the termination of the transaction by the issuer or issuers;

"issuer-restricted person" means, in respect of a particular offered security,

(a) the issuer of the offered security,

(b) a selling security holder of the offered security in connection with a prospectus distribution or restricted private placement,

(c) an affiliated entity~~, associated entity or insider~~ of the issuer of the offered security or a selling security holder ~~but does not include a person who is an insider by virtue of clause (c) of the definition of "insider" under the Act so long as that person:~~

~~(i) does not have, and has had not in the previous 12 months, any board or management representation in respect of the issuer or selling security holder; and~~

~~(ii) does not have knowledge of any material information concerning the issuer or its securities that has not been generally disclosed~~; or

(d) any person or company acting jointly or in concert with the person or company described in clause (a), (b) or (c) for a particular transaction;

"last independent sale price" means the last sale price of a trade on a market, other than a trade that a dealer-restricted person knows or ought reasonably to know was made by or on behalf of a person or company that is a dealer-restricted person or an issuer-restricted person;

"offered security" means all securities, that trade on a marketplace or a market where there is mandated transparency of orders or trade information, of the class of security that

(a) is offered pursuant to a prospectus distribution or a restricted private placement,

(b) is offered by an offeror in a securities exchange take-over bid in respect of which a take-over bid circular or similar document is required to be filed under securities legislation,

(c) is offered by an issuer in an issuer bid in respect of which an issuer bid circular or similar document is required to be filed under securities legislation, or

(d) would be issuable to a security holder pursuant to an amalgamation, arrangement, capital reorganization or similar transaction in relation to which proxies are being solicited from security holders that will receive the offered security in such circumstances that the issuance would be a distribution exempt from prospectus requirements in accordance with applicable securities legislation,

provided that, if the security referred to in clauses (a) to (d) is a unit comprised of more than one type or class, each security comprising the unit shall be considered an offered security;

"restricted private placement" means a distribution of offered securities made pursuant to sections 2.3 or 2.30 of National Instrument 45-106 *Prospectus and Registration Exemptions*; and

"restricted security" means the offered security or any connected security.

1.2 Interpretation

(1) Affiliated Entity - The term "affiliated entity" has the meaning ascribed to that term in section 1.3 of National Instrument 21-101 – *Marketplace Operation*.

(2) [Repealed]~~Associated Entity - Where used to indicate a relationship with an entity, associated entity has the meaning ascribed to the term "associate" in subsection 1(1) of the Act and also includes any person or company of which the entity beneficially owns voting securities carrying more than 10 per cent of the voting rights attached to all outstanding voting securities of the person or company~~.

(3) Equity Security - An equity security is any security of an issuer that carries a residual right to participate in the earnings of the issuer and, upon liquidation or winding up of the issuer, in its assets.

(4) Related Entity - In respect of a dealer, a related entity is an affiliated entity of the dealer that carries on business in Canada and is registered as a dealer or adviser in accordance with applicable securities legislation.

(5) For the purposes of the definitions of “dealer-restricted period” and “issuer-restricted period”:

(a) the selling process shall be considered to end,

(i) in the case of a prospectus distribution, if a receipt has been issued for the final prospectus, the dealer has allocated all of its portion of the securities to be distributed under the prospectus and all selling efforts have ceased, and

(ii) in the case of a restricted private placement, the dealer has allocated all of its portion of the securities to be distributed under the offering; and

(b) stabilization arrangements shall be considered to have terminated in the case of a syndicate of underwriters or agents when, in accordance with the syndication agreement, the lead underwriter or agent determines that the syndication agreement has been terminated such that any purchase or sale of a restricted security by a dealer after the time of termination is not subject to the stabilization arrangements or otherwise made jointly for the dealers that were party to the stabilization arrangements.

PART 2 - RESTRICTIONS

2.1 [Repealed] ~~Dealer-restricted Person~~

~~Except as permitted under sections 3.1, 4.1 and 4.2, a dealer-restricted person shall not at any time during the dealer restricted period,~~

~~(a) bid for or purchase a restricted security for an account of a dealer-restricted person, an account over which the dealer-restricted person exercises direction or control, or, except in accordance with section 3.2, an account which the dealer-restricted person knows or reasonably ought to know, is an account of an issuer-restricted person; or~~

~~(b) attempt to induce or cause any person or company to purchase any restricted security.~~

2.2 Issuer-restricted Person

Except as permitted under section 3.2, an issuer-restricted person shall not at any time during the issuer-restricted period,

(a) bid for or purchase a restricted security for an account of an issuer-restricted person or an account over which the issuer-restricted person exercises direction or control; or

(b) attempt to induce or cause any person or company to purchase any restricted security.

2.3 Deemed Re-commencement of a Restricted Period

If a dealer appointed to be an underwriter in a prospectus distribution or a restricted private placement receives a notice or notices of the exercise of statutory rights of withdrawal or rights of rescission from purchasers of, in the aggregate, not less than 5% of the offered securities allotted to or acquired by the dealer in connection with the prospectus distribution or the restricted private placement then a dealer-restricted period and issuer-restricted period shall be deemed to have re-commenced upon receipt of such notice or notices and shall be deemed to have ended at the time the dealer has distributed its participation, including the securities that were the subject of the notice or notices of the exercise of statutory rights of withdrawal or rights of rescission.

PART 3 - PERMITTED ACTIVITIES AND EXEMPTIONS

3.1 [Repealed] ~~Exemptions - Dealer-restricted Persons~~

~~(1) Section 2.1 does not apply to a dealer-restricted person in connection with,~~

~~(a) market stabilization or market balancing activities on a marketplace where the bid for or purchase of a restricted security is for the purpose of maintaining a fair and orderly market in the offered security by reducing the price volatility of or addressing imbalances in buying and selling interests for the restricted security, provided that the bid or purchase is at a price which does not exceed the lesser of~~

~~(i) in the case of an offered security~~

(A) the price at which the offered security will be issued in a prospectus distribution or restricted private placement, if that price has been determined, and

(B) the last independent sale price at the time of the entry of the bid or order to purchase, or

(ii) in the case of a connected security

(A) the last independent sale price at the commencement of the dealer-restricted period, and

(B) the last independent sale price at the time of the entry of the bid or order to purchase,

provided that if the restricted security has not previously traded on a marketplace, the price also does not exceed the price of the last trade of the security executed on an exchange or organized regulated market outside of Canada that publicly disseminates details of trades executed on that market other than a trade that the dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person or company that is a dealer-restricted person or an issuer-restricted person;

(b) a restricted security that is

(i) a highly-liquid security,

(ii) a unit or share of an exchange-traded fund, other than an exchange-traded fund that the Investment Industry Regulatory Organization of Canada has designated as subject to section 7.7 of the Universal Market Integrity Rules, or

(iii) a connected security of a security referred to in subclause (i) or (ii);

(c) a bid or purchase by a dealer-restricted person on behalf of a client, other than a client that the dealer-restricted person knows or ought reasonably to know is a person or company that is an issuer-restricted person, provided that

(i) the client's order was not solicited by the dealer-restricted person, or

(ii) if the client's order was solicited, the solicitation occurred before the commencement of the dealer-restricted period;

(d) the exercise of an option, right, warrant or a similar contractual arrangement held or entered into by the dealer-restricted person prior to the commencement of the dealer-restricted period;

(e) a bid for or purchase of a restricted security pursuant to a Small Securityholder Selling and Purchase Arrangement made in accordance with National Instrument 32-101 or similar rules applicable to any marketplace on which the bid or purchase is entered or executed;

(f) the solicitation of the tender of securities to a securities exchange take-over bid or issuer bid;

(g) a subscription for or purchase of an offered security pursuant to a prospectus distribution or restricted private placement;

(h) a bid for or purchase of a restricted security to cover a short position entered into prior to the commencement of the dealer-restricted period; or

(i) a bid for or purchase of a restricted security if the bid or purchase is made through the facilities of a marketplace in accordance with applicable marketplace rules.

(2) Where a dealer-restricted person is also an issuer-restricted person the exemptions in subsection (1) and sections 4.1 and 4.2 continue to be available to the dealer-restricted person.

3.2 Exemptions - Issuer-restricted Persons

Section 2.2 does not apply to an issuer-restricted person in connection with,

(a) the exercise of an option, right, warrant, or a similar contractual arrangement held or entered into by the issuer restricted person prior to the commencement of the issuer-restricted period;

(b) a bid or purchase of a restricted security pursuant to a Small Securityholder Selling and Purchase Arrangement made in accordance with National Instrument 32-101 or similar rules applicable to any marketplace on which the bid or purchase is entered or executed;

(c) an issuer bid described in clauses 93(3)(a) through (d) of the Act if the issuer did not solicit the sale of the securities sold under those clauses;

(d) the solicitation of the tender of securities to a securities exchange take-over bid or issuer bid; or

(e) a subscription for or purchase of an offered security pursuant to a prospectus distribution or restricted private placement.

PART 4 - RESEARCH REPORTS

4.1 Compilations and Industry Research

Despite section 53 of the Act ~~and section 2.1~~, during a dealer-restricted period, a dealer-restricted person may publish or disseminate any information, opinion, or recommendation relating to the issuer of a restricted security provided that such information, opinion or recommendation,

(a) is contained in a publication which:

(i) is disseminated with reasonable regularity in the normal course of business of the dealer-restricted person, and

(ii) includes similar coverage in the form of information, opinions or recommendations with respect to a substantial number of companies in the issuer's industry or contains a comprehensive list of securities currently recommended by the dealer-restricted person; and

(b) is given no materially greater space or prominence in such publication than that given to other securities or issuers.

4.2 Issuers of Highly-liquid Securities

Despite section 53 of the Act ~~and section 2.1~~, during a dealer-restricted period, a dealer-restricted person may publish or disseminate any information, opinion, or recommendation relating to the issuer of a restricted security that is a highly-liquid security provided that such information, opinion, or recommendation is contained in a publication which is disseminated with reasonable regularity in the normal course of the business of the dealer-restricted person.

PART 5 - EXEMPTION

5.1 Exemption

The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 6 [Lapsed]

COMPANION POLICY 48-501 CP TO
RULE 48-501 *TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS*

Part 1 — ~~Introduction~~[Repealed]

~~**1.1 Purpose** Ontario Securities Commission Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions (the "Rule") imposes trading restrictions on dealers, issuers and certain related parties involved in a distribution of securities, take-over bids and certain other transactions. The Rule generally prohibits purchases of or bids for restricted securities in circumstances where there is heightened concern over the possibility of manipulation by those with an interest in the outcome of the distribution or transaction. This Companion Policy sets out the views of the Ontario Securities Commission (the "Commission") as to the interpretation of various terms and provisions in the Rule.~~

Part 2 — Definitions and Interpretations

2.1 "connected security" — The definition of "connected security" in section 1.1 of the Rule includes, among other things, a security of the issuer of the offered security or another issuer that, according to the terms of the offered security, may *significantly determine* the value of the offered security. The Commission takes the view that, absent other mitigating factors, a connected security "significantly determines" the value of the offered security, if, in whole or in part, it accounts for more than 25% of the value of the offered security.

2.2 [Repealed]

2.3 End of "dealer-restricted period" and "issuer-restricted period" — distribution of securities and exercise of over-allotment option — The definitions of "dealer-restricted period" and "issuer-restricted period", with respect to a prospectus distribution and a "restricted private placement", refer to the end of the period as the date that the selling process ends and all stabilization arrangements relating to the offered security are terminated. Paragraph (a) of subsection 1.2(5) provides interpretation as to when the selling process is considered to end. As further clarification, the selling process is considered to end for a prospectus distribution when the receipt for the prospectus has been issued, the dealer has distributed all securities allocated to it and is no longer stabilizing, all selling efforts have ceased and the syndicate is broken. Selling efforts have ceased when the dealer is no longer making efforts to sell, and there is no intention to exercise an over-allotment option other than to cover the syndicate's short position. If the dealer or syndicate subsequently exercises an over-allotment option in an amount that exceeds the syndicate short position, the selling efforts would not be considered to have ceased. Securities allocated to a dealer that are held and transferred to their inventory account at the end of the distribution are considered distributed. Subsequent sales of such securities are secondary market transactions and should occur on a marketplace subject to any applicable exemptions (unless the subsequent sale transaction is a distribution by prospectus). To provide certainty around when the distribution has ended, appropriate steps should be taken to move the securities from the syndication account to the dealer's inventory account.

Part 3 — Restricted Persons

3.1 Meaning of "acting jointly or in concert" — The definitions of "dealer-restricted person" and "issuer-restricted person" in section 1.1 of the Rule include a person or company acting jointly or in concert with a person or company that is also a dealer-restricted person or an issuer-restricted person for a particular transaction. For the purposes of the Rule, "acting jointly or in concert" has a similar meaning to that phrase as defined in ~~section 91 of the Act,~~section 1.9 of National Instrument 62-104 *Take-Over Bids and Issuer Bids*, with necessary modifications. In the context of this Rule only, it is a question of fact whether a person or company is acting jointly or in concert with a dealer- or issuer-restricted person and, without limiting the generality of the foregoing, every person or company who, as a result of an agreement, commitment or understanding, whether formal or informal, with a dealer-restricted person or an issuer-restricted person, bids for or purchases a restricted security will be presumed to be acting jointly or in concert with such dealer-restricted person or issuer-restricted person.

3.2 Exclusion of "related party" — The definition of "dealer-restricted person" in clause 1.1(b) excludes a related entity where certain conditions are met. Subclause (i)(B) requires the dealer to obtain an annual assessment of the operation of the policies and procedures referred to in subclause (i)(A). In the Commission's view, this assessment may be conducted as part of the annual policy and procedure review of the supervision system as required by Policy 7.1 of the Universal Market Integrity Rules.

Part 4 — ~~Marketplace and Marketplace Rules~~[Repealed]

~~**4.1 Meaning of "marketplace" — In this Rule, marketplace means all marketplaces as defined in section 1.1 of National Instrument 21-101 — *Marketplace Operation*.**~~

4.2 **Meaning of "marketplace rules" — Marketplace rules refer to the rules, policies and other similar instruments adopted by a recognized stock exchange or recognized quotation and trade reporting system as approved by the applicable securities regulatory authority but not including any rules, policies or other similar instruments relating solely to the listing of securities on a stock exchange or to the quoting of securities on a quotation and trade reporting system.**

Part 5 — Exemptions

5.1 Fraud and Manipulation — Provisions against manipulation and fraud are found in securities legislation, specifically, Part 3 of National Instrument 23-101 — *Trading Rules* (NI 23-101) and section 126.1 of the *Securities Act* (Ontario) (when that provision comes into force). NI 23-101 prohibits manipulative or deceptive trading, including activities that may create misleading pricing or trading activity that is detrimental to investors and the integrity of the markets. The Rule specifically prohibits certain trading activities in circumstances where there is heightened concern over the possibility of manipulation by those with an interest in the outcome of the distribution or transaction. The Rule also provides certain exemptions to permit purchases and bids in situations where there is no, or a very low, possibility of manipulation. However, the Commission is of the view that notwithstanding that certain trading activities are permitted under the Rule these activities continue to be subject to the general provisions relating to manipulation and fraud found in securities legislation such that any activities carried out in accordance with the Rule must still meet the spirit of the general anti-manipulation and anti-fraud provisions.

5.2 **[Repealed]** Market Stabilization and Market Balancing — Subsection 3.1(1) of NI 23-101 prohibits manipulation or fraud which includes, among other things, a transaction or series of transactions that a person or company knows, or ought reasonably to have known, would contribute to a misleading appearance of trading activity or an artificial price for a security. Companion Policy 23-101CP to NI 23-101 states that the Canadian securities regulatory authorities do not consider market stabilization activities carried out in connection with a distribution of securities to be activities in breach of subsection 3.1(1) provided such activities are carried out in accordance with applicable marketplace rules or provisions of securities legislation that permit market stabilization activities. Clause 3.1(1)(a) of the Rule provides dealer-restricted persons with an exemption for market stabilization and market balancing activities subject to price limitations. Market stabilization and market balancing activities should be engaged in for the purpose of maintaining a fair and orderly market in the offered security by reducing the price volatility of or addressing imbalances in buying and selling interest for the restricted security.

The Commission considers it to be inappropriate for a dealer to engage in market stabilization activities in circumstances where the dealer knows or should reasonably know that the market price is not fairly and properly determined by supply and demand. This might exist where, for example, the dealer is aware that the market price is a result of inappropriate activity by a market participant or that there is undisclosed material information regarding the issuer.

Market balancing activities should contribute to a fair and orderly market by contributing to price continuity and depth and by minimizing supply-demand disparity. Market balancing does not seek to prevent or unduly retard any price movements, but merely to prevent erratic or disorderly changes in price.

5.2.1 **[Repealed]** Exchange-traded funds — Section 1.1 of the Rule defines an "exchange-traded fund" as an open-ended mutual fund, the units of which are listed or quoted securities. Generally trading in exchange-traded funds has not given rise to concerns of a misleading appearance of trading activity or artificial price and the Rule exempts trading in exchange-traded funds. However, if the Investment Industry Regulatory Organization of Canada makes a designation that trading in a particular fund is subject to the corresponding provisions of the Universal Market Integrity Rules because it is concerned that trading in units of the fund may be susceptible to manipulation, trading in that exchange-traded fund will be subject to the Rule.

5.3 **[Repealed]** Short-position Exemption — Subclause 3.1(1)(h) provides an exemption from the Rule for a dealer-restricted person in connection with a bid for or purchase to cover a short position provided it was entered into before the commencement of the dealer-restricted period. Short positions entered into during the dealer-restricted period may be covered by purchases made in reliance upon the market stabilization exemption in clause 3.1(1)(a), subject to the price limits set out in that exemption.

Part 6 — Research

6.1 Section 53 of the Act — Part 4 of the Rule provides exemptions from section 53 of the Act which prohibits providing research that in the Commission's view constitutes an act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of a trade prior to the filing and receipt of the preliminary prospectus and prospectus. The Commission is of the view that although sections 4.1 and 4.2 do permit dealer-restricted persons to disseminate research reports, this dissemination continues to be subject to the usual restrictions applicable to dealer-restricted persons when they are in possession of material inside information regarding the issuer.

6.2 Meaning of "reasonable regularity" — Sections 4.1 and 4.2 of the Rule provides circumstances where a dealer-restricted person may publish or disseminate information, an opinion, or a recommendation relating to the issuer of a restricted security. Clause 4.1(a) and section 4.2 require that the information, opinion or recommendation is contained in a publication which is disseminated with reasonable regularity in the normal course of business of the dealer-restricted person. The Commission considers that it is a question of fact whether a publication was disseminated "with reasonable regularity" and whether it was in the "normal course of business". A research publication would not likely be considered to have been published with reasonable regularity if it had not been published within the previous twelve month period or there had been no coverage of the issuer within the previous twelve month period. The nature and extent of the published information should also be consistent with prior publications and the dealer should not undertake new initiatives in the context of the distribution. For example, the inclusion of projections of issuers' earnings and revenues would likely only be permitted if they had previously been included on a regular basis. In considering whether it was "in the normal course of business", the Commission may consider the distribution channels. The research should be distributed through the dealer-restricted person's usual research distribution channels and should not be targeted or distributed specifically to prospective investors in the distribution as part of a marketing effort. However, the research may be distributed to a prospective investor if that investor was previously on the mailing list for the research publication.

6.3 Meaning of "similar coverage" and of "substantial number of companies" — Clause 4.1(b) of the Rule requires that the information, opinion or recommendation includes similar coverage in the form of information, opinions or recommendations with respect to a substantial number of issuers in the issuer's industry. This should not be interpreted as requiring that the opinions and recommendations relating to the issuer and other issuers in the issuer's industry must be similar or the same. In this context, in determining what is a "substantial number of issuers", reference should be made to the relevant industry. Generally, the Commission would consider a minimum of six issuers to be a sufficient number. However, where there are less than six issuers in an industry, then all issuers should be included in the research report. In any event the number of issuers should not be less than three.

1.1.2 CSA Staff Notice 51-363 – Observations on Disclosure by Crypto Assets Reporting Issuers

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-363

Observations on Disclosure by Crypto Assets Reporting Issuers

March 11, 2021

Introduction

The public company crypto asset industry is relatively nascent. This includes reporting issuers[1] dealing in digital assets, such as cryptocurrencies, tokens, stablecoins, and similar digital assets relying on blockchain technology (**crypto assets**[2]). In Canada, most reporting issuers in the crypto asset industry entered the public markets in 2017 or 2018 via a restructuring transaction with, or a change of business by, an existing reporting issuer[3]. Given this timing, most of these reporting issuers completed their first annual filings in 2019 for their annual reporting period ending in 2018.

Staff of the securities regulatory authorities in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, and Nova Scotia (collectively, **staff** or **we**) have prepared this notice to outline several disclosure observations based on the first annual filings by reporting issuers (other than investment funds) that engage materially with crypto assets via mining and/or the holding/trading of those assets (**crypto assets reporting issuers** or **issuers**). This notice also provides a snapshot of Canadian crypto assets reporting issuers (refer to **Figures 1-4** of this notice) and staff guidance to assist these issuers in meeting their ongoing continuous disclosure obligations.

Observations and Guidance

Safeguarding of Crypto Assets

Securities legislation in Canada requires reporting issuers to disclose the material risks affecting their business and, where practicable, the financial impacts of such risks[4]. For crypto assets reporting issuers, the controls adopted to guard against the risk of loss and/or theft associated with holding such crypto assets is a material risk important for investors.

In light of this, the disclosure of such controls will be a focus of our review of these issuers' filings. In addition, the failure to adopt adequate protections may give rise to public interest concerns about the issuer.

1 In this notice, references to reporting issuers refer to reporting issuers other than investment funds.
2 For purposes of this notice, we considered the definition of a "crypto asset" to be consistent with CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets.*
3 To date, only two (2) crypto issuers have become reporting issuers in Canada through the issuance of a receipt for a final prospectus by a securities regulatory authority.
4 See section 5.2 of Form 51-102F2 *Annual Information Form* (the **AIF** or **Form 51-102F2**) and section 1.4(g) of Form 51-102F1 *Management's Discussion and Analysis* (the **MD&A** or **Form 51-102F1**).

Figure 1: Crypto Assets Reporting Issuers by Principal Regulator – *as at December 31, 2020*

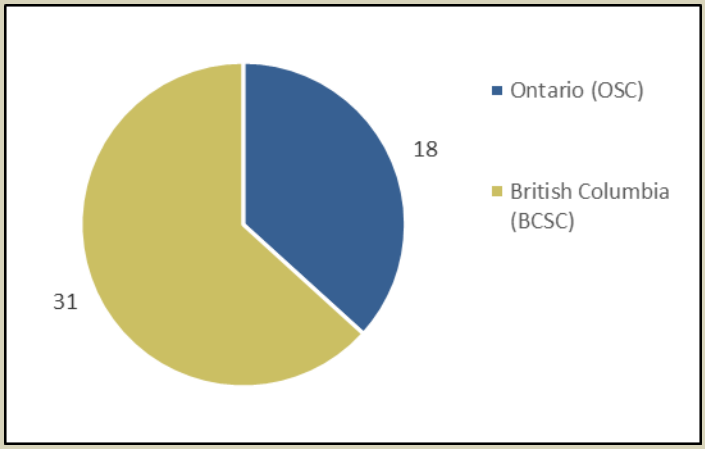


Figure 2: Crypto Assets Reporting Issuers by Primary Exchange – *as at December 31, 2020*

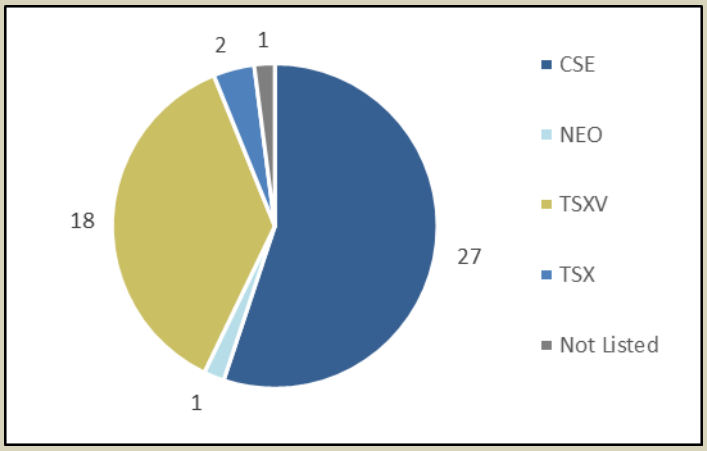


Figure 3: Crypto Assets Reporting Issuers by Activity – *as at December 31, 2020*

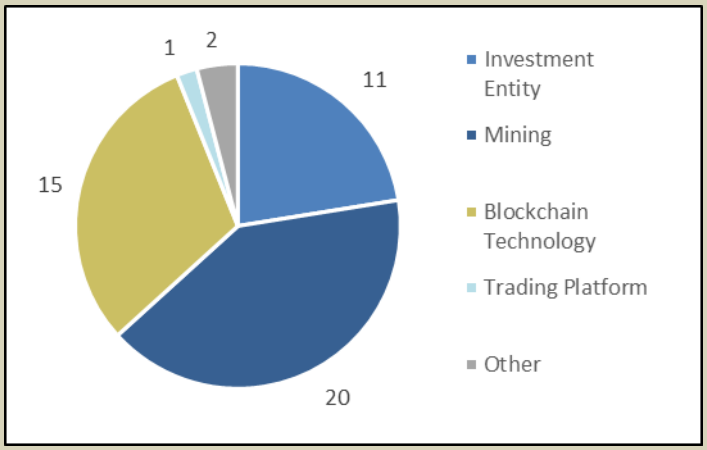
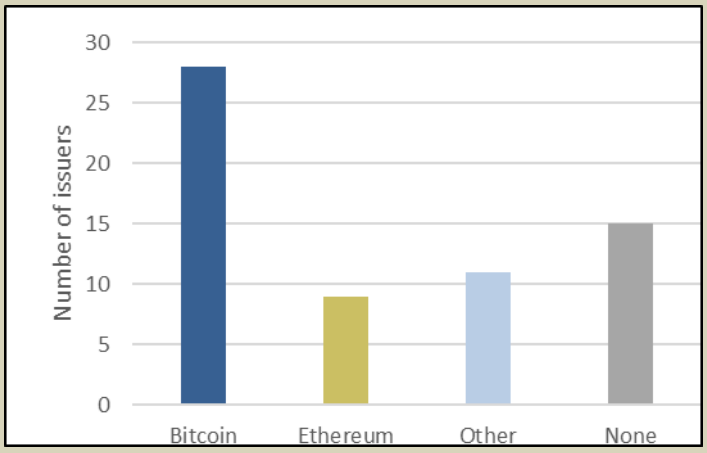


Figure 4: Crypto assets holdings of Crypto Assets Reporting Issuers – *as at December 31, 2020*



For those issuers that self custody their crypto assets, these may include, among other things, multi-signature wallets, safeguarding of private keys, the use of "cold wallets" and frequent monetization of crypto assets into fiat currency. The controls that are appropriate for a given issuer may vary depending on its size and the type and quantity of crypto assets held, as well as the frequency for which they move to and from "hot wallets" or liquidate the crypto assets.

Some issuers retain a third-party custodian to safeguard all or a substantial portion of their crypto assets. We would expect that for issuers that have retained a third-party custodian, the following information would be material to investors:

- the identity and location of the third-party custodian,
- if the third-party custodian has appointed a sub-custodian to hold certain crypto assets, the identity and location of the sub-custodian(s),
- a general discussion of the services provided to the issuer by the third-party custodian (e.g., is the custodian a payment processor or just responsible for holding/ safeguarding the crypto assets),
- whether the custodian is a Canadian financial institution (as defined in NI 45-106[5]) or a foreign equivalent, and if so by whom the custodian is regulated,
- whether the issuer is aware of anything with regards to the custodian's operations that would adversely affect the issuer's ability to obtain an unqualified audit opinion on its audited financial statements,
- whether the custodian is a related party of the issuer,
- the quantity or percentage of the issuer's crypto assets held by the custodian as at each reporting period end date,
- whether the crypto assets held by the custodian are insured and any limitations on the custodian's liability in the event of the loss or theft of the issuer's crypto assets,
- any known security breaches or other similar incidents involving the custodian as a result of which crypto assets have been lost or stolen,
- the treatment of the assets in the event of an insolvency or bankruptcy of the custodian, and

[5] National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) defines a "Canadian financial institution" as: (a) an association governed by the Cooperative Credit Associations Act (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (b) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

- if the custodian operates in a foreign jurisdiction, what due diligence the issuer has performed on the custodian (including the issuer's ability to: effectively monitor the custodian and execute contingency plans and exit strategies with minimal impact on the issuer's operation).

Such issuers should also consider whether a custodial agreement constitutes a material contract and whether the execution of such an agreement or the change of a custodian constitutes a material change for the issuer.

While we do not expect that all issuers will retain a third-party custodian, we expect that the reasons for not doing so would be material information for investors. We also expect that for issuers that self custody their crypto assets, the following information would be material to investors:

- a description of the controls implemented to protect the crypto assets against the risk of loss and/or theft associated with holding crypto assets,
- whether the issuer employs multi-signature wallets,
- the manner in which private keys are safeguarded, including the nature and extent of the use of "cold wallets",
- whether the issuer's crypto assets are insured, and any exclusions contained in the insurance policy that would prevent the issuer from making a successful claim in the event that the crypto assets are lost or stolen,
- measures taken to mitigate cyber security risks, and
- the frequency of monetization of crypto assets into fiat currency.

The controls that are appropriate for a given issuer may vary depending on its size and the type and quantity of crypto assets held, as well as the frequency for which they move to and from "hot wallets" or liquidate the crypto assets.

Use of Crypto Asset Trading Platforms

The use of, and reliance on, crypto asset trading platforms also raises issues that extend beyond an issuer's own controls. Issuers that hold crypto assets through a crypto asset trading platform generally do not hold the private key and do not have control over the assets. Their account with the crypto asset trading platform generally represents a contractual claim against the trading platform and subjects the reporting issuer to the risks related to the solvency, integrity and proficiency of the operators of the trading platform[6]. To the extent that an issuer relies on a crypto asset trading platform to hold its crypto assets, we expect the issuer to disclose, at a minimum, all the items referenced in the "Safeguarding of Crypto Assets" section of this notice when third-party custodians are used.[7] [8]

Description of Business

The description of an issuer's business in its continuous disclosure filings (e.g., such as in its Annual Information Form and/or Management's Discussion & Analysis), as well as any prospectus, should be sufficiently detailed to enable investors to make an informed decision about whether to buy, sell or hold the issuer's securities. Given the relative novelty of the crypto industry, disclosure regarding the nature of the issuer's operations, how the business intends to generate revenue, the specialized skill and knowledge possessed by the issuer, the competitive conditions faced by the issuer and the sources, pricing and availability of equipment used by the issuer, and any reliance on third-party service providers (e.g., trading platforms, mining pool operators, liquidity providers, etc.), would likely be material information for investors.

Risk Factor Disclosure

Risk factor disclosure should be specific and sufficiently tailored to the risks that relate to the issuer and its business. Depending on the issuer, these may include, among many others, risks pertaining to: (i) the availability and/or cost of electricity, (ii) potential declines in the price of crypto assets, (iii) decreased rewards for mining a particular crypto asset, and (iv) risks related to access to crypto assets held at third-party custodians and crypto asset trading platforms. Risks related to different forms of crypto assets differ. For example, the risks of holding more established cryptocurrencies, such as Bitcoin or Ether, may be significantly different from investments in other digital assets, such as digital tokens.

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6 Joint CSA/IIROC Consultation Paper 21-402 *Proposed Framework for Crypto-Asset Trading Platforms* outlines specific risks related to crypto asset trading platforms.

7 Note the report on the QuadrigaCX investigation released on June 11, 2020 by staff of the Ontario Securities Commission is an example of practices that can result in losses for parties relying on a crypto asset trading platform. The report can be found at https://www.osc.gov.on.ca/quadrigacxreport.

8 Reporting issuers using crypto asset trading platforms operating from outside Canada who have Canadian users should also consider the requirements under Canadian securities legislation, including the guidance in CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets*.

Promotional Activities

Issuers should not engage in promotional activities that provide unbalanced or unsubstantiated material claims about the issuer's business and the corresponding opportunity for profit by investing in the issuer. For example, a statement that an issuer is the largest of its type should be supported by objective data that provides the issuer with a reasonable basis on which to conclude that the statement is accurate. We refer issuers to CSA Staff Notice 51-356 *Problematic promotional activities by issuers* for staff's views on promotional activities generally.

Material Changes

All reporting issuers have an obligation to consider whether an event constitutes a material change (i.e., a change in its business, operations or capital that would reasonably be expected to have a significant effect on the market price or value of any of its securities). If so, issuers are required to immediately issue and file a news release authorized by an executive officer disclosing the nature and substance of the change and, as soon as practicable and in any event within 10 days of the date on which the change occurs, file a material change report with respect to the material change. We have noted several examples of issuers failing to file material change reports or failing to do so within the required 10-day period. Examples of changes that would require reporting, if material, may include: (i) entering into a custodial agreement with a third-party, (ii) changing custodians, (iii) the loss or theft of crypto assets, (iv) an acquisition or sale of crypto asset mining equipment, or (v) entering into a mining pool arrangement or an electricity supply agreement by a crypto asset mining issuer if the arrangement is significant in relation to the issuer's existing operations.

Issuers Whose Business is Investing in Crypto Assets

Investment Fund Requirements May Apply

If a material aspect of an issuer's business is investing in crypto assets and the issuer does not have other substantial operations, despite the fact that the issuer may not meet the definition of an investment fund[9], many of the investor protection considerations applicable to investment funds may be relevant. If the issuer were to file a prospectus, staff may take the view that it would not be in the public interest to recommend issuing a receipt for the prospectus in the absence of the issuer taking relevant mitigation efforts comparable to those that apply under the investment fund regime. Such concerns are assessed on a case-by-case basis.

Some examples of investor protection considerations that have been required before the issuance of a prospectus receipt include:

- investment concentration restrictions,
- an undertaking to provide continuous disclosure for underlying investee companies if they represent a substantial amount of the issuer's business, and
- requirements to use a custodian qualified in accordance with Part 6 of National Instrument 81-102 *Investment Funds*.

Investment Portfolio Disclosure

In order to provide a meaningful discussion of an issuer's performance that meets the requirements of Form 51-102F1 *Management's Discussion & Analysis*, specific information about the issuer's crypto assets and other portfolio holdings is required.

For further staff guidance on the kind of disclosure staff may expect, crypto issuers that invest in crypto assets or other types of investments should refer to CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements* (**SN 51-349**)[10].

Financial Statements

There are unique aspects of the crypto asset industry that raise novel accounting issues. As the discussion around many of these issues may continue to evolve, issuers should monitor and carefully consider any guidance published by accounting standard setters and regulatory bodies. The following section of the notice outlines considerations that staff believe are relevant to crypto issuers who face certain complex accounting and disclosure issues. This section of the notice applies specifically to holdings of cryptocurrencies, a subset of crypto assets, and does not apply to tokens or initial coin offerings.

[9] National Instrument 81-106 *Investment Fund Continuous Disclosure* defines an "investment fund" as a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an EVCC and a VCC.

[10] This Staff Notice was published in certain jurisdictions as CSA Multilateral Staff Notice 51-349 *A Guide for Disclosure Improvements by Investment Entities and Non-Investment Entities that Record Investments at Fair Value*.

Accounting Policies and Disclosure Expectations

The IFRS Interpretations Committee (the **Committee**) published its agenda decision on *Holdings of Cryptocurrencies* in June 2019. The Committee concluded that IAS 2 *Inventories* applies to cryptocurrencies when they are held for sale in the ordinary course of business, otherwise an entity should apply IAS 38 *Intangible Assets* to holdings of cryptocurrencies[11]. The agenda decision directs entities to disclose the following information that is relevant to an understanding of its financial statements:

(i) those specific disclosures noted by the Committee and required by IFRSs, including but not limited to:

- accounting policies for classification and measurement [*IAS 1*],
- significant judgments made in the application of accounting policies [*IAS 1*],
- fair value disclosure requirements, if applicable [*IFRS 13*],
- disclosure requirements for intangible assets or inventory, if applicable [*IAS 38* or *IAS 2*], and
- consideration of subsequent events disclosure; and

(ii) any additional information that is relevant to an understanding of its financial statements. Staff are of the view that such relevant information, for example, would generally include:

- the nature of the different types of cryptocurrencies held, including disclosure concerning the entity's risk exposure to such assets,
- the quantity and recorded value of each type of cryptocurrency that an issuer holds at the relevant financial reporting dates,
- a continuity schedule for each type of cryptocurrency, differentiating between increases due to mining and due to acquisitions/dispositions in the market,
- the source(s) of valuation information, including the name of the data aggregator, if applicable,
- the entity's basis for determining whether cryptocurrencies are accounted for as inventory or an intangible asset, as well as the method of valuation used (cost, fair value, revaluation), and
- a breakdown of mining equipment by cryptocurrency that the equipment is capable of mining, if applicable.

Cryptocurrencies Recorded at Fair Value

If cryptocurrencies have been measured at fair value, staff expect the notes to the financial statements to include appropriate disclosures (in accordance with IFRS 13 *Fair Value Measurement*) for a reader to understand:

- the valuation techniques used, particularly for holdings of decentralized cryptocurrencies where fair value may be more difficult to establish, and
- whether the fair value measurement has been categorized within level 1, 2 or 3 of the fair value hierarchy. IFRS 13 contains additional disclosure requirements depending on this categorization.

Where the fair value re-measurement of an issuer's cryptocurrencies has a significant impact on its financial results in a reporting period, staff are of the view that the realized and unrealized components of this gain or loss should be separately disclosed in the financial statements, including any reversal of previously unrealized fair value gains or losses.

Issuers should also consider the guidance provided in SN 51-349 as staff's disclosure expectations regarding investments recorded at fair value are generally also applicable to cryptocurrencies recorded at fair value.

Accounting for Mining of Cryptocurrency

Issuers that mine cryptocurrency must often deal with complexities in determining an appropriate accounting policy for their mining activity. The following are examples of where additional complexities may arise and considerations for issuers with these types of arrangements:

[11] Within its June 2019 agenda decisions, the IFRS Interpretations Committee referred to a "cryptocurrency" as being part of a subset of crypto assets and having all the following characteristics: (i) a digital or virtual currency recorded on a distributed ledger that uses cryptography for security, (ii) not issued by a jurisdiction authority or other party, and (iii) does not give rise to a contract between the holder and another party.

- miners that participate in mining pools should consider the structure and arrangements of the pool (for example, the payout formula and timing, any fees payable, and whether the pool differentiates between the cryptocurrency mined and the block reward) in determining their accounting policies,

- miners who receive a block reward and a transaction fee when completing mining activities should consider whether transaction fees should be separately recorded and disclosed, particularly if these fees are significant, and

- a separate accounting policy must be determined by issuers who sell or "rent" hash power to other entities. Revenue earned from this source should be separately disclosed from revenue earned from traditional mining activity.

Importantly, staff expect the financial statement notes to contain robust disclosure of a cryptocurrency miner's accounting policies for its mining activity, including references to applicable IFRSs, and any significant judgments that have been made therein.

Cryptocurrency Mining Equipment

Many cryptocurrency miners own the specialized equipment used for their crypto mining activities including mining servers and the supporting infrastructure. Given this equipment typically represents a significant portion of the issuer's total assets and different types of crypto assets are subject to different risks, staff expect the financial statements to disclose the disaggregation of this equipment by the type of crypto asset it is capable of mining.

Given the rate of technological obsolescence and other volatility (e.g., the price of cryptocurrencies) present in the industry, careful consideration should be given to whether an indicator of impairment exists in accordance with IAS 36 *Impairment of Assets* at each reporting date. If an indicator of impairment exists, the issuer should consider, among other things, the following when estimating the recoverable amount of the asset:

- the sustainability of current cryptocurrency prices, energy prices (particularly where the issuer currently receives unsecured preferential rates), and the level of block rewards received relative to hash power,

- the issuer's hash rate relative to other miners in its mining pool, and

- the need for sustaining capital expenditures to maintain a consistent level of hash power relative to other miners.

Given the greater risk of technological obsolescence in this industry, issuers should also consider whether a reassessment of the useful life of the asset is necessary based on the results of the impairment test. If the impairment test results in the recognition of an impairment loss, issuers should ensure that the impairment loss is allocated in accordance with the principles in IAS 36.

Non-Monetary Transactions Settled in Cryptocurrencies

Non-monetary transactions where assets or services received are settled in cryptocurrencies present an increased risk of manipulation, particularly where such transactions involve related parties. Issuers should ensure they have robust controls in place regarding the initiation and approval of such transactions including appropriate segregation of duties and minimization of the time period between transaction inception and settlement. Issuers with significant non-monetary transactions should also ensure that their financial statements disclose their accounting policies for these transactions and incorporate such transactions into their continuity schedule for each type of crypto asset (as referenced in the "*Financial Statements – Accounting Policies and Disclosure Expectations*" section of this notice). Issuers should also ensure that their MD&A includes a robust discussion of such non-monetary transactions if they are material to the issuer's business.

Auditing Issues

As the mining of cryptocurrencies and holding of crypto assets in Canada is an emerging industry with unique technological aspects, a number of novel auditing challenges have arisen. Audit firms, standard setters, and regulatory bodies continue to explore these challenges and potential solutions.

We encourage issuers, and their audit committees and advisors, to review guidance that has been published by the Chartered Professional Accountants of Canada and communications from the Canadian Public Accountability Board.

We continue to monitor developments in this area and may raise comments in the context of prospectus or continuous disclosure reviews where it appears that novel auditing issues may exist.

Conclusion

Reporting issuers in the crypto asset industry are subject to the same disclosure obligations as other reporting issuers. However, the emerging nature of the crypto asset class and the evolving risks involved can raise novel issues when complying with these

obligations. It is important to avoid inaccurate or misleading disclosure and to provide the information necessary for investors to make informed investment decisions.

Crypto issuers considering filing a prospectus or entering into a restructuring transaction to enter the Canadian public markets should carefully consider what disclosure to provide about their business model in order to meet their regulatory requirements.

We will continue to evaluate the disclosure of reporting issuers that engage in crypto asset-related activities and will consider the need for further guidance or policy changes specific to these issuers.

Questions

Please refer your questions to any of the following:

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1.1.3 CSA Multilateral Staff Notice 58-312 – Report on Sixth Staff Review of Disclosure regarding Women on Boards and in Executive Officer Positions

CSA Multilateral Staff Notice 58-312 *Report on Sixth Staff Review of Disclosure regarding Women on Boards and in Executive Officer Positions* follows on separately numbered pages. Bulletin pagination resumes at the end of the Multilateral Staff Notice.

CSA/ACVM Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Multilateral Staff Notice 58-312

Report on Sixth Staff Review of Disclosure Regarding Women on Boards and in Executive Officer Positions

March 10, 2021

Executive Summary

This report outlines key trends from a recent review of public disclosure regarding women on boards and in executive officer positions as required by Form 58-101F1 *Corporate Governance Disclosure* (the disclosure requirements) of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101). The review was conducted by securities regulatory authorities in Alberta, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan. The review was completed for the purposes of identifying key trends. A qualitative assessment of compliance with the disclosure requirements was not conducted.

The key trends are based on a review sample of 610 issuers that had year-ends between December 31, 2019 and March 31, 2020 (Year 6) and filed information circulars or annual information forms by November 30, 2020. See page 13 for details regarding our review sample.

The following key trends were observed in this review[1]:

Board seats

- 20% of board seats were held by women; however, this number tended to increase with the size of the issuer and varied by industry.
- 79% of issuers had at least one woman on their board, however, 127 (21%) issuers had no women on their board.
- 6% of the chairs of the board were women.
- 30% of vacated board seats were filled by women.

Executive officer positions

- 5% of issuers had a woman chief executive officer (CEO).
- 15% of issuers had a woman chief financial officer (CFO).
- 65% of issuers had at least one woman in an executive officer position.

Targets

- 26% of issuers adopted targets for the representation of women on their board.
- 4% of issuers adopted targets for the representation of women in executive officer positions.

Term limits and other mechanisms of board renewal

- 23% of issuers adopted some form of director term limits (alone or with other mechanisms of board renewal).
- 34% of issuers adopted other mechanisms of board renewal, but did not adopt term limits.
- 39% of issuers disclosed that they did not have director term limits nor had they adopted other mechanisms of board renewal.

Policies

- 54% of issuers adopted a policy relating to the representation of women on their board.

The CSA will continue to monitor trends in this area. Over the coming year, the CSA will also be considering its role in the broader diversity conversation.

[1] All percentages in this report have been rounded to a whole number.

Snapshot of Data

The following is a snapshot of the year-over-year comparison of the key trends identified in our reviews:

Trends	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Board representation						
Total board seats occupied by women	11%	12%	14%	15%	17%	20%
Issuers with at least one woman on their board	49%	55%	61%	66%	73%	79%
Issuers with three or more women on their board	8%	10%	11%	13%	15%	20%
Board seats occupied by women of issuers with < $1 billion market capitalization	8%	9%	10%	11%	13%	15%
Board seats occupied by women of issuers with $1-2 billion market capitalization[2]	11%	13%	17%	19%	20%	24%
Board seats occupied by women of issuers with $2-10 billion market capitalization[2]	17%	18%	18%	21%	23%	26%
Board seats occupied by women of issuers with over $10 billion market capitalization[2]	21%	23%	24%	25%	27%	31%
Chairs of the board who are women[3]	--	--	--	--	5%	6%
Board vacancies filled by women[4]	--	--	26%	29%	33%	30%
Executive officers						
Issuers with at least one woman in an executive officer position[5]	60%	59%	62%	66%	64%	65%
Issuers with a woman CEO[6]	--	--	--	4%	4%	5%
Issuers with a woman CFO[6]	--	--	--	14%	15%	15%
Policies						
Issuers that adopted a policy relating to the representation of women on their board	15%	21%	35%	42%	50%	54%

[2] Board seats occupied by women for issuers over $1 billion market capitalization: 16% (Year 1), 18% (Year 2), 20% (Year 3), 21% (Year 4), 23% (Year 5) and 27% (Year 6).
[3] Chairs of the board who are women were not included in our reporting in Year 1, Year 2, Year 3 and Year 4.
[4] Board vacancies filled by women were not included in our reporting in Year 1 and Year 2.
[5] The decrease in year 5 is driven in part by a change in methodology used to capture executive officer data. Issuers may have included in their disclosure, positions and/or targets for a group other than executive officers, as that term is defined in NI 58-101. In year 5, we focused more closely on disclosure regarding "executive officers" as defined.
[6] Issuers with a woman CEO and issuers with a woman CFO were not included in our reporting in Year 1, Year 2 and Year 3.

Trends	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Targets						
Issuers that adopted targets for the representation of women on their board	7%	9%	11%	16%	22%	26%
Issuers that adopted targets for the representation of women in executive officer positions[5]	2%	2%	3%	4%	3%	4%
Term limits						
Issuers that adopted director term limits	19%	20%	21%	21%	21%	23%

Key Trends

Set out below are highlights from our review related to the following:

A. Women on boards
B. Women in executive officer positions
C. Board renewal

A. Women on boards

Board seats

The percentage of board seats held by women increased to 20% in year 6.

Board seats held by women

20%

The percentage of board seats held by women varied by the size of the issuer.

- For the 422 issuers with a market capitalization of less than $1 billion, 15% of board seats were held by women.
- For the 56 issuers with a market capitalization of between $1 billion and $2 billion, 24% of board seats were held by women.[7]
- For the 91 issuers with a market capitalization of between $2 billion and $10 billion, 26% of board seats were held by women.[7]
- For the 41 issuers with a market capitalization of greater than $10 billion, 31% of board seats were held by women.[7]

6% of the chairs of the board were women.[8]

[7] Board seats occupied by women for the 188 issuers with a market capitalization of greater than $1 billion were: 16% (Year 1), 18% (Year 2), 20% (Year 3), 21% (Year 4), 23% (Year 5) and 27% (Year 6).
[8] Chair data is not a disclosure requirement.

Board fill rate

When board seats became available and were filled, approximately three in ten seats were filled by women.

Board vacancies filled by women

30%

This year, 724 board seats were vacated during the year and 561 of those seats were filled. Of those filled seats, 30% (168 seats) were filled by women which represents a 3% decrease over year 5.

Issuers with no women on board

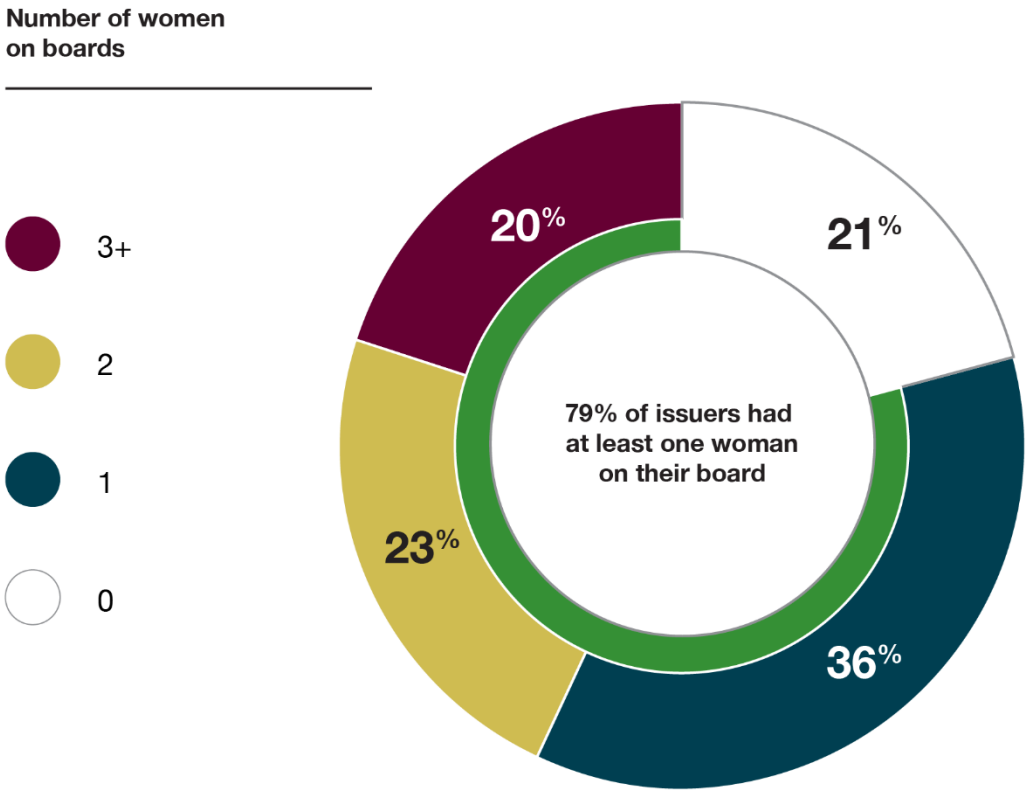
The number of issuers with no women on their board has declined since the disclosure requirements were introduced.

21% of issuers (127 issuers) had no women on their board.

Issuers with at least one woman on board

The number of issuers with at least one woman on their board has increased since the disclosure requirements were introduced.

79% of issuers (483 issuers) had at least one woman on their board.

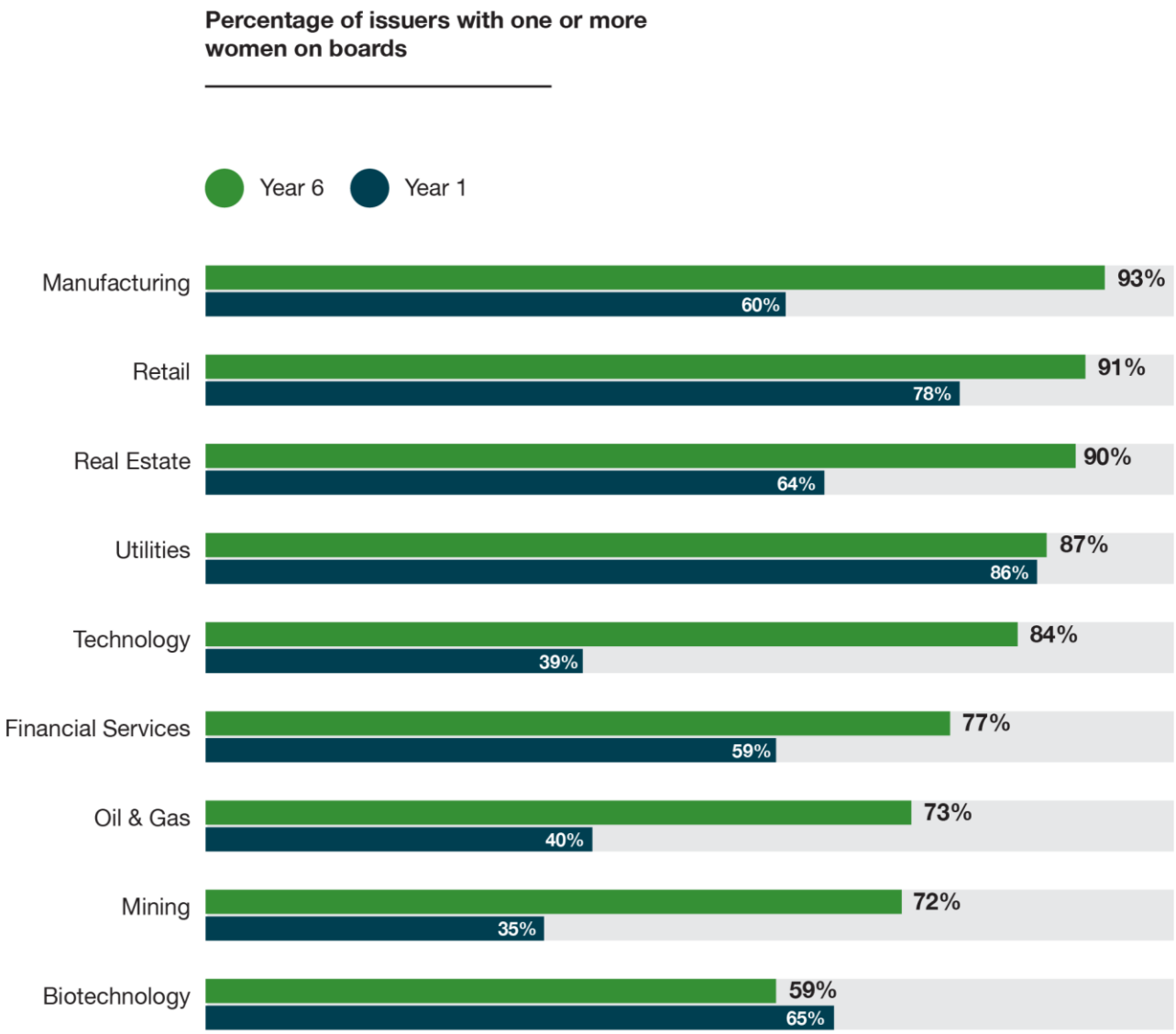


Industry data

The number of women on boards varied by industry.

The manufacturing, real estate, and retail industries had the highest percentage of issuers with one or more women on their boards.[9] The biotechnology, mining and oil & gas industries had the lowest percentage of issuers with one or more women on their boards.

Refer to Appendix A for a year-over-year comparison of the percentage of issuers with one or more women on their boards by industry.



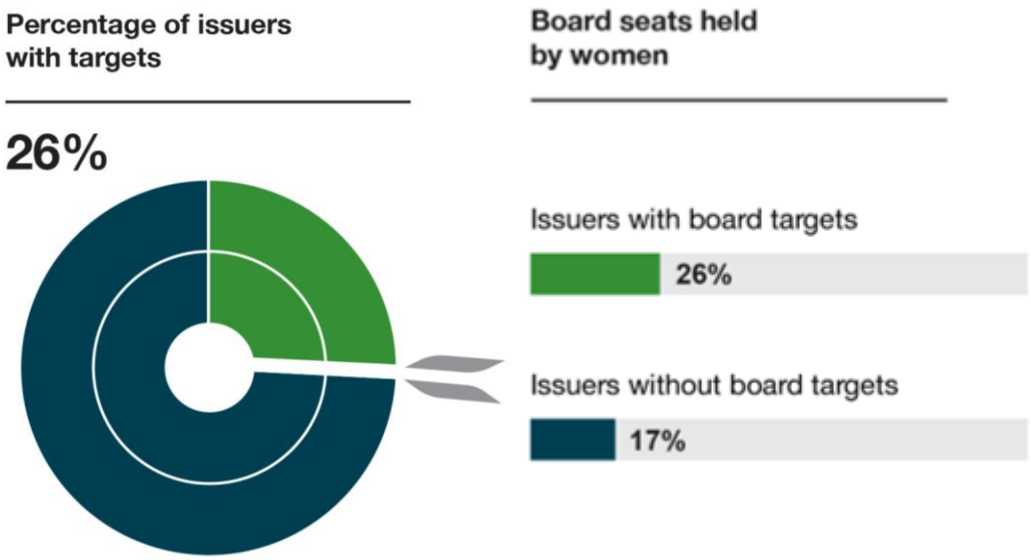
[9] The larger Canadian banks, which are part of an industry that has generally been an early adopter of diversity initiatives, are not captured in the data sample for this review. The six largest banks had an average of 39% of women on their boards based on their 2020 information circulars filed for their years ending October 31, 2019.

Targets

Few issuers had targets for women on their boards.

26% of issuers set targets for the representation of women on their boards.

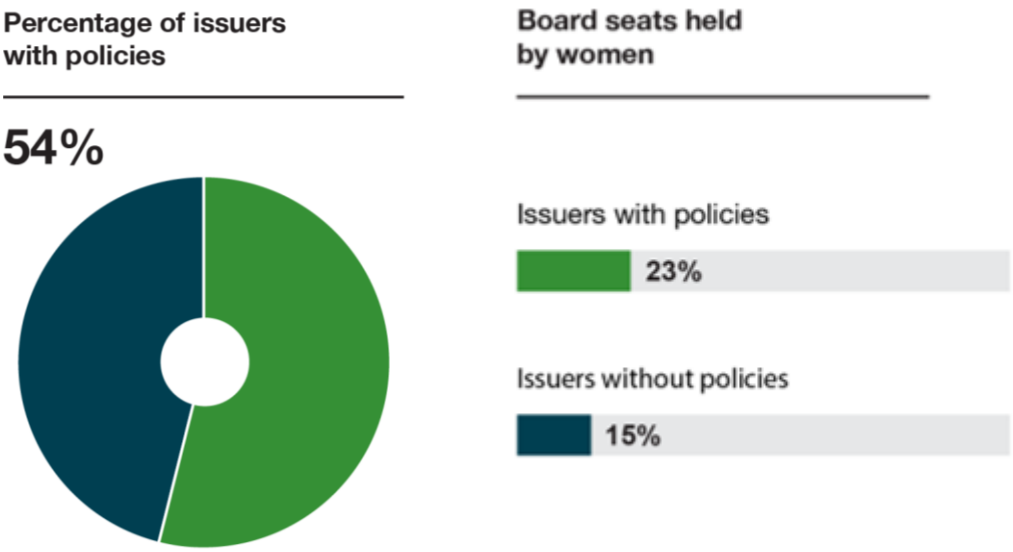
Issuers that adopted board targets had an average of 26% of their board seats held by women, compared to issuers without targets that had an average of 17%.



Policies relating to the identification and nomination of women directors

54% of issuers adopted a policy on identifying and nominating women directors, representing a significant increase since year 1.

The 330 issuers that adopted a policy relating to the representation of women on their boards had an average of 23% of women on their boards compared to issuers with no such policy, that had an average of 15%.



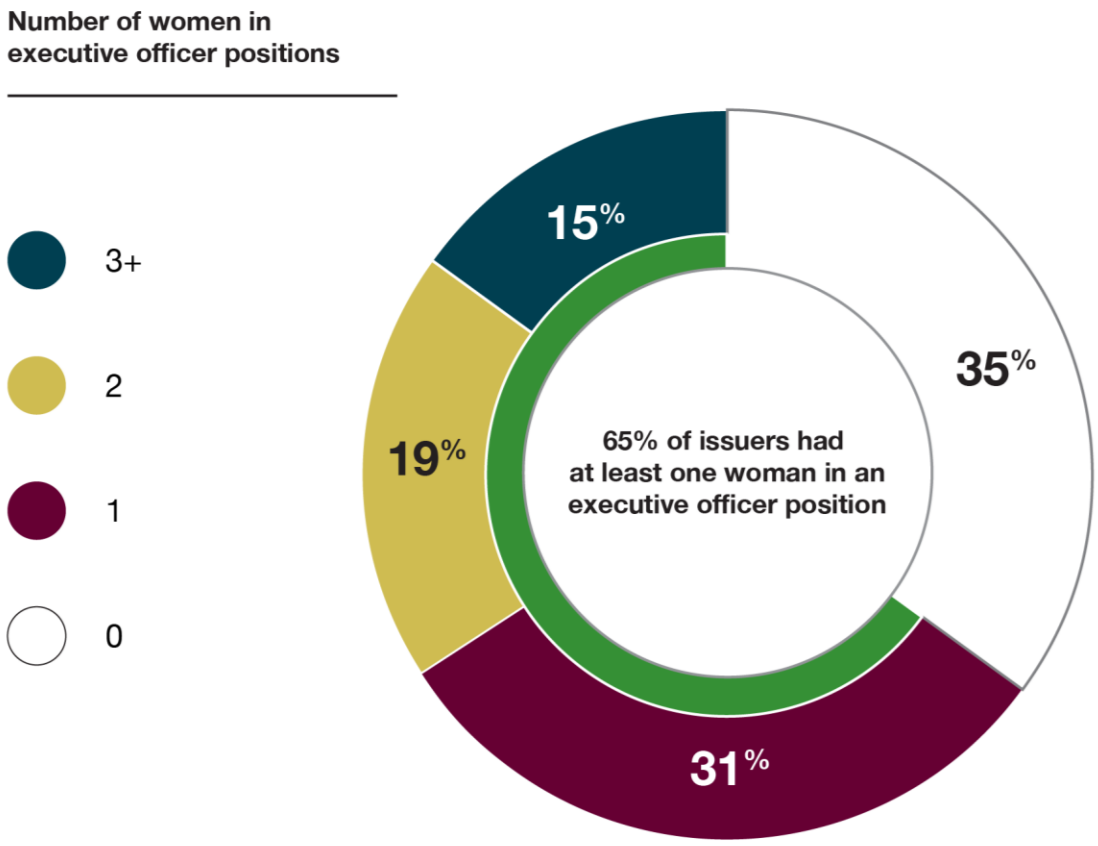
B. Women in executive officer positions

Number of women in executive officer positions

65% of issuers had at least one woman in an executive officer position.[10]

The number of executive officers reported by issuers ranged from zero to approximately 86, with an average number of 8 executive officers.[11]

5% of issuers had a woman CEO.[12]
15% of issuers had a woman CFO.[12]



[10] 476 of the 610 issuers in the review sample disclosed executive officer information.
[11] The numbers included in this part of the report are taken from issuers' disclosure, and may include positions other than executive officers, as that term is defined in NI 58-101. In Year 5, as noted in footnote 5, we focused more closely on disclosure regarding "executive officers" as defined.
[12] CEO and CFO data is not a disclosure requirement.

Industry data

The number of women in executive officer positions varied by industry.

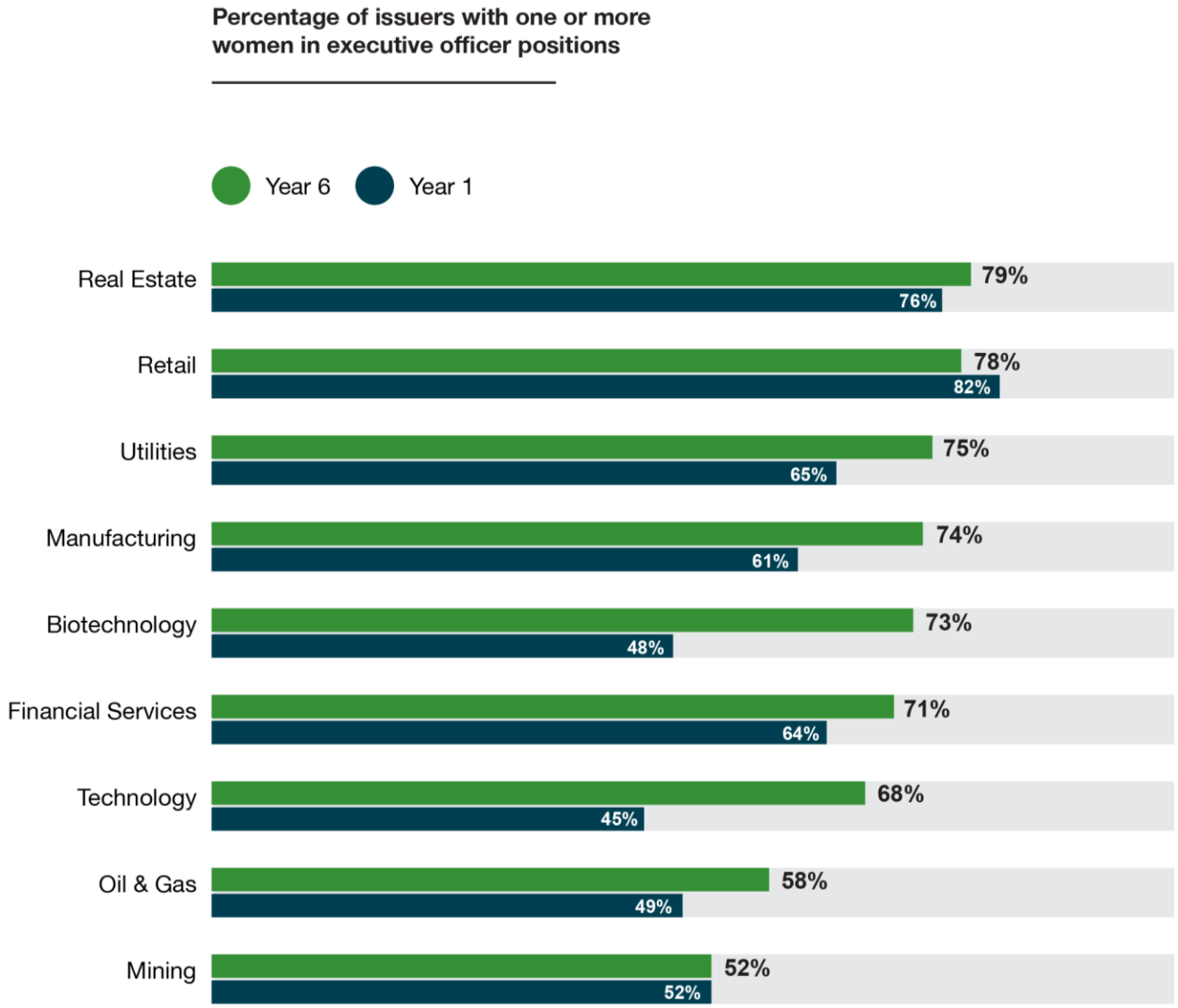
The real estate, retail and utilities industries had the highest percentage of issuers with one or more women in executive officer positions. The mining, oil & gas, and technology industries had the lowest percentage of issuers with one or more women in executive officer positions.

Refer to Appendix B for a year-over-year comparison of the percentage of issuers with one or more women in executive officer positions by industry.

Targets

Targets for women in executive officer positions were rare.

4% of issuers set targets for the representation of women in executive officer positions.[13]



[13] Refer to footnote 5.

C. Board renewal

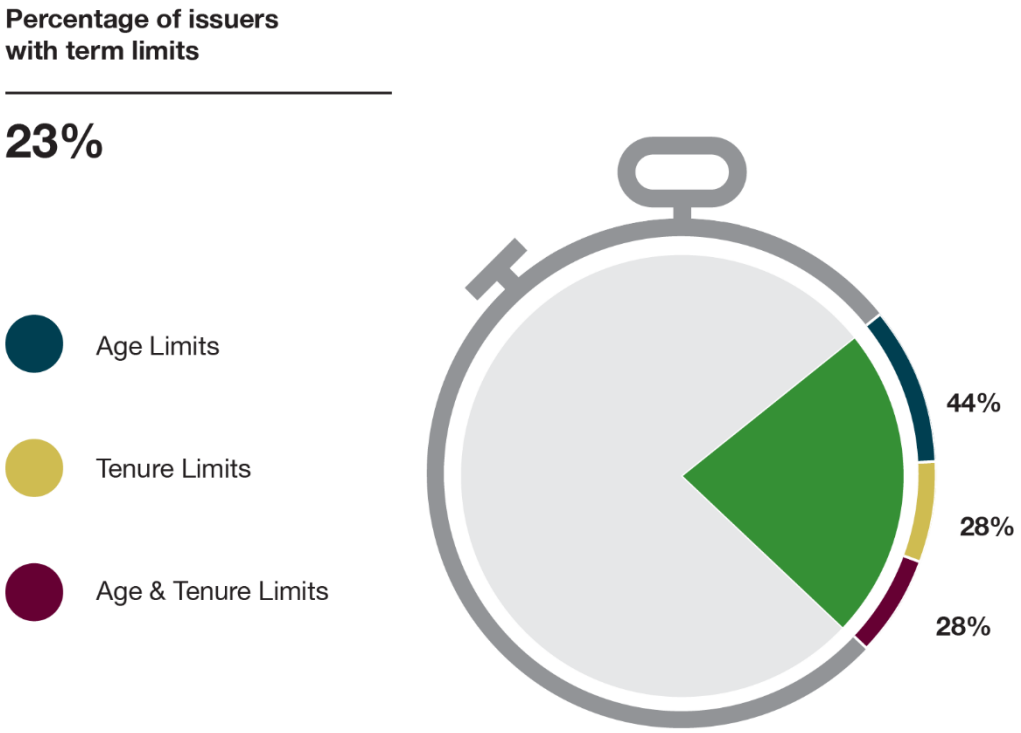
Term limits

23% of issuers adopted term limits (alone or with other mechanisms of board renewal).

Term limits took varied forms:

- 44% adopted age limits,
- 28% adopted tenure limits, and
- 28% adopted both age and tenure limits.

The average tenure and age limits were 13 years and 73 years, respectively.



Other mechanisms of board renewal

34% of issuers adopted other mechanisms of board renewal, but did not adopt term limits. Some of these issuers indicated that they used assessments of the board and individual directors as a mechanism of board renewal.

39% of issuers disclosed that they did not have director term limits nor had they adopted other mechanisms of board renewal.

Background

Required disclosure

Subject to certain exceptions, issuers listed on the Toronto Stock Exchange (TSX) and certain other non-venture issuers are required to provide disclosure on an annual basis in the following five areas:

- **Number of women in roles** – the number and percentage of women on its board of directors and in executive officer positions.
- **Targets** – whether it has targets for the number or percentage of women on its board and in executive officer positions, and if not, why not.
- **Board policy** – whether it has a written policy relating to the identification and nomination of women directors, and if not, why not.
- **Board renewal** – whether it has director term limits or other mechanisms of board renewal, and if not, why not.
- **Consideration of the representation of women** – whether it considers the representation of women in its director identification and selection process and in its executive officer appointments, and if not, why not.

Objective

The objective of the disclosure requirements is to increase transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions, and the approach that issuers take in respect of such representation

Prior reviews of disclosure

This is the sixth consecutive annual review of this disclosure that we[14] have conducted. The trends from our first four annual reviews are set out in:

- **Year 1 (2015)** – CSA Multilateral Staff Notice 58-307
- **Year 2 (2016)** – CSA Multilateral Staff Notice 58-308
- **Year 3 (2017)** – CSA Multilateral Staff Notice 58-309
- **Year 4 (2018)** – CSA Multilateral Staff Notice 58-310
- **Year 5 (2019)** – CSA Multilateral Staff Notice 58-311

[14] The Alberta Securities Commission did not participate in the 2015 and 2016 reviews as the disclosure requirements had not yet been adopted in Alberta. The British Columbia Securities Commission has not adopted the disclosure requirements and did not participate in any of the reviews. However, Alberta-based and British Columbia-based TSX-listed issuers were included in the respective samples.

Review Sample

As of May 31, 2020, approximately 1,600 issuers were listed on the TSX, of which approximately 730 were subject to the disclosure requirements.

Scope of sample

We reviewed the disclosure of 610 issuers that had year-ends between December 31, 2019 and March 31, 2020, and filed information circulars or annual information forms by November 30, 2020.[15]

Issuers excluded from our review include:

- approximately 840 exchange-traded funds or closed-end funds,
- issuers that moved the listing of their securities from the TSX Venture Exchange (TSX-V) to the TSX in 2020,
- issuers that have year ends subsequent to March 31, 2020, which includes the larger Canadian banks, and
- other issuers such as designated foreign issuers and SEC foreign issuers that are exempt from the requirements of NI 58-101.

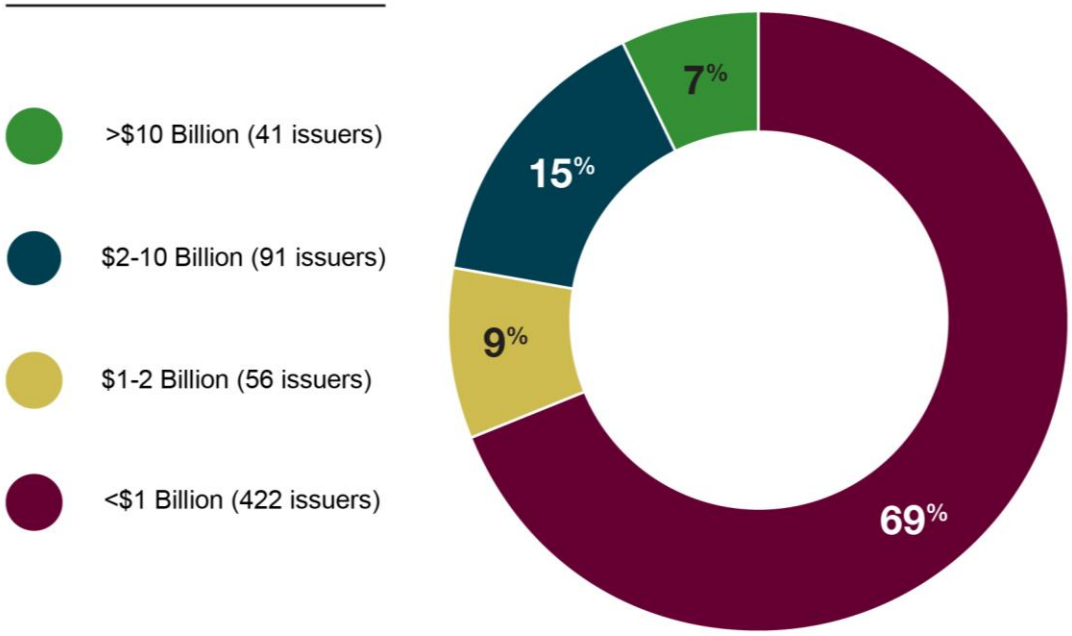
Due to the scope of our sample, our findings, and the comparisons between the current year and the prior five years provide only a partial picture. The issuers in the current year and the prior year samples vary for several reasons including:

- issuers being delisted from the TSX,
- issuers' listings of securities being moved to the TSX-V,
- corporate reorganizations resulting in issuers no longer being listed on the TSX,
- issuers filing information circulars after November 30, 2020,
- issuers completing initial public offerings and becoming listed on the TSX, and
- issuers ceasing to be reporting issuers.

[15] In previous years, our review sample included issuers that filed information circulars or annual information forms by July 31. This year, a number of issuers delayed their Annual General Meetings due to COVID-19. As a result, a number of issuers did not file information circulars by July 31. The cut-off date was extended to November 30, 2020 in order for the sample reviewed to be more comparable with that of prior years.

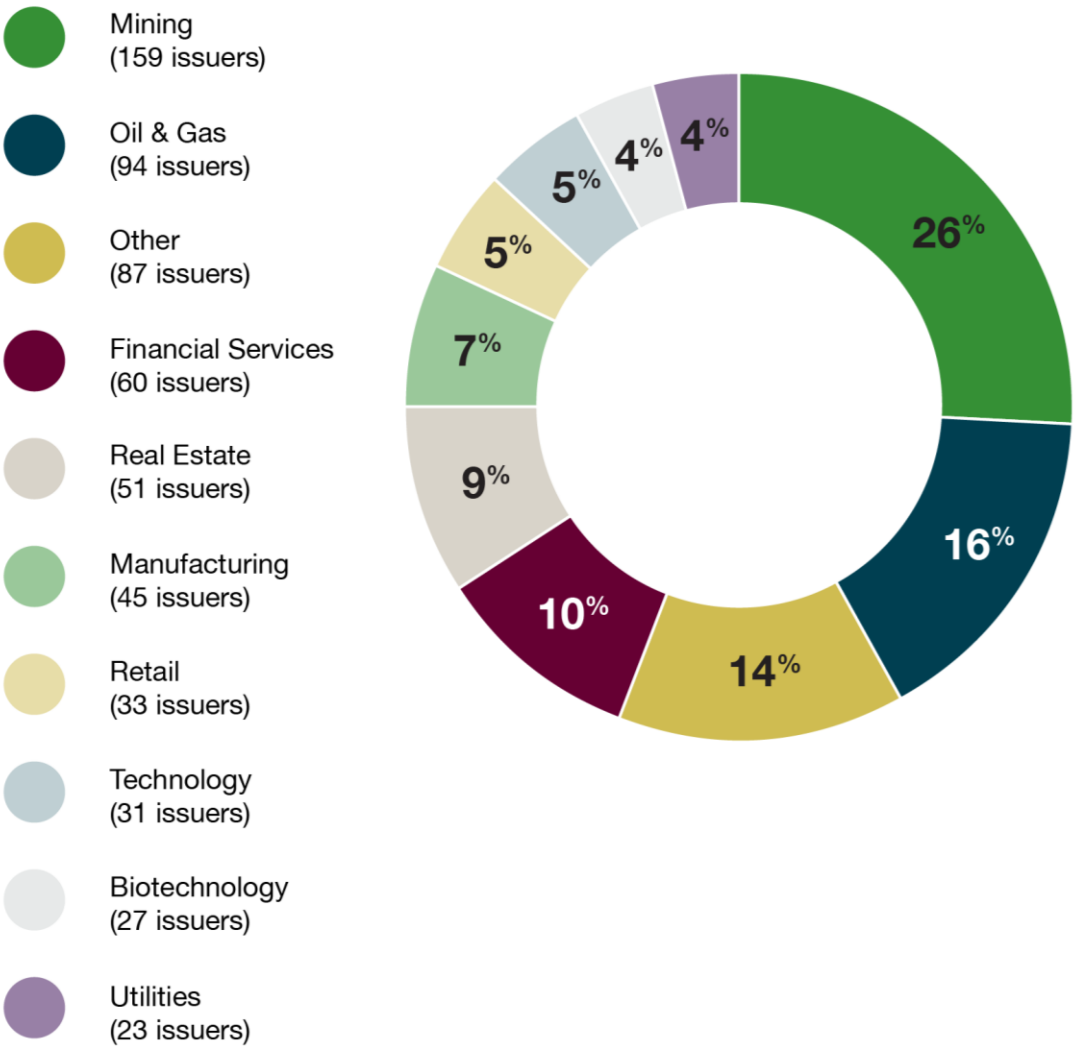
Profile of issuers in review sample

Market capitalization in sample (issuer breakdown)



Profile of issuers in review sample

Industries in sample



Questions

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ella-jane.loomis@fcnb.ca

Nova Scotia Securities Commission

H. Jane Anderson
☏ 902-424-0179
jane.anderson@novascotia.ca

Appendix A

The following is a year-over-year comparison of the percentage of issuers with at least one woman on their board by industry:

Industry	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Percentage of issuers with one or more women on their boards						
Biotechnology	65%	57%	56%	56%	67%	59%
Financial Services	59%	67%	60%	61%	73%	77%
Manufacturing	60%	68%	84%	89%	93%	93%
Mining	35%	38%	54%	59%	62%	72%
Oil & Gas	40%	40%	45%	56%	70%	73%
Real Estate	64%	66%	59%	73%	80%	90%
Retail	78%	79%	89%	84%	86%	91%
Technology	39%	52%	52%	68%	73%	84%
Utilities	86%	82%	86%	81%	85%	87%

Appendix B

The following is a year-over-year comparison of the percentage of issuers with at least one woman in an executive officer position by industry:

Industry	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Percentage of issuers with one or more women on in executive officer positions						
Biotechnology	48%	66%	71%	64%	61%	73%
Financial Services	64%	63%	66%	71%	76%	71%
Manufacturing	61%	81%	79%	80%	70%	74%
Mining	52%	49%	52%	56%	52%	52%
Oil & Gas	49%	46%	48%	53%	54%	58%
Real Estate	76%	76%	80%	80%	83%	79%
Retail	82%	71%	68%	76%	80%	78%
Technology	45%	44%	59%	52%	55%	68%
Utilities	65%	73%	67%	75%	70%	75%

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1.4 Notices from the Office of the Secretary

1.4.1 Marilyn Dianne Stuart

FOR IMMEDIATE RELEASE
March 4, 2021

MARILYN DIANNE STUART,
File No. 2021-1

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

A copy of the Reasons and Decision dated March 3, 2021 and the Order dated March 3, 2021 are available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.2 Krystal Jean Vanlandschoot

FOR IMMEDIATE RELEASE
March 4, 2021

KRYSTAL JEAN VANLANDSCHOOT,
File No. 2021-6

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

A copy of the Order dated March 4, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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For General Inquiries:

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inquiries@osc.gov.on.ca

1.4.3 Douglas John Eley

FOR IMMEDIATE RELEASE
March 5, 2021

DOUGLAS JOHN ELEY,
File No. 2020-35

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

A copy of the Order dated March 5, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.4 Becksley Capital Inc. and Fabrizio Lucchese

FOR IMMEDIATE RELEASE
March 8, 2021

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

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

A copy of the Order dated March 8, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.5 Miner Edge Inc. et al.

FOR IMMEDIATE RELEASE

March 9, 2021

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

TORONTO – Take notice of the following merits hearing date changes in the above named matter:

(1) the merits hearing scheduled to be heard on June 16 and 17, 2021 will not proceed as scheduled; and

(2) the merits hearing shall commence on June 15, 2021 and continue on June 18-30, 2021, at 10:00 a.m. on each day.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Vanguard Investments Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Existing and future mutual funds managed by the Filer granted relief from paragraphs 15.3(4)(c) and (f) of NI 81-102 Investment Funds to permit references to FundGrade A+ Awards, FundGrade Ratings in sales communications – Relief subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss.15.3(4)(c) and (f), and 19.1.

February 22, 2021

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

AND

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

AND

IN THE MATTER OF
VANGUARD INVESTMENTS CANADA INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on behalf of existing and future mutual funds of which the Filer or an affiliate of the Filer is, or in the future will be, the investment fund manager and to which National Instrument 81-102 *Investment Funds* (**NI 81-102**) applies (each a **Fund** and collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption under section 19.1 of NI 81-102 from the requirements set out in paragraphs 15.3(4)(c) and 15.3(4)(f) of NI 81-102, which provide that a sales communication must not refer to a performance rating or ranking of a mutual fund or asset allocation service unless:

1. the rating or ranking is provided for each period for which standard performance data is required to be given, except the period since the inception of the mutual fund; and

2. the rating or ranking is to the same calendar month end that is:

    (a) not more than 45 days before the date of the appearance or use of the advertisement in which it is included, and

    (b) not more than three months before the date of first publication of any other sales communication in which it is included;

    (together, the **Exemption Sought**), to permit the FundGrade A+ Awards and FundGrade Ratings to be referenced in sales communications relating to the Funds.

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

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

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

Interpretation

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

Representations

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

The Filer and the Funds

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Toronto, Ontario. The Filer is a wholly-owned indirect subsidiary of The Vanguard Group, which is a registered investment adviser in the United States with offices based in Valley Forge, Pennsylvania.

2. The Filer is registered as: (i) an investment fund manager in Ontario, Québec and Newfoundland and Labrador; (ii) an adviser (portfolio manager) in

Ontario and Québec; (iii) a commodity trading manager in Ontario; and (iv) an exempt market dealer in each of the provinces in Canada.

3. The Filer is, or will be, the manager of each of the Funds.

4. Each of the Funds is, or will be, an open-ended mutual fund trust established under the laws of one of the Jurisdictions or a class of shares of a mutual fund corporation established under the laws of one of the Jurisdictions. The securities of each of the Funds are, or will be, qualified for distribution pursuant to one or more prospectuses or simplified prospectuses, as the same may be amended or renewed from time to time. Each of the Funds is, or will be, a reporting issuer in each of the Jurisdictions.

5. Each of the Funds is, or will be, subject to NI 81-102, including Part 15 of NI 81-102, which governs sales communications.

6. Neither the Filer nor any of the existing Funds is in default of securities legislation in any of the Jurisdictions.

FundGrade Ratings and FundGrade A+ Awards

7. The Filer wishes to include in sales communications of the Funds references to the FundGrade Ratings and references to the FundGrade A+ Awards, where such Funds have been awarded a FundGradeA+ Award.

8. Fundata Canada Inc. (**Fundata**) is a "mutual fund rating entity" as that term is defined in NI 81-102 and is not a member of the organization of the Funds. Fundata is a supplier of mutual fund information, analytical tools, and commentary. Fundata's fund data and analysis, fund awards designations and ratings information provide valuable insight to advisors, media and individual investors.

9. One of Fundata's programs is the FundGrade A+ Awards program. This program highlights funds that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The FundGrade A+ Awards designate award-winning funds in most individual fund classifications for the previous calendar year, and the awards are announced in January of each year. The categories for fund classification used by Fundata are those maintained by the Canadian Investment Funds Standards Committee (**CIFSC**) (or a successor to CIFSC), a Canadian organization that is independent of Fundata.

10. The FundGrade A+ Awards are based on a proprietary rating methodology developed by Fundata, the FundGrade Rating system. The FundGrade Rating system evaluates funds based on their risk adjusted performance, measured by three well-known and widely-used metrics: the Sharpe Ratio, the Information Ratio, and the Sortino Ratio. The ratios are calculated for the two through ten year time periods for each fund. When there is more than one eligible series of a fund, a weighted average ratio is taken for each period. The ratios are ranked across all time periods and an overall score is calculated by equally weighting the yearly rankings.

11. The FundGrade Ratings are letter grades for each fund and are determined for each month. The FundGrade Ratings for each month are released on the seventh business day of the following month. The top 10% of funds earn an A Grade; the next 20% of funds earn a B Grade; the next 40% of funds earn a C Grade; the next 20% of funds receive a D Grade; and the lowest 10% of funds receive an E Grade. Because the overall score of a fund is calculated by equally weighting the periodic rankings, to receive an A Grade, a fund must show consistently high scores for all ratios across all time periods.

12. Fundata calculates a grade using only the retail series of each fund. Institutional series or fee-based series of any fund are not included in the calculation. A fund must have at least two years of history to be included in the calculation. Once a letter grade is calculated for a fund, it is then applied to all related series of that fund.

13. At the end of each calendar year, Fundata calculates a fund grade point average or "GPA" for each fund based on the full year's performance. The fund GPA is calculated by converting each month's FundGrade Rating letter grade into a numerical score. Each A is assigned a grade of 4.0; each B is assigned a grade of 3.0; each C is assigned a grade of 2.0; each D is assigned a grade of 1.0; and each E is assigned a grade of 0. The total of the grades for each fund is divided by 12 to arrive at the fund's GPA for the year. Any fund earning a GPA of 3.5 or greater earns a FundGrade A+ Award.

14. When a fund is awarded a FundGrade A+ Award, Fundata will permit such fund to make reference to the award in its sales communications.

Sales Communication Disclosure

15. The FundGrade Ratings fall within the definition of "performance data" under NI 81-102 as they constitute "a rating, ranking, quotation, discussion or analysis regarding an aspect of the investment performance of an investment fund", given that the FundGrade Ratings are based on performance measures calculated by Fundata. The FundGrade A+ Awards may be considered to be "overall ratings or rankings" given that the awards are based on the FundGrade Ratings as described above. Therefore, references to FundGrade Ratings and FundGrade A+ Awards in sales communications relating to the Funds need to meet the applicable requirements in Part 15 of NI 81-102.

16. Paragraph 15.3(4)(c) of NI 81-102 imposes a "matching" requirement for performance ratings or rankings that are included in sales communications for mutual funds. If a performance rating or ranking is referred to in a sales communication, it must be provided for, or "match", each period for which standard performance data is required to be given for a fund, except for the period since the inception of the fund (i.e. for one, three, five and ten year periods, as applicable).

17. While FundGrade Ratings are based on calculations for a minimum of two years through to a maximum of ten years and the FundGrade A+ Awards are based on a yearly average of monthly FundGrade Ratings, specific ratings for the three, five and ten year periods within the two to ten year measurement period are not given. This means that a sales communication referencing FundGrade Ratings cannot comply with the "matching" requirement contained in paragraph 15.3(4)(c) of NI 81-102. Relief from paragraph 15.3(4)(c) of NI 81-102 is, therefore, required in order for the Funds to use FundGrade Ratings in sales communications.

18. The exemption in subsection 15.3(4.1) of NI 81-102 for references to overall ratings or rankings of funds cannot be relied upon to reference the FundGrade A+ Awards in sales communications for the Funds because it is available only if a sales communication "otherwise complies" with the requirements of subsection 15.3(4) of NI 81-102. As noted above, sales communications referencing the FundGrade A+ Awards cannot comply with the "matching" requirement in subsection 15.3(4) of NI 81-102 because the underlying FundGrade Ratings are not available for the three, five and ten year periods within the two to ten year measurement period for the FundGrade Ratings, rendering the exemption in subsection 15.3(4.1) of NI 81-102 unavailable. Relief from subsection 15.3(4)(c) of NI 81-102 is, therefore, required in order for Funds to reference the FundGrade A+ Awards and the FundGrade Ratings in sales communications.

19. Paragraph 15.3(4)(f) of NI 81-102 imposes certain restrictions on disclosure in sales communications. This paragraph provides that in order for a rating or ranking such as a FundGrade A+ Award or the FundGrade Ratings to be used in an advertisement, the advertisement must be published within 45 days of the calendar month end to which the rating or ranking applies. Further, in order for the rating or ranking to be used in any other sales communication, the rating or ranking must be published within three months of the calendar month end to which the rating or ranking applies.

20. Because the evaluation of funds for the FundGrade A+ Awards will be based on data aggregated until the end of December in any given year and the results will be published in January of the following year, by the time a fund receives FundGrade A+ Award in January, paragraph 15.3(4)(f) of NI 81-102 will only allow the FundGrade A+ Award to be used in an advertisement until the middle of February and in other sales communications until the end of March.

Reasons for the Exemption Sought

21. The Exemption Sought is required in order for the FundGrade Ratings and FundGrade A+ Awards to be referenced in sales communications relating to the Funds.

22. The Filer submits that the FundGrade A+ Awards and FundGrade Ratings provide important tools for investors, as they provide investors with context when evaluating investment choices. These awards and ratings provide an objective, transparent and quantitative measure of performance that is based on the expertise of FundGrade in fund analysis that alleviates any concern that references to them may be misleading and, therefore, contrary to paragraph 15.2(1)(a) of NI 81-102.

Decision

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 to permit the FundGrade A+ Awards and FundGrade Ratings to be referenced in sales communications relating to a Fund provided that:

1. the sales communication that refers to the FundGrade A+ Awards and FundGrade Ratings complies with Part 15 of NI 81-102, other than as set out herein, and contains the following disclosure in at least 10 point type:

   (a) the name of the category for which the Fund has received the award or rating;

   (b) the number of mutual funds in the category for the applicable period;

   (c) the name of the ranking entity, i.e., Fundata;

   (d) the length of period and the ending date, or, the first day of the period and the ending date on which the FundGrade A+ Award and FundGrade Rating is based;

   (e) a statement that FundGrade Ratings are subject to change every month;

   (f) in the case of a FundGrade A+ Award, a brief overview of the FundGrade A+ Award;

(g) in the case of a FundGrade Rating (other than FundGrade Ratings referenced in connection with a FundGrade A+ Award), a brief overview of the FundGrade Rating;

(h) disclosure of the meaning of the FundGrade Ratings from A to E (e.g., rating of A indicates a fund is in the top 10% of its category); and

(i) references to Fundata's website for greater detail on the FundGrade A+ Awards and the FundGrade Ratings, which includes the rating methodology prepared by Fundata;

2. the FundGrade A+ Awards being referenced must not have been awarded more than 365 days before the date of the sales communication; and

3. the FundGrade A+ Awards and FundGrade Ratings being referenced are calculated based on comparisons of performance of investment funds within a specified category established by the CIFSC (or a successor to CIFSC).

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

2.1.2 Royal Gold, Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from the prospectus requirement for certain marketing activities not expressly permitted by National Instrument 71-101 The Multijurisdictional Disclosure System so that investment dealers acting as underwriters or selling group members of an issuer are permitted to use standard term sheets and marketing materials and conduct road shows (each as defined under National Instrument 41-101 General Prospectus Requirements) in connection with future offerings under an MJDS base shelf prospectus – NI 71-101 does not contain equivalent provisions to Part 9A of National Instrument 44-102 Shelf Distributions – relief granted, provided that any road shows, standard term sheets and marketing materials would comply with the approval, content, use and other conditions and requirements of Part 9A of NI 44-102, as applicable.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53 and 74(1)2.
National Instrument 71-101 The Multijurisdictional Disclosure System, s. 11.3.

March 5, 2021

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

AND

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

AND

IN THE MATTER OF
ROYAL GOLD, 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**), pursuant to paragraph 74(1)2 of the *Securities Act* (Ontario), for an exemption from the prospectus requirement for certain marketing activities not expressly permitted by National Instrument 71-101 *The Multijurisdictional Disclosure System* so that investment dealers acting as underwriters (as defined in the Legislation) or selling group members of (a) the Filer, or (b) a selling securityholder of the Filer are permitted to (i) use Standard Term Sheets (as defined below) and Marketing Materials (as defined below), and (ii) conduct Road Shows (as

defined below) in connection with future offerings under a Final Canadian MJDS Shelf Prospectus (as defined below) to be filed by the Filer in each of the provinces and territories of Canada (the **Exemption Sought**),

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of Delaware.

2. The principal executive offices of the Filer are located at 1144 15th Street, Suite 2500, Denver, Colorado 80202.

3. As of the date hereof, the Filer is a reporting issuer in each of the Jurisdictions and is a "SEC foreign issuer" as defined under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*. The Filer is not in default of securities legislation in any of the Jurisdictions.

4. The Filer has filed a registration statement on Form S-3 with the U.S. Securities and Exchange Commission (the **Registration Statement**). The Registration Statement contains a shelf prospectus (the **U.S. Shelf Prospectus**) and may register for sale in the United States, from time to time, in one or more offerings and pursuant to one or more prospectus supplements, shares of the Filer's common stock, shares of the Filer's preferred stock, debt securities and certain other types of securities.

5. The Filer has also filed a final MJDS prospectus in the Jurisdictions pursuant to National Instrument 71-101 The *Multijurisdictional Disclosure System* (**NI 71-101**) which includes the U.S. Shelf Prospectus (the final MJDS prospectus is referred to in this decision as the **Final Canadian MJDS Shelf Prospectus**) and will qualify the distribution in the Jurisdictions, from time to time, in one or more offerings and pursuant to one or more prospectus supplements, of shares of the Filer's common stock, shares of the Filer's preferred stock, debt securities and certain other types of securities.

6. National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) sets out the requirements for a distribution under a (non-MJDS) shelf prospectus in Canada, including requirements with respect to advertising and marketing activities. In particular, Part 9A of NI 44-102 permits the conduct of "road shows" and the use of "standard term sheets" and "marketing materials" (as such terms are defined in. National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**)) following the issuance of a receipt for a final base shelf prospectus provided the approval, content, use and other applicable conditions and requirements of Part 9A are complied with. NI 71-101 does not contain provisions that are equivalent to those of Part 9A of NI 44-102.

7. In connection with marketing an offering in Canada under the Final Canadian MJDS Shelf Prospectus, investment dealers acting as underwriters or selling group members of (a) the Filer, or (b) a selling securityholder of the Filer may wish to conduct road shows (**Road Shows**) and utilize one or more standard term sheets (**Standard Term Sheets**) and marketing materials (**Marketing Materials**), as such terms are defined in NI 41-101. Any such Road Shows, Standard Term Sheets and Marketing Materials would comply with the approval, content, use and other conditions and requirements of Part 9A of NI 44-102, as applicable.

8. Canadian purchasers, if any, of securities offered under the Final Canadian MJDS Shelf Prospectus will only be able to purchase those securities through an investment dealer registered in the Jurisdiction of residence of the purchaser.

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 is that the Exemption Sought is granted, provided that the conditions and requirements set out in Part 9A of NI 44-102 for Standard Term Sheets, Marketing Materials and Road Shows are complied with for any future offering under the Final Canadian MJDS Shelf Prospectus in the manner in which those conditions and requirements would apply if the Final Canadian MJDS Shelf Prospectus were a final base shelf prospectus under NI 44-102.

"Cecilia Williams"
Commissioner
Ontario Securities Commission

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

2.1.3 Australis Capital Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by an issuer for a decision that a management information circular previously filed and made public on SEDAR be held in confidence for an indefinite period by the Commission, to the extent permitted by law – incorrect circular contained inaccuracies and outdated information which could potentially cause confusion in the market and prejudice the interests of the inaccurately named dissident shareholders' director nominee – the issuer filed and made public on SEDAR a correct management information circular, without the inaccuracies and outdated information – omitted information would not be material to an investor – relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 140(1) and 140(2).

January 8, 2021

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

AND

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

AND

IN THE MATTER OF
AUSTRALIS CAPITAL INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**), being section 140(2) of the *Securities Act* (Ontario), that the requirement for public inspection of records not apply to the version of the Filer's management information circular dated October 6, 2020 that was erroneously filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**) on October 13, 2020 (the **Incorrect Circular**) and that the Incorrect Circular be held in confidence for an indefinite period, to the extent permitted by law (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. the Filer is a corporation formed under the *Business Corporations Act* (Alberta);

2. the Filer's head office is located in Las Vegas, Nevada and its registered and records office is located in Calgary, Alberta;

3. the common shares of the Filer are listed on the Canadian Securities Exchange;

4. the Filer is a reporting issuer in all of the provinces and territories in Canada;

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

6. on October 13, 2020, the Filer filed the Incorrect Circular on SEDAR in accordance with Part 9 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), which contained inaccuracies and outdated information that could be misleading to shareholders, including naming the incorrect slate of dissident nominee directors (the **Misleading Information**);

7. following discussions with staff of the British Columbia Securities Commission (**BCSC**), on October 14, 2020, the Filer filed the correct management information circular (**Correct Circular**), without the Misleading Information, on SEDAR in accordance with Part 9 of NI 51-102 and staff of the BCSC temporarily marked the Incorrect Circular private on SEDAR pending the decision of the principal regulator;

8. The Misleading Information could potentially prejudice the interests of the inaccurately named dissident shareholders' director nominee;

9. the Incorrect Circular has been superseded in its entirety by the Correct Circular and leaving both the Incorrect Circular and the Correct Circular on SEDAR could cause confusion amongst investors;

10. the making and keeping private of the Incorrect Circular will not adversely affect investors or impact any investment decision made by an investor with respect to the Filer and therefore, there would be no prejudice or harm to the public as a result of the Incorrect Circular remaining private;

11. the desirability of avoiding further disclosure of the Incorrect Circular outweighs the desirability of adhering to the principle that such material be available to the public for inspection, and disclosure of the Misleading Information is not necessary in the public interest; and

12. the Filer acknowledges that making the Incorrect Circular private on SEDAR does not guarantee that the Incorrect Circular is not available elsewhere in the public domain.

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.

“Heather Zordel”
Commissioner
Ontario Securities Commission

“Mary Anne De Monte-Whelan”
Commissioner
Ontario Securities Commission

2.1.4 Cronos Group Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted permitting issuer to send-proxy-related materials to registered securityholders and beneficial owners using a delivery method permitted under U.S. federal securities law – issuer will send proxy-related materials in compliance with Rule 14a-16 under the Securities Exchange Act of 1934 of the United States of America and will provide additional information relating to meetings and delivery and voting processes.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 9.1, 9.1.5 and 13.1.
National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, ss. 2.7, 9.1.1 and 9.2.

February 24, 2021

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

AND

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

AND

IN THE MATTER OF
CRONOS GROUP INC.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in the Jurisdiction (the "**Decision Maker**") has received an application (the "**Application**") from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for:

(a) relief permitting the Filer to send proxy-related materials to registered holders of securities entitled to vote at any meeting of securityholders of the Filer using a delivery method permitted under U.S. federal securities law (the "**Registered Holder Notice-and-Access Relief**"); and

(b) relief permitting the Filer to send proxy-related materials to beneficial holders of securities entitled to vote at any meeting of securityholders of the Filer using a delivery method permitted under U.S. federal securities law (the "**Beneficial Holder Notice-and-Access Relief**" and, together with the Registered Holder Notice-and-Access Relief, the "**Requested Relief**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(a) the Ontario Securities Commission is the principal regulator (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 British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Interpretation

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

Representations

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

1. The Filer was incorporated under the *Business Corporations Act* (Ontario). Effective July 9, 2020, the Filer's legal existence was continued under the *Business Corporations Act* (British Columbia). The Filer's head office is located at 111 Peter Street, Unit 300, Toronto, Ontario, M5V 2G9.

2. The Filer is a global cannabinoid company, with international production and distribution across five continents. The Filer's brand portfolio includes a global wellness platform, two adult-use brands, and three U.S. hemp-derived consumer products brands. The Filer's business is comprised of two primary business segments: "United States" and "Rest of World".

3. The Filer is a reporting issuer in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and is currently not in default of its obligations as a reporting issuer under applicable securities legislation in any of the jurisdictions in Canada in which it is a reporting issuer. The Filer is also subject to the reporting requirements of the *Securities Exchange Act of 1934* of the United States of America, as amended (the "**Exchange Act**"), as applicable to U.S. domestic issuers and files annual, quarterly and current reports and proxy statements with the United States Securities and Exchange Commission (the "**SEC**"). The Filer has filed with the SEC all reports required to be filed by it under the Exchange Act during the preceding 12 months.

4. The Filer had outstanding approximately 360,253,332 common shares in the capital of the Filer as of the close of business on December 22, 2020.

5. The Filer's common shares are listed on the Toronto Stock Exchange and the Nasdaq Global Market ("**NASDAQ**") under the symbol "CRON".

6. The Filer is an "SEC issuer" as defined in NI 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") and, accordingly, is required to comply with applicable U.S. securities laws in all respects.

7. The Filer has determined that it currently does not qualify as a "foreign private issuer" under U.S. federal securities laws and, accordingly, in order to use notice-and-access to send proxy-related materials to holders of securities entitled to vote at a meeting of securityholders of the Filer, the Filer is subject to and must comply with the U.S. notice-and-access rules under Rule 14a-16.

8. In accordance with section 9.1.5 of NI 51-102, a reporting issuer that is an SEC issuer can send proxy-related materials to registered holders under section 9.1 of NI 51-102 using a delivery method permitted under U.S. federal securities law if both of the following apply:

    (a) the SEC issuer is subject to, and complies with, Rule 14a-16 under the Exchange Act;

    (b) residents of Canada do not own, directly or indirectly, outstanding voting securities carrying more than 50% of the votes for the election of directors, and none of the following apply:

        (i) the majority of the executive officers or directors of the issuer are residents of Canada;

        (ii) more than 50% of the consolidated assets of the issuer are located in Canada;

        (iii) the business of the issuer is administered principally in Canada

        (the "**Automatic Registered Holder Exemption**").

9. In accordance with section 9.1.1(1) of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), despite section 2.7 of NI 54-101, a reporting issuer that is an SEC issuer can send proxy-related materials to beneficial holders using a delivery method permitted under U.S. federal securities law if all of the following apply:

    (a) the SEC issuer is subject to, and complies with, Rule 14a-16 under the Exchange Act;

    (b) the SEC issuer has arranged with each intermediary through whom the beneficial owner holds its interest in the reporting issuer's securities to have each intermediary send the proxy-related materials to the beneficial owner by implementing the procedures under Rule 14b-1 or Rule 14b-2 under the Exchange Act that relate to the procedures in Rule 14a-16 under the Exchange Act;

(c) residents of Canada do not own, directly or indirectly, outstanding voting securities of the issuer carrying more than 50% of the votes for the election of directors, and none of the following apply:

(i) the majority of the executive officers or directors of the issuer are residents of Canada;

(ii) more than 50% of the consolidated assets of the issuer are located in Canada;

(iii) the business of the issuer is administered principally in Canada

(the "**Automatic Beneficial Holder Exemption**" and, together with the Automatic Registered Holder Exemption, the "**Automatic Exemptions**").

10. The Filer can satisfy all of the requirements outlined above in respect of the Automatic Exemptions, except that (1) more than 50% of the consolidated assets of the Filer are located in Canada and (2) the business of the Filer is administered principally in Canada. In connection with the foregoing, we would note that:

(a) the Filer is an SEC issuer that is subject to Rule 14a-16 under the Exchange Act;

(b) less than 10% of the Filer's outstanding voting securities are held by persons that are residents of Canada (as of December 22, 2020), with over 75% of the trading volume of the Filer's common shares occurring on NASDAQ and other trading systems outside of Canada during the eleven-month period ended November 30, 2020;

(c) less than a majority (only two out of eight) of the Filer's executive officers are residents of Canada, with the remaining six of the Filer's executive officers resident in the U.S., including the President and Chief Executive Officer, the Chief Financial Officer and the Chief Innovation Officer; and

(d) less than a majority (only two out of seven) of the Filer's directors are residents of Canada, with the remaining five of the Filer's directors resident in the U.S., including the Chairman of the board of directors.

11. For any meeting of securityholders of the Filer for which the Filer elects to deliver proxy-related materials by using notice-and-access (each, a "**Notice-and-Access Meeting**"), the Filer will send proxy-related materials to holders of voting securities in compliance with Rule 14a-16 under the Exchange Act, as amended or replaced from time to time (the "**U.S. Notice-and-Access Rules**").

12. The U.S. Notice-and-Access Rules as in effect on the date hereof allow the Filer to furnish proxy-related materials by (i) sending securityholders entitled to vote at a Notice-and-Access Meeting a notice of internet availability of proxy materials and accompanying related materials (the "**Notice**") 40 calendar days or more prior to the date of the applicable Notice-and-Access Meeting, (ii) sending the record holder, broker or respondent bank the Notice in sufficient time for such record holder, broker or respondent bank to prepare, print and send the Notice to beneficial securityholders entitled to vote at the applicable Notice-and-Access Meeting at least 40 calendar days before the date of such Notice-and-Access Meeting and (iii) making all proxy-related materials identified in the Notice, including a proxy statement, publicly accessible, free of charge, at a website address specified in the Notice. The Notice will comply with the requirements of the U.S. Notice-and-Access Rules and will include instructions regarding how a securityholder entitled to vote at the applicable Notice-and-Access Meeting may request a paper or e-mail copy of the proxy-related materials at no charge. The U.S. Notice-and-Access Rules permit the Filer and, in turn, the record holder, broker or respondent bank, to send only the Notice to beneficial securityholders, provided that all applicable requirements of the U.S. Notice-and-Access Rules have been satisfied.

13. NI 51-102 requires the Filer to deliver proxy-related materials to registered holders of securities entitled to vote at a meeting of securityholders of the Filer ("**Registered Holders**") and NI 54-101 requires the Filer to deliver proxy-related materials to intermediaries for delivery to those beneficial holders of securities entitled to vote at a meeting of securityholders of the Filer that have requested materials for meetings of the Filer ("**Beneficial Holders**").

14. In lieu of delivering to each Registered Holder the proxy-related materials required under NI 51-102, for each Notice-and-Access Meeting the Filer will deliver by mail or electronically (if permitted by applicable law) the Notice to each Registered Holder.

15. In lieu of delivering to each Beneficial Holder the proxy-related materials required under NI 54-101, for each Notice-and-Access Meeting the Filer will deliver to Broadridge Financial Solutions, Inc. or to one of its affiliates or successors or to an equivalent provider of proxy services (collectively, "**Broadridge**") the Notice for delivery to each Beneficial Holder. Broadridge will deliver the Notice to all Beneficial Holders by postage-paid mail or electronically (if permitted by applicable law). Broadridge will act as the Filer's agent for such purposes, and the Filer will pay all of the expenses involved in printing and delivering the Notice to all Beneficial Holders.

16. The Notice sent by the Filer to securityholders entitled to vote at a Notice-and-Access Meeting will include the following information:

    (a) the date, time and location of such Notice-and-Access Meeting as well as information on how to obtain directions to be able to attend such Notice-and-Access Meeting and vote in person;

    (b) a description of each matter to be voted on at such Notice-and-Access Meeting including the recommendations of the board of directors of the Filer regarding those matters;

    (c) a plain language explanation of the U.S. Notice-and-Access Rules;

    (d) an indication that the Notice is not a form for voting and presents only an overview of the more complete proxy materials;

    (e) a statement that the proxy-related materials for such Notice-and-Access Meeting have been made available online and that securityholders may request a paper or e-mail copy at no charge;

    (f) an explanation of how to obtain a paper or e-mail copy of the proxy-related materials for such Notice-and-Access Meeting;

    (g) the website addresses for SEDAR, the Filer's website and other third party hosting website where the proxy-related materials are posted;

    (h) a reminder to review the proxy statement for such Notice-and-Access Meeting before voting;

    (i) any control/identification numbers that the security holder needs to access his or her form of proxy for such Notice-and-Access Meeting;

    (j) instructions on how to access the form of proxy for such Notice-and-Access Meeting;

    (k) an explanation of the methods available for securityholders to vote at such Notice-and-Access Meeting; and

    (l) the date by which a validly completed form of proxy or voting instruction form must be deposited in order for the securities represented by such form of proxy or voting instruction form to be voted at such Notice-and-Access meeting, or any adjournment thereof.

17. Should a securityholder request a paper or e-mail copy of the proxy-related materials, the U.S. Notice-and-Access Rules would require the Filer to send, via first class mail or other reasonably prompt means for purposes of paper copies or via e-mail for purposes of e-mail copies, such proxy-related materials within three business days of receiving such request. Registered Holders and Beneficial Holders requesting the proxy-related materials will receive the same materials required to be sent to securityholders under the U.S. Notice-and-Access Rules.

18. A Beneficial Holder who wants to attend a Notice-and-Access Meeting in person may use his, her or its voting instruction form to direct his, her or its applicable intermediary to send an executed proxy to the Beneficial Holder to vote his, her or its shares registered in the intermediary's name.

19. For each Notice-and-Access Meeting, the Filer will instruct Broadridge to notify all Canadian intermediaries on whose behalf Broadridge or a related company acts as agent under NI 54-101 to advise them of the Filer's reliance on the U.S. Notice-and-Access Rules and this decision.

20. For each Notice-and-Access Meeting, the Filer will retain Broadridge to respond to requests for the proxy related-materials from all Beneficial Holders and will retain TSX Trust Company or one of its affiliates or successors or an equivalent provider of transfer agent or proxy services (collectively, "**TSX**" and together with Broadridge, the "**Agents**") to respond to requests for the proxy related-materials from all Registered Holders. The Notice from the Filer will direct all Registered Holders and all Beneficial Holders to contact the Agents, as applicable, at a specified toll-free telephone number, by e-mail or via the internet to request a printed copy of the proxy-related materials for the applicable Notice-and-Access Meeting. The Agents will give notice to the Filer of the receipt of requests for printed copies and the Filer will provide materials to the Agents in compliance with the requirements of the U.S. Notice-and-Access Rules.

21. The Filer will not receive any information from the Agents about the Registered Holders and Beneficial Holders that contact the Agents in respect of a Notice-and-Access Meeting, other than the aggregate number of proxy-related material packages requested by the Registered Holders and Beneficial Holders, and the Filer will reimburse the Agents for the costs of delivering such packages. In the event the Agents obtain any e-mail address from a Registered Holder or a Beneficial Holder in connection with a request for a copy of proxy materials, the Agents will be instructed to use such e-mail address solely for the purpose of sending a copy of proxy materials to such holder and not for any other purpose.

22. The Filer has consulted with the Agents in developing the mailing and voting procedures for the Registered Holders and Beneficial Holders described in this decision.

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 Requested Relief is granted, provided that, in respect of a Notice-and-Access Meeting, at the time the Filer sends the notification of meeting and record dates for such meeting in accordance with section 2.2 of NI 54-101, the Filer must meet all of the applicable requirements of the Automatic Exemptions other than those set out in:

(a) sections 9.1.5(b)(ii) and (iii) of NI 51-102, in the case of the Automatic Registered Holder Exemption; and

(b) sections 9.1.1(1)(c)(ii) and (iii) of NI 54-101, in the case of the Automatic Beneficial Holder Exemption.

"Lina Creta"
Manager, Corporate Finance Branch
Ontario Securities Commission

2.1.5 LCH Limited

Headnote

Exemption from the requirement to annually engage a qualified external auditor to conduct an independent systems review (**ISR**) and prepare a report in accordance with established audit standards and best industry practices – exemption subject to a qualified auditor continuing to conduct all of the components of an ISR throughout a 24 month period – and continuing to provide written reports of the various ISR components reviewed to staff of the Commission – National Instrument 24-102 Clearing Agency Requirements.

Applicable Legislative Provisions

National Instrument 24-102 Clearing Agency Requirements, ss. 4.7(1)(a), 4.7(2)(a) and (b), and 6.1.

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 24-102 CLEARING AGENCY REQUIREMENTS
(NI 24-102)

AND

IN THE MATTER OF
LCH LIMITED
(the Filer)

DECISION

Background

On September 10, 2013, the Ontario Securities Commission (**Commission**) issued an order under section 21.2 of the Act recognizing the Filer as a clearing agency. As a recognized clearing agency, the Filer is subject to the requirements in NI 24-102.

The Commission has received an Application (**Application**) from the Filer for a decision, pursuant to section 6.1 of NI 24-102 exempting the Filer from the following requirements in NI 24-102:

(a) the requirement in paragraph 4.7(1)(a) of NI 24-102 that the Filer as a recognized clearing agency must on a reasonably frequent basis and, in any event, at least annually, engage a qualified external auditor to conduct an independent systems review (**ISR**) and prepare a report, in accordance with established audit standards and best industry practices, that assesses the clearing agency's compliance with paragraphs 4.6(a) and 4.6.1(2)(a) and section 4.9; and

(b) the requirements in paragraphs 4.7(2)(a) and (b) of NI 24-102 that the clearing agency must provide the report resulting from the review conducted under paragraph (1)(a) to (a) its board of directors, or audit committee, promptly upon the report's completion, and (b) to the regulator or, in Quebec, the securities regulatory authority, by the earlier of the 30th day after providing the report to its board of directors or the audit committee or the 60th day after the calendar year end.

(collectively, the **ISR Requirements**)

The Filer is also recognized as a clearing house by the Autorité des Marchés Financiers.

Amendments were made by the Commission to NI 24-102 on June 19, 2020 that included amendments to the ISR requirements. The previous requirement required that recognised clearing agencies engage a qualified party to conduct the ISR. The new requirement requires the engagement of a qualified external auditor to conduct an ISR.

Representations:

The Filer has represented to the Director as follows:

1. The Filer is incorporated under the laws of England and Wales with its head office located in London, United Kingdom.

2. The Filer is recognized as a central counterparty and supervised by the Bank of England (**BoE**), registered as a derivatives clearing organisation with the U.S. Commodity Futures Trading Commission (**CFTC**) and recognised as a third-country CCP in the European Union in accordance with the European Markets Infrastructure Regulation (**EMIR**). The Filer is also subject to oversight by other market regulators and central banks in jurisdictions in which business is carried out.

3. The Filer's other regulators currently do not have a requirement to engage qualified external auditors to perform ISRs across the full range of topics outlined in NI 24-102 or a requirement to do so annually.

4. The Filer believes that its independent Audit function, in conjunction with external reports in key areas, provides sufficient assurance in relation to all ISR topic areas as required by NI 24-102 and supports the Filer's continued resilience in terms of services provided in Ontario. The Filer's Internal Audit (**IA**) function is comprised with qualified auditors who adhere to the Institute of Internal Auditors (**IIA**) Standards for the Professional Practice of Internal Auditing. The independent nature of this function ensures IA maintains objectivity, while being familiar with and knowledgeable about the systems subjected to the

review. The IA team has access to IT specialists with audit capabilities within the Filer's corporate parent.

5. The Filer also provides and will continue to provide a mapping to the Commission of the ISR requirements against a forward-looking audit plan to ensure all areas of the ISR are covered appropriately and on a frequency, which is risk-based. The audit plan covers all the components of the ISR within a 24 month period. In addition, as required by the BoE, the Filer has a business continuity policy and a disaster recovery plan which are subject to independent reviews and approved by the board. The CFTC requires the Filer to commission independent annual vulnerability and penetration tests and a tri-annual review of the information security control environment.

6. The Filer is a global CCP with members and clients in over 60 countries. It is currently licensed in 10 jurisdictions.

7. The additional work required to comply with the requirement to engage a qualified external auditor to cover all components of an ISR and to complete an ISR on an annual basis, as required by NI 24-102, would result in the Filer incurring additional costs beyond those already incurred in relation to ongoing external reviews of business continuity and information security. The Filer would also incur costs in terms of management and operational staff's time to familiarise the external auditor with its information systems environment.

Decision

UPON considering the Application and representations made by the Filer;

AND UPON the Director being satisfied it would not be prejudicial to the public interest to exempt the Filer from the ISR Requirements;

IT IS THE DECISION of the Director pursuant to section 6.1 of NI 24-102 that the Filer is exempt from the ISR Requirements;

PROVIDED THAT:

1. The Filer shall promptly notify the Commission of any material changes to representations set out herein; and

2. The Filer must continue to engage a qualified auditor to conduct all of the components of an independent systems review throughout a 24 month period and prepare individual reports of the components reviewed, in accordance with established audit standards and best industry practices, that assesses the Filer's compliance with paragraphs 4.6(a) and 4.6.1(2)(a) and section 4.9 of NI 24-102. The Filer must continue to prepare written reports of the various components reviewed throughout the 24 month period which must be provided to staff of the Commission no later than 30 days after such reports are provided to the Filer's board of directors or audit committee. The Filer must provide a consolidated report summarizing the results from reviews undertaken during the 24 month period to staff of the Commission, by the 60th day after the calendar year end following the 24 month period.

DATED February 26, 2021

"Susan Greenglass"
Director, Market Regulation Branch
Ontario Securities Commission

2.1.6 Blockfilm Inc.

Headnote

OSC LaunchPad – Application for time-limited relief from the registration requirement to allow the Filer to operate a Platform that will enable investors to invest in new film and film-like projects – relief granted subject to certain conditions set out in the decision – relief is time-limited for pilot testing purposes – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovation and capital formation – decision should not be viewed as a precedent.

Statute cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1).

March 1, 2021

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

AND

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

AND

IN THE MATTER OF
BLOCKFILM INC.
(the Filer)

DECISION

Background

The Canadian Securities Administrators (the CSA) operate a regulatory sandbox to support financial technology businesses seeking to offer innovative products, services, and applications in Canada (the CSA Regulatory Sandbox). The CSA Regulatory Sandbox allows firms to obtain exemptive relief from certain requirements of securities legislation that may be an impediment to their innovative business models, provided that investor protection and market integrity are not compromised.

The Filer wishes to operate a digital platform (the Platform) across Canada that will connect companies creating film and film-like projects, including those that make use of emerging forms of media (Issuers) with potential investors and fans.

In the context of the CSA Regulatory Sandbox, the Filer submitted its business model and subsequently filed an application to be exempted from certain requirements under applicable securities legislation. This Decision should not be viewed as a precedent for other filers in the Jurisdictions (as defined below).

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) that the Filer be exempt from the dealer registration requirement in the Legislation in connection with the operation of the Platform (as defined below) (the Requested Relief).

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

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

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

Interpretation

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

Representations

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

The Filer and the Platform

1. The Filer is a company incorporated under the laws of Canada. The issued and outstanding common shares of the Filer are currently owned by a group of individuals who have expertise in the film, content creation and technology industries. Its registered office is located in Toronto.

2. The Filer is not currently registered in any capacity in Canada. The Filer is not in default of securities legislation in the Jurisdictions.

3. The Filer's Platform will be launched across Canada and elsewhere and will enable investors to invest in new film and film-like projects, including those that make use of emerging forms of media.

4. The Platform will be divided into the following three distinct portals:

   (a) the first portal will be accessible to companies creating film and film-like projects (Issuers) that are seeking funding through distributing tokenized securities (Security Tokens) and/or that want to provide opportunities to their fan base by issuing reward-based points/tokens (Fan Tokens);

(b) the second portal will be accessible only to potential investors who first indicate that they are "accredited investors", as that term is defined in National Instrument 45-106 *Prospectus Exemptions* or a similar type of investor under the laws of the jurisdiction of the applicable Issuer (Accredited Investors); and

(c) the third portal will be available to the general public (Fans).

5. Accredited Investors interested in purchasing Security Tokens will be redirected to a website that is co-branded with TokenGX Inc., a registered exempt market dealer that operates a digital funding portal (the EMD).

6. The Filer and the Issuers will utilize the EMD's existing technology and infrastructure for the creation and distribution of Security Tokens and the related smart contracts.

First Portal

7. An Issuer that is interested in raising capital for its project and/or is interested in providing donation or reward opportunities to its fan base will reach out to the Filer by accessing this first portal on the Platform. Initially, the Filer will conduct some general vetting services on the creative content of the project submitted by an Issuer. The Filer expects that a greater degree of creative vetting will take place in connection with those projects and Issuers that seek to raise capital through the Platform. This review will include a check for compliance based on industry-accepted codes of conduct, such as the Canadian Broadcast Standards Council code of conduct.

8. Prior to accessing the first portal, each Issuer will be required to agree to the Platform's general usage agreement.

9. An Issuer that wants to raise capital through the Platform and that makes it through the general vetting phase will also be required to enter into an onboarding agreement (the Issuer Agreement) with the Filer and the EMD.

10. Under the Issuer Agreement, the Issuer will be required to acknowledge that any information or statements that it posts on the Platform, including on the project board that is part of the Platform, must: comply with applicable securities legislation; be correct, complete, consistent and appropriate; not contain promotional statements or material that cannot reasonably be supported; and not be misleading.. Finally, the Issuer will be required to confirm under the Issuer Agreement that it is responsible for compliance with applicable securities laws. If the Filer determines that an Issuer is in breach of the Issuer Agreement and the Issuer, after being notified of such breach by the Filer, is unable to, or refuses to, take any step necessary to bring itself into compliance, the Filer will remove that Issuer from the Platform.

11. An Issuer, which may be a Canadian or a foreign company, will then be able to select the types of securities (i.e., equity, debt or revenue sharing) that it wants to offer to Accredited Investors. This information will be provided via the Filer to the EMD, and the EMD will cause the appropriate Security Tokens to be created on the public Ethereum blockchain used by the EMD.

12. The Filer will also provide Issuers with the ability to issue Fan Tokens. Fan Tokens can either be earned by Fans by providing certain services to the Issuer (e.g., completing a survey), or purchased. In either case, Fan Tokens will provide the Fans holding them with certain benefits, such as the attending a special preview or event relating to the project, discounts on project-related merchandise, passes to attend a related festival, or the chance to attend an interview with the creative team.

13. It is possible that certain Issuers will decide to only offer Security Tokens on the Platform, and not Fan Tokens, or vice versa.

14. When an Issuer is accepted onto the Platform, its marketing material and information with respect to the project, including a short description of the project, will be uploaded to the Platform. If the Issuer intends to offer Security Tokens, then a term sheet outlining the key terms associated with the Security Tokens, including a description of the Security Tokens being offered, the minimum investment amount and the amount that the Issuer wishes to raise, will also be available on the second portal. The Issuer will have the choice to include additional materials on the second portal, such as its business plan and financial projections. If the Issuer intends to offer Fan Tokens, a description of the types of rewards available to be earned through the redemption of Fan Tokens will be available on the third portal.

Second Portal

15. The Platform will include a second portal to facilitate the provision of information regarding Security Tokens. Before being granted access to this portal, each visitor will be required to agree to the Platform's general usage agreement and acknowledge that: he, she or it is an accredited investor or the equivalent in the jurisdiction where he, she or it is resident; the Filer is not registered as a securities dealer; no securities regulatory authority or regulator has approved or expressed an opinion about the Security Tokens mentioned on the portal; and the Filer is not making any recommendation or providing any advice in respect of any Security Token.

16. All materials, including marketing materials, relating to the business of the Issuer and the offering of the Security Tokens will be reviewed by the EMD before being posted on the Platform. These materials may be consulted by Accredited Investors when independently evaluating and assessing investments in Issuers.

17. The Filer has entered into an agreement with the EMD (the EMD Agreement), on its own behalf and on behalf of each Issuer that wants to offer Security Tokens, whereby the EMD agrees to act as the dealer in connection with the offering of Security Tokens by the Issuers to Accredited Investors. The EMD Agreement will provide that the EMD is responsible for confirming the investor's status as an Accredited Investor, and that the EMD will perform all applicable non-creative due diligence, know-your-client, know-your-product and suitability determinations for all the Accredited Investors that invest in, or trade, Security Tokens. Under the EMD Agreement, the parties will acknowledge that the Filer will not be responsible for, will not provide advice in respect of, and will not otherwise guarantee any information provided by, or any trade in Security Tokens effected by, the EMD, and that the Issuers and the Accredited Investors will depend on the EMD in respect of, and the EMD will be responsible for, all purchases or sales of Security Tokens.

18. The Filer may also make available certain general industry information on the second portal. This information could include information on the industry sector generally, which information will be derived from publicly available sources. The Filer may also post original content on the Platform, such as interviews, webinars, and viewing events.

19. If an Accredited Investor is interested in investing in one or more Issuers, that Accredited Investor will be required to click on an "Invest" or similar button on the portal, which will automatically redirect the Accredited Investor to another website or platform that is co-branded with the EMD. This co-branding exists to provide the Accredited Investor with a seamless experience, but the Filer will not create any of the content on this website or platform, nor will it interact with the Accredited Investor through this website or platform. This website or platform will include prominent disclosure explaining, in plain language, the roles and responsibilities of the Filer, the Issuer and the EMD. The EMD will conduct all required know-your-client, know-your-product, suitability and anti-money laundering requirements in respect of each Accredited Investor.

20. The EMD will then arrange for the completion of a subscription agreement by the Accredited Investor in respect of the Accredited Investor's investment in the applicable Issuer. Each subscription agreement will include an acknowledgement from the Accredited Investor that investing in the Security Tokens has significant risk, that the main objective of the applicable Issuer is not to maximize returns to investors and that there is likely no market for the resale of the Security Tokens. The EMD will also require the Accredited Investor to complete Form 45-106F4 *Risk Acknowledgement.* The subscription agreement will also require the Accredited Investor to acknowledge that the Filer and the EMD are not responsible for any misrepresentation by an Issuer, including for any error, omission or misstatement in the materials on the portal. Under the subscription agreement, each Accredited Investor will represent that he, she or it will notify the Issuer and the EMD promptly of any change to his, her or its status as an accredited investor.

21. Once the EMD has completed its review and a subscription is accepted by an Issuer, the subscription proceeds will be paid in fiat currency by the Accredited Investor to the Issuer through the EMD and the applicable Security Tokens will be deposited by the EMD into the Accredited Investor's wallet on the Ethereum blockchain.

22. The Security Tokens purchased by Accredited Investors through the co-branded platform will be held in the Accredited Investors' digital wallets, which are not controlled by the Filer, the EMD or affiliates of the Filer or the EMD. An Accredited Investor's interest in the Security Tokens is recorded on the Ethereum blockchain. Accredited Investors control the private keys to the public digital wallet address. Neither the Filer nor the EMD act as custodian for any Security Tokens that are assets of the Accredited Investors.

23. All Security Tokens issued will be deployed on the Ethereum blockchain. Security Token transaction data will be immutably recorded on the blockchain, will be visible to the public and can be verified. The Filer or the EMD will review and audit the smart contracts underlying the Security Tokens to ensure that they represent the terms agreed to by the applicable Issuer.

24. The Security Tokens will be digital assets that represent an equity, debt or revenue-sharing arrangement of the applicable Issuer and will be distributed to Accredited Investors pursuant to a prospectus exemption or the equivalent under the laws that apply to the Issuer. Any amount owing by an Issuer to Accredited Investors under the terms of the Security Tokens will be paid by or at the direction of the Issuer.

25. The Filer will retain limited information on its Platform regarding Accredited Investors. This information will include their name, mailing address and the declaration referred to above that they are Accredited Investors.

Third Portal

26. The Platform will also include a third portal, which will be available to all Fans who will be required to agree to the Platform's general usage agreement before he, she or it has access to this portal. Through this portal, Fans will have an opportunity to acquire Fan Tokens. Fans will be able to see limited marketing information provided by each Issuer. However, no information regarding the terms of the Security Token offering, if any, of an Issuer will be available on this third portal.

27. As stated above, Fan Tokens will be generic "reward points" that can be earned by Fans by providing certain services to the Issuer or purchased by Fans through the Platform using fiat currency. Redemptions of Fan Tokens will be made through the Platform. Each Fan Token relating to an Issuer may be purchased, earned or redeemed at the same fixed value. The Filer will maintain a record of the Fan Tokens that have been earned/purchased and redeemed in connection with each Issuer.

28. The Filer may also want to provide Fans with the ability to donate funds in fiat currency to an Issuer. During the early days of the Platform's operation, these donations may not be able to be made through a charitable organization. In this case, donations will be made by Fans to the Issuer through the Platform.

29. Other than the fees referred to below, the Filer will not receive funds from Fans, whether in respect of Fan Tokens or donations.

Project Board

30. The Filer expects that the Platform will host one project board for each Issuer or project. This project board will be a place where the Issuer can post additional information regarding its project and/or update Fans regarding rewards for Fan Tokens. In addition, Accredited Investors and Fans will be able to ask the Issuer questions about the project. This information will be accessible generally to all visitors to the Platform. None of the information on the project board will relate to the Security Tokens offered by the Issuer or to an investment in those Security Tokens.

Costs and Fees

31. To cover part of its costs for operating and maintaining the Platform, including for the vetting process conducted by the Filer in respect of Issuers, the Filer may charge an access fee to Issuers on a per-project basis. In addition, the Filer may offer additional vetting services to Issuers on a paid-for basis. Accredited Investors and Fans will not be charged a fee in order to access the Platform.

32. As compensation for its services in connection with the sale of Security Tokens, the EMD will receive a commission from each Accredited Investor that purchases Security Tokens equal to a percentage of the applicable subscription costs.

33. In connection with the arrangements between the Filer and the EMD, the EMD will pay a fee to the Filer based on the commission received by the EMD from Accredited Investors with respect to the sale of Security Tokens.

34. The Filer may also receive from the Issuers a fee in respect of any Fan Tokens that are made available by Issuers to Fans. In addition, if donations are made by Fans to Issuers through the Platform, the Filer may charge the Issuer a transaction fee.

35. The Filer will provide clear and complete disclosure to all Accredited Investors and Fans of the Filer's and the EMD's fee structure.

Additional Platform Activities

36. Any direct solicitation to, or contact with, an Accredited Investor or a prospective accredited investor will only be made by the Issuers, as the issuers of the securities, and the EMD.

37. In carrying out its activities in connection with the Platform, the Filer will market its Platform to potential investors in a generic manner through social media and other means.

38. The Filer will not refer to itself as a marketplace, exchange, bourse, trading system or any derivation of these terms. In addition, the criteria for an Issuer to be placed on the Platform will not be referred to as "listing standards", the vetting process and acceptance to provide access for an Issuer to the Platform will not be referred to as "listing" the Issuer and the onboarding agreement with the Issuer will not be referred to as a "listing agreement".

All advertising, marketing or related materials (the Advertising) of the Filer in respect of the existence of the Platform will comply with applicable securities legislation.

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 Filer is restricted to facilitating primary distributions of Security Tokens on the Platform in accordance with applicable securities laws;

(b) In carrying out its activities in connection with the Platform, the Filer shall not:

(i) provide specific recommendations to particular Accredited Investors about the suitability of a purchase of an Issuer's Security Tokens;

(ii) recommend or solicit any particular purchase or sale by an Accredited Investor of an Issuer's Security Tokens;

(iii) accept or deliver trading instructions for an Issuer's Security Tokens;

(iv) buy or sell Security Tokens as principal or agent, although certain principals of the Filer may have an interest in one or more Issuers, which interest will be clearly stated on the Issuer-related information on the Platform;

(v) compensate employees to advise in, make recommendations about, or solicit purchases or sales of, Security Tokens;

(vi) act as a portfolio manager or investment fund manager;

(vii) participate in the preparation of offering documents or marketing materials in respect of an offering other than by providing assistance to Issuers with respect to the creation of their marketing information and term sheet so that they can be made available to Accredited Investors and Fans on the Platform;

(viii) provide specific details about an Issuer's Security Tokens other than by making them available on the Platform;

(ix) comment on the merits or expected returns of an investment in an Issuer's Security Tokens;

(x) assist with the completion of a subscription agreement by an Accredited Investor;

(xi) accept or handle funds for the purchase of an Issuer's Security Tokens or hold assets of Accredited Investors;

(xii) clear or settle any trades of an Issuer's Security Tokens;

(xiii) invest in any Issuer or underwrite any Issuer; or

(xiv) collect know-your-client information;

(c) The Filer shall not knowingly permit anyone to trade Security Tokens unless the purchase or sale is through a person or company registered in the appropriate dealer category;

(d) The Filer shall not operate a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(e) The Filer will not make available on the Platform any Fan Tokens that may be considered securities and/or derivatives;

(f) The Filer shall not facilitate the secondary trading of any Security Tokens;

(g) The Filer ensures that any Advertising:

(i) contains neither misrepresentations nor promotional statements nor material that cannot be reasonably supported;

(ii) contains only information that is presented in a fair and balanced manner;

(iii) clearly and prominently states that only Accredited Investors may be granted access to the portal offering Security Tokens of the Issuers;

(iv) used to find or solicit potential Issuers clearly and prominently states that only Issuers that agree to the general terms of usage of the Platform will be granted access to the Platform; and

(v) discloses that investing in the Security Tokens has significant risk, that the main objective of the Issuers is not to maximize returns to investors, and that there is likely no market for the resale of the Security Tokens;

(h) The Filer discloses to all Accredited Investors in the general usage agreement:

(i) all fees;

(ii) the roles and responsibilities of the Filer in connection with Issuers and Accredited Investors, and Accredited Investors and the EMD, including clarification as to the roles and responsibilities not performed by the Filer;

(iii) any applicable referral arrangement; and

(iv) that no securities regulatory authority has approved or expressed an opinion about the Security Tokens offered by Issuers through the Platform;

(i) The Filer will keep books, records and other documents reasonably necessary for the proper recording of its business, including, but not limited to:

(i) complaints made by any Issuer, Accredited Investor or Fan with respect to the Platform, including the Filer's response and any action taken in respect of the complaint;

(ii) information relating to any breach of an Issuer Agreement or the general usage agreement that the Filer has actual knowledge of; and

(iii) a copy of all information posted by the Filer or Issuers on the Platform, including information and comments posted on project boards; the Filer will retain time-stamped versions of prior offering documents in its database which will be made available on request.

(j) The Filer notifies the principal regulator in writing of any material changes to the Filer's business activities no later than ten days prior to the change;

(k) The Filer provides to the principal regulator, within 30 days of the end of each calendar quarter, in a format acceptable to staff, a report that includes:

(i) the number and names of Issuers on the Platform that have offered or are offering Security Tokens during or as at the end of each calendar quarter;

(ii) the aggregate and average amounts raised from Accredited Investors by those Issuers;

(iii) the average purchase amounts paid by Accredited Investors;

(iv) details of any Issuers that were removed from the Platform by the Filer or the EMD during the calendar quarter due to breaches of the general usage agreement or the Issuer Agreement;

(v) details of any fraudulent activity or material cybersecurity breach on the Platform during the calendar quarter, the resulting harm and effects on Accredited Investors, Fans and Issuers, and the corrective measures taken by the Filer, the Issuers and/or the EMD to remediate such activity or incident; and

(vi) details of any Accredited Investor or Issuer complaints received by the Filer during the calendar quarter, including action taken by the Filer;

(l) In addition to any other reporting required by securities legislation, the Filer will provide on a timely basis any report, document or information to the principal regulator that may be requested by the principal regulator from time to time for the purpose of monitoring compliance with securities legislation and the conditions in this Decision, in a format acceptable to the principal regulator;

(m) This Decision may be amended by the principal regulator from time to time upon prior written notice to the Filer; and

(n) This Decision shall expire two years after the date of this Decision.

"Timothy Moseley"
Vice-Chair Timothy Moseley
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Marilyn Dianne Stuart – ss. 127(1), 127(10)

File No. 2021-1

IN THE MATTER OF
MARILYN DIANNE STUART

Wendy Berman, Vice-Chair and Chair of the Panel

March 3, 2021

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

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

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

IT IS ORDERED that:

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

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

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

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

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

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

"Wendy Berman"

2.2.2 Krystal Jean Vanlandschoot

File No. 2021-6

IN THE MATTER OF
KRYSTAL JEAN VANLANDSCHOOT

Lawrence P. Haber, Commissioner and Chair of the Panel

March 4, 2021

ORDER

WHEREAS on March 4, 2021, the Ontario Securities Commission held a hearing by teleconference in relation to the application brought by Krystal Jean Vanlandschoot (**Vanlandschoot**) (the **Application**) to review a decision of the Mutual Fund Dealers Association of Canada (**MFDA**) dated December 16, 2020;

ON READING the Application and on hearing the submissions of the representatives for Vanlandschoot, Staff of the MFDA and Staff of the Commission;

IT IS ORDERED THAT:

1. Vanlandschoot shall ensure that the record of the original proceeding is served and filed by 4:30 p.m. on March 19, 2021;

2. Vanlandschoot shall serve and file an Amended Application by 4:30 p.m. on March 26, 2021;

3. an attendance is scheduled for March 31, 2021 at 10:00 a.m., by teleconference, or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary; and

4. by 4:30 p.m. on April 7, 2021:

   a. the parties shall give notice of any intention to rely on documents or things not included in the record of the original proceeding, and shall disclose such documents or things; and

   b. the parties shall serve and file witness lists and give notice of any intention to call an expert witness, if any, and shall serve (but not file) summaries of the anticipated evidence of any witnesses.

"Lawrence P. Haber"

2.2.3 Douglas John Eley – ss. 8, 21.7

File No. 2020-35

IN THE MATTER OF
DOUGLAS JOHN ELEY

Wendy Berman, Vice-Chair and Chair of the Panel
Raymond Kindiak, Commissioner
Craig Hayman, Commissioner

March 5, 2021

ORDER
(Sections 8 and 21.7 of
the *Securities Act,* RSO 1990, c S.5)

WHEREAS on January 14 and 15, 2021, the Ontario Securities Commission held a hearing by videoconference to consider the application brought by Douglas John Eley (**Eley**) (the **Application**) to review decisions of the Investment Industry Regulatory Organization of Canada (**IIROC**) dated January 28, 2020 and October 6, 2020, respectively (the **IIROC Decisions**);

WHEREAS on November 16, 2020, the Commission issued an order staying the IIROC Decisions pending the disposition of the Application or further order of the Commission (the **Stay Order**);

ON READING the materials filed by the parties and on hearing the submissions of the representatives for Eley, Staff of IIROC and Staff of the Commission;

IT IS ORDERED, for reasons to follow, that:

1. the Application is dismissed; and

2. the Stay Order shall remain in effect for 10 days following the date of this Order.

"Wendy Berman"

"Raymond Kindiak"

"Craig Hayman"

2.2.4 Becksley Capital Inc. and Fabrizio Lucchese

File No. 2020-41

IN THE MATTER OF
BECKSLEY CAPITAL INC. AND
FABRIZIO LUCCHESE

M. Cecilia Williams, Commissioner and Chair of the Panel

March 8, 2021

ORDER

WHEREAS on March 8, 2021, the Ontario Securities Commission held a hearing by teleconference in relation to the request brought by Fabrizio Lucchese and Becksley Capital Inc. (together, the **Applicants**) for a Hearing and Review of a decision of a Director of the Commission dated November 20, 2020;

ON READING the correspondence from the Applicants and on hearing the submissions of Staff of the Commission (**Staff**) and of the Applicants;

IT IS ORDERED THAT:

1. the hearing of the Application is scheduled for June 29, 2021 at 10:00 a.m., by videoconference, or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary;

2. the parties shall adhere to the following timeline for the delivery of materials for the Application:

   (a) the Applicants shall serve and file the Notice of Application by 4:30 p.m. on March 12, 2021;

   (b) Staff shall serve and file the record of the original proceeding by 4:30 p.m. on March 12, 2021;

   (c) the parties shall give notice of any intention to rely on documents or things not included in the record of the original proceeding by 4:30 p.m. on March 19, 2021;

   (d) Staff shall disclose any documents or things not included in the record of the original proceeding that it intends to rely on by 4:30 p.m. on March 29, 2021;

   (e) the Applicants shall disclose any documents or things not included in the record of the original proceeding that they intend to rely on by 4:30 p.m. on April 19, 2021;

   (f) Staff shall serve and file a witness list, and serve a summary of each witness' anticipated evidence on the Applicants, and indicate any intention to call an expert witness, by 4:30 p.m. on April 23, 2021;

(g) the Applicants shall serve and file a witness list, and serve a summary of each witness' anticipated evidence on Staff, and indicate any intention to call an expert witness, by 4:30 p.m. on April 30, 2021;

(h) the parties shall give notice of any other interlocutory matter, including motions, by 4:30 p.m. on May 14, 2021;

(i) Staff shall serve and file their hearing brief, if any, and written submissions by 4:30 p.m. on May 28, 2021; and

(j) the Applicants shall serve and file their hearing brief, if any, and written submissions by 4:30 p.m. on June 11, 2021; and

3. a further attendance in this proceeding is scheduled for May 21, 2021 at 10:00 a.m., by teleconference, or on such other date and time as may be agreed to by the parties and set by the Office of the Secretary.

"M. Cecilia Williams"

2.2.5 Haltain Developments Corp.

Headnote

National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – Application by an issuer for a revocation of cease trade orders issued by the Commission and British Columbia Securities Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – Ontario opt-in to revocation order issued by British Columbia Securities Commission, as principal regulator.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127 and 144.
National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.

Citation: 2021 BCSECCOM 70

HALTAIN DEVELOPMENTS CORP.

UNDER THE SECURITIES LEGISLATION OF BRITISH COLUMBIA AND ONTARIO (THE LEGISLATION)

REVOCATION ORDER

Background

¶ 1 Haltain Developments Corp. (the Issuer) is subject to a failure-to-file cease trade order (the FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) and Ontario (each a Decision Maker) respectively on April 5, 2019.

¶ 2 The Issuer has applied to each of the Decision Makers under National Policy

11-207 Failure-to-File Cease Trade Orders and Revocation in Multiple Jurisdictions (NP 11-207) for an order revoking the FFCTOs.

¶ 3 This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

¶ 4 Terms defined in National Instrument 14-101 *Definitions* or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

Order

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

¶ 6 The decision of the Decision Makers under the Legislation is that the FFCTO is revoked.

¶ 7 February 17, 2021

"Allan Lim"
CPA, CA
Manager
Corporate Finance

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Marilyn Dianne Stuart – ss. 127(1), 127(10)

Citation: *Stuart (Re)*, 2021 ONSEC 8
Date: 2021-03-03
File No.: 2021-1

IN THE MATTER OF
MARILYN DIANNE STUART

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

Hearing:	In Writing	
Decision:	March 3, 2021	
Panel:	Wendy Berman	Vice-Chair and Chair of the Panel
Submissions:	Ryan Lapensée	For Staff of the Commission No submissions made by or on behalf of Marilyn Dianne Stuart

REASONS AND DECISION

I. OVERVIEW

[1] On December 2, 2019, Marilyn Dianne Stuart (**Stuart**) was convicted by Justice Rose of the Ontario Court of Justice (the **Ontario Court**) of defrauding investors of approximately $1.1 million.[1] After pleading guilty to the offence, Stuart was sentenced to a conditional custodial sentence of two years less a day, to be served in the community, and ordered to pay $1.1 million in restitution to the MFDA Investor Protection Corporation.[2]

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

[3] For the reasons that follow, I find that Stuart's conviction arose from a course of conduct related to securities, and that it is in the public interest to permanently prohibit Stuart's participation in Ontario's capital markets by issuing the order requested by Staff.

II. SERVICE AND PARTICIPATION

[4] Staff served Stuart with the Notice of Hearing, Statement of Allegations and Staff's hearing brief, written submissions and brief of authorities by courier at her last known address.[4] Following service of these materials, Staff received an email from Stuart in which she advised, among other things, that she did not intend to participate in the hearing due to her financial and health circumstances.[5]

1 Exhibit 1, Staff's Hearing Brief, Transcript of Guilty Plea Proceedings before the Honourable Justice D.S. Rose dated December 2, 2019 (Ontario Court of Justice) in the matter of *R v Marilyn D. Stuart*, Tab 3 (**Guilty Plea Transcript**), at 7
2 Exhibit 1, Staff's hearing Brief, Transcript of the Reasons for Sentence before the Honourable Justice D.S. Rose dated December 19, 2019 (Ontario Court of Justice) in the matter of *R v Marilyn D. Stuart,* Tab 4 (**Sentencing Transcript**) at 9, 16 and 17
3 RSO 1990 c S.5
4 Exhibit 2, Affidavit of Service of Michelle Spain, sworn January 22, 2021 at para 2
5 Exhibit 3, Supplementary Affidavit of Service of Michelle Spain, sworn February 18, 2021 at Exhibit A

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

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

III. FACTUAL BACKGROUND

A. Conduct at Issue, Guilty Plea and Conviction

[7] Stuart was registered in Ontario as a mutual fund dealing representative with W.H. Stuart Mutuals Ltd. (**WH Stuart**) from September 28, 2009 to May 9, 2013 and as the ultimate designated person from November 20, 2009 to May 9, 2013.[9]

[8] Stuart's criminal conduct is described in the agreed statement of facts filed as part of the guilty plea before the Ontario Court. The key facts are as follows.

[9] During the period January 1, 2004 to May 31, 2013, Stuart participated in an investment scheme to defraud investors. The investors, consisting primarily of retired teachers and police officers, invested their commuted valued pensions with WH Stuart in instruments marketed by WH Stuart as guaranteed investments with an annual interest rate of five percent to ten percent or as cash accounts.[10]

[10] Stuart was a co-owner and a director of WH Stuart and related entities. Stuart controlled the bank accounts in which investor funds were deposited and directed the financial affairs and operations of WH Stuart.[11]

[11] The investors had varying understandings of the specific investment product that they were purchasing but they all expected that their funds would be held in cash or cash equivalents or used for purchases of investment products that would return five to ten percent annually.[12]

[12] The investor funds were not invested as promised and instead were diverted without investor authorization and used to pay interest and return principal to other investors or paid to other entities and persons related to WH Stuart.[13]

[13] Stuart manipulated the information available to investors regarding their investments to give them the false impression that their funds were growing and could be redeemed, when in fact this was not true.[14]

[14] Investors invested at least $7.2 million in the investment program and many suffered financial and personal hardship as a result of the loss of all or some of their invested pension funds.[15]

[15] The Mutual Fund Dealers Association (**MFDA**) compensated most of the investors (as WH Stuart became insolvent and ultimately bankrupt[16]), but only to the original amount of their principal investment. The total loss paid out by the MFDA to the investors following the bankruptcy of WH Stuart was approximately $7.2 million.[17]

[16] On December 2, 2019, Stuart pled guilty before the Ontario Court to fraud over $5000[18] contrary to contrary to section 380(1)(a) of the *Criminal Code*.[19]

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6 (2019) 42 OSCB 9714 (**OSC Rules of Procedure**), r 11(3)
7 RSO 1990, c S.22, s 7(2)
8 OSC Rules of Procedure, r 21(3)
9 Exhibit 1, Staff's Hearing Brief, Tab 2, Section 139 Certificate Re: Marilyn Dianne Stuart dated April 3, 2020
10 Guilty Plea Transcript at 7-8
11 Guilty Plea Transcript at 8-10
12 Guilty Plea Transcript at 8-9
13 Guilty Plea Transcript at 9
14 Guilty Plea Transcript at 10
15 Sentencing Transcript at 3-4
16 Guilty Plea Transcript at 9
17 Guilty Plea Transcript at 9
18 Guilty Plea Transcript at 7
19 RSC 1985, c C-46

B. Sentencing

[17] On December 19, 2019, Stuart was sentenced to a conditional custodial sentence of two years less a day, to be served in the community, followed by a probation period of two years.[20] Stuart was also ordered to pay restitution in the amount of $1.1 million to the MFDA Investor Protection Corporation.[21]

[18] In addition, Stuart was prohibited for twenty years from seeking, obtaining or continuing any employment, or becoming or being a volunteer in any capacity, that involves having authority over the real property, money or valuable security of another person.[22]

[19] In ordering this sentence, Justice Rose noted that Stuart's conduct "caused real harm to many people and many organizations" who trusted her to take care of their investment funds and instead of doing so, she ran a Ponzi scheme.[23] Justice Rose also considered the scope of the financial loss, Stuart's position as a senior officer at WH Stuart and the sophistication and lengthy time period of the scheme.[24]

[20] Justice Rose found that although the overall investor loss was approximately $7.2 million, the proven loss was only $1.1 million.[25]

[21] Finally, Justice Rose also considered various mitigating factors including that: Stuart was 72 years old and had no prior criminal record; Stuart had health issues; Stuart pled guilty and accepted responsibility; and, Stuart cooperated with the investigation from the beginning, which ultimately resulted in her personal bankruptcy.[26]

IV. LEGAL FRAMEWORK

[22] Subsection 127(10) of the Act provides that an order may be made under s. 127(1) where a person has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives. If that precondition is met, the Commission must consider whether it should exercise its jurisdiction to make a protective order in the public interest.

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

V. ANALYSIS AND CONCLUSION

[24] Stuart participated in a scheme, while she was registered with the Commission as a dealing representative, to solicit and defraud investors of their investment funds by purporting to invest their funds in guaranteed investments. I am satisfied that Stuart's conviction arises from a course of conduct related to securities. Therefore, the precondition for an order under s. 127(1) of the Act has been met.

[25] Stuart's misconduct was extremely serious. Over a period of at least nine years, Stuart used her position as a registrant to solicit funds from investors, consisting primarily of retired teachers and police officers, and these investors entrusted their pension funds to her control. Stuart also manipulated the information available to investors regarding their investments to give them the false impression that their funds were growing and could be redeemed.

[26] Fraud is one of the most egregious securities regulatory violations.[28] It causes direct and immediate harm to investors and significantly undermines confidence in the capital markets.

[27] Registration is a cornerstone of securities law designed to protect investors by ensuring that those who sell or promote securities are proficient, solvent and act with integrity. Improper or fraudulent conduct by a registrant undermines investor protection and the integrity of the capital markets.

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20 Sentencing Transcript at 9 and 17
21 Sentencing Transcript at 16
22 Sentencing Transcript at 17
23 Sentencing Transcript at 7
24 Sentencing Transcript at 4-5
25 Sentencing Transcript at 3
26 Sentencing Transcript at 4-5
27 *Reeve (Re)*, 2018 ONSEC 55, (2018) 41 OSCB 9433 (***Reeve***) at para 27
28 *Reeve* at para 28

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

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

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

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

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

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

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

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

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

Dated at Toronto this 3rd day of March, 2021.

"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
Knighthawk Inc.	March 8, 2021	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Just Energy Group Inc.	February 17, 2021	March 2, 2021

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	
Just Energy Group Inc.	February 17, 2021	March 2, 2021

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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:
Sprott Physical Silver Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated March 2, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
U.S.$3,000,000,000 Trust Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3181956

Issuer Name:
BetaPro Inverse Bitcoin ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 5, 2021
NP 11-202 Final Receipt dated Mar 8, 2021
Offering Price and Description:
ETF Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3163620

Issuer Name:
iProfile Alternatives Private Pool
Principal Regulator – Manitoba
Type and Date:
Preliminary Simplified Prospectus dated Feb 24, 2021
NP 11-202 Final Receipt dated Mar 5, 2021
Offering Price and Description:
Series I Units and Series TI Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3139767

Issuer Name:
CI Bitcoin Fund
CI Ethereum Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Mar 3, 2021
NP 11-202 Preliminary Receipt dated Mar 3, 2021
Offering Price and Description:
Series I units, Series A units, Series P units and Series F units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3182295

Issuer Name:
IPC Essentials Equity Portfolio
IPC Focus Equity Portfolio
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Mar 2, 2021
NP 11-202 Preliminary Receipt dated Mar 2, 2021
Offering Price and Description:
Series I Units, Series F Units and Series A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3181703

Issuer Name:
CI Galaxy Bitcoin ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 4, 2021
NP 11-202 Final Receipt dated Mar 5, 2021
Offering Price and Description:
ETF US$ Series Units, ETF C$ Hedged Series Units and ETF C$ Unhedged Series Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3174826

Issuer Name:
Evolve FANGMA Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 4, 2021
NP 11-202 Preliminary Receipt dated Mar 4, 2021
Offering Price and Description:
CAD Unhedged Units, USD Unhedged Units and CAD Hedged Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3182999

Issuer Name:
First Trust NASDAQ® Clean Edge® Green Energy ETF (formerly, First Trust AlphaDEX U.S. Financial Sector Index ETF)
First Trust Indxx NextG ETF (formerly, First Trust AlphaDEX U.S. Energy Sector Index ETF)
First Trust Nasdaq Cybersecurity ETF (formerly, First Trust AlphaDEX U.S. Consumer Discretionary Sector Index ETF)
First Trust Dow Jones Internet ETF (formerly, First Trust AlphaDEX U.S. Consumer Staples Sector Index ETF)
First Trust NYSE Arca Biotechnology ETF (fomerly, First Trust AlphaDEX U.S. Materials Sector Index ETF)
First Trust Cloud Computing ETF (formerly, First Trust AlphaDEX U.S. Utilities Sector Index ETF)
First Trust Morningstar Dividend Leaders ETF (CAD-Hedged) (formerly, First Trust Dorsey Wright U.S. Sector Rotation Inde
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated February 25, 2021
NP 11-202 Final Receipt dated Mar 8, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3054156

Issuer Name:
Manulife Global Equity Class
Manulife Global Thematic Opportunities Class
Manulife Global Thematic Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated March 5, 2021
NP 11-202 Final Receipt dated Mar 8, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3069734

NON-INVESTMENT FUNDS

Issuer Name:
CEMATRIX Corporation
Principal Regulator - Alberta
Type and Date:
Amendment dated March 2, 2021 to Preliminary Short Form Prospectus dated March 2, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
Up to $20,000,000.00 Up to 30,769,230 Units $0.65 per Unit
Underwriter(s) or Distributor(s):
GRAVITAS SECURITIES INC.
CLARUS SECURITIES INC.
Promoter(s):
-
Project #3180535

Issuer Name:
Dash Capital Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
Minimum Offering: $200,000.00 or 2,000,000 Common Shares
Maximum Offering: $500,000.00 or 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3182492

Issuer Name:
Eloro Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 8, 2021
NP 11-202 Preliminary Receipt dated March 8, 2021
Offering Price and Description:
Cdn$21,750,000.00 - 5,800,000 Units
Price: Cdn$3.75 per Unit
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
CORMARK SECURITIES INC.
CANTOR FITZGERALD CANADA CORPORATION
Promoter(s):
-
Project #3184142

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Shelf Prospectus dated March 5, 2021
NP 11-202 Preliminary Receipt dated March 8, 2021
Offering Price and Description:
$500,000,000.00 - First Preferred Shares, Second Preferred Shares, Debt Securities (unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3183684

Issuer Name:
Field Trip Health Ltd. (formerly Newton Energy Corporation)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 4, 2021
Offering Price and Description:
$82,875,000.00 -12,750,000 Common Shares $6.50 per Common Share
Underwriter(s) or Distributor(s):
BLOOM BURTON SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3181770

Issuer Name:
General Assembly Holdings Limited
Type and Date:
Amendment dated March 2, 2021 to Preliminary Long Form Prospectus dated February 26, 2021
Receipted on March 2, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3180058

Issuer Name:
Giyani Metals Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 8, 2021
NP 11-202 Preliminary Receipt dated March 8, 2021
Offering Price and Description:
C$10,002,800.00 - 14,710,000 Units C$0.68 per Unit
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
BEACON SECURITIES LIMITED
Promoter(s):
-
Project #3181569

Issuer Name:
Harvest One Cannabis Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 2, 2021
NP 11-202 Preliminary Receipt dated March 2, 2021
Offering Price and Description:
C$4,999,990.00 - 32,258,000 Units
Price: $0.155 per Unit
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
ATB CAPITAL MARKETS INC.
Promoter(s):
-
Project #3181715

Issuer Name:
Heritage Cannabis Holdings Corp. (formerly Umbral Energy Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 4, 2021
Offering Price and Description:
Minimum Offering: $10,000,000 .00 - 71,428,571 Units
Maximum Offering: $12,040,000.00 - 86,000,000 Units
Price: $0.14 per Unit
Underwriter(s) or Distributor(s):
CANTOR FITZGERALD CANADA CORPORATION
CORMARK SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3168182

Issuer Name:
Kovo Healthtech Corporation
Type and Date:
Amendment dated March 1, 2021 to Preliminary Long Form Prospectus dated December 2, 2020
(Preliminary) Receipted on March 2, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
Gregory L Noble
Jeana Noble
Peter Bak
Project #3146671

Issuer Name:
Martello Technologies Group Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
$5,000,040.00 - 26,316,000 Units consisting of Common Shares and Warrants
Underwriter(s) or Distributor(s):
PARADIGM CAPITAL INC.
EIGHT CAPITAL
PI FINANCIAL CORP.
Promoter(s):
-
Project #3182260

Issuer Name:
Neo Lithium Corp. (formerly, POCML 3 Inc.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
9,900,000 Common SharesIssuable upon Exercise of 9,900,000 Special Warrants
Underwriter(s) or Distributor(s):
STIFEL NICOLAUSCANADAINC.
CORMARK SECURITIES INC.
CANACCORDGENUITYCORP.
PARADIGMCAPITAL INC.
EIGHT CAPITAL
Promoter(s):
-
Project #3182287

Issuer Name:
Nuvo Pharmaceuticals Inc. (d/b/a Miravo Healthcare)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 8, 2021
NP 11-202 Preliminary Receipt dated March 8, 2021
Offering Price and Description:
$40,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3184001

Issuer Name:
PharmaCielo Ltd. (formerly, AAJ Capital 1 Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
A minimum of $10,000,000 [●] Common Shares
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
Promoter(s):
-
Project #3182296

Issuer Name:
PharmaCielo Ltd. (formerly, AAJ Capital 1 Corp.)
Principal Regulator - Ontario
Type and Date:
Amendment dated March 4, 2021 to Preliminary Short Form Prospectus (NI 44-101) dated March 3, 2021
NP 11-202 Preliminary Receipt dated March 5, 2021
Offering Price and Description:
A minimum of $12,000,010.00 - 5,581,400 Common Shares
Per Offered Share $2.15
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
Promoter(s):
-
Project #3182296

Issuer Name:
Primo Water Corporation (formerly, Cott Corporation)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 4, 2021
NP 11-202 Preliminary Receipt dated March 4, 2021
Offering Price and Description:
U.S.$600,000,000 Debt Securities, Common Shares, Preferred Shares, Depositary Shares, Warrants, Stock Purchase Contracts and Stock Purchase Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3182918

Issuer Name:
Sayward Capital Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated March 5, 2021
NP 11-202 Preliminary Receipt dated March 8, 2021
Offering Price and Description:
$500,000.00 - (5,000,000 COMMON SHARES) Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3183824

Issuer Name:
Sprott Physical Silver Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 2, 2021
NP 11-202 Preliminary Receipt dated March 3, 2021
Offering Price and Description:
U.S.$3,000,000,000 Trust Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3181956

Issuer Name:
Sun Life Financial Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 5, 2021
NP 11-202 Preliminary Receipt dated March 5, 2021
Offering Price and Description:
$5,000,000,000.00 - Debt Securities, Class A Shares, Class B Shares, Common Shares, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3183407

Issuer Name:
Taal Distributed Information Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 2, 2021
NP 11-202 Preliminary Receipt dated March 2, 2021
Offering Price and Description:
Minimum Offering: $26.0 Million or 5,652,174 Units
Maximum Offering: $40.0 Million or 8,695,652 Units
Price: $4.60 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3181862

Issuer Name:
Talon Metals Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 2, 2021
NP 11-202 Preliminary Receipt dated March 2, 2021
Offering Price and Description:
$30,000,000.00 - 50,000,000 Units
Price: $0.60 per Offered Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
PARADIGM CAPITAL INC.
SPROTT CAPITAL PARTNERS LP, by its General Partner, SPROTT CAPITAL PARTNERS GP INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #3177920

Issuer Name:
WeedMD Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated March 2, 2021 to Preliminary Short Form Prospectus dated February 17, 2021
NP 11-202 Preliminary Receipt dated March 2, 2021
Offering Price and Description:
$15,000,000.00 - 31,250,000 Units Price: $0.48 per Unit
Underwriter(s) or Distributor(s):
EIGHT CAPITAL
CANACCORD GENUITY CORP.
INFOR FINANCIAL INC.
Promoter(s):
-
Project #3172045

Issuer Name:
Westport Fuel Systems Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated March 4, 2021
NP 11-202 Preliminary Receipt dated March 5, 2021
Offering Price and Description:
U.S.$400,000,000 Common Shares Preferred Shares Subscription Receipts Warrants Debt Securities Rights Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3183130

Issuer Name:
Aleafia Health Inc. (formerly Canabo Medical Inc.)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 2, 2021
NP 11-202 Receipt dated March 2, 2021
Offering Price and Description:
$19,920,000.00 - 24,000,000 Units
Price: $0.83 per Offered Unit
Underwriter(s) or Distributor(s):
CANTOR FITZGERALD CANADA CORPORATION
ECHELON WEALTH PARTNERS INC.
MACKIE RESEARCH CAPITAL CORP.
Promoter(s):
-
Project #3173851

Issuer Name:
Canada Goose Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 2, 2021
NP 11-202 Receipt dated March 3, 2021
Offering Price and Description:
US$1,750,000,000 Debt Securities Preferred Shares Subordinate Voting Shares Warrants Subscription Receipts Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3174265

Issuer Name:
CloudMD Software & Services Inc. (formerly Premier Health Group Inc.)
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 2, 2021
NP 11-202 Receipt dated March 3, 2021
Offering Price and Description:
$55,080,000.00 - 20,400,000 Common Shares Price: $2.70 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
BEACON SECURITIES LIMITED
ECHELON WEALTH PARTNERS INC.
LAURENTIAN BANK SECURITIES INC.
MACKIE RESEARCH CAPITAL CORP.
Promoter(s):
-
Project #3174963

Issuer Name:
DMG Blockchain Solutions Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated March 1, 2021
NP 11-202 Receipt dated March 2, 2021
Offering Price and Description:
$100,000,000.00 - Common Shares Warrants Subscription Receipts Units Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3173235

Issuer Name:
Eupraxia Pharmaceuticals Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated March 3, 2021
NP 11-202 Receipt dated March 3, 2021
Offering Price and Description:
$41,000,000.00 - 5,125,000 Units
Price: $8.00 per Unit
Underwriter(s) or Distributor(s):
Raymond James Ltd.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Promoter(s):
-
Project #3171694

Issuer Name:
Frontenac Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #9 dated February 26, 2021 to Final Long Form Prospectus dated May 26, 2020
NP 11-202 Receipt dated March 2, 2021
Offering Price and Description:
Unlimited Number of Common Shares
Price: $30.00 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
W.A. ROBINSON ASSET MANAGEMENT LTD.
Project #3055756

Issuer Name:
Hawkmoon Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated March 5, 2021
NP 11-202 Receipt dated March 8, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
-
Project #3121980

Issuer Name:
Pure Extracts Technologies Corp. (formerly, Big Sky Petroleum Corporation)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated March 4, 2021
NP 11-202 Receipt dated March 5, 2021
Offering Price and Description:
$30,000,000.00 - Common Shares, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3159005

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Regulus Capital Management Inc.	From: Portfolio Manager and Investment Fund Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	March 4, 2021
Name Change	From: CANDEAL.CA INC. To: CanDeal Markets Inc.	Investment Dealer	February 1, 2021
Change in Registration Category	East Coast Asset Management ECZC	From: Portfolio Manager To: Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	March 8, 2021

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Tradelogiq Markets Inc. – Lynx ATS – Notice of Proposed Changes and Request for Comments

TRADELOGIQ MARKETS INC.

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENTS

LYNX ATS

Tradelogiq Markets Inc. is publishing this Notice of Proposed Changes and Request for Comments in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto".

Market Participants are invited to provide comments on the Proposed Changes. Comments should be in writing and delivered by April 12, 2021 to:

Paul Romain
Chief Compliance Officer, and
Head of Market Structure
Tradelogiq Markets Inc.
133 Richmond St. W., Suite 302
Toronto, Ontario M5H 2L3
Email: paul.romain@tradelogiq.com

A copy should also be provided to:

Market Regulation Branch
Ontario Securities Commission
20 Queen St. W.
Toronto, Ontario M5H 3S8
Email: marketregulation@osc.gov.on.ca

Comments will be made publicly available. Upon completion of the review by Staff at the Ontario Securities Commission (**OSC**), and in the absence of any regulatory concerns, a notice will be published to confirm approval by the OSC.

Tradelogiq Markets Inc. (**Tradelogiq**) is filing proposed significant changes to Lynx ATS (**Lynx**) in accordance with the Process for the Review and Approval of the Information Contained in Form 21-101F2 (**F2**) and the Exhibits Thereto (**Protocol**). Tradelogiq is filing this change as a significant change subject to public comment as the proposed change is categorized within paragraph 6.1(4)(a) of National Instrument 21-101CP (**NI 21-101CP**). Collectively, Tradelogiq refers to the changes identified below as the proposed changes (**Proposed Changes**).

A. The proposed Fee Change or Significant Change:

1. Create LST Trader definition

Tradelogiq is proposing to create a latency sensitive trader (**LST)** definition category. A trader will meet the LST definition if they submit orders that:

- are entered by proprietary traders of dealers and direct electronic access (**DEA**) clients[1] of dealers that use automated order systems[2], and use co-location trading strategies.

Currently, Tradelogiq does not offer co-location services to its subscribers. The co-location reference in the LST definition would apply to proprietary traders of dealers and DEA clients who use automated trading strategies and are co-located in a Canadian domiciled co-location facility. Any type of client order flow where the client has no control over which marketplace their orders get

[1] DEA client means a client that is granted direct electronic access by a dealer.
[2] Automated order system means a system used to automatically generate or electronically transmit orders on a pre-determined basis.

routed to is not considered to be LST. Marketplace participants will be required to certify, and self-report a list of trader IDs that meet the LST definition to Tradelogiq prior to the implementation of the Proposed Changes. This list must be kept current by marketplace participants and will be subject to audit by Tradelogiq.

Tradelogiq intends to monitor the trading conducted on Lynx to ensure that the proposed functionality is operating as designed which will be done by measuring certain trading metrics often associated with LST trading. Tradelogiq will use established monitoring tools for trader IDs which will include, but not be limited to:

- order to trade ratios[3] – high order to trade ratios are often associated with LST trading strategies. We intend to monitor the amount of messaging frequency and trade frequency.
- Fill rates[4] – very low fill rates are often associated with LST trading strategies.
- Number of orders entered daily; and
- If a Trader ID trades both proprietary and client flow and falls under the definition of LST, then that ID will be categorized as LST.

For any trader IDs that are not marked as LST and display trading metrics consistent with LST trading strategies, Tradelogiq will contact the applicable subscriber to re-certify the trader ID(s) and have that trader ID placed in the appropriate category.

2. Introduction of a speed bump

We are proposing to introduce a speed bump on Lynx. The speed bump will be imposed on certain orders that originate from LST trader IDs. This will include both active orders and passive orders. Change Formal Order (**CFO's**) and cancels of these orders will also be subject to the speed bump.

Orders entered from LST trader IDs marked with post only will NOT be subject to the speedbump. CFO's and cancels of these LST post only orders will also NOT be subject to the speedbump. Upon implementation, the matching priority for all executions will be based on industry standard price / broker / time.

The length of the speed bump will be random within a set lower limit and upper limit. The lower limit will be 1 millisecond and the upper limit will be 3 milliseconds.

B. The expected date of implementation of the proposed Fee Change or Significant Change:

Tradelogiq is planning on launching the Proposed Changes in or about Q3 or Q4, 2021 which is dependent on receiving all required regulatory approvals and meeting all internal scheduled timelines.

Tradelogiq plans to require that subscribers complete a Lynx trader ID user form where subscribers must certify which of their trader IDs meet the definition of LST. After receiving the trader ID forms and ensuring that the certified IDs are checked for proper classification, Tradelogiq will begin a full GTE session that adheres to the testing and technology timelines of section 12.3 of NI 21-101.

C. The rationale for the proposal and any relevant supporting analysis:

Tradelogiq believes that the Proposed Changes will lead to improved quality of executions and reduced execution costs for retail and institutional investors as they will have a greater likelihood of accessing the available posted liquidity than other speed bump models that apply the speed bump to all orders. On the passive side, we expect that the speed bump will allow liquidity providers to quote tighter spreads and provide greater depth at the top of the quote as well as full depth liquidity as the speed bump will provide a certain degree of price protection to their passive orders and will prevent them from being picked off from faster LST trading participants.

We believe that the Lynx Proposed Changes will create enhanced competition for order flow on the same or similar terms as other already approved market structure models with the goal of improving the overall experience for investors.

D. The expected impact, including the quantitative impact, of the proposed Fee Change or Significant Change on the market structure, subscribers and, if applicable, on investors and the capital markets:

We believe that the Proposed Changes will not have a negative impact on market structure, members, investors, issuers, or capital markets. A recent UK regulator paper from the Financial Conduct Authority (**FCA**) Occasional Paper published in January 2020[5] quantifies the high frequency trading "Arms Race" and calculates its main estimates suggest that eliminating latency arbitrage

[3] For each trading ID, the number of orders received relative to the amount of trade executions that occurred.
[4] For each trading ID, the number of fills or executions received relative to the total number of orders received.
[5] https://www.fca.org.uk/publication/occasional-papers/occasional-paper-50.pdf?mod=article_inline

would reduce the cost of trading by 17% and that the total sums at stake in global equity markets are in the order of $5 billion annually. While this is a UK paper, the paper specifically highlights estimated trader revenues from latency arbitrage in 2018 from the TMX Group to be $61 million alone. Further, the paper concludes that liquidity provision is useful and latency arbitrage is harmful.

Reducing latency arbitrage will reduce the costs of trading in Canada and will benefit natural trading participants as they will not be subject to any speed bumps and it will allow liquidity providers to quote in larger sizes and with tighter spreads. We believe that tighter spreads, greater depth, and accessible liquidity benefits natural investors without harming Canada's market structure.

While certain LST trading strategies may be impacted with the speed bump in place, we note that one other Canadian exchange provides a similar speed bump model where active orders entered from LST trading IDs are subject to a speed bump. To date, we are not aware of any negative impacts that this current model has had on Canada's market structure.

To limit any new complexities in the market, we have chosen this similar definition of LST trader ID and application to the speed bump as marketplace participants have become accustomed to these similar limitations. As Canadian market participants are already accustomed to this market structure and we do not expect that the implementation of a Lynx speedbump will be onerous on our subscriber base both from a technical and routing perspective.

E. The expected impact of the Fee Change or Significant Change on the ATS's compliance with Ontario securities law requirements and in particular requirements for fair access and maintenance of fair and orderly markets:

This proposed change will comply with securities laws and the requirements for fair access and maintenance of fair and orderly markets will be met.

Order Protection Rule

The Canadian Securities Administrators (**CSA**) Staff Notice 23-324 maintains that Lynx will be considered as unprotected because of the implementation of the intentional order processing delay.[6] As a result, marketplace participants can choose to ignore or avoid orders posted on Lynx if they do not see any improved market quality metrics or trading opportunities for their clients.

Fair Access

Tradelogiq respectfully submits that the differentiated treatment of LSTs in the unprotected Lynx trading book is consistent with the same policy rationale that was applied to two other Canadian exchanges which allowed them to treat certain marketplace participants differently in their respective speed bump models. We believe that slowing down predatory active LST trading is not a barrier on the fair access requirements as it will reduce the cost prohibitive "Arms Race" barrier which will allow slower participants to compete on a more equal basis thus allowing them to commit to more available passive liquidity for natural investors.

Segmentation of Order Flow

Tradelogiq does not believe that the Proposed Changes will have any negative impacts to the Canadian market and more specifically to segmentation concerns that have previously been identified by marketplace participants and studied by Canadian regulators. We understand that the concerns identified are more related to segmentation of retail order flow only. The Canadain market already supports a certain level of segmentation whether it be through auto-execution guaranteed top up facilites, odd-lots, broker preferencing, and inverted marketplaces. In order to not raise any segmentation of order flow concerns, we purposely placed no limitations on all natural trading order flow of which retail order flow is just a subset of the natural flow while maintaining that all order flow can access Lynx. Since we are not applying any tags to identify any of the types of order flow or executions, we belive that passive and active participants will not have any knowledge of the type or order flow they are trading against thus limiting or reducing any potential segmenation concerns.

In terms of a overall segmentation of retail order flow in Canadian markets, Tradelogiq strongly believes that is better to have retail order flow remain on lit markets than it is to have this flow traded off market like it does in the US. Ultimately, retail investors are better served if all participants are able to compete transparently on equal terms for this retail order flow. Our model does not provide any advantages or disadvantages to passive participants and they can all compete on an equal price / broker / time priority basis.

F. A summary of consultations, including consultations with external parties, undertaken in formulating the Fee Change or Significant Change, and the internal governance process followed to approve the Change:

Tradelogiq is in the process of improving Lynx's competitive structure and have discussed the Proposed Changes with select subscribers. While some marketplace participants may be opposed to speed bumps in general, subscribers who we consulted were supportive of our proposed approach. This approach was discussed and approved by the senior executives of Tradelogiq prior to filing the Proposed Changes seeking regulatory approval.

[6] https://www.osc.gov.on.ca/documents/en/Securities-Category2/csa_20190131_23-324-order-protection-rule.pdf

G. For a proposed Fee Change:

1. The expected number of marketplace participants likely to be subject to the new fee, along with a description of the costs they will incur, and

N/A.

2. If the proposed Fee Change applies differently across types of marketplace participants, a description of this difference, how it impacts each class of affected marketplace participants, including, where applicable, numerical examples, and any justification for the difference in treatment.

N/A.

H. If the Significant Change will require subscribers or service vendors to modify their systems after implementation of the Change, the expected impact of the Change on the systems of subscribers and service vendors together with an estimate of the amount of time needed to perform the necessary work and how the estimated amount of time was deemed reasonable in light of the expected impact or the Significant Change on the ATS, its market structure, subscribers, investors or the Canadian capital markets;

Subscribers and vendors will have enough time to prepare for the implementation of the proposed changes as we intend to provide a subscriber notice, if approved, stating that we will allow for at least 90 days testing in our general testing environment (**GTE**) before we go live in our production environment.

I. Where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment:

N/A.

J. A discussion of any alternatives considered; and

We had considered a different approach which went out for public comment on March 5, 2020.[7] This approach raised fair access concerns which were identified by certain marketplace participants. We have since changed our approach of protecting passive liquidity providers using a speed bump model.

K. If applicable, whether proposed Fee Change or Significant Change would introduce a fee model or feature that currently exists in other markets or jurisdictions.

Yes. Two competing Canadian lit exchanges offer similar speed bump models that protect passive liquidity provision.

[7] https://www.osc.gov.on.ca/documents/en/Marketplaces/ats_20200305_lynx-nop-changes-rfc.pdf

Chapter 25

Other Information

25.1 Consents

25.1.1 GURU Organic Energy Corp. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Canada Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the REGULATION)

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

AND

IN THE MATTER OF
GURU ORGANIC ENERGY CORP.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of GURU Organic Energy Corp. (the **Corporation**) to the Ontario Securities Commission (the **Commission**) requesting the consent of the Commission for the Corporation to continue into another jurisdiction (the **Continuance**) pursuant to section 181 of the OBCA;

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

AND UPON the Corporation having represented to the Commission that:

1. The Corporation is an offering corporation under the OBCA.

2. The Corporation's authorized share capital consists of an unlimited number of common shares (the **Common Shares**), of which 29,048,554 were issued and outstanding as at December 16, 2020. The Corporation's Common Shares are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "GURU".

3. The Corporation intends to apply to the Director pursuant to section 181 of the OBCA (the **Application for Continuance**) for authorization to continue as a corporation under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the **CBCA**).

4. The principal reason for the Continuance is that the Corporation's principal place of business is located in Québec and management therefore believes it to be in the best interest to conduct the Corporation's affairs in accordance with the CBCA so as to permit the Corporation to effect the relocation of its registered office from Ontario to Québec.

5. The material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA.

6. The Corporation is a reporting issuer under the *Securities Act,* R.S.O. 1990, c. s. 5, as amended (the **OSA**), the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418 (the **BCSA**) and the *Securities Act* (Alberta), R.S.A. 2000, c. S-4 (the **ASA**). The Corporation intends to remain a reporting issuer in Ontario, British Columbia and Alberta following the Continuance. The Corporation intends to apply to become a reporting issuer in Québec upon completion of the Continuance.

7. The Commission is the principal regulator of the Corporation. Following the Continuance, the Corporation's registered office, which is currently located in Ontario, will be relocated to Québec and the Corporation intends to have the Autorité des marchés financiers be its principal regulator.

8. The Corporation is not in default under any provision of the OBCA, the OSA, the BCSA or the ASA, including any regulations or rules made thereunder.

9. The Corporation is not subject to any proceeding under the OBCA, the OSA, the BCSA or the ASA.

10. The Corporation is not in default of any provision of the rules, regulations or policies of the TSX.

11. The Corporation's management information circular dated September 28, 2020 for a special meeting of its shareholders held on October 28, 2020 (the **Shareholders' Meeting**), described the Continuance, the reasons for it and the implications relating thereto, and disclosed full particulars of the dissent rights of the Corporation's shareholders under section 185 of the OBCA.

12. The Corporation's shareholders authorized the Continuance at the Shareholders' Meeting by way of special resolution that was approved by 100% of the votes cast at the Shareholders' Meeting. No shareholders of the Corporation exercised their dissent rights pursuant to section 185 of the OBCA.

13. Subsection 4(b) of the Regulation requires the Application for Continuance to be accompanied by a consent from the Commission.

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

THE COMMISSION HEREBY CONSENTS to the Continuance of the Corporation under the CBCA.

DATED at Toronto, Ontario this 8th day of January, 2021

"Heather Zordel"
Commissioner
Ontario Securities Commission

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

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