The Ontario Securities Commission

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

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1.1 Notices

1.1.1 CSA Staff Notice 95-302 – Margin and Collateral Requirements for Non-Centrally Cleared Derivatives

CSA Staff Notice 95-302

Margin and Collateral Requirements for Non-Centrally Cleared Derivatives

April 8, 2021

Introduction

This notice provides an update on work being done by the Canadian Securities Administrators (**CSA** or **we**) regarding harmonized monitoring and review of data from derivatives trade repositories, and global developments relating to margin and collateral requirements for over-the-counter derivatives that are not centrally cleared (**Margin Requirements**).

Background

The CSA published CSA Staff Notice 95-301 *Margin and Collateral Requirements for Non-Centrally Cleared Derivatives* on August 22, 2019 specifying the reasons why the CSA decided to delay proposing a rule to implement Margin Requirements. We also committed to monitor global developments and implement a harmonized monitoring process to review the data from derivatives trade repositories to inform our future plans relating to the implementation of Margin Requirements.

Global Developments

In April 2020, the Basel Committee on Banking Supervision and the Board of the International Organization of Securities Commissions extended the timeline to phase in the implementation of the collateral and margin requirements to September 2022.[1]

Harmonized Monitoring Process

The CSA implemented a harmonized monitoring process involving current data from derivatives trade repositories. The most recent review found no material changes in the findings from a year ago. We will continue to monitor and review the data for any material changes.

Plan for Implementation of Margin Requirements

After completing a review of derivatives trade data, the CSA has decided to further delay the publication for comment of a rule to implement Margin Requirements and does not believe this will result in increased systemic risk to Canadian financial markets or participants. We will provide an update when we believe changes in the results from the harmonized monitoring process or circumstances warrant the continuation of work to implement Margin Requirements.

[1] Margin requirements for non-centrally cleared derivatives, https://www.bis.org/bcbs/publ/d499.pdf

Questions

Please refer your questions to any of:

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1.4 Notices from the Office of the Secretary

1.4.1 Krystal Jean Vanlandschoot

FOR IMMEDIATE RELEASE
March 31, 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 31, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
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1.4.2 Money Gate Mortgage Investment Corporation et al.

FOR IMMEDIATE RELEASE
April 5, 2021

MONEY GATE MORTGAGE INVESTMENT CORPORATION,
MONEY GATE CORP.,
MORTEZA KATEBIAN and
PAYAM KATEBIAN,
File No. 2017-79

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

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated April 1, 2021 are available at www.osc.ca.

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1.4.3 Trevor Rosborough et al.

FOR IMMEDIATE RELEASE
April 1, 2021

TREVOR ROSBOROUGH,
TAYLOR CARR, AND
DMITRI GRAHAM,
File No. 2020-33

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

A copy of the Order dated April 1, 2021 is available at www.osc.ca.

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1.4.4 Daniel Sheehan

FOR IMMEDIATE RELEASE
April 6, 2021

DANIEL SHEEHAN,
File No. 2020-38

TORONTO – Take notice that the hearing in the above-named matter scheduled to be heard on April 12, 2021 at 10:00 a.m. will be heard on April 27, 2021 at 3:00 p.m.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 BlackRock Asset Management Canada Limited et al.

Headnote

Relief granted from the single custodian requirement to permit the use of more than one custodian, subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 6.1(1) and 19.1.

January 15, 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
BLACKROCK ASSET MANAGEMENT CANADA LIMITED
(BlackRock),
THE ISHARES GOLD BULLION ETF AND
THE ISHARES SILVER BULLION ETF
(the Physical Bullion ETFs)
AND
THE OTHER EXISTING AND FUTURE INVESTMENT FUNDS MANAGED BY BLACKROCK OR AN AFFILIATE
(collectively, the Filer)
TO WHICH NATIONAL INSTRUMENT 81-102
***INVESTMENT FUNDS* (NI 81-102) APPLIES**
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Funds from the requirement in subsection 6.1(1) of NI 81-102, namely that all portfolio assets of an investment fund be held under the custodianship of one custodian that satisfies the requirements of section 6.2 of NI 81-102, solely to permit each Fund to appoint more than one custodian, each of which is qualified to be a custodian under section 6.2 of NI 81-102 and each of which is subject to all of the other requirements in Part 6 of NI 81-102 other than the prohibition against the Fund appointing more than one custodian in subsection 6.1(1) of NI 81-102 (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 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 all of the provinces and territories of Canada other than the Jurisdiction (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filer and the Funds

1. BlackRock is a corporation amalgamated under the laws of the Province of Ontario and is an indirect, wholly-owned subsidiary of BlackRock, Inc, with its head office located in Toronto, Ontario.

2. BlackRock is registered in the categories of Portfolio Manager, Investment Fund Manager and Exempt Market Dealer in all of the Jurisdictions. BlackRock is also registered as a Commodity Trading Manager in Ontario and an Adviser under the *Commodity Futures Act* in Manitoba.

3. The Filer acts, or will act, as trustee, manager and portfolio adviser of the Funds. BlackRock Institutional Trust Company, N.A. or another affiliate of BlackRock is or may be appointed as the sub-advisor of the Funds.

4. Each Fund is, or will be, an open-ended mutual fund governed by the laws of the Province of Ontario. Each Fund is, or will be, a reporting issuer in each of the Jurisdictions.

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

6. Securities of each existing Fund are, and it is expected that securities of each future Fund will be, qualified for distribution in some or all of the Jurisdictions under a simplified prospectus, annual information form, and fund facts and/or prospectus and ETF facts prepared and filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* or National Instrument 41-101 *General Prospectus Requirements*. Each Fund is, or will be, governed by NI 81-102, subject to any relief therefrom granted by the securities regulatory authorities.

7. Units of each Fund that is an exchange-traded mutual fund (an **ETF**) are, or will be, listed and traded on the Toronto Stock Exchange, Neo Exchange Inc. or another stock exchange recognized by the Ontario Securities Commission.

Reasons for the Exemption Sought

8. The Bank of Nova Scotia (**Scotia**) is the current custodian of the Physical Bullion ETFs, each of which, in seeking to achieve its investment objective, invests in long-term holdings of unencumbered bullion, gold bullion in 100 or 400 troy ounce international bar sizes in the case of iShares Gold Bullion ETF, and silver bullion in 1,000 troy ounce international bar sizes in the case of iShares Silver Bullion ETF. Scotia currently retains The Brinks Company and Via Mat International Ltd. as sub-custodians pursuant to exemptive relief from certain provisions of NI 81-102 that would otherwise prohibit the use of such entities as sub-custodians granted to iShares Silver Bullion ETF in a decision dated July 14, 2009 *In the matter of Claymore Silver Bullion Trust et al.* and to iShares Gold Bullion ETF in a decision dated January 15, 2010 *In the matter of Claymore Gold Bullion ETF et al.* (together, the **Claymore Decisions**).

9. Scotia is exiting the bullion custody business and is expected to cease to be the custodian of the Physical Bullion ETFs effective during the first quarter of 2021. The Filer intends to appoint State Street Trust Company Canada (**SSTCC**), or such other entity selected by the Filer which qualifies to act as a custodian under Section 6.2 of NI 81-102, as the custodian of the Physical Bullion ETFs in respect of all fund assets other than bullion. SSTCC has advised that it is unable to store the Physical Bullion ETFs' bullion as it does not own a vault facility or have a sub-custodian structure in place which could accommodate the Physical Bullion ETFs' bullion. Subject to receipt of the Exemption Sought and unitholder approval to make certain changes to the investment restrictions of the Physical Bullion ETFs in order to permit each Physical Bullion ETF to store all of the bullion owned by the Physical Bullion ETF in the vault facilities of one or more entities that meet the requirements to act as a custodian or sub-custodian for assets as described in NI 81-102 (or are permitted to act as a custodian or sub-custodian pursuant to exemptive relief from the applicable requirements granted by the securities regulatory authorities) and to clarify the required insurance arrangements in respect of bullion owned by each Physical Bullion ETF, the Filer intends to appoint CIBC Mellon Trust Company (**CIBC Mellon**), a qualified custodian under 6.2 of NI 81-102, as bullion custodian to the Physical Bullion ETFs. Following the appointment of CIBC Mellon, it is expected that the bullion owned by the Physical Bullion ETFs will be stored in the vault facilities of the Royal Canadian Mint (the **RCM**), as CIBC Mellon's sub-custodian and/or International Depository Services of Canada Inc. (**IDS**), if applicable, as the RCM's sub-custodian. The RCM and IDS are entities permitted to be appointed pursuant to a decision dated April 30, 2019 *In the matter of Ninepoint Gold Bullion Fund et al.* (the **April 30, 2019 Ninepoint Decision**) which granted exemptive relief from the requirements of NI 81-102 that would otherwise prohibit the use of such entities as sub-custodians and can be relied upon by other investment fund managers, including the Filer, willing to comply with the terms and conditions of the decision. CIBC Mellon and its sub-custodians may appoint other sub-custodians in the future, subject to compliance with NI 81-102 or receipt of exemptive relief.

10. In addition, for a short transitional period while bullion custody is being moved from Scotia to CIBC Mellon, bullion will be held within both the custody network of Scotia and CIBC Mellon. During this transitional period, BlackRock would rely on the Exemption Sought, the Claymore Decisions with respect to bullion custodied with Scotia, and the April 30, 2019 Ninepoint Decision with respect to bullion custodied with CIBC Mellon. Once all bullion is moved from Scotia to CIBC Mellon, BlackRock will no longer rely upon the Claymore Decisions to custody the bullion. The conditions of the Exemption Sought would be complied with during the term of the transitional period and thereafter.

11. The Filer would like the flexibility for each Fund to engage more than one custodian, each of which will be qualified to act as a custodian under section 6.2 of NI 81-102 (each, an **Additional Custodian**) in order to provide flexibility for the Filer to appoint custodians for Funds based on the custodian's experience and operational capabilities.

12. It can be operationally challenging for a custodian to appoint Additional Custodians not forming part of a custodian's existing custodial network, as sub-custodians.

13. The appointment of an Additional Custodian will allow the Filer and the Physical Bullion ETFs and other Funds to access a robust bullion custody network through an Additional Custodian while maintaining the efficiencies associated with using SSTCC for other assets in a manner consistent with the custody arrangements currently in place for other investment funds managed by the Filer that are subject to NI 81-102. The appointment of an Additional Custodian would allow the Filer and the Funds to access a robust custody network for other specialized asset classes or to obtain operational efficiencies as determined by the Filer.

14. If the Exemption Sought is granted, an Additional Custodian's responsibility for custody of the Funds' assets will apply only to the assets held by the Additional Custodian on behalf of the Funds (the **Relevant Assets**). The custodial arrangements between the Funds and each Additional Custodian will comply with the requirements of Part 6 of NI 81-102 other than subsection 6.1(1), subject to any other exemptive relief that has been granted from Part 6.

15. The appointment of an Additional Custodian should have no impact on the safety of the portfolio assets of the Funds while enhancing the ability of the Funds to use experienced custodians for the Relevant Assets and for operational efficiency.

16. Disclosure regarding the Exemption Sought and the particulars of the appointment of any Additional Custodian of the Funds with respect to the Relevant Assets will be included in the prospectus of the applicable Funds that is filed at the next annual renewal.

17. For purposes of complying with the conditions of the Exemption Sought, a single service provider, which provides a consolidated service offering to each Fund, together with or directly or indirectly through its affiliates and/or other delegates, shall reconcile all the portfolio assets of the Fund and provide the Fund with valuation services and complete daily reconciliations amongst the custodians before striking a daily net asset value for the Fund.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that a Fund may appoint one or more Additional Custodians if:

(a) a single entity reconciles all the portfolio assets of the Fund and provides the Fund with valuation services and will complete daily reconciliations amongst the custodians before striking a daily net asset value for the Fund;

(b) the Filer maintains such operational systems and processes, as between two or more custodians and the single entity referred to in condition (a) above, in order to keep a proper reconciliation of all the portfolio assets that will move amongst the custodians, as appropriate; and

(c) each Additional Custodian will act as custodian only for the portion of portfolio assets of the Fund transferred to it.

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

2.1.2 Gage Growth Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer granted relief from certain restricted security requirements under National Instrument 41-101 General Prospectus Requirements, National Instrument 44-101 Short Form Prospectus Distributions, and National Instrument 51-102 Continuous Disclosure Obligations – relief granted subject to conditions.

OSC Rule 56-501 Restricted Shares – Issuer granted relief from certain restricted share requirements under OSC Rule 56-501 – relief granted subject to conditions.

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, ss. 12.2, 12.3, and 19.1.
Form 41-101F1 Information Required in a Prospectus, ss. 1.13 and 10.6.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
Form 44-101F1 Short Form Prospectus, ss. 1.12 and 7.7.
National Instrument 51-102 Continuous Disclosure Obligations, Part 10 and s. 13.1.
OSC Rule 56-501 Restricted Shares, Parts 2 and 3, and s. 4.2.

March 25, 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
GAGE GROWTH CORP.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") that the requirement under:

(a) Section 12.2 of National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**"), relating to the use of restricted security terms, to the extent the Filer reclassifies its subordinate voting shares in the capital of the Filer (the "**Subordinate Voting Shares**") into "common shares", and sections 1.13 and 10.6 of Form 41-101F1 *Information Required in a Prospectus* ("**Form 41-101F1**") and sections 1.12 and 7.7 of Form 44-101F1 *Short Form Prospectus* ("**Form 44-101F1**") relating to restricted security disclosure shall not apply to the Subordinate Voting Shares or the proportionate voting shares (the "**Proportionate Voting Shares**") in the capital of the Filer (the "**Prospectus Disclosure Exemption**") in connection with: (i) the Non-Offering Prospectus (as defined herein) and any amendments thereto; and (ii) any other prospectuses ("**Other Prospectuses**") that may be filed by the Filer under NI 41-101 and National Instrument 44-101 *Short Form Prospectus Distributions* ("**NI 44-101**"), including a prospectus filed under National Instrument 44-102 *Shelf Distributions*;

(b) Section 12.3 of NI 41-101 relating to prospectus filing eligibility for distributions of restricted securities shall not apply to distributions of Subordinate Voting Shares or the Proportionate Voting Shares (the "**Prospectus Eligibility Exemption**") in connection with Other Prospectuses;

(c) Part 10 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") relating to the use of restricted security terms and restricted security disclosure shall not apply to the Subordinate Voting Shares or the Proportionate Voting Shares (the "**CD Disclosure Exemption**") in connection with continuous disclosure documents ("**Other CD Documents**") that may be filed by the Filer under NI 51-102;

(d) Part 2 of OSC Rule 56-501 *Restricted Shares* ("**OSC Rule 56-501**") relating to the use of restricted share terms and restricted share disclosure shall not apply to the Subordinate Voting Shares or the Proportionate Voting Shares (the "**OSC Rule 56-501 Disclosure Exemption**") in connection with dealer and adviser documentation, rights offering circulars and offering memoranda ("**OSC Rule 56-501 Documents**") of the Filer; and

(e) Part 3 of OSC Rule 56-501 relating to the withdrawal of prospectus exemptions for distributions of restricted shares shall not apply to the distribution of the Subordinate Voting Shares or the Proportionate Voting Shares (the "**OSC Rule 56-501 Withdrawal Exemption**") in connection with stock distributions (as defined in OSC Rule 56-501) of the Filer.

The Prospectus Disclosure Exemption, the Prospectus Eligibility Exemption, the CD Disclosure Exemption, the OSC Rule 56-501 Disclosure Exemption and the OSC Rule 56-501 Withdrawal Exemption are collectively referred to as the "**Exemption Sought**".

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

1. the Ontario Securities Commission is the principal regulator for this Application, and

2. the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia (other than with respect to the OSC Rule 56-501 Disclosure Exemption and the OSC Rule 56-501 Withdrawal Exemption) which, pursuant to Section 5.2(6) of National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* ("**NP 11-203**"), also satisfies the notice requirement of Section 4.7(1)(c) of MI 11-102.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NP 11-203, NI 41-101, NI 44-101, NI 51-102 and OSC Rule 56-501 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* ("**CBCA**") and is not a reporting issuer in any province or territory of Canada.

2. The registered and head office of the Filer is located at 77 King Street West, Suite 400, Toronto, Ontario M5K 0A1.

3. The Filer's business is conducted through its operating subsidiary, Spartan Partners Holdings LLC ("**Spartan**") and the subsidiaries of Spartan.

4. The Filer has filed a non-offering preliminary long form prospectus dated March 24, 2021 (the "**Preliminary Prospectus**") with the securities regulatory authorities in Ontario and British Columbia. Upon obtaining a receipt for the non-offering long form (final) prospectus of the Filer (the "**Non-Offering Prospectus**"), the Filer intends to list its Subordinate Voting Shares on the Canadian Securities Exchange ("**CSE**").

5. The Filer has authorized the following three classes of securities: (a) Subordinate Voting Shares; (b) the Proportionate Voting Shares; and (c) super voting shares (the "**Super Voting Shares**" and, together with the Subordinate Voting Shares and the Proportionate Voting Shares, the "**Voting Shares**").

6. Spartan has issued exchangeable units of Spartan (the "**Exchangeable Units**", and together with the Subordinate Voting Shares and the Proportionate Voting Shares, the "**Equity Shares**"), which are redeemable, at the discretion of the manager of Spartan, into 50 Subordinate Voting Shares or 1 Proportionate Voting Share, or a combination thereof (the "**Exchangeable Unit Consideration**"). Such Exchangeable Units are redeemable by Spartan on the occurrence of any of the following events (each, a "**Call Event**"): (i) the shareholders of the Filer (the "**Shareholders**") approving: (A) an agreement for the sale of all or substantially all of the assets of the Filer; or (B) a transaction involving the acquisition of more than 50% of the voting power of the outstanding securities of the Filer, unless the Shareholders immediately prior to such transaction hold at least 50% of the voting power of the outstanding securities of the Filer of the resulting entity; (ii) any person or group of persons, acting jointly or in concert, acquiring, directly or indirectly, control of the Filer; (iii) the liquidation, dissolution or winding-up of Spartan, whether voluntary or involuntary, subject to certain exceptions; (iv) the day upon which U.S. tax legislation is amended such that all U.S. resident holders of Exchangeable Units may receive Proportionate Voting Shares and Super Voting Shares on a tax deferred basis for U.S. federal income tax purposes; and (iv) on or after March 11, 2021.

7. The Exchangeable Units do not entitle the holder thereof to notice of and to attend and vote at any meeting of Shareholders.

8. Upon the occurrence of a Call Event, Spartan shall have the right to redeem all but not less than all of the then outstanding Exchangeable Units held by each Exchangeable Unit Holder in exchange for the Exchangeable Unit Consideration.

9. On the redemption of all but not less than all of the outstanding Exchangeable Units by Spartan in exchange for the Exchangeable Unit Consideration, the Super Voting Shares may be redeemed by the Filer for an amount equal to the issue price per Super Voting Share of $0.0001 (the "**Issue Price**").

10. The Filer issued 1,500,000 Exchangeable Units to two holders (the "**Exchangeable Unit Holders**") in connection with the closing of certain acquisitions during the financial year ended 2019 (the "**Acquisitions**"). The Exchangeable Units were issued to the Exchangeable Unit Holders based on the fair market value of the underlying Subordinate Voting Shares at the time they were issued. Due to the Exchangeable Units being non-voting, the Filer also issued 1,500,000 Super Voting Shares to the

Exchangeable Unit Holders in the same proportion as the Exchangeable Units held by such Exchangeable Unit Holders at the Issue Price per Super Voting Share to provide equivalent voting rights to the Exchangeable Unit Holders as if they were holders of the equivalent number of Subordinate Voting Shares. The board of directors of each of the Filer and Spartan, at the time of the issuance of the Exchangeable Units and the Super Voting Shares to the Exchangeable Unit Holders, acting in good faith, determined that the aggregate fair market value of the consideration received in connection with the Acquisitions was equal to or greater than the fair market value of the Exchangeable Units and the Super Voting Shares issued to such Exchangeable Unit Holders.

11. As of the date of the Preliminary Prospectus, there are 136,789,199 Subordinate Voting Shares outstanding, no Proportionate Voting Shares outstanding, 1,500,000 Super Voting Shares and 1,500,000 Exchangeable Units.

12. Holders of the Voting Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Filer have the right to vote. At each such meeting, holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share, holders of Proportionate Voting Shares are entitled to 50 votes in respect of each Proportionate Voting Share and holders of Super Voting Shares are entitled to 50 in respect of each Super Voting Share.

13. Holders of Equity Shares are entitled to receive, as and when declared by the directors of the Filer, dividends in cash or property of the Filer, without preference or distinction among or between the Equity Shares. Each Proportionate Voting Share and Exchangeable Unit shall be entitled to 50 times the amount paid or distributed per Subordinate Voting Share. Holders of Super Voting Shares are not entitled to receive dividends. Other than as described herein, there is no other dividend entitlement for the Exchangeable Units.

14. In the event of the liquidation, dissolution or winding-up of the Filer (including Spartan), whether voluntary or involuntary, or in the event of any other distribution of assets of the Filer (including Spartan) among the Shareholders for the purpose of winding up its affairs, the Exchangeable Units are redeemable for the Exchangeable Unit Consideration and the Super Voting Shares are redeemable for an amount equal to the Issue Price per Super Voting Share. Following such redemptions, the former holders of the Exchangeable Units will become holders of either Subordinate Voting Shares, Proportionate Voting Shares, or a combination thereof, and there will be no Super Voting Shares outstanding. Accordingly, the holders of Subordinate Voting Shares and the Proportionate Voting Shares are entitled to participate rateably in the liquidation, dissolution or winding-up along with all other holders of Subordinate Voting Shares and the Proportionate Voting Shares, provided that each Proportionate Voting Share shall be entitled to 50 times the amount paid or distributed per Subordinate Voting Share.

15. Each Proportionate Voting Share is convertible, at the option of the holder thereof, into such number of fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the share conversion right is exercised by 50.

16. The Super Voting Shares are not convertible into Subordinate Voting Shares or Proportionate Voting Shares. However, the Super Voting Shares are redeemable by the Filer on the occurrence of a redemption of the Exchangeable Units for an amount equal to the Issue Price per Super Voting Share, payable in cash.

17. No subdivision or consolidation of the Voting Shares may be carried out unless, at the same time, the Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of the Voting Shares. There is no basis for the Super Voting Shares or the Exchangeable Units to be adjusted in a manner that is different than the Subordinate Voting Shares,

18. On or prior to the filing of the Non-Offering Prospectus, the holders of all the outstanding Proportionate Voting Shares, Super Voting Shares and Exchangeable Units will enter into a coattail agreement with the Filer and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain customary provisions designed to prevent transactions that otherwise would deprive the holders of the Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been otherwise entitled.

19. The rights, privileges, conditions and restrictions attaching to any Voting Shares may be modified if the amendment is authorized by not less than $66^{2/3}$% of the votes cast at a meeting of Shareholders duly held for that purpose. However, if the holders of any class of Voting Shares are to be affected in a manner that prejudices or interferes with their rights, the amendment must, in addition, be authorized by not less than $66^{2/3}$% of the votes cast at a meeting of the holders of such affected class of Voting Shares.

20. The Exchangeable Units (together with the Super Voting Shares) are proportional in all respects to the rights of the Subordinate Voting Shares, other than with respect to the return of the *de minimis*

redemption value of the Super Voting Shares equal to the Issue Price per Super Voting Share. The holders of Exchangeable Units (together with the Super Voting Shares) are not entitled to any special privileges or payments relative to holders of the Subordinate Voting Shares, other than with respect to the return of the *de minimis* redemption value of the Super Voting Shares equal to the Issue Price per Super Voting Share. The aggregate redemption value of all of the Super Voting Shares outstanding is $150.

21. Each of the Proportionate Voting Shares and the Super Voting Shares are subject securities (as defined in NI 41-101, NI 51-102, and OSC 56-501). Each of the Subordinate Voting Shares and Proportionate Voting Shares are restricted securities (as defined in NI 41-101 and NI 51-102) and restricted shares (as defined in OSC 56-501).

22. Subsection 12.2 of NI 41-101 requires that an issuer must not refer to a security in a prospectus by a term or a defined term that includes the word "common" unless the security is an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding security of the issuer.

23. Subsection 12.3 of NI 41-101 requires that an issuer must not file a prospectus under which restricted securities, subject securities or securities that are, directly or indirectly convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless: (a) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer, or (b) at the time of any restricted security reorganization related to the securities to be distributed (i) restricted security reorganization received prior majority approval of securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer, (ii) the issuer was a reporting issuer in at least one jurisdiction, and (iii) no purposes or business reasons for the creation of restricted securities were disclose that are inconsistent with the purpose of distribution.

24. Pursuant to NI 51-102 and NI 41-101, a "restricted security" means an equity security of a reporting issuer if any of the following apply: (a) there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security; (b) the conditions of the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer's constating documents have provisions that nullify or, to a reasonable person appear to significantly restrict the voting rights of the equity securities; or (c) the reporting issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities.

25. Subsection 10.1 of NI 51-102 requires a reporting issuer that has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, to provide specific disclosure with respect to such securities in its information circular, a document required by NI 51-102 to be delivered upon request by a reporting issuer to any of its securityholders, an annual information form prepared by the issuer, as well as in any other document that it sends to its securityholders.

26. Subsection 2.2 of OSC Rule 56-501 requires dealer and adviser documentation to include the appropriate restricted share term if restricted shares and the appropriate restricted share term or a code reference to restricted shares or the appropriate restricted share term are included in a trading record published by the Canadian Stock Exchange or other exchange listed in OSC Rule 56-501 or a trade reporting and quotation system operated by The Canadian Dealing Network Inc.

27. Subsection 2.3 of OSC Rule 56-501 requires that a rights offering circular or offering memorandum for a stock distribution prepared for a reporting issuer comply with certain requirements including, among others, the restricted shares may not be referred to by a term or a defined term that includes "common", "preference" or "preferred" and that such shares shall be referred to using a term or a defined term that includes the appropriate restricted share term.

28. Subsection 3.2 of OSC Rule 56-501 provides that the prospectus exemptions under Ontario securities law are not available for a stock distribution of securities of a reporting issuer or an issuer if the issuer will become a reporting issuer as a result of the stock distribution unless either the stock distribution received minority approval of shareholders or all the conditions set out in subsection 3.2(2) are satisfied and the information circular relating to the shareholders' meeting held to obtain such minority approval for the stock distribution included prescribed disclosure. Pursuant to subsection 4.2 of OSC Rule 56¬501, the Director may determine that the Filer is exempt from Parts 2 and 3 of OSC Rule 56-501.

29. As each Proportionate Voting Share and Super Voting Share will entitle the holder thereof to 50 votes per share held, the Proportionate Voting Shares and the Super Voting Shares will technically represent classes of securities to which multiple votes are attached. Accordingly, absent the Exemption Sought, the Proportionate Voting Shares and Super Voting Shares will have the following consequences in respect of the technical status of the Subordinate Voting Shares: (i) the Filer would be required to provide the specific disclosure pursuant to sections 13 and 10.6 of Form 41-101F1 and sections 1.12 and 7.7 of Form 44-101F1 respect of the Subordinate Voting Shares because the Subordinate Voting Shares would represent "restricted securities" pursuant to paragraph (a) of the definition of that term in NI 41-101; (ii) restrictions would be placed on the Filer for distributions of Subordinate Voting Shares in connection with Other Prospectuses pursuant to section 12.3 of NI 41-101 because the Subordinate Voting Shares would represent "restricted securities" pursuant to paragraph (a) of the definition of that term in NI 41-101; (iii) the Filer would be required to provide the specific disclosure required by NI 51-102 in respect of the Subordinate Voting Shares because the Subordinate Voting Shares would represent "restricted securities" pursuant to paragraph (a) of the definition of that term in NI 51-102; and (iv) the Filer would be subject to the dealer and adviser documentary disclosure obligations, disclosure obligations in other disclosure documents and distribution restrictions of OSC Rule 56-501 in respect of the Subordinate Voting Shares because the Proportionate Voting Shares and Super Voting Shares represent securities to which are attached voting rights exercisable in all circumstances, irrespective of the number of percentage of shares owned, that are more, on a per share basis, than the voting rights attaching to the Subordinate Voting Shares.

30. As the Super Voting Shares will entitle the holder thereof to the return of the Issue Price on a redemption or a liquidation in preference to the holders of other classes of securities, the Super Voting Shares will technically represent a class of security to which the holder is entitled to preferential participation in the earnings or assets of the issuer. Accordingly, absent the Exemption Sought, the Super Voting Shares will have the following consequences in respect of the technical status of the Subordinate Voting Shares and the Proportionate Voting Shares: (i) the Filer would be required to provide the specific disclosure pursuant to sections 13 and 10.6 of Form 41-101F1 and sections 1.12 and 7.7 of Form 44-101F1 respect of the Subordinate Voting Shares and the Proportionate Voting Shares because such shares would represent "restricted securities" pursuant to paragraph (c) of the definition of that term in NI 41-101; (ii) restrictions would be placed on the Filer for distributions of Subordinate Voting Shares and the Proportionate Voting Shares in connection with Other Prospectuses pursuant to section 12.3 of NI 41-101 because such shares would represent "restricted securities" pursuant to paragraph (c) of the definition of that term in NI 41-101; (iii) the Filer would be required to provide the specific disclosure required by NI 51-102 in respect of the Subordinate Voting Shares and the Proportionate Voting Shares because such shares would represent "restricted securities" pursuant to paragraph (c) of the definition of that term in NI 51-102; and (iv) the Filer would be subject to the dealer and adviser documentary disclosure obligations, disclosure obligations in other disclosure documents and distribution restrictions of OSC Rule 56-501 in respect of the Subordinate Voting Shares and the Proportionate Voting Shares because the Super Voting Shares represent securities that entitle the holder thereof to participate in the earnings and assets of the issuer to a greater extent, on a per share basis, than the rights attaching to the Subordinate Voting Shares and the Proportionate Voting Shares.

31. The Filer has submitted the necessary initial documents to the CSE including an initial application letter on Form 1A. In accordance with CSE policy, the Filer expects to receive conditional listing approval after submission to the CSE of a Form 2A and the final prospectus in respect of the IPO, subject to the satisfaction of customary conditions.

Decision

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

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

(a) in connection with the Prospectus Disclosure Exemption as it applies to the Non-Offering Prospectus, at the time the Filer relies on the Exemption Sought:

  (i) representations 5-20 above continue to apply;

  (ii) the Filer has no restricted securities (as defined in section 1.1 of NI 41-101) issued and outstanding other than the Subordinate Voting Shares and the Proportionate Voting Shares; and

  (iii) the Non-Offering Prospectus includes disclosure consistent with representations 5-20, above.

(b) in connection with the Prospectus Disclosure Exemption and the Prospectus Eligibility Exemption as they apply to the Other Prospectuses, at the time the Filer relies on the Exemption Sought:

(i) representations 5-20, above, continue to apply;

(ii) the Filer has no restricted securities (as defined in section 1.1 of NI 41-101) issued and outstanding other than the Subordinate Voting Shares and the Proportionate Voting Shares; and

(iii) the Other Prospectuses include disclosure consistent with representations 5-20 above.

(c) in connection with the CD Disclosure Exemption as it applies to the Other CD Documents, at the time the Filer relies on the Exemption Sought:

(i) representations 5-20, above, continue to apply; and

(ii) the Filer has no restricted securities (as defined in subsection 1.1(1) of NI 51-102) issued and outstanding other than the Subordinate Voting Shares and the Proportionate Voting Shares.

(d) in connection with the OSC Rule 56-501 Disclosure Exemption as it applies to the OSC Rule 56-501 Documents, at the time the Filer relies on the Exemption Sought:

(i) representations 5-20, above, continue to apply; and

(ii) the Filer has no restricted shares (as defined in section 1.1 of OSC Rule 56-501) issued and outstanding other than the Subordinate Voting Shares and the Proportionate Voting Shares.

(e) in connection with the OSC Rule 56-501 Withdrawal Exemption, at the time the Filer relies on the Exemption Sought:

(i) representations 5-20, above, continue to apply; and

(ii) the Filer has no restricted shares (as defined in section 1.1 of OSC Rule 56-501) issued and outstanding other than the Subordinate Voting Shares and the Proportionate Voting Shares.

"Michael Balter"
Manager, Corporate Finance Branch
Ontario Securities Commission

2.1.3 CI Investments Inc.

Headnote

Pursuant to National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the dealer registration requirement, know your client and suitability requirements, and the requirements to deliver account statements and investment performance reports, granted to a portfolio manager in respect of investors in a model portfolio service offered through affiliated mutual fund dealers and investment dealers.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7(1).
Securities Act, Ontario, ss. 25, 74(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.2, 13.3, 14.14, 14.14.1, 14.18 and 15.1(2).

March 30, 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
CI INVESTMENTS INC.
(the Filer)

DECISION

Background

The principal regulator (**Principal Regulator**) in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (**Legislation**) exempting the Filer from:

(a) the requirement (the **Dealer Registration Requirement**) in the Legislation that the Filer be registered as a dealer in order to effect Service Trades (as defined below), including executing trades in clients' accounts (the **Dealer Registration Exemption**);

(b) with respect to clients in the Model Portfolios (as defined below), the requirement (the **Know Your Client Requirement**) in the Legislation that the Filer take reasonable steps to:

  (i) establish the identity of a client and, if the Filer has cause for concern, make reasonable inquiries as to the reputation of the client;

  (ii) establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded;

  (iii) ensure that the Filer has sufficient information regarding the client's investment needs, objectives, financial circumstances and risk tolerance, amongst other information, to enable the Filer to meet its obligations under the Legislation to make a determination with respect to the Suitability Requirement (as defined below); and

  (iv) keep the information described above current (collectively, the **Know Your Client Exemption**);

(c) with respect to clients invested in the Model Portfolios, the requirement (the **Suitability Requirement**) in the Legislation that the Filer take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a client to buy or sell a security, or makes a purchase or sale of a security for a client's

account, or upon the occurrence of any other required suitability assessment event, such action is suitable for the client (the **Suitability Exemption**); and

(d) with respect to clients invested in the Model Portfolios, the requirement (the **Statement Delivery Requirement**) in the Legislation that the Filer deliver account statements and investment performance reports to clients who have invested in the Model Portfolios (the **Statement Delivery Exemption**).

The Dealer Registration Exemption together with the Know Your Client Exemption, the Suitability Exemption and the Statement Delivery Exemption are collectively referred to as the **Exemption Sought**.

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

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

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

Interpretation

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

NI 31-103 means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Representations

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

The Filer

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

   (a) under the securities legislation of all provinces and territories of Canada as a portfolio manager and an exempt market dealer;

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

   (c) under the *Commodity Futures Act* (Ontario) as a commodity trading counsel and a commodity trading manager.

2. The Filer and the Funds are not in default of securities legislation in any of the Canadian Jurisdictions except in respect of the Services (as defined below). Model portfolio programs, such as the Services, are a hybrid type of offering, involving both dealing and advising functions. Due to the hybrid nature of such programs, regulatory guidance and interpretation of applicable securities regulatory requirements have been evolving over the years. As a result of the current regulatory guidance and interpretation, the Filer is seeking the Exemption Sought.

The Model Portfolio Services

3. The Filer offers or offered the Services known as the Evolution Private Managed Portfolios (the **Evolution Service**) (offered since 2008) and Optima Strategy Service (**Optima Service**) (was offered since 1993 but is no longer offered), to investors prepared to make investments at or above prescribed minimum amounts in certain Model Portfolios (as defined below) available through the Service (the Evolution Service and the Optima Service, each referred to as a **Service** and, collectively as the **Services**).

4. The Filer uses its valuation and selection methodologies to construct and maintain model investment portfolios for various stated investment objectives (each a **Model Portfolio** and, collectively, the **Model Portfolios**).

5. Each Model Portfolio has or will have investment guidelines governing the acceptable minimum and maximum allocation to various asset classes within the Model Portfolio (the **Permitted Ranges**, and each, a **Permitted Range**).

6. Each Model Portfolio is or will be comprised exclusively of open-ended mutual funds, including exchange-traded mutual funds (**ETFs**), (collectively, **Funds** and, individually, a **Fund**) established under the laws of a Canadian Jurisdiction and available on the platform of the Dealers, and cash and cash equivalents.

7. The Model Portfolios currently do not comprise of ETFs, but the Filer may offer ETFs within the Model Portfolios in the future.

8. Each of the Funds is, or will be, a reporting issuer in one or more of the Canadian Jurisdictions, and subject to the requirements of National Instrument 81-102 *Investment Funds*.

9. The securities of each of the Funds are, or will be, qualified for distribution in one or more of the Canadian Jurisdictions pursuant to a: (a) simplified prospectus, annual information form and Fund Facts, prepared and filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, or (b) long form prospectus and ETF Facts, prepared and filed in accordance with National Instrument 41-101 *General Prospectus Requirements*.

10. The securities of each Fund that is an ETF are, or will be, listed and traded on a recognized exchange.

11. Each Model Portfolio in the applicable Service is comprised entirely of Funds for which the Filer acts as investment fund manager and certain Funds are offered exclusively through the Services.

12. Each Service is or was available exclusively to clients of the Filers' affiliates, Assante Capital Management Ltd., an investment dealer registered in each Canadian Jurisdiction and a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and Assante Financial Management Ltd., a mutual fund dealer registered in each Canadian Jurisdiction and a member of the Mutual Fund Dealers Association of Canada (**MFDA**) (collectively the **Dealers** and individually a **Dealer**).

13. The applicable Dealer will collect all of the required know your client (**KYC**) and suitability information for each client considering the Service. Based on an assessment of the client's KYC and suitability information, the Dealer's dealing representative will recommend a Model Portfolio for the client.

14. The client will discuss the recommended Model Portfolio and the Funds within the Model Portfolio with their Dealer's dealing representative, and the client ultimately chooses the Model Portfolio. The Model Portfolio may be further tailored for the individual client in that allocations between asset classes or Funds may be varied or Funds may be replaced by other Funds managed by the Filer.

15. If the client decides to invest in a Model Portfolio, a tripartite agreement (the **Agreement**) is entered into between the client, the Dealer and the Filer in respect of the Service as described below.

16. Securities of the Funds that comprise each Model Portfolio will be initially distributed through the Dealers to clients and will be held either directly by each client in his/her own account(s) established with the Dealer, or in the case of nominee accounts, in the Dealer's name, in trust for the client.

17. Clients will have no direct contact with the Filer in connection with the Filer's management of the Model Portfolios and will interact solely with their Dealer and approved persons of their Dealer in connection with the Filer's management of the Model Portfolios and the Dealer's administration of its accounts.

18. The Dealer will be responsible for gathering and periodically updating KYC information concerning the client and reviewing, on at least an annual basis, the suitability of the Model Portfolio for the client.

19. Where a Dealer's dealing representative determines that a Model Portfolio is no longer appropriate for the client or that a different Model Portfolio would be more appropriate for the client, the Dealer's dealing representative will communicate with the client, and take appropriate action. A change to a different Model Portfolio will not be made without the client entering into a new Agreement or providing instructions to the Dealer in respect of the new Model Portfolio.

20. A client may terminate the Service at any time by instructing the Dealer to redeem or switch the client's investment out of the Funds.

Monitoring, Service Trades and Additional Investment Trades

21. The Filer will oversee and monitor each Model Portfolio to ensure it remains in compliance with its stated investment objective and investment guidelines at all times and to determine whether any changes to the composition of the Model Portfolio or Permitted Ranges would be appropriate.

22. As part of the Service, when, due to changes in the relative market value of each Fund, one or more Funds in a client's Model Portfolio exceed an applicable Permitted Range, the Filer will execute appropriate trades so that each Fund is returned to a relative weight that is within the Permitted Range (the **Rebalancing Trades**).

23. As part of the Service, provided that the Model Portfolio remains consistent with its stated investment objective at all times, the Filer may, from time to time, use its discretion to make decisions regarding certain changes to the holdings of a Model Portfolio within the Permitted Ranges (the **Optimization Changes**).

24. As part of the Service, provided that the client's dealing representative of the Dealer is given at least 45 days' advance written notice (the **Written Notice**) and the Model Portfolio remains consistent with its stated investment objective at all times, the Filer may also, from time to time, use its discretion to make decisions regarding certain changes to the Permitted Ranges (the **Weighting Changes**).

25. The Written Notice will describe the proposed Weighting Change and/or Optimization Change and will provide sufficient detail for the Dealers' dealing representatives to determine whether the Model Portfolios, after the implementation of the proposed change, would continue to be appropriate for their clients. The Written Notice will specify that if the Dealer's dealing representative does not provide an objection on behalf of his / her client to the proposed Weighting Change and/or Optimization Change by a specified date, such non-objection will be deemed to be consent for the changes on the effective date.

26. The Optimization Changes and Weighting Changes to Model Portfolios that are determined from time to time by the Filer will be executed in a client's account by the Filer through the following types of trades:

    (a) purchase of securities to increase holdings of an existing Fund in a Model Portfolio (the **Increase Trades**);

    (b) sale of securities to decrease holdings of an existing Fund in a Model Portfolio (the **Decrease Trades**);

    (c) purchase of securities to add a new Fund to a Model Portfolio (the **New Fund Trades**); and

    (d) sale of securities to remove an existing Fund from a Model Portfolio (the **Fund Removal Trades**).

    The Rebalancing Trades, together with the Fund Removal Trades, Increase Trades, Decrease Trades and New Fund Trades are collectively referred to as the **Service Trades**.

31. A client may, from time to time, contribute additional funds to the client's account with a Dealer for investment in the selected Model Portfolio through the Service. Such additional funds will be applied towards the purchase of additional securities of the Funds in accordance with the Permitted Ranges (the **Additional Investment Trades**). All Additional Investment Trades will be effected by the relevant Dealer.

32. Dealers will not have discretionary authority to participate in the management of the Model Portfolios or to recommend Rebalancing Trades, Optimization Changes or Weighting Changes.

33. The records of the Filer and the Dealer will be reconciled daily to reflect any Rebalancing Trades, Optimization Changes or Weighting Changes.

Fees and Expenses

34. In respect of Model Portfolios held in fee-based accounts, the client pays the Dealer a negotiated fee for investment advisory services, including for the Service, that is calculated as a percentage of the net asset value of the client's investment within the Service. In respect of Model Portfolios held outside fee-based accounts, the Model Portfolios comprise of series of Funds for which the Filer pays the Dealer trailing commissions for its provision of investment advisory services.

35. Depending on the Service the Filer may charge a separate fee for managing the Model Portfolios, which is calculated as a percentage of the net asset value of the client's investment within the Service and may be dependent on whether the client's investment meets the minimum investment amount for the Service.

36. Depending on whether the Model Portfolios are held within or outside of fee-based accounts, the Model Portfolios will comprise of series of Funds that have embedded management fees (i.e. held outside of fee-based accounts) or series of Funds that do not have embedded management fees (i.e. held within fee-based accounts). The Agreement details the applicable management and/or administration fees payable by the Funds, as applicable, and by the client, as applicable, in respect of institutional series of Funds held within fee-based accounts, for which management fees are negotiated between the client and the Dealer, and payable to the Filer.

37. In respect of Model Portfolios that comprise of ETFs, such ETFs will be subject to management fees and operating expenses (or administration fees), as applicable.

38. There will be no duplication of any fees or charges as a result of a client's decision to use the Service.

39. For Model Portfolios comprised of Funds that are not ETFs, there will be no separate fees, such as sales charges, redemption fees, switch fees or early trading fees, charged in connection with the Service Trades.

40. For Model Portfolios comprised of Funds that are ETFs, there will be no separate fees, such as sales charges, redemption fees, switch fees or early trading fees, charged in connection with the Service Trades except for brokerage fees (also

known as trading or transaction fees) charged by the Dealer for each Service Trade, if any, which will be charged to each client.

Agreement among the Filer, the Dealer and the Client, Investment Policy Statement and Client Reporting

41. A detailed investment policy statement (the **Investment Policy Statement**) is created for the client by the Dealer prior to or concurrently with the execution of the Agreement. The Investment Policy Statement will set out the composition of the Model Portfolio selected by the client, including the investment objective and Permitted Ranges of the Model Portfolio, and the names of the underlying Funds that form part of the Model Portfolio and incorporating any modifications tailoring the Model Portfolio for the client.

42. The Agreement entered into among the Filer, the Dealer and each client in respect of the Service will set out, among other matters, the following:

    (a) the role, duties and responsibilities of the Filer, including:

        (i) that the client authorizes the Filer to manage the client's investments on a discretionary basis in accordance with the terms of the Model Portfolio selected by the client and without reference to the client's circumstances;

        (ii) that the Filer has the discretion to make Rebalancing Trades whenever appropriate, consistent with the Permitted Ranges for the Model Portfolio;

        (iii) that the Filer has the discretion to make Optimization Changes, provided the Model Portfolio remains consistent with its stated investment objective and the Permitted Ranges;

        (iv) that the Filer has the discretion to recommend Weighting Changes and/or Optimization Changes, provided the Dealer's dealing representative of the client is given at least 45 days' advance written notice and does not object on behalf of his / her client and the Model Portfolio remains consistent with its stated investment objective;

        (v) that the Filer is responsible for effecting the Service Trades;

    (b) the role, duties and responsibilities of the Dealer, including:

        (i) that the Dealer will be solely responsible for gathering and periodically updating KYC information concerning the client and reviewing, on at least an annual basis, the suitability of the selected Model Portfolio for the client;

        (ii) that the Dealer is responsible for effecting the initial distribution of Funds to the client's account and any Additional Investment Trades;

        (iii) that the Dealer will not have discretionary authority to participate in the management of the Model Portfolio or to recommend Optimization Changes or Weighting Changes;

        (iv) that the Dealer is responsible for providing the client with all required reporting under the Legislation in connection with the Service, including trade confirmations, account statements and investment performance reports;

    (c) a description of all fees and expenses payable by a client to the Filer in respect of an investment in a Model Portfolio, including those charged directly to a client in respect of the Service and those charged in respect of an investment in the Funds through the Service, as well as confirmation that there will be no duplication of any fees or charges as a result of the client's decision to use the Service, as described in paragraphs 34 to 40 above;

    (d) a description of the investment advisory fee payable by a client to the Dealer in respect of a Model Portfolio held within a fee-based account, which is calculated based on the net asset value of the client's investment within the Model Portfolio;

    (e) how a client may terminate the Service.

43. The Dealer will provide a copy of the Agreement and the Investment Policy Statement to the client and be responsible for ensuring that the client understands the Service and the topics covered in the Agreement.

44. The Dealer will reflect the Service Trades and Additional Investment Trades in each client's account(s) on the next business day following such trades, subject to technological limitations.

45. Clients will be able to access their accounts via Dealer online access on a daily basis.

46. Fund Facts and ETF Facts will be delivered to each client by the Dealer as required by the Legislation, subject to any applicable exemption.

47. Trade confirmations for every transaction in a client's account, including Service Trades, will be provided to the client by the Dealer in accordance with the requirements under the Legislation.

48. The Dealer will send account statements and investment performance reports to each client in the Service in accordance with the requirements under the Legislation.

49. The Dealer will provide each client in the Service with an annual tax reporting package.

Exemption Sought

48. In the absence of the Exemption Sought, the Filer would be required:

    (a) to register as a mutual fund dealer under the Legislation and become a member of the MFDA in order to effect the Service Trades;

    (b) to gather and update the information contemplated by the Know Your Client Requirement in section 13.2 of NI 31-103 for each client in the Service;

    (c) to ensure that each Service Trade is suitable for each client in the Service in accordance with the Suitability Requirement in section 13.3 of NI 31-103, rather than invested in accordance with the terms of the client's Model Portfolio; and

    (d) to deliver account statements and investment performance reports to clients who have invested in the Model Portfolios in accordance with the Statement Delivery Requirement in sections 14.14, 14.14.1 and 14.18 of NI 31-103.

49. The Dealers do not require an exemption from the adviser registration requirement under the Legislation as a result of their involvement with the Service, as they will not be engaged in providing discretionary management advice to clients in connection with the management of the Model Portfolios and will not be effecting the Service Trades.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) the Filer is, at the time of each Service Trade, registered under the Legislation as an adviser in the category of portfolio manager;

(b) each Service Trade is made in accordance with the terms of the selected Model Portfolio;

(c) each client in the Service is informed in writing in the Agreement or otherwise:

    (i) of the roles, duties and responsibilities of the Filer and the Dealer, including that:

        a. the Filer will manage the Model Portfolios without reference to the client's circumstances and only in accordance with the terms of the Model Portfolio selected by the client;

        b. the Dealer will be solely responsible for gathering and periodically updating KYC information concerning the client and reviewing, on at least an annual basis, the suitability of the selected Model Portfolio for the client;

    (ii) that the client will receive account statements and performance reports from the Dealer, and will not receive account statements and performance reports from the Filer;

(d) the Filer will adopt and maintain oversight policies and procedures designed to provide reasonable assurance that each Dealer complies with its KYC and suitability obligations with respect to each client in the Service, including requiring that:

    (i) the Dealer not market and sell the Model Portfolios through an order-execution-only, suitability-exempt channel;

(ii) the Dealer notify the Filer of each instance where a Model Portfolio is sold to a client on the basis of a client-directed trade as contemplated in section 13.3 of NI 31-103 and similar provisions under IIROC or MFDA rules;

(iii) the Dealer be responsible for gathering and periodically updating KYC information concerning the client and confirming, on at least an annual basis, the suitability of the selected Model Portfolio for each client, and

(iv) the Dealer, on an annual basis, no later than 30 days after the end of the calendar year, provide a certificate to the Filer that the Dealer has complied with its KYC and suitability obligations with respect to each client in the Service.

(e) the Filer will adopt and maintain oversight policies and procedures designed to provide reasonable assurance that each Dealer complies with the client reporting obligations under the rules of NI 31-103, the MFDA or IIROC, as applicable, in respect of clients in the Service, including requiring that the Dealer, on an annual basis, no later than 30 days after the end of the calendar year, provide a certificate to the Filer that:

(i) the Dealer has complied with its client reporting obligations under the rules of NI 31-103, the MFDA or IIROC, as applicable, and

(ii) the Dealer has undertaken steps in accordance with its policies and procedures to provide reasonable assurance that account statements and investment performance reports delivered to clients are complete, accurate and delivered on a timely basis in a format that is compliant with the rules of NI 31-103, the MFDA or IIROC, as applicable.

(f) the Filer will adopt and maintain oversight policies and procedures designed to provide reasonable assurance that each Dealer complies with its obligations in respect of all trading for clients in connection with the Service, including requiring that the Dealer, on an annual basis, no later than 30 days after the end of the calendar year, provide a certificate to the Filer that the Dealer has effected all trades for clients in connection with the Service, including all Additional Investment Trades but not including Service Trades, in accordance with the selected Model Portfolios.

(g) the Filer has a written agreement in place with each Dealer concerning their respective roles, duties and responsibilities to clients in respect of the Service.

In respect of the Dealer Registration Exemption

"Craig Hayman"
Commissioner
Ontario Securities Commission

"Cathy Singer"
Commissioner
Ontario Securities Commission

In respect of the Know Your Client Exemption, Suitability Exemption and Statement Delivery Exemption

"Felicia Tedesco"
Deputy Director
Ontario Securities Commission

2.1.4 CI Investments Inc. and CI MSCI World ESG Impact Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit extension of fund's prospectus lapse date by 63 days to facilitate consolidation with the manager's primary fund family prospectus – no conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 62(5).

March 25, 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
CI INVESTMENTS INC.
(the Filer)

AND

CI MSCI WORLD ESG IMPACT FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the simplified prospectus, fund facts and annual information form of the Fund dated May 27, 2020 (collectively, the **Prospectus**) be extended to those time limits that would apply as if the lapse date of the Prospectus was July 29, 2021 (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 this application, and

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **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 Ontario. The Filer's head office is located in Toronto, Ontario.

2. The Filer is registered as follows:

   a. under the securities legislation of all Jurisdictions as a portfolio manager and exempt market dealer;

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

   c. under the *Commodity Futures Act* (Ontario) as a commodity trading counsel and a commodity trading manager.

3. The Fund is a mutual fund established under the laws of Ontario. The Fund is a reporting issuer as defined in the securities legislation of each of the Jurisdictions.

4. Neither the Filer nor the Fund are in default of securities legislation in any of the Jurisdictions.

5. Securities of the Fund are currently qualified for distribution in each of the Jurisdictions under the Prospectus.

6. Pursuant to the Legislation, the lapse date for the Prospectus is May 27, 2021 (the **Lapse Date**). Accordingly, under the Legislation, the distribution of securities of the Fund would have to cease on the Lapse Date unless: (i) the Fund files a pro forma simplified prospectus at least 30 days prior to its Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after its Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after its Lapse Date.

7. The Filer is the investment fund manager of the Fund and also the investment fund manager of approximately 142 other mutual funds (the **Affiliated Funds**) that currently distribute their securities to the public under a simplified prospectus, fund facts and annual information form (collectively, the **Affiliated Funds' Prospectus**) that have a lapse date of July 29, 2021.

8. The Filer wishes to combine the Prospectus with the Affiliated Funds' Prospectus in order to reduce renewal and related costs. Offering the Fund under the same renewal simplified prospectus, annual

information form and fund facts documents (collectively **Renewal Documents**) as the Affiliated Funds' would assist in disseminating information with respect to the Fund and the Affiliated Funds in matters such as switching between the Fund and the Affiliated Funds, facilitate the distribution of the Fund in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. The Affiliated Funds also share many common operational and administrative features with the Fund and combining them in the same Renewal Documents will allow investors to more easily compare their features.

9. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the Renewal Documents of the Affiliated Funds, and unreasonable to incur the costs and expenses associated therewith, so that the Renewal Documents of the Affiliated Funds can be filed earlier with the Renewal Documents of the Fund on or before the current Lapse Date. As the Renewal Documents of the Affiliated Funds is a large document and there is an in-depth internal review process that the Filer undertakes when renewing such documents, the Filer would not have sufficient time to finalize and file the pro forma Renewal Documents of the Affiliated Funds by at least 30 days prior to the current Lapse Date.

10. The Filer may make changes to the features of the Affiliated Funds as part of the process of renewing the Affiliated Funds' Prospectus. The ability to incorporate the Fund into the Affiliated Funds' Prospectus will ensure that the Filer can make the operational and administrative features of the Fund and the Affiliated Funds consistent with each other, if necessary.

11. If the Requested Relief is not granted, it will be necessary to renew the Prospectus of the Fund twice within a short period of time in order to consolidate the Prospectus with the Affiliated Funds' Prospectus, and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given that investors would not be prejudiced by the Requested Relief.

12. There have been no material changes in the affairs of the Funds since the date of the Prospectus. Accordingly, the Prospectus represents current information regarding the Fund.

13. Given the disclosure obligations of the Filer and the Fund, should any material change in the business, operations or affairs of the Fund occur, the Prospectus of the Fund will be amended as required under the Legislation.

14. New investors of the Fund will receive delivery of the most recently filed fund facts document(s) of the Fund. In addition, the Prospectus will remain available to investors upon request.

15. The Requested Relief will not affect the accuracy of the information contained in the Prospectus and will therefore not be prejudicial to the public interest.

Decision

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

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

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

2.1.5 Mackenzie Financial Corporation and Mackenzie Greenchip Global Balanced Fund

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from subsection 2.1(1) of National Instrument 81-102 – Investment Funds to permit a global fixed income fund to invest more than 10 percent of net assets in debt securities issued, or guaranteed fully as to principal and interest, by foreign governments or supranational agencies – subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1) and 19.1.

March 25, 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
MACKENZIE FINANCIAL CORPORATION
(the Filer)

AND

IN THE MATTER OF
MACKENZIE GREENCHIP GLOBAL BALANCED FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation"**), for an exemption pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* ("**NI 81-102**"), from subsection 2.1(1) of NI 81-102 (the **Concentration Restriction**), to permit the Fund to

(a) invest up to 20% of its net assets, taken at market value at the time of purchase in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America and are rated "AA" by S&P Global Ratings ("**S&P**") or its DRO affiliate (as defined in NI 81-102), or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

(b) invest up to 35% of its net assets, taken at market value at the time of purchase, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America and are rated "AAA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates (such evidences of indebtedness are collectively referred to as "**Foreign Government Securities**"),

(together, the "**Requested Relief"**).

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

- the Ontario Securities Commission is the principal regulator for this application; and
- the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in each of the other provinces and territories of Canada (the "**Other Jurisdictions**").

Interpretation

Terms defined in NI 81-102, 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:

Background Facts

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

2. The Filer is registered as an investment fund manager, portfolio manager, exempt market dealer and commodity trading manager in Ontario. The Filer is also registered as a portfolio manager and exempt market dealer in the Other Jurisdictions and

as an investment fund manager in Newfoundland and Labrador and Québec.

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

4. The Fund will be an open-ended mutual fund trust established under the laws of Ontario.

5. Securities of the Fund are offered by simplified prospectus dated March 19, 2021 (the "**Simplified Prospectus")**, and filed in all the provinces and territories in Canada, and accordingly, the Fund is a reporting issuer in each province and territory of Canada.

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

7. The Fund's investment objective is to provide moderate capital growth by investing primarily in fixed-income securities of issuers anywhere in the world. The Fund follows an approach that focuses on sustainable and responsible issuers.

8. To achieve the investment objectives, the Fund is expected to invest in all types of fixed-income securities from around the world. Although the Fund aims to invest primarily in a diversified portfolio of fixed-income securities, depending on market conditions, the Fund's portfolio managers seek the discretion to gain exposure to any one issuer of Foreign Government Securities in excess of the Concentration Restriction.

9. The portfolio managers of the Fund will invest in countries selected by integrating Environmental, Social and Governance ("**ESG**") factors into their sovereign and fundamental credit risk analysis process such that the investment strategy maintains a focus on sustainable and responsible issuers. Applying these ESG factors in conjunction with fundamental investment analysis will serve to narrow the Fund's pool of potential investments, which may require a more concentrated portfolio to most effectively meet the Fund's objectives. For example there may be periods where the portfolio managers would not invest in US Treasuries due to their policies that do not support responsible investing guidelines. Instead, the portfolio managers would want the Fund to hold Foreign Government Securities that better adhere to responsible investing rules, such as the German or UK Government bonds.

10. Subsection 2.1(1) of NI 81-102 prohibits the Fund from purchasing a security of an issuer, other than a "government security" as defined in NI 81-102, if immediately after the purchase more than 10% of the net asset value of the fund, taken at market value at the time of the purchase, would be invested in securities of the issuer.

11. The Filer believes that the ability to purchase Foreign Government Securities more than the limit in subsection 2.1(1) of NI 81-102 will better enable the Fund to achieve its fundamental investment objectives, thereby benefitting the Fund's investors.

12. The Foreign Government Securities are not within the meaning of "government securities" as such term is defined in NI 81-102 and are therefore not included in the exemption from the Concentration Restriction in subsection 2.1(2) of NI 81-102.

13. The Fund will only purchase Foreign Government Securities if the purchase is consistent with the Fund's fundamental investment objectives.

14. The Simplified Prospectus for the Fund will disclose the risks associated with concentration of net assets of the Fund in securities of a limited number of issuers.

15. The Fund seeks the Requested Relief to enhance its ability to pursue and achieve its investment objectives.

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:

1. Paragraphs (a) and (b) of the Requested Relief cannot be combined for any one issuer;

2. any security that may be purchased under the Requested Relief is traded on a mature and liquid market;

3. the acquisition of the securities purchased pursuant to this decision is consistent with the fundamental investment objectives of the Fund;

4. the Simplified Prospectus of the Fund discloses the additional risk associated with the concentration of the net asset value of the Fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which the issuer is located; and

5. the Simplified Prospectus of the Fund discloses, in the investment strategies section, a summary of the nature and terms of the Requested Relief, along with the conditions imposed and the type of securities covered by this decision.

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

2.2 Orders

2.2.1 Trichome Financial Corp.

Headnote

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

Applicable Legislative Provisions

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

March 30, 2021

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

AND

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

AND

IN THE MATTER OF
TRICHOME FINANCIAL CORP.
(the Filer)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.2.2 New Klondike Exploration Ltd. – s. 144

Headnote

Section 144 of the Securities Act (Ontario) – application for a partial revocation of a cease trade order – issuer cease traded due to failure to file audited annual financial statements – issuer has applied for a partial revocation of the cease trade order to permit the issuer to proceed with a private placement and debt-for-share transaction to accredited investors, family, friend or business associates and creditors of the issuer – issuer will use proceeds from the private placement and debt-for-share transaction to pay outstanding filing fees and existing debt – partial revocation granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

March 31, 2021

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

AND

IN THE MATTER OF
NEW KLONDIKE EXPLORATION LTD.

ORDER
(Section 144)

WHEREAS the securities of New Klondike Exploration Ltd. (the **Applicant**) are subject to a cease trade order made by the Director dated April 4, 2016, pursuant to paragraph 2 of subsection 127(1) and subsection 127(4.1) of the Act (the **Cease Trade Order**), directing that all trading in the securities of the Applicant cease until the Cease Trade Order is revoked by the Director;

AND WHEREAS the Cease Trade order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order;

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the Commission) for a partial revocation of the Cease Trade Order pursuant to section 144 of the Act;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated in the province of Ontario under the *Business Corporations Act* (Ontario) on February 9, 1948.

2. The Applicant's registered office is located at Suite 3400, 100 King Street West, Toronto, ON, M5K 1A4 and its principal place of business is located at 3704 – 88 Scott St., Toronto, ON, M5E 1X6.

3. The Applicant is a reporting issuer under the securities legislation of the provinces of Ontario, British Columbia, Québec and Alberta. The Applicant is not a reporting issuer in any other jurisdiction in Canada.

4. The Applicant's authorized share capital consists of an unlimited number of common shares (the **Common Shares**). The Applicant currently has 20,415,545 Common Shares issued and outstanding. Other than the issued and outstanding Common Shares, the Applicant has no securities outstanding.

5. The Applicant's securities are not listed on any stock exchange or quotation system.

6. In addition to the Cease Trade Order, the Applicant's securities are also subject to a cease trade order dated April 7, 2016 issued by the Executive Director of the British Columbia Securities Commission (the **BCSC**), pursuant to subsection 164(1) of the *Securities Act* (British Columbia), directing that all trading in the securities of the Applicant cease until the order is revoked by the Executive Director (the **BC Cease Trade Order**).

7. In addition to the BC Cease Trade Order, the Applicant's securities are also subject to a cease trade order dated April 5, 2016 and April 20, 2016 issued by the Autorité des marchés financiers (the **AMF**), pursuant to paragraph 3 of section 265 and section 318 of the *Securities Act* (Quebec), directing that all trading in the securities of the Applicant cease until the order is amended or lifted (the **QC Cease Trade Order**).

8. The BC Cease Trade Order, the QC Cease Trade Order and the Cease Trade Order are reciprocated in Alberta pursuant to section 198.1 of the *Securities Act* (Alberta), Alberta's statutory reciprocal order provision.

9. The Cease Trade Order was issued as a result of the Applicant's failure to file the following continuous disclosure materials as required by Ontario securities law:

   (a) audited financial statements for the year ended November 30, 2015;

   (b) management's discussion and analysis (**MD&A**) relating to the audited annual financial statements for the year ended November 30, 2015; and

   (c) the certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).

   (collectively, the **Unfiled Documents**).

10. The Unfiled Documents were not filed as a result of financial difficulties.

11. Subsequent to the failure to file the Unfiled Documents, the Applicant also failed to file the following documents:

   (a) annual audited financial statements for the years ended November 30, 2016 to November 30, 2019;

   (b) interim unaudited financial statements for the interim periods ended February 29, 2016, to February 29, 2020;

   (c) MD&A relating to the financial statements referred to in subparagraphs (a) and (b) above; and

   (d) certificates required to be filed in respect of the financial statements referred to in subparagraphs (a) and (b) above under NI 52-109.

   (together with the Unfiled Documents, the **Unfiled Continuous Disclosure**).

12. The Applicant is seeking a partial revocation of the Cease Trade Order to be able to complete a proposed issuance of up to 340,000,000 Common Shares in the province of Ontario and other provinces (the **Transaction**). Pursuant to the Transaction (i) up to 184,610,560 Common Shares will be issued at a price of C$0.001 per Common Share pursuant to private placements of issuance of Common Shares from treasury in exchange for cash, and (ii) up to 155,389,440 Common Shares will be issued at a price of C$0.001 pursuant to shares-for-debt transactions related to settlement of trade payable advances and unsecured notes.

13. The Applicant is also seeking a partial revocation of the BC Cease Trade Order, and has filed an application with the BCSC, dated July 22 2020, for a partial revocation of the BC Cease Trade Order.

14. The Applicant is also seeking a partial revocation of the QC Cease Trade Order, and has filed an application with the AMF, dated July 22 2020, for a partial revocation of the QC Cease Trade Order.

15. The Transaction will be conducted on a prospectus exempt basis (i) with subscribers in Ontario and other provinces who satisfy the requirements of sections 2.3 (*Accredited Investor*) and 2.5 (*Family, Friends, and Business Associates*) of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), and (ii) with creditors of the Corporation to settle bone fide debt of the Corporation pursuant to section 2.14 of NI 45-106.

16. The Applicant has prepared and filed the Filed Continuous Disclosure (as defined below) and intends to pay all outstanding fees within a reasonable period of time following the completion of the Transaction. The Applicant also intends to apply to the applicable securities regulators to have the Cease Trade Order, the BC Cease Trade Order and the QC Cease Trade Order fully revoked. The Applicant anticipates closing the Transaction in more than one tranche. The Filed Continuous Disclosure means:

   (a) annual audited financial statements for the years ended November 30, 2015 to November 30, 2019;

   (b) condensed interim unaudited financial statements for the three months ended February 29, 2020, February 28, 2019, May 31, 2020 and 2019 and for the six months ended May 31, 2020 and 2019;

   (c) condensed interim unaudited financial statements for the three months and nine months ended August 31, 2020 and 2019;

   (d) MD&A relating to the financial statements referred to in subparagraphs (a), (b) and (c) above; and

   (e) certificates required to be filed in respect of the financial statements referred to in subparagraphs (a), (b) and (c) above under NI 52-109.

17. The Applicant is not considering, nor is it involved in, any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

18. Other than the failure to pay all outstanding fees, the Applicant is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto. The Applicant is not in default of the Cease Trade Order. The Applicant's SEDAR and SEDI profiles are up to date.

19. The Applicant intends to allocate the proceeds from the Transaction as follows:

Description	**Cost**
Filing, late filing and participation fees	$93,700
May 2020 Special Meeting costs	$23,000
2020 Annual General Meeting costs	$18,000
Audit fees (2015 through 2019)	$17,000
Trade payables and unsecured loans Working Capital Total:	$98,000 $90,300 $340,000

20. The Applicant reasonably believes that the Transaction will be sufficient to pay all outstanding fees and provide it with sufficient working capital to continue its business.

21. As the Transaction would involve a trade of securities and acts in furtherance of trades, the Transaction cannot be completed without a partial revocation of the Cease Trade Order.

22. The Transaction will be completed in accordance with all applicable laws.

23. Prior to completion of the Transaction, the Applicant will:

    (a) provide to all participants in the Transaction:

        (i) a copy of the Cease Trade Order; and

        (ii) a copy of the Partial Revocation Order; and

    (b) obtain, and provide upon request to the OSC, BCSC and AMF, from each participant in the Transaction a signed and dated acknowledgment which clearly states that all of the Applicant's securities, including the securities issued in connection with the Transaction, will remain subject to the Cease Trade Order until a full revocation order is granted, and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

24. Upon issuance of this order, the Applicant will issue a press release announcing the order and the intention to complete the Transaction. Upon completion of the Transaction, the Applicant will issue a press release and file a material change report. As other material events transpire, the Applicant will issue appropriate press releases and file material change reports as applicable.

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

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

IT IS ORDERED, pursuant to Section 144 of the Act, that the Cease Trade Order is partially revoked solely to permit the trades in securities of the Applicant (including for greater certainty, acts in furtherance of trades in securities of the Applicant) that are necessary for and are in connection with the Transaction, provided that:

(a) prior to completion of the Transaction, the Applicant will:

    (i) provide to each subscriber under the Transaction a copy of the Cease Trade Order;

    (ii) provide to each subscriber under the Transaction a copy of this order; and

(iii) obtain from each subscriber under the Transaction a signed and dated acknowledgment, which clearly states that all of the Applicant's securities, including the securities issued in connection with the Transaction, will remain subject to the Cease Trade Order, the BC Cease Trade Order and the QC Cease Trade Order and that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

(b) The Applicant will make available a copy of the written acknowledgements referred to in paragraph (a)(iii) to staff of the Commission on request; and

(c) This order will terminate on the earlier of the closing of the Transaction and 60 days from the date hereof.

DATED this 31st day of March, 2021.

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 Sunspot Capital Inc. (formerly, True Zone Resources Inc.) – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission – cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – defaults subsequently remedied by bringing continuous disclosure filings up-to-date – cease trade order revoked.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127 and 144.

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

AND

IN THE MATTER OF
SUNSPOT CAPITAL INC.
(FORMERLY, TRUE ZONE RESOURCES INC.)

ORDER
(Section 144 of the Act)

WHEREAS the securities of Sunspot Capital Inc. (the **Applicant**) are subject to a cease trade order issued by the Director of the Ontario Securities Commission (the **Commission**) dated September 30, 2015, pursuant to paragraph 2 of subsection 127(1) of the Act (the **Ontario Cease Trade Order**), directing that all trading in the securities of the Applicant, whether direct or indirect, cease until the Ontario Cease Trade Order is revoked by the Director;

AND WHEREAS the Ontario Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Ontario Cease Trade Order;

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144 of the Act for a full revocation of the Ontario Cease Trade Order;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated in the province of British Columbia under the *Business Corporations Act* (British Columbia) on April 26, 2007.

2. At time of the Ontario Cease Trade Order, the Applicant's name was "True Zone Resources Inc." Effective, November 20, 2020, the Applicant changed its name to "Sunspot Capital Inc."

3. The Applicant's head office and principal place of business is located at Suite 510, 580 Hornby Street, Vancouver, British Columbia, V6C 3B6. The Applicant's registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

4. Prior to the issuance of the Ontario Cease Trade Order, the Applicant was a mineral exploration company with minimal activities or operations. Subsequent to the issuance of the Ontario Cease Trade Order, the Applicant ceased to carry on an active business. The Applicant intends to engage in a process of identifying and evaluating potential business opportunities.

5. The Applicant is a reporting issuer under the securities legislation of the provinces of Ontario and British Columbia (together, the **Reporting Jurisdictions**). The Applicant is not a reporting issuer in any other jurisdiction in Canada. The Applicant's principal regulator is the British Columbia Securities Commission (**BCSC**).

6. The Applicant's authorized share capital consists of an unlimited number of common shares (**Common Shares**). The Applicant currently has 51,975,333 Common Shares issued and outstanding. Other than the issued and outstanding Common Shares, the Applicant has no securities issued and outstanding.

7. The Common Shares under the trading symbol "TAZ", were delisted from trading on the Canadian Securities Exchange on April 19, 2016. Other than the foregoing, the Common Shares have not been nor are they now listed on any other stock exchange. The Common Shares are not currently listed on any other exchange or market in Canada or elsewhere.

8. The Ontario Cease Trade Order was made as a result of the Applicant's failure to file (i) audited financial statements for the year ended April 30, 2015, (ii) management's discussion and analysis (MD&A) relating to the audited annual financial statements for the year ended April 30, 2015, and (iii) the certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**).

9. In addition to the Ontario Cease Trade Order, the Applicant's securities are also subject to a cease trade order issued by the BCSC dated September 10, 2015 (the **BC Cease Trade Order**) (collectively with the Ontario Cease Trade Order, the **Cease Trade Orders**).

10. The Applicant has concurrently applied to the BCSC for a full revocation of the BC Cease Trade Order.

11. Subsequent to the issuance of the Ontario Cease Trade Order, the Applicant failed to file in the Reporting Jurisdictions the following continuous disclosure documents within the prescribed time frame in accordance with the requirements of applicable securities laws:

(i) annual audited financial statements for the years ended April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020;

(ii) interim unaudited financial statements for the interim periods ended July 31, 2015 through to October 31, 2020;

(iii) MD&A relating to the financial statements referred to in subparagraphs (i) and (ii) above;

(iv) certificates required to be filed in respect of the financial statements referred to in subparagraphs (i) and (ii) above under NI 52-109;

(v) Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* for the years ended April 30, 2015, April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020;

(vi) disclosure required by Form 52-110F2 *Disclosure by Venture Issuers* for the years ended April 30, 2015, April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020; and

(vii) disclosure required by Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* for the years ended April 30, 2015, April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020.

12. Since the issuance of the Ontario Cease Trade Order, the Applicant has filed in the Reporting Jurisdictions:

(i) annual audited financial statements for the years ended April 30, 2019 and April 30, 2020;

(ii) interim unaudited financial statements for the interim periods ended July 31, 2020 and October 31, 2020;

(iii) MD&A relating to the financial statements referred to in subparagraphs (i) and (ii) above;

(iv) certificates required to be filed in respect of the financial statements referred to in subparagraphs (i) and (ii) above under NI 52-109;

(v) Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* for the years ended April 30, 2019 and April 30, 2020;

(vi) Form 52-110F2 *Disclosure by Venture Issuers* as at March 15, 2021, the date of filing; and

(vii) Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* as at March 15, 2021, the date of filing.

13. The Applicant has also filed in Ontario, a Form 13-502F2 *Class 2 Reporting Issuers – Participation Fee*, in respect of the financial statements for the years ended April 30, 2015, April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020

14. The Applicant has not filed:

(i) annual audited financial statements for the years ended April 30, 2015 through to April 30, 2018;

(ii) interim unaudited financial statements for the interim periods ended July 31, 2015 through to January 31, 2020;

(iii) MD&A relating to the financial statements referred to in subparagraphs (i) and (ii) above;

(iv) certificates required to be filed in respect of the financial statements referred to in subparagraphs (i) and (ii) above under NI 52-109;

(v) Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* for the years ended April 30, 2015, April 30, 2016, April 30, 2017 and April 30, 2018;

(vi) disclosure required by Form 52-110F2 *Disclosure by Venture Issuers* for the years ended April 30, 2015, April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020; and

(vii) disclosure required by Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* for the years ended April 30, 2015, April 30, 2016, April 30, 2017, April 30, 2018, April 30, 2019 and April 30, 2020

(collectively, the **Outstanding Filings**) and has requested that the Commission exercise its discretion, in accordance with sections 6 and 7 of National Policy 12-202 *Revocation of Certain Cease Trade Orders* and elect not to require the Applicant to file the Outstanding Filings.

15. Except for the Outstanding Filings, the Applicant is (i) up-to-date with all of its continuous disclosure obligations, (ii) not in default of any requirements under applicable securities legislation or the rules and regulations made pursuant thereto in any of the Reporting Jurisdictions, except for the existence of the Cease Trade Orders, and (iii) not in default of any of its obligations under the Cease Trade Orders.

16. The Applicant's issuer profile on the System for Electronic Document Analysis and Retrieval (SEDAR) and the issuer profile supplement on the System for Electronic Disclosure by Insiders (SEDI) are current and accurate.

17. The Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid to the Commission and BCSC and has filed all forms associated with such payments.

18. The Applicant is not considering nor is it involved in any discussions related to, a reverse takeover, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

19. Since the issuance of the Cease Trade Orders, there have not been any material changes in the business, operations or affairs of the Applicant that have not been disclosed to the public.

20. The Applicant has not held an annual meeting of its shareholders since January 12, 2015 and has given the Commission and the BCSC a written undertaking that it will hold an annual meeting of its shareholders, pursuant to the *Business Corporations Act* (British Columbia), within three months after the date on which the Cease Trade Orders are revoked.

21. Upon the issuance of this revocation order and a concurrent revocation order from the BCSC, the Applicant will issue a news release announcing the revocation of the Cease Trade Orders and concurrently file the news release and a related material change report on SEDAR.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Ontario Cease Trade Order;

IT IS ORDERED, pursuant to section 144 of the Act, that the Ontario Cease Trade Order is revoked.

DATED this 30 day of March, 2021.

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.2.4 Krystal Jean Vanlandschoot

File No. 2021-6

IN THE MATTER OF
KRYSTAL JEAN VANLANDSCHOOT

Lawrence P. Haber, Commissioner and Chair of the Panel

March 31, 2021

ORDER

WHEREAS on March 31, 2021, the Ontario Securities Commission held a hearing by teleconference in relation to the amended 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 and a request from Vanlandschoot for an order pursuant to section 147 of the *Securities Act,* RSO 1990, c S.5 (the **Act**) for an exemption from the 30-day notice requirement under subsection 8(2) of the Act with respect to the Application;

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. pursuant to section 147 of the Act, Vanlandschoot is exempt from the 30-day notice requirement under subsection 8(2) of the Act with respect to the Application;

2. by 4:30 p.m. on April 30, 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;

3. if Staff of the MFDA or Staff of the Commission wish to object to Vanlandschoot relying on documents or things not included in the record of the original proceeding and/or the anticipated evidence of the witnesses Vanlandschoot intends to call, then that motion shall be heard on June 4, 2021, at 10:00 a.m. by videoconference, or on such other date or time as may be agreed to by the parties and set by the Office of the Secretary;

4. the parties shall adhere to the following timeline for the delivery of materials for the motion:

   a. each moving party shall serve and file a motion and motion record by 4:30 p.m. on May 14, 2021;

b. Vanlandschoot shall serve and file responding affidavits, if any, by 4:30 p.m. on May 21, 2021;

c. each moving party shall serve and file any reply affidavits and a memorandum of fact and law by 4:30 p.m. on May 26, 2021;

d. Vanlandschoot shall serve and file a memorandum of fact and law by 4:30 p.m. on May 31, 2021; and

e. each moving party shall serve and file a reply memorandum of fact and law, if any, by 4:30 p.m. on June 2, 2021;

5. the hearing of the Application is scheduled for August 24 and 25, 2021, by videoconference, commencing at 10:00 a.m. on each hearing day, or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary; and

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

a. Vanlandschoot shall serve and file a hearing brief, if any, and written submissions by 4:30 p.m. on June 28, 2021;

b. Staff of the MFDA shall serve and file a hearing brief, if any, and responding written submissions by 4:30 p.m. on July 26, 2021;

c. Staff of the Commission shall serve and file written submissions, if any, by 4:30 p.m. on August 16, 2021; and

d. Vanlandschoot shall serve and file reply written submissions, if any, by 4:30 p.m. on August 20, 2021.

"Lawrence P. Haber"

2.2.5 Money Gate Mortgage Investment Corporation et al. – ss. 127(1), 127.1

File No. 2017-79

IN THE MATTER OF
MONEY GATE MORTGAGE INVESTMENT CORPORATION,
MONEY GATE CORP.,
MORTEZA KATEBIAN AND
PAYAM KATEBIAN

Timothy Moseley, Vice-Chair and Chair of the Pane
M. Cecilia Williams, Commissioner
Lawrence P. Haber, Commissioner

April 1, 2021

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

WHEREAS on July 14 and 23, 2020, the Ontario Securities Commission (the **Commission**) held a hearing by videoconference to consider the sanctions and costs that the Commission should impose on Money Gate Mortgage Investment Corporation (**MGMIC**), Money Gate Corp. (**MGC**), Morteza Katebian, and Payam Katebian as a result of the findings in the Commission's Reasons and Decision on the merits, issued on December 17, 2019;

ON READING the materials filed by Staff of the Commission (**Staff**), and by MGC, Morteza Katebian and Payam Katebian, and on hearing the submissions of the representatives for Staff, and for MGC, Morteza Katebian and Payam Katebian, no one appearing on behalf of MGMIC;

IT IS ORDERED THAT:

1. Pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Securities Act,* RSO 1990, c S.5 (the **Act**):

(a) trading in securities of MGMIC shall cease permanently, except for trades effected by the receiver of MGMIC;

(b) MGC and MGMIC are permanently prohibited from trading in any securities or derivatives, or acquiring any securities, except for any trades or acquisitions effected by the receiver of MGMIC;

(c) Morteza Katebian and Payam Katebian are permanently prohibited from trading in any securities or derivatives, or acquiring any securities, except that each may, after he has fully paid the amounts in paragraphs 6, 7 and 8 of this order, trade securities or derivatives, and acquire securities, for any Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan, Registered Disability

Savings Plan or Tax-Free Savings Account (as those terms are defined in the *Income Tax Act,* RSC, 1985, c 1 (5th Supp)), of which he, his spouse or his children are the sole legal and beneficial owners, through a registered dealer in Canada to whom he has given a copy of this order and a certificate from Staff confirming that he has paid the amounts as required;

2. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to any of the respondents, permanently, except to the extent necessary for the receiver of MGMIC to carry out its duties;

3. pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act, Morteza Katebian and Payam Katebian shall resign any positions that they hold as directors or officers of any issuer or registrant;

4. pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act, Morteza Katebian and Payam Katebian are prohibited permanently from becoming or acting as directors or officers of any issuer or registrant;

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

6. pursuant to paragraph 9 of subsection 127(1) of the Act, Morteza Katebian and MGC shall pay administrative penalties of $750,000 each, and Payam Katebian shall pay an administrative penalty of $600,000, which amounts shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

7. pursuant to paragraph 10 of subsection 127(1) of the Act, Morteza Katebian, Payam Katebian and MGC shall, jointly and severally, disgorge to the Commission $8,711,138, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and

8. pursuant to section 127.1 of the Act, Morteza Katebian, Payam Katebian and MGC shall, jointly and severally, pay $597,122.58 for the costs of the investigation and hearing.

"Timothy Moseley"

"M. Cecilia Williams"

"Lawrence P. Haber"

2.2.6 Trevor Rosborough et al.

File No. 2020-33

IN THE MATTER OF
TREVOR ROSBOROUGH,
TAYLOR CARR and
DMITRI GRAHAM

Timothy Moseley, Vice-Chair and Chair of the Panel

April 1, 2021

ORDER

WHEREAS on April 1, 2021, the Ontario Securities Commission held a hearing by teleconference;

ON HEARING the submissions of the representatives for Staff of the Commission (**Staff**), for Trevor Rosborough and for Taylor Carr, and of Dmitri Graham appearing on his own behalf;

IT IS ORDERED THAT:

1. the Respondents shall serve and file a witness list and serve a summary of each witness's anticipated evidence on Staff, and indicate any intention to call an expert witness, including the expert's name and the issues on which the expert will give evidence, by 4:30 p.m. on May 3, 2021; and

2. an attendance in this proceeding is scheduled for May 31, 2021, at 9:00 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.

"Timothy Moseley"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Money Gate Mortgage Investment Corporation et al. – ss. 127(1), 127.1

Citation: *Money Gate Mortgage Investment Corporation (Re)*, 2021 ONSEC 10
Date: 2021-04-01
File No. 2017-79

IN THE MATTER OF
MONEY GATE MORTGAGE INVESTMENT CORPORATION,
MONEY GATE CORP.,
MORTEZA KATEBIAN AND
PAYAM KATEBIAN

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

Hearing:	July 14 and 23, 2020	
Decision:	April 1, 2021	
Panel:	Timothy Moseley	Vice-Chair and Chair of the Panel
	M. Cecilia Williams	Commissioner
	Lawrence P. Haber	Commissioner
Appearances:	Dihim Emami	For Staff of the Commission
	James Camp	For Money Gate Corp., Morteza Katebian and Payam Katebian
	No one appearing for Money Gate Mortgage Investment Corporation	

REASONS AND DECISION

I. OVERVIEW

[1] Following a hearing on the merits, we found (in what we will describe as the **Merits Decision**)[1] that from August 2014 to December 2017, Morteza ("Ben") Katebian and his son Payam Katebian raised approximately $11 million from more than 150 investors, by continuously selling preferred shares in Money Gate Mortgage Investment Corporation (**MGMIC**). In doing so, each of Ben, Payam[2] and MGMIC engaged in unregistered trading and effected illegal distributions of securities. We further found that MGMIC, Ben, Payam and Money Gate Corp. (**MGC**, a related mortgage brokerage firm) perpetrated fraud on MGMIC's investors, thereby contravening Ontario securities law.

[2] At the sanctions and costs hearing in this proceeding, Staff of the Commission asked that:

a. Ben, Payam, MGMIC and MGC be subject to permanent trading, acquisition and exemption bans, and that Ben and Payam be subject to permanent director and officer bans;

b. Ben, Payam and MGC each pay an administrative penalty of $1,000,000;

c. Ben, Payam and MGC jointly and severally disgorge to the Commission $11,009,571; and

[1] 2019 ONSEC 40
[2] Throughout these reasons, we refer to Messrs. Katebian by their first names, solely for convenience in distinguishing between them. We mean no disrespect in doing so.

d. Ben, Payam and MGC jointly and severally pay costs to the Commission of $597,122.58.

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

a. the non-monetary sanctions requested, subject to limited carve-outs that we describe below;

b. that each of Ben and MGC pay an administrative penalty of $750,000;

c. that Payam pay an administrative penalty of $600,000;

d. that Ben, Payam and MGC jointly and severally disgorge to the Commission $8,711,138; and

e. that Ben, Payam and MGC jointly and severally pay costs to the Commission of $597,122.58.

II. PARTICIPATION IN THE HEARING

[4] MGMIC has been in receivership throughout this proceeding. MGMIC withdrew from active participation early in the proceeding after being advised by Staff that Staff did not intend to seek any monetary sanctions against MGMIC.

[5] The three remaining respondents, Ben, Payam and MGC (collectively, the **Remaining Respondents**) appeared at the sanctions and costs hearing with counsel.

III. ANALYSIS

[6] This hearing presents two principal issues:

a. Is it in the public interest to order sanctions against the respondents, and if so, what sanctions would be appropriate?

b. Should the respondents be ordered to pay costs for the investigation and hearing?

A. Sanctions

1. Legal framework

[7] The Commission may impose sanctions under s.127(1) of the *Securities Act* (the **Act**)[3] where it finds that it is in the public interest to do so. The Commission must exercise this jurisdiction in a manner consistent with the Act's purposes, which include the protection of investors from unfair, improper or fraudulent practices, and the fostering of fair and efficient capital markets.[4]

[8] The Supreme Court of Canada has held that the sanctions listed in s. 127(1) of the Act are protective and preventative, and are intended to be exercised to prevent future harm to Ontario's capital markets.[5]

[9] The Commission has identified a non-exhaustive list of factors to be considered for sanctions generally. These factors include:

a. the seriousness of the misconduct;

b. the size of the profit made from the misconduct;

c. whether the misconduct was isolated or recurrent;

d. any mitigating factors;

e. the respondent's ability to pay any monetary sanctions; and

f. the likely effect that any sanction would have on the respondent ("specific deterrence") as well as on others ("general deterrence").

[10] Sanctions must be proportionate to the respondent's conduct in the circumstances of the case.[6]

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3 RSO 1990, c S.5

4 The Act, s 1.1

5 *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37 at paras 42-43

6 *Bradon Technologies Ltd. (Re),* 2016 ONSEC 19, (2016) 39 OSCB 4907 (***Bradon***) at para 28; and at para 47, citing *Cartaway Resources Corp (Re)*, 2004 SCC 26 at para 60; *Sabourin (Re),* 2010 ONSEC 10, (2010) 33 OSCB 5299 (***Sabourin***), at para 59

[11] Fashioning the appropriate sanctions is a highly contextual exercise that is dependent on the facts and findings in the particular case. We refer below to decisions of the Commission in other cases, which are helpful but of limited value when determining the appropriate length of a market ban or the amount of an administrative penalty.[7]

[12] We now turn to consider each of the above-enumerated factors in the context of this case.

2. Application of the sanction factors

(a) Seriousness of the misconduct

[13] The respondents' misconduct was serious. They violated registration and prospectus requirements, which are cornerstones of Ontario's securities regulatory regime.

[14] They also committed fraud, which is one of the most egregious securities regulatory violations and which causes direct harm to investors and undermines confidence in the capital markets.[8]

[15] The amount the respondents obtained as a result of their non-compliance with Ontario securities law was approximately $8.7 million, as we explain below. That is a significant sum. Its magnitude contributes to the seriousness of the misconduct.

[16] Without diminishing the seriousness of the fraud, we must put it in perspective. Some who commit fraud intend that their victims will lose their money. Others are well-intentioned but misguided or reckless. The respondents in this case are closer to the latter end of the spectrum.

(b) Size of the profit made from the misconduct

[17] As we found in the Merits Decision, MGMIC diverted $1,115,000 to Ben for his benefit. MGMIC diverted a further $435,196 to various entities owned or controlled by Ben, Payam, or individuals associated with them.

(c) Whether the misconduct was isolated or recurrent

[18] The respondents' breaches were not isolated. The respondents engaged in a continuous course of conduct that involved many separate transactions over more than three years. During that time, they raised approximately $11 million from more than 150 investors.

[19] Each separate contravention showed the respondents' disregard for the representations made in the offering memoranda and other communications to investors. Each contravention was therefore inconsistent with the bargain that the respondents made with the investors. At each turn, the respondents defeated the reasonable expectations of those investors.

(d) Mitigating factors

[20] No mitigating factors were advanced on behalf of Ben or on behalf of the corporate respondents.

[21] Payam submits that he is less culpable than his father. He argues that at the relevant time, he was a young man who was inexperienced in corporate governance and in running a business and who respected his father.

[22] Staff urges us not to consider these claims as mitigating factors for Payam. Staff submits that Payam and Ben are equally culpable.

[23] We have some sympathy for Payam's submissions. We consider his age, his stage in life, and the fact that he was working closely with this father, who was undoubtedly a strong influence. Having said that, Payam is an educated and independent adult, so these considerations do not absolve him of responsibility for his actions. They do act as mitigating factors.

[24] Payam also submits that he is remorseful. He says that he has demonstrated that remorse by co-operating with the receiver and participating in this proceeding.

[25] Staff disagrees. Staff argues that Payam has denied allegations and has expressed no remorse for his conduct. Staff points out that even after Payam read the Merits Decision and reflected on our findings, his "biggest regret" (according to his testimony at the sanctions hearing) was "ever meeting those guys",[9] a reference to the individuals that he maintains are the truly fraudulent parties.

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7 *Re Quadrexx Hedge Capital Management Ltd.,* 2018 ONSEC 3, (2018) 41 OSCB 1023 at para 20
8 Merits Decision at paras 140, 168 and 200
9 Hearing Transcript, Money Gate Corp. (Re), July 14, 2021, at 24, line 9

[26] Payam testified that his intention was "to act in the best interests" of MGMIC and the investors.[10] We accept this evidence but do not consider an absence of malice to be a mitigating factor. Instead, it is the lack of an aggravating factor. In summary, we heard no satisfactory demonstration of remorse by Payam.

(e) Ability to pay

[27] Payam submits that his personal situation should be taken into account when considering appropriate sanctions, including that his financial circumstances are "quite, quite dire"[11] and that he is under a significant amount of personal stress in having to care for a family member.

[28] In the sanctions hearing, he provided evidence in the form of screenshots of various bank accounts. He testified that his plans for work in the future are uncertain because this has been his "whole life for the past few years, nothing else."[12]

[29] While one's ability to pay can be a relevant factor, it is not a predominant or determining factor.[13] Further, we agree with Staff's submission that Payam's evidence supporting this submission is inadequate for this purpose. Simple screenshots, without supporting records that can be adequately reviewed, are not sufficient, particularly in light of our findings that the respondents improperly diverted funds.

(f) Need for specific and general deterrence

[30] Staff submits that specific deterrence is necessary in this case because: (i) the respondents have failed to recognize the seriousness of their conduct; (ii) the requested sanctions would impress upon Ben and Payam the seriousness of their misconduct and the consequences for inflicting this kind of harm on investors; and (iii) the requested sanctions would protect other investors from similar behaviour by Ben and Payam in the future.

[31] Staff also submits that general deterrence is an important factor, so that other like-minded individuals see clearly that this kind of conduct will not be tolerated.

[32] The Remaining Respondents agree that we must consider general deterrence as a relevant factor. However, they submit that we should weigh this factor equally with the other sanctioning factors, including the impact of any sanction on the respondent.

[33] We accept Staff's submissions. We are cautious not to overemphasize the need for deterrence. However, misconduct that is of the most egregious kind, as we have found this to be, must carry with it significant sanctions to achieve the necessary deterrent effect.

3. Non-Monetary Sanctions

[34] With the above factors in mind, we turn to consider the appropriate non-monetary sanctions.

[35] The Remaining Respondents concede that the non-monetary sanctions requested by Staff (*i.e.*, permanent market bans) are appropriate based on our findings.

[36] Staff and the Remaining Respondents agree that MGMIC should be permitted a carve-out so that it may acquire securities, or trade in securities or derivatives, to complete the MGMIC receivership. We agree that this requested carve-out is appropriate. It presents no risk to the capital markets, and it may further the interests of harmed investors.

[37] Ben and Payam submit that they should be permitted to trade in one or more accounts once they have paid any monetary sanctions and costs awarded against them. Staff submits that no carve-outs are appropriate for them because they cannot be trusted to participate in the capital markets even in a limited capacity.

[38] We disagree with Staff. Ben's and Payam's misconduct was serious, but the carve-out they seek would not enable them to engage in similar misconduct in the future. It is in the public interest to allow them to invest in the capital markets in a limited way once they have satisfied their monetary obligations to the Commission. We prescribe the limited carve-out in our concluding paragraph below and in the order we will issue along with these reasons.

[39] Staff also seeks a reprimand against Ben and Payam, under paragraph 6 of s.127(1) of the Act. A reprimand is unnecessary, duplicative and not in the public interest where, as here, there are explicit findings of breaches of Ontario securities law, and the reasons for decision include clear denunciation of the conduct. Treating a reprimand as an automatic add-on to significant sanctions can diminish the value of reprimands in cases where they are better suited.[14]

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[10] Hearing Transcript, Money Gate Corp. (Re), July 14, 2021, at 23, lines 16-17
[11] Hearing Transcript, Money Gate Corp. (Re), July 23, 2021, at 78
[12] Hearing Transcript, Money Gate Corp. (Re), July 14, 2021, at 55
[13] *Sabourin* at para 60
[14] *Hutchinson (Re)*, 2020 ONSEC 1 at para 49

[40] We will now consider monetary sanctions, beginning with disgorgement, followed by administrative penalties.

4. Disgorgement

(a) Introduction

[41] Paragraph 10 of s.127(1) of the Act authorizes the Commission to make an order requiring a person or company who has not complied with Ontario securities law "to disgorge to the Commission any amounts obtained as a result of the non-compliance."

[42] The Remaining Respondents concede that a disgorgement order would be fitting. They disagree with Staff about how we should calculate the amount.

[43] We begin by examining the general principles applicable to disgorgement. We then calculate the appropriate amount in this case.

[44] The purpose of disgorgement is to ensure that respondents do not retain any financial benefit from their misconduct, in order to fulfill the goals of specific and general deterrence.[15]

[45] The Commission has previously set out various factors that it will consider in determining whether a disgorgement order is appropriate, and if so, in what amount:

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

b. the seriousness of the misconduct and whether that misconduct caused serious harm, whether directly to individual investors or otherwise;

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

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

e. the deterrent effect of a disgorgement order on the respondents and other market participants.[16]

[46] We addressed the second and fifth of these factors above in our discussion of sanctioning factors generally. The serious and harmful nature of the respondents' misconduct in this case, and the need for both specific and general deterrence, support a disgorgement order. Investment fund managers and others who raise funds from investors must have no incentive to obtain and use the investors' funds in a manner that is inconsistent with Ontario securities law and the promises made to those investors. This must be so even where those who raise funds believe that they will manage the funds well and will be able to meet their financial obligations to the investors.

[47] We begin our calculation of the appropriate amount by addressing the first and third factors together. We consider whether there are reasonably ascertainable amounts obtained by the respondents as a result of non-compliance with Ontario securities law. We then address the remaining fourth factor by considering whether the investors are likely to obtain redress.

(b) Were reasonably ascertainable amounts obtained by the respondents as a result of non-compliance with Ontario securities law?

[48] In this case, there is no difficulty ascertaining the actual amounts involved in various transactions. However, the parties differ in two ways about how we should determine what amounts were obtained as a result of non-compliance with Ontario securities law.

[49] One difference arises from Staff's request that we require the Remaining Respondents to disgorge funds on a joint and several basis. The Remaining Respondents submit that we should treat each respondent differently and look to the specific amounts that flowed to a particular respondent.

[50] We cannot accept that submission. As we found in the Merits Decision, "Ben, Payam and MGC were inextricably wound up in all of MGMIC's frauds".[17] Given the nature of the fraud in which they all engaged together, and given our lack of confidence in any assumptions about how they moved funds around, only a joint and several order would be in the public interest.

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15 *Sabourin* at para 65
16 *Pro-Financial Asset Management (Re)*, 2018 ONSEC 18, (2018) 41 OSCB 3512 (PFAM) at para 56
17 Merits Decision at para 309

[51] The second difference between the parties is about what proportion of the funds obtained should be disgorged. Staff submits that we should order disgorgement of the total raised through the distribution of preferred shares, *i.e.*, $11,009,571. We note that this total does not include dividends that were automatically reinvested by MGMIC, when directed by investors. That additional sum of $277,824 could, arguably, be added to the disgorgement amount since those dividends would otherwise have been paid to investors in cash. However, Staff does not seek disgorgement of that additional amount.

[52] The Remaining Respondents dispute that the amount ought to be the total raised. They begin by asking us to distinguish this case from some of the cases where the Commission has ordered disgorgement of the total amount raised. They then ask us to focus on how the respondents in this case used the funds raised.

[53] We agree with the distinction that the Remaining Respondents suggest, in that unlike some other fraud cases, this is not a case where there was no legitimate underlying business and the funds raised were used simply to enrich the respondents. In this case, there was an underlying business.

[54] However, we would be skipping an important step if we were to move directly from that distinction to examining how the funds were used, as the Remaining Respondents would have us do. The Act requires that we determine what funds were obtained as a result of non-compliance with Ontario securities law. As we found in the Merits Decision, the respondents' non-compliance was twofold. First, they raised the funds in a manner that contravened ss. 25(1) and 53(1) of the Act. Second, they did not operate the enterprise (*i.e.*, use the funds) as promised.

[55] While the respondents did sometime use the funds in a way that conformed to the representations made to investors, that does not change the fact that they first obtained the funds as a result of their non-compliance with Ontario securities law. As the Commission has previously held, it does not matter how the funds were used after they were obtained in contravention of the Act.[18]

[56] Further, a particular investor's funds paid to acquire preferred shares did not flow directly to a specific mortgage. Funds were raised and then pooled. This fact reinforces the appropriateness of calculating disgorgement based on the inflow rather than the use.

[57] Having said that, although we are authorized to order disgorgement in the full amount obtained by the Remaining Respondents, we need not do so. We consider it to be appropriate in this case to exercise our discretion to reduce the disgorgement amount by the amounts loaned in conformance with the promises made to investors:

Loan number	Amount
2013-30	**$75,500**
2014-10	**$21,500**
2014-22	**$77,000**
2014-27	**$550,000**
2015-03	**$62,500**
2015-04	**$170,000**
2015-06	**$226,542**
2015-09	**$43,000**
2015-11	**$207,500**
2015-16	**$41,500**
2015-17	**$69,500**
2015-19	**$90,000**
2015-22	**$85,000**
2016-01	**$68,891**

[18] *Phillips (Re)*, 2015 ONSEC 36, (2015) 38 OSCB 9311 at para 19

2016-03	**$60,000**
2016-05	**$450,000**
Total	**$2,298,433**

[58] We deduct $2,298,433 (the total of conforming loans) from $11,009,571 (the total funds raised) to arrive at a disgorgement amount of $8,711,138.

(c) Are the investors likely to be able to obtain redress?

[59] The Remaining Respondents submit that we should reduce any disgorgement amount by the amount returned to investors following the misconduct. We agree with this submission in principle.

[60] However, the MGMIC receivership is ongoing. The most recent receiver's report provided to us was current to April 24, 2020. According to that report, the receiver had recovered an estimated $1,515,316. We cannot clearly ascertain the uses to which those funds will be put and whether the receiver will pay the total recoveries to investors without any deductions. Accordingly, we are unable to determine the precise amount that will be returned to investors.

[61] Under these circumstances, it is appropriate for us to order disgorgement according to the usual principles and without regard to potential recoveries, given the uncertainty. Any party may apply to the Commission to vary our order, based on more current information regarding the receiver's ability to repay funds to investors.

(d) Conclusion regarding disgorgement

[62] Considering all the above factors, we find that Ben, Payam and MGC should be jointly and severally liable to disgorge to the Commission the sum of $8,711,138.

5. Administrative penalties

[63] We turn now to administrative penalties. Paragraph 9 of s. 127(1) of the Act provides that if a person or company has not complied with Ontario securities law, the Commission may require the person or company to pay an administrative penalty of not more than $1 million for each failure to comply.

[64] Given our finding that each of the Remaining Respondents is responsible for numerous failures to comply with Ontario securities law, over more than three years, each Remaining Respondent is potentially liable for administrative penalties totalling many millions of dollars.

[65] Despite this, Staff submits that each of Ben, Payam and MGC should pay an administrative penalty of $1 million. Staff submits that such an order would be proportionate and appropriate in the circumstances of this case and that it would be consistent with sanctions imposed by the Commission in comparable cases.

[66] The Remaining Respondents submit that $1 million is not an appropriate amount for an administrative penalty as this is not the most serious of cases the Commission has considered.

[67] An administrative penalty should be sufficient to ensure effective specific and general deterrence. Factors to be considered in determining an appropriate administrative penalty include:

a. the scope and seriousness of a respondent's misconduct;

b. whether there were multiple or repeated breaches of the Act;

c. whether the respondent realized any profit as a result of his or her misconduct;

d. the amount of money raised from investors;

e. the harm caused to investors; and

f. the level of administrative penalties imposed in other cases.[19]

[19] *Re Rowan,* 2009 ONSEC 46, (2009) 33 OSCB 91 at paras 67, 70 and 73, aff'd 2010 ONSC 7029 (Div Ct), aff'd 2012 ONCA 208; *Re Limelight Entertainment Inc,* 2008 ONSEC 28, (2008) 31 OSCB 12030 at paras 67, 71 and 78

[68] We discussed above the first five of these six factors. For context regarding administrative penalties imposed by the Commission in other cases, we refer to the following recent decisions cited by Staff, all of which involved findings of fraud:

a. *Natural Bee Works Apiaries Inc. (Re)*[20] (2019) – Approximately $300,000 was raised over nine months. The funds were used for purposes inconsistent with those promised to investors. All investors lost their funds. The Commission ordered that the corporate respondent and one of its principals be jointly liable for an administrative penalty of $500,000.

b. *Meharchand (Re)*[21] (2019) – The respondents raised approximately $1.65 million over five years and used the funds for improper purposes. Virtually all investor funds were lost. The Commission imposed an administrative penalty of $550,000 on the principal.

c. *Sino-Forest Corporation (Re)*[22] (2018) – The corporate respondent perpetrated a US$3 billion fraud over five and a half years. The Commission also found that each of the respondents had misled Staff. The Commission ordered that four individual respondents pay administrative penalties ranging from $2 million (for two of them) to $5 million (for one of them).

d. *Quadrexx Hedge Capital Management Ltd. (Re)*[23] (2017) – The respondents raised approximately $3.4 million from investors over four and a half years. Investors suffered substantial losses. The Commission ordered the two individual respondents to pay administrative penalties of $600,000 each.

[69] We also note that Payam provided letters of support, which he advises speak to some of his circumstances and how he has behaved in other aspects of his life. We take these into account but do not attribute significant weight to them. Most individuals who commit fraud can find friends or acquaintances who can speak to their good character. We have some sympathy for the circumstances in which Payam found himself. Still, as we have concluded, Payam's misconduct was deliberate and repeated, and it caused serious losses for innocent investors. It also undermined the integrity of the capital markets. These significant facts cannot be overcome by his previous conduct or his behaviour in other aspects of his life.

[70] Finally, Payam submits that we must consider whether any administrative penalty would have a disproportionate effect on his ability to earn a living. Once again, we are mindful of the consequences that can flow from a significant penalty. However, we must weigh those consequences against the serious consequences for the many victims of the fraud. Any penalty will cause difficulties for a respondent. If that were not the case, the penalty would lack the necessary specific and general deterrent effect, thereby defeating the purpose of the penalty and exposing the capital markets to a much greater risk of future misconduct.

[71] Considering all of the above, we find that administrative penalties of $750,000 and $600,000 are appropriate against Ben and Payam, respectively. We distinguish between them because of Payam's age and stage in life and because he was working closely with this father, who was undoubtedly a strong influence. These mitigating factors do not absolve Payam, who is an educated and independent adult, of responsibility for his actions. But the factors do support different treatment of the two individuals, and $600,000 is a significant penalty.

[72] We should not apply any deduction to MGC. We will order that MGC pay an administrative penalty of $750,000. Although we are told that MGC has no assets, the penalty we impose should reflect the sanctioning factors even where the Commission may not be able to recover the amount ordered.[24] Further, even where a respondent is currently unable to pay, an order remains in place in case assets are located.[25]

B. Costs

[73] Finally, we consider Staff's request that the Remaining Respondents pay costs.

[74] Section 127.1 of the Act permits the Commission to order a person or company to pay the costs of an investigation or hearing if the Commission is satisfied that the person or company has not complied with Ontario securities law or has not acted in the public interest.

[75] Staff requests that the Remaining Respondents jointly and severally pay costs to the Commission of $597,122.58. Staff supports this request with uncontradicted evidence regarding the time spent by various members of Staff during: (i) the investigation leading up to this proceeding, and (ii) preparation for and conduct of the hearings in the proceeding.

[20] 2019 ONSEC 31
[21] 2019 ONSEC 7
[22] 2018 ONSEC 73
[23] 2018 ONSEC 3
[24] *Gold-Quest International, Re*, 2010 ONSEC 30, (2010) 33 OSCB 11179 at para 99
[25] *Lehman Cohort Global Group Inc., Re*, 2011 ONSEC 8, (2011) 34 OSCB 2999 at para 19

[76] Staff begins by applying hourly rates that the Commission has previously adopted, based on the positions of, and roles played by, members of Staff. Staff excluded from its initial calculation time spent by:

a. assistant investigators;

b. members of Staff who recorded 35 or fewer hours; and

c. members of Staff in the Technology and Evidence Control unit.

[77] Applying these exclusions results in a total attributable to Staff time of $1,331,221.25.

[78] Staff then limits its request regarding time to that of only three individuals: the lead investigator and two counsel. Staff excludes time spent by litigation counsel before the issuance of the Statement of Allegations. Staff also excludes time spent by counsel on the receivership application and other related tasks. After these reductions, Staff reaches a claimed amount of $547,344.50.

[79] Staff then adds approximately $50,000 in respect of disbursements, representing a discount from a total disbursement amount of approximately $80,000.

[80] Overall, Staff's claim represents a discount of approximately 57% on the actual costs it incurred during its investigation, its work before the hearing and the conduct of the hearing.

[81] The Remaining Respondents submit that the costs requested by Staff are too high and that the materials provided to support the costs were insufficient. The Remaining Respondents dispute certain items in Staff's claim. We note, however, that the amounts of the disputed items are not material and that the 57% discount more than overcomes the disputed amounts. Staff's claimed amount is eminently reasonable. The level of detail was sufficient to support the claim.

[82] Staff was entirely successful in proving its allegations against the Remaining Respondents. The investigation and the proceeding were long and complex, and they consumed many hours of Staff time. Respondents who engage in this kind of misconduct should bear a substantial portion of Staff's costs so that the burden is lessened for other market participants.

[83] We will order that the Remaining Respondents be liable, jointly and severally, to pay costs in the claimed amount of $597,122.58.

IV. CONCLUSION

[84] For the above reasons, we will issue an order that provides that:

a. pursuant to paragraphs 2 and 2.1 of s.127(1) of the Act:

i. trading in securities of MGMIC shall cease permanently, except for trades effected by the receiver of MGMIC;

ii. MGC and MGMIC are permanently prohibited from trading in any securities or derivatives, or acquiring any securities, except for any trades or acquisitions effected by the receiver of MGMIC;

iii. Ben and Payam are permanently prohibited from trading in any securities or derivatives, or acquiring any securities, except that each may, after he has fully paid all monetary sanctions and costs that we order, trade securities or derivatives, and acquire securities, for any Registered Retirement Savings Plan, Registered Retirement Income Fund, Registered Education Savings Plan, Registered Disability Savings Plan or Tax-Free Savings Account (as those terms are defined in the *Income Tax Act*[26]), of which he, his spouse or his children are the sole legal and beneficial owners, through a registered dealer in Canada to whom he has given a copy of our order and a certificate from Staff confirming that he has paid the monetary sanctions and costs as required;

b. pursuant to paragraph 3 of s.127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to any of the respondents, permanently, except to the extent necessary for the receiver of MGMIC to carry out its duties;

c. pursuant to paragraphs 7 and 8.1 of s.127(1) of the Act, Ben and Payam shall resign any positions that they hold as directors or officers of any issuer or registrant;

[26] RSC, 1985, c 1 (5th Supp)

d. pursuant to paragraphs 8 and 8.2 of s.127(1) of the Act, Ben and Payam be prohibited permanently from becoming or acting as directors or officers of any issuer or registrant;

e. pursuant to paragraph 8.5 of s. 127(1) of the Act, the respondents are prohibited permanently from becoming or acting as a registrant or as a promoter;

f. pursuant to paragraph 9 of s.127(1) of the Act, Ben and MGC shall pay administrative penalties of $750,000 each, and Payam shall pay an administrative penalty of $600,000, which amounts shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act;

g. pursuant to paragraph 10 of s.127(1) of the Act, Ben, Payam and MGC shall, jointly and severally, disgorge to the Commission $8,711,138, which amount shall be designated for allocation or use by the Commission in accordance with subclause 3.4(2)(b)(i) or (ii) of the Act; and

h. pursuant to s.127.1 of the Act, Ben, Payam and MGC shall, jointly and severally, pay $597,122.58 for the costs of the investigation and hearing.

Dated at Toronto this 1st day of April, 2021.

“Timothy Moseley”

“M. Cecilia Williams”

“Lawrence P. Haber”

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
Sunspot Capital Inc. (Formerly, True Zone Resources Inc.)	September 18, 2015	September 30, 2015	September 30, 2015	March 30, 2021

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Cache Exploration Inc.	March 31, 2021	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Almonty Industries Inc.	April 1, 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	
Almonty Industries Inc.	April 1, 2021	

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.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:
iProfile Active Allocation Private Pool I
iProfile Active Allocation Private Pool II
iProfile Active Allocation Private Pool III
iProfile ETF Private Pool
iProfile Low Volatility Private Pool
Principal Regulator – Manitoba
Type and Date:
Preliminary Simplified Prospectus dated Feb 24, 2021
NP 11-202 Final Receipt dated Apr 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 #3139769

Issuer Name:
Relevance North American Equity Pool
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Mar 29, 2021
NP 11-202 Final Receipt dated Mar 31, 2021
Offering Price and Description:
Series F Units, Series A Units and Series O Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3178355

Issuer Name:
3iQ Bitcoin ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 31, 2021
NP 11-202 Final Receipt dated Apr 1, 2021
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3172710

Issuer Name:
Harvest Space Innovation Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 29, 2021
NP 11-202 Final Receipt dated Mar 30, 2021
Offering Price and Description:
Class U Units and Class A Units

Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3187202

Issuer Name:
CI Bitcoin Fund
CI Ethereum Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Mar 31, 2021
NP 11-202 Final Receipt dated Apr 1, 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:
SmartBe Canadian Quantitative Momentum Index ETF
SmartBe Canadian Quantitative Value index ETF
SmartBe U.S. Quantitative Momentum Index ETF
SmartBe U.S. Quantitative Value Index ETF
Principal Regulator - Alberta
Type and Date:
Amendment #1 to Final Long Form Prospectus dated March 25, 2021
NP 11-202 Final Receipt dated Mar 30, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3158759

Issuer Name:
iProfile U.S. Equity Private Pool
Principal Regulator - Manitoba
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 26, 2021
NP 11-202 Final Receipt dated Apr 1, 2021
Offering Price and Description:
Series I Units and Series TI Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3088489

Issuer Name:
Hamilton Enhanced Canadian Bank ETF (formerly Hamilton Canadian Bank 1.25x Leverage ETF)
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated March 26, 2021
NP 11-202 Final Receipt dated Apr 1, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3109793

Issuer Name:
Educators Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 29, 2021
NP 11-202 Final Receipt dated Mar 30, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3045023

Issuer Name:
Real Estate & E-Commerce Split Corp.
Principal Regulator - Alberta (ASC)
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Maximum Offering: $300,000,000 Preferred Shares Class A Shares
Price: $10.49 Preferred Shares and $14.99 Class A Shares
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Middlefield Limited
Project #3198821

Issuer Name:
Sprott Physical Gold and Silver Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated April 5, 2021
NP 11-202 Preliminary Receipt dated April 5, 2021
Offering Price and Description:
Maximum: US$1,000,000,000 Trust Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3201298

Issuer Name:
Sustainable Power & Infrastructure Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Maximum Offering: * Preferred Shares and * Class A Shares
Minimum Offering: $10,000,000 - Preferred Share and $10,000,000 - Class A Share
Price: $10.00 per Preferred Share and $10.00 per Class A Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Hampton Securities Limited
Canaccord Genuity Corp.
Raymond James Ltd.
Richardson Wealth Limited
Echelon Wealth Partners Inc.
IA Private Wealth Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
N/A
Project #3199991

Issuer Name:
TDb Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus (NI 44-101) dated March 29, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
$15,002,400 - 987,000 Priority Equity Shares @ $10/sh. and 987,000 Class A Shares @ $5.20/sh.
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Hampton Securities Limited
Canaccord Genuity Corp.
IA Private Wealth Inc.
Echelon Wealth Partners Inc.
Raymond James Ltd
Richardson Wealth Limited
Desjardins Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
N/A
Project #3191027

NON-INVESTMENT FUNDS

Issuer Name:
Alpha Esports Tech Inc.
Principal Regulator - British Columbia
Type and Date:
Amendment dated March 29, 2021 to Preliminary Long Form Prospectus dated January 5, 2021
NP 11-202 Preliminary Receipt dated March 31, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3157958

Issuer Name:
Antera Ventures II Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 26, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Minimum Offering: $300,000.00 or 3,000,000 Common Shares
Maximum Offering: $500,000.00 or 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #3193905

Issuer Name:
Argo Living Soils Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Minimum Offering: $600,000.00 (6,000,000 Units)
Maximum Offering: $700,000 (7,000,000 Units)
Price: $0.10 per Unit
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
STEPHEN GERALD DIAKOW
Project #3200124

Issuer Name:
BIGG Digital Assets Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2021
NP 11-202 Preliminary Receipt dated March 30, 2021
Offering Price and Description:
$25,200,000.00 - 12,000,000 Units $2.10 per Unit
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3191839

Issuer Name:
Brookfield Asset Management Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Class A Exchangeable Limited Voting Shares of Brookfield Asset Management Reinsurance Partners Ltd.
Class A Limited Voting Shares of Brookfield Asset Management Inc.
(issuable or deliverable upon exchange, redemption or acquisition of Class A Exchangeable Limited Voting Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
BROOKFIELD ASSET MANAGEMENT INC.
Project #3199942

Issuer Name:
Brookfield Asset Management Reinsurance Partners Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Class A Exchangeable Limited Voting Shares of Brookfield Asset Management Reinsurance Partners Ltd.
Class A Limited Voting Shares of Brookfield Asset Management Inc.
(issuable or deliverable upon exchange, redemption or acquisition of Class A Exchangeable Limited Voting Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brookfield Asset Management Inc.
Project #3199950

Issuer Name:
Ehave, Inc.
Type and Date:
Amendment #1 dated April 1, 2021 to Preliminary Long Form Prospectus dated December 30, 2020
(Preliminary) Receipted on April 5, 2021
Offering Price and Description:
No securities are being offered pursuant to the underlying Prospectus and this Amendment
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3157151

Issuer Name:
Element Nutritional Sciences Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated March 29, 2021 to Preliminary Long Form Prospectus dated January 20, 2021
NP 11-202 Preliminary Receipt dated March 31, 2021
Offering Price and Description:
$5,620,000.00 - 22,480,000 Common Shares on Conversion of 22,480,000 Subscription Receipts
Price: $0.25
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3162376

Issuer Name:
Fathom Nickel Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated March 29, 2021
NP 11-202 Preliminary Receipt dated March 30, 2021
Offering Price and Description:
12,664,001 Units issuable upon conversion of 12,664,001 previously issued NFT Special Warrants
2,973,387 Flow-Through Shares issuable upon conversion of 2,973,387 previously issued FT Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brad Van Den Bussche
Ian Fraser
Project #3196300

Issuer Name:
First Tidal Acquisition Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
$400,000.00 - 4,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
Ian McGavney
Project #3199586

Issuer Name:
Frontenac Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #10 dated March 31, 2021 to Final Long Form Prospectus dated May 26, 2020
Received on March 31, 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:
FSD Pharma Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
US$100,000,000.00 - Class B Subordinate Voting Shares, Subscription Receipts, Warrants, Debt Securities, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3200006

Issuer Name:
Galaxy Digital Holdings Ltd.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 30, 2021 to Final Shelf Prospectus dated November 27, 2020
Received on March 30, 2021
Offering Price and Description:
US$500,000,000 Ordinary Shares Warrants Subscription Receipts Units Debt Securities Share Purchase Contracts Rights
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3111537

Issuer Name:
GIGA Metals Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 30, 2021
NP 11-202 Preliminary Receipt dated March 30, 2021
Offering Price and Description:
Up to $5,000,000.00 Up to ● Common Units at a price of $● per Common Unit
Up to $2,500,000.00 Up to ● FT Unit at a price of $● per FT Unit Up to ● Broker Warrants
Underwriter(s) or Distributor(s):
CANTOR FITZGERALD CANADA CORPORATION
Promoter(s):
-
Project #3197161

Issuer Name:
GIGA Metals Corporation
Principal Regulator - British Columbia
Type and Date:
Amendment dated April 5, 2021 to Preliminary Short Form Prospectus dated March 30, 2021
Received on April 5, 2021
Offering Price and Description:
$3,510,000.00 - 7,800,000 Common Units at a price of $0.45 per Common
Unit $2,448,000 4,800,000 FT Units at a price of $0.51 per FT Unit 819,000 Broker Warrants
Underwriter(s) or Distributor(s):
CANTOR FITZGERALD CANADA CORPORATION
Promoter(s):
-
Project #3197161

Issuer Name:
Global TreeGro Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Minimum Public Offering: $1,500,000.00 - 7,500,000 Units
Maximum Public Offering: $2,000,000.00 10,000,000 Units
Price: $0.20 per Unit
Underwriter(s) or Distributor(s):
LEEDE JONES GABLE INC.
Promoter(s):
Thomas Dalrymple
Gregory Williams
Project #3199745

Issuer Name:
Josemaria Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated March 31, 2021
Offering Price and Description:
$10,005,000.00 - 14,500,000 Common Shares
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Cormark Securities Inc.
National Bank Financial Inc.
PI Financial Corp.
Haywood Securities Inc.
Promoter(s):
-
Project #3193359

Issuer Name:
Mind Medicine (MindMed) Inc. (formerly Broadway Gold Mining Ltd.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 30, 2021
NP 11-202 Preliminary Receipt dated March 30, 2021
Offering Price and Description:
C$500,000,000.00 - Subordinate Voting Shares, Multiple Voting Shares, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
JAMON ALEXANDER RAHN
STEPHEN HURST
Project #3196823

Issuer Name:
Pasofino Gold Limited
Principal Regulator - Ontario
Type and Date:
Amendment dated March 31, 2021 to Preliminary Short Form Prospectus dated March 22, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
$*
* Common Shares
$0.07 per Common Share
Underwriter(s) or Distributor(s):
STIFEL NICOLAUS CANADA INC.
Promoter(s):
-
Project #3190548

Issuer Name:
Real Estate & E-Commerce Split Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
Maximum Offering: $300,000,000 Preferred Shares Class A Shares
Price: $10.49 Preferred Shares and $14.99 Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Middlefield Limited
Project #3198821

Issuer Name:
Simply, Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated March 31, 2021 to Preliminary Long Form Prospectus dated December 31, 2020
NP 11-202 Preliminary Receipt dated March 31, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3157033

Issuer Name:
Taurus Gold Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
$2,000,000.00 - 8,000,000 Units $0.25 per Unit
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Robert Sim
Project #3199872

Issuer Name:
The Flowr Corporation (formerly The Needle Capital Corp.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated April 1, 2021
Offering Price and Description:
$100,000,000.00 - Common Shares Preferred Shares Debt Securities Subscription Receipts Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3199315

Issuer Name:
Wallbridge Mining Company Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 31, 2021
NP 11-202 Preliminary Receipt dated March 31, 2021
Offering Price and Description:
$17,400,200.00 - 18,316,000 Flow-Through Shares
$0.95 per Flow-Through Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CORMARK SECURITIES INC.
EIGHT CAPITAL
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #3195781

Issuer Name:
Aurora Cannabis Inc.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated March 29, 2021
NP 11-202 Receipt dated March 30, 2021
Offering Price and Description:
U.S.$1,000,000,000 Common Shares Warrants Options Subscription Receipts Debt Securities Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3184872

Issuer Name:
Brookfield Business Partners L.P.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus (NI 44-102) dated March 29, 2021
NP 11-202 Receipt dated March 30, 2021
Offering Price and Description:
US$1,500,000,000.00
Limited Partnership Units
Preferred Limited Partnership Units
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3189852

Issuer Name:
Canopy Growth Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 31, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
US$2,000,000,000.00 - Common Shares, Subscription Receipts, Units, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3176514

Issuer Name:
FPX Nickel Corp. (formerly First Point Minerals Corp.)
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 31, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
C$14,000,350.00 - 21,539,000 Common Shares
$0.65 per Offered Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #3191726

Issuer Name:
IM Cannabis Corp. (formerly, Navasota Resources Inc.)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated March 31, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
US$250,000,000 Common Shares Warrants Subscription Receipts Debt Securities Units
Underwriter(s) or Distributor(s):
Rafael Gabay
Oren Shuster
Promoter(s):
-
Project #3186494

Issuer Name:
K.B. Recycling Industries Ltd.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 31, 2021
NP 11-202 Receipt dated April 1, 2021
Offering Price and Description:
C$1,420,434.00 - 4,898,048 Units 4,334,862 Ordinary Shares and 2,167,431 Warrants issuable on the deemed exercise of 4,334,862 Subscription Receipts
Underwriter(s) or Distributor(s):
INFOR Financial Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #3193017

Issuer Name:
LAURENTIAN BANK OF CANADA
Principal Regulator - Quebec
Type and Date:
Final Shelf Prospectus dated March 31, 2021
NP 11-202 Receipt dated April 1, 2021
Offering Price and Description:
$1,000,000,000.00 - Debt Securities (subordinated indebtedness) Common Shares Class A Preferred Shares Subscription Receipts Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3187284

Issuer Name:
MDA Ltd.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 1, 2021
NP 11-202 Receipt dated April 1, 2021
Offering Price and Description:
$400,001,000.00 - 28,571,500 Common Shares Price: $14.00 per Offered Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Morgan Stanley Canada Limited
Scotia Capital Inc.
Barclays Capital Canada Inc.
RBC Dominion Securities Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
National Bank Financial Inc.
Stifel Nicolaus Canada Inc.
Promoter(s):
-
Project #3190351

Issuer Name:
Neo Lithium Corp. (formerly, POCML 3 Inc.)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 1, 2021
NP 11-202 Receipt dated April 1, 2021
Offering Price and Description:
9,900,000 Common Shares Issuable 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:
Nexe Innovations Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated March 29, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
$100,000,000.00 - Common Shares Debt Securities Subscription Receipts Units Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
Darren Footz
Project #3191209

Issuer Name:
Nextech AR Solutions Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus (NI 44-101) dated March 31, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
$13,050,000.00 - 2,610,000 Units Price: $5.00 per Unit
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #3175199

Issuer Name:
Ontario Power Generation Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated March 30, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
$2,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
GOLDMAN SACHS CANADA INC.
HSBC SECURITIES (CANADA) INC.
LAURENTIAN BANK SECURITIES INC.
MIZUHO SECURITIES CANADA INC.
MUFG SECURITIES (CANADA), LTD.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #3191155

Issuer Name:
Perpetua Resources Corp. (formerly Midas Gold Corp.)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated April 1, 2021
NP 11-202 Receipt dated April 1, 2021
Offering Price and Description:
US$100,000,000.00
COMMON SHARES
WARRANTS
SUBSCRIPTION RECEIPTS
UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3189700

Issuer Name:
PharmaCielo Ltd. (formerly, AAJ Capital 1 Corp.)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 1, 2021
NP 11-202 Receipt dated April 1, 2021
Offering Price and Description:
A minimum of $12,050,010.00 - 5,604,656 Common Shares
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
Promoter(s):
-
Project #3182296

Issuer Name:
Prospect Ridge Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated March 31, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
Minimum Offering: C$300,000.00 - 3,000,000 Common Shares
Maximum Offering: C$500,000.00 - 5,000,000 Common Shares
Price: $0.10 per Common Share
455,000 Common Shares issuable upon exercise of 455,000 Seed Special Warrants
9,250,000 Common Shares issuable upon exercise of 9,250,000 Pre-IPO Special Warrants
Underwriter(s) or Distributor(s):
Mackie Research Capital Corp.
Promoter(s):
Liam Corcoran
Project #3163975

Issuer Name:
Roscan Gold Corporation (formerly, Roscan Minerals Corporation)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 1, 2021
NP 11-202 Receipt dated April 5, 2021
Offering Price and Description:
Minimum: $12,500,000.00 or 29,761,904 Common Shares
Maximum: $15,000,090.00 or 35,714,500 Common Shares
PRICE: $0.42 PER Common Share
Underwriter(s) or Distributor(s):
CLARUS SECURITIES INC.
BEACON SECURITIES LIMITED
ECHELON WEALTH PARTNERS INC.
CORMARK SECURITIES INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #3187126

Issuer Name:
Sona Nanotech Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Shelf Prospectus dated March 31, 2021
NP 11-202 Receipt dated March 31, 2021
Offering Price and Description:
$20,000,000.00 - Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3191067

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Mackie Research Capital Corporation / Corporation Recherche Capital To: Research Capital Corporation / Corporation Recherche Capital	Investment Dealer and Investment Fund Manager	March 31, 2021
Suspended (Regulatory Action)	Ardenton Financial Inc.	Exempt Market Dealer	March 15, 2021

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Proposed Amendments Respecting the Minor Contravention Program – Notice of Withdrawal

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENTS RESPECTING THE MINOR CONTRAVENTION PROGRAM

NOTICE OF WITHDRAWAL

IIROC is publishing a Notice withdrawing proposed amendments to adopt the Minor Contravention Program (**MCP**) (the **Proposed Amendments**). On February 22, 2018, IIROC initially published the preliminary proposal for the MCP. On April 25, 2019, IIROC published for comment the Proposed Amendments along with a Staff Policy on Early Resolutions Offers. The objective of the Proposed Amendments was to introduce the alternative means to resolve cases that could not be adequately addressed by way of a Cautionary Letter but do not warrant formal disciplinary proceedings.

In light of the concerns expressed in public comments regarding MCP's lack of clear criteria, uncertainty as to MCP's applicability and anonymous reporting of MCP's outcomes that could be detrimental to the public interest, IIROC has withdrawn the Proposed Amendments. IIROC will consider revisions or alternatives to the MCP and may make a further proposal for public comment.

IIROC will proceed with the adoption of Staff's Policy Statement on Early Resolution Offers, which is separate from the Proposed Amendments.

A copy of the IIROC Notice of Withdrawal can be found at www.osc.ca.

13.2 Marketplaces

13.2.1 TriAct Canada Marketplace LP – Change to the MATCHNow Trading System – Notice of Proposed Change and Request for Comment

TRIACT CANADA MARKETPLACE LP

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

CHANGE TO THE MATCHNOW TRADING SYSTEM

TriAct Canada Marketplace LP (operating as **MATCHNow**) has proposed to implement a significant change subject to public comment to its Form 21-101F2, to allow conditional orders to interact and match with firm (resting) dark orders, as more fully described in the notice below. In connection with this proposed change, MATCHNow has also applied for an order granting exemptive relief, pursuant to section 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), from the application of subsection 7.1(1) of NI 21-101.

Part 7 of NI 21-101 sets out the information transparency requirements for exchange-traded securities. One of these requirements is that where a marketplace "displays" orders, that marketplace must provide information about these displayed orders to an information processor. The Companion Policy to NI 21-101 (**21-101CP)** provides additional guidance with respect to conditions that the securities regulatory authority may take into consideration in granting an exemption from the pre-trade transparency requirements in section 7.1.

While comment is requested on all aspects of MATCHNow's proposed functionality, we note the discussion relating to the considerations that MATCHNow has articulated below in support of exemptive relief from the pre-trade transparency requirements of subsection 7.1(1) of NI 21-101.

Details on submission of comments are provided below.

TRIACT CANADA MARKETPLACE LP

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

CHANGE TO THE MATCHNOW TRADING SYSTEM

TriAct Canada Marketplace LP (operating as **MATCHNow**) hereby announces plans to implement the change described below, following approval by the Ontario Securities Commission (the **OSC**). MATCHNow is publishing this Notice of Proposed Change 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 the OSC with comments on the proposed change.

Comments on the proposed change should be in writing and submitted by **May 10, 2021** to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Email: marketregulation@osc.gov.on.ca

A copy should also be provided to:

David Nolan
Chief Compliance Officer
MATCHNow
222 Bay Street, Suite 2605, P.O. Box 33
Toronto, Ontario, M5K 1B7
Email: dnolan@cboe.com

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

Any questions concerning the information below should be addressed to Vince Poil, Head of Products for MATCHNow, at (416) 861-1010 or at vpoil@cboe.com.

Opt-In Feature for Conditionals

A. Detailed description of the proposed change

MATCHNow proposes to implement a “Significant Change subject to Public Comment” to its Form 21-101F2 (the **Form F2**), to allow conditional orders (**Conditionals**) to interact and match with firm (resting) “dark” orders, known within the MATCHNow system as “Liquidity Providing Orders” (and referred to herein as **Firm Orders**), where the MATCHNow Subscriber that placed the Firm Orders has activated a feature that will allow it to opt in to such matching (the **Opt-In Feature**).

Background

MATCHNow previously proposed the Opt-In Feature as part of its original notice in support of its Conditionals filing, published for comment in May 2018. See *In re TriAct Canada Marketplace LP – Change to the MATCHNow Trading System – Notice of Proposed Change and Request for Comment*, (2018), 41 OSCB 3936 (May 10) (the **Original Conditionals Filing**) at 3937 (“The proposed Conditionals destination will be implemented by adding a Conditionals engine as a new layer between the existing FIX engine and matching engine, with a new Conditionals book set up within that matching engine, along with the optionality to allow standing MATCHNow liquidity to interact with Conditionals.”).

However, during the regulatory review process, MATCHNow elected to remove the Opt-In Feature from the Original Conditionals Filing; that filing, as revised, was approved by the OSC on September 13, 2018. See *In re TriAct Canada Marketplace LP – Proposed Change to the MATCHNow Trading System – Notice of Approval*, (2018), 41 OSCB 7435 (Sept. 20) (the **Notice of Approval**). The Notice of Approval acknowledged that MATCHNow reserved the right to “revisit the Opt-In Feature in the future.” See Notice of Approval at 7435. MATCHNow has chosen to do so at this time.

Description of the Opt-In Feature

The Opt-In Feature, if approved, will be implemented by introducing a new FIX Tag that will provide Subscribers with the option of making their Firm Orders available for interaction with Conditionals by selecting a designated alphanumeric value (i.e., to make the Opt-In Feature “active”).

To be eligible for the Opt-In Feature, a Firm Order will be required to meet the following new minimum size threshold: 51 standard trading units *and* $30,000 in notional value; *or* $100,000 in notional value.[1] Similarly, only Conditionals that satisfy the same threshold will be permitted to match with Firm Orders for which the "Opt-In Feature" has been activated.[2]

Where the threshold for a Firm Order is met, a Subscriber will have the ability to activate the Opt-In Feature either (1) on an order-by-order basis or (2) as a default for all orders associated with any specified Trader ID number(s) (in which case the default selection will continue to apply until it is de-activated). However, Firm Orders will not be available for interaction with Conditionals unless and until a Subscriber affirmatively activates the Opt-In Feature by selecting the appropriate value in the new FIX Tag. The system will default to "inactive" for all Firm Orders if no selection is made.

Where the Opt-In Feature is activated for a particular Firm Order and the MATCHNow system detects a potential match with one or more contra-side Conditionals, the system will automatically generate an invitation to "firm up" and send it to the relevant contra Conditional(s). If one or more Conditionals get firmed up within the allotted one-second time period, the system will then immediately execute the match between the firmed-up Conditional(s) and the relevant Firm Order.[3] At the firm-up stage, however, a Subscriber that receives an invitation to firm up will not know whether the (potential) contra liquidity is an opted-in Firm Order or another Conditional, and it will only be able to infer the minimum size and mid-point price of that (potential) contra liquidity, but not the exact size or price. Following a match, all of the standard audit trail data (execution price, number of shares, broker ID, etc.) will be reported for the executed trade, just like any other trade executed on the MATCHNow system.[4]

It should also be noted that, due to the architecture of the MATCHNow system, with its separate liquidity pools created by its distinct Conditionals matching engine and Firm Order matching engine, a Firm Order cannot be permitted to run in the two separate pools at exactly the same time. As a result, a Firm Order for which the Opt-In Feature is activated will be shielded or "locked in" for the milliseconds (up to 1 second maximum) necessary to communicate with tradeable Conditionals on the Conditionals book. In such a circumstance, there is a risk that the Firm Order could miss out on matching with a contra order in the Firm Order matching engine during that small communication window (i.e., 1 second or less) necessary to carry out the Conditional matching process, and Subscribers will be made aware of that via MATCHNow's client-facing documentation (i.e., the *In Detail*).

B. Expected implementation date

The proposed change is expected to be implemented approximately 60 days after approval by the OSC.

C. Rationale for the proposed change and any supporting analysis

The Opt-In Feature will promote liquidity and fair access by allowing MATCHNow to unlock certain untapped liquidity for large-size orders, without disturbing the pricing mechanism of existing dark and lit markets in Canada. Moreover, as explained in greater detail below, it is a feature that has been requested by multiple Subscribers, and which is already offered by other marketplaces, both within and outside Canada.

D. The expected impact, including the quantitative impact, of the proposed change on market structure, subscribers, and, if applicable, investors and capital markets

The impact on market structure, Subscribers, investors, and capital markets is expected to be positive, through the resulting expansion of liquidity and increased matching and price improvement opportunities for large-sized orders. Through MATCHNow Conditionals and the enhanced functionality, we anticipate further electronification and growth of the block market in Canada, which presently represents approximately 5% to 10 % of overall volume.

E. Expected impact of the proposed change on MATCHNow's compliance with Ontario securities law requirements and in particular requirements for fair access and maintenance of fair and orderly markets

The proposed change will have no impact on MATCHNow's continuing compliance with Ontario securities law, including requirements for fair access and the maintenance of fair and orderly markets. In particular, MATCHNow submits that the Opt-In Feature is based on "reasonable standards for access" and does not "unreasonably create barriers to access to the services provided by the marketplace," consistent with the guidance provided in subsection 7.1(1) of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**).

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1 While the threshold is modeled after the threshold established by UMIR 6.6 for "dark" orders that do not provide price improvement, Firm Orders for which the Opt-In Feature is activated do provide improvement (as explained in greater detail below). Therefore, the Opt-In Feature's threshold is independent of UMIR 6.6 and will not necessarily change automatically in the event that IIROC implements a change to UMIR 6.6 in the future.

2 As part of this Significant Change subject to Public Comment, MATCHNow is proposing to increase the threshold applicable to all Conditionals (including Conditional-to-Conditional matches) from the current threshold of 5,000 shares or $100,000 to the new threshold of 51 standard trading units and $30,000 or $100,000. The rationale for this is explained in note 7 below.

3 Where a Conditional is not firmed up (i.e., where the invitation lapses or "falls down" without a firm-up during the one-second response period), the Firm Order will remain in the standard order book. Moreover, unless a standard exception applies (e.g., in the case of a trade-away discovered on another marketplace using the existing one-second "lookback" process), each such failure to firm up will count towards a Subscriber's fall-down rate for purposes of the existing Conditionals Compliance Mechanism, as usual. No changes are being made to any of these aspects of the Conditionals functionality.

4 The Opt-In Feature will not affect scenarios where a Conditional is interacting with another Conditional; as is currently the case, where the first Conditional is firmed up, the Subscriber on the other side will also need to firm up its Conditional within the allotted time before a match will occur.

MATCHNow recognizes, however, that subsection 7.1(1) of NI 21-101 sets out certain pre-trade transparency requirements for equity securities, the purpose of which is to ensure that investors have information that enables them to make informed trading decisions.[5] MATCHNow further acknowledges that, from a bird's eye view, where an invitation is automatically sent to a Subscriber that has entered a Conditional because the system has detected a potential match with a Firm Order subject to the Opt-In Feature, that invitation could be considered to be a "display" of the Firm Order that generated it, in which case subsection 7.1(1) would require MATCHNow to immediately transmit that order information to an information processor—something that MATCHNow, as a "dark" marketplace, does not do.[6] Therefore, to the extent that the Opt-In Feature conflicts with the pre-trade transparency requirements of subsection 7.1(1) of NI 21-101, under separate cover, MATCHNow has applied to the OSC (with the requisite notice to all other Canadian securities regulatory authorities) for an order granting exemptive relief from that provision pursuant to section 15.1 of NI 21-101. The considerations that MATCHNow has articulated in support of its exemptive relief application may be summarized as follows:

1) The Opt-In Feature will facilitate large-sized trades, as only Firm Orders that meet the designated threshold (51 standard trading units and $30,000 or $100,000) may opt in to interact with Conditionals, which will also be required to meet the same threshold.[7]

2) The Opt-In Feature, to be activated, requires a Subscriber to take the affirmative action of electing to have its Firm Orders interact with Conditionals (on an order-by-basis, or as a "default" for all Firm Order flow associated with a particular Trader ID).

3) When an opted-in Firm Order offers contra-side liquidity for a Conditional, the invitation to firm up sent to the Subscriber that placed the Conditional will only provide symbol and side (i.e., buy or sell), while size and price will only be inferable without precision (i.e., the Subscriber will be able to infer that the contra is at least 51 standard trading units and $30,000 in notional value or at least $100,000 in notional value, and that the contra's price is at or better than the mid-point of the Protected National Best Bid and Offer).

4) When an opted-in Firm Order offers contra-side liquidity for a Conditional, the invitation to firm up sent to the Subscriber will leave it unable to determine whether the contra liquidity is immediately actionable (i.e., the Subscriber will be blind as to whether the contra order is a Firm Order or another Conditional).

5) The final step required to achieve an execution—namely, the firm-up by the Subscriber that placed the Conditional—is not guaranteed and, therefore, it is not a mere formality.

Furthermore, the compliance mechanism that applies to Conditionals provides an additional measure of protection in favour of the policy objective underlying subsection 7.1(1) of NI 21-101—namely, fair access to pre-trade information—by allowing MATCHNow to monitor and combat abusive order-cancellation behaviour, which could indicate a Subscriber's attempt to gain an unfair informational advantage.

In addition, the Opt-In Feature is expected to encourage greater adoption of Conditionals by MATCHNow Subscribers and thereby provide more price-improved matching opportunities for these large orders[8], without any significant erosion of price discovery.

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5 See *In re Liquidnet Canada Inc. – Targeted invitation functionality for trading of equity securities – OSC Staff Notice of Proposed Change and Request for Comments*, (2016), 39 OSCB 9826 (Dec. 1) at 9827.

6 See *ibid.* ("No pre-trade transparency is required by NI 21-101 if order information is only displayed to a marketplace's employees or persons or companies retained by the marketplace to assist in the operation of the marketplace. This exception allows for the operation of marketplaces without pre-trade transparency (dark pools), in recognition of the value they bring by facilitating the execution of large orders with limited market impact costs.").

7 As noted above, MATCHNow intends to align the threshold for all Conditionals (including Conditional-to-Conditional matches) with the threshold being proposed for the Opt-In Feature (i.e., 51 standard trading units and $30,000 or $100,000) as of the date of implementation of the Opt-In Feature, should it be approved. To be clear, MATCHNow will not change the existing threshold for Conditional-to-Conditional matches until then, in deference to our Subscribers that utilize Conditionals; however, any discrepancy between that existing threshold and the threshold applicable to the Opt-In Feature should be avoided, as it would create the potential for information leakage for orders pertaining to securities that trade at certain lower price levels. (For example, assume the threshold of 51 standard trading units and $30,000 or $100,000 applies to the Opt-In Feature, but the existing Conditional-to-Conditional threshold of 5,000 shares or $100,000 is maintained; assume also that security XYZ trades for $5 per share, and that Subscriber A places a Firm Order to sell 10,000 shares, with the Opt-In Feature activated. Now assume that Subscriber B places two Conditionals—one to buy 5,000 shares of XYZ and another to buy 45,000. In this scenario, Subscriber B would only receive a firm-up for its larger order, and it would therefore know with certainty that the contra side was a Firm Order that had opted in.) By aligning the threshold for all Conditionals to that applicable to the Opt-In Feature, MATCHNow will ensure that the Subscriber that has placed a Conditional will have no way to ascertain, at the moment when it receives an invitation, whether that invitation was generated by another Conditional or by a Firm Order that has opted in, regardless of the price of the security being traded.

8 By design, Conditionals always provide price improvement, given that, when they execute as trades, they always execute at the mid-point of the Protected National Best Bid and Offer. That is why it is appropriate that they be subject to a large threshold, but not necessarily the specific minimums set out in UMIR 6.6, which governs "dark" orders that do *not* provide price improvement. Indeed, in the guidance provided by subsection 5.1(4) of the Companion Policy to NI 21-101 (**21-101CP**), which sets out a general framework for exemptions from the pre-trade transparency requirements of subsection 7.1(1) of NI 21-101, the Canadian Securities Administrators (the **CSA**) refer to a "size threshold set by a regulation services provider as provided in subsection 7.1(2) of the Instrument." However, the CSA have acknowledged that no such threshold has ever been formally set. See e.g., *Amendments to NI 21-101 Marketplace Operation, Companion Policy 21-101CP, NI 23-101 Trading Rules and Companion Policy 23-101CP and Repeal of OSC Rule 21-501*, (2012) 35 OSCB (Supp-1) (Mar. 23) at 2 ("In the Proposed Amendments, we proposed to revise the exemption from the pre-trade transparency requirements to include a requirement that orders also meet a size threshold in order to be exempt from the transparency requirements in NI 21-101. […] We acknowledge the concerns that were raised by the commenters regarding the proposal for a size threshold, and note that we do not propose an actual threshold at this time. However, we continue to be of the view that it is important to establish a regulatory framework that would allow the CSA and IIROC to introduce a threshold when appropriate…."). Nonetheless, MATCHNow believes that the threshold proposed for the Opt-In Feature (51 standard trading units and $30,000 or $100,000) is appropriate for the type of exemption contemplated in subsection 5.1(4) of 21-101CP.

This represents a net benefit to the Canadian capital markets as a whole.

The proposed change will not be implemented until the exemptive relief has been granted, or it has been determined in consultation with OSC staff that such relief is not required.

F. Summary of consultations undertaken in formulating the proposed change and the internal governance process followed to approve it

MATCHNow has been asked by multiple Subscribers for the Opt-In Feature, starting as far back as early 2018, when the Original Conditionals Filing was still in the planning stages, and the requests from Subscribers have continued since that time.

In our ensuing discussions with Subscribers in 2019 and 2020 about the possibility of revisiting the Opt-In Feature, they have been strongly in favor of it, and MATCHNow believes that most public comments on the proposed change will reflect this strong support.

The proposed change was also fully re-reviewed and approved by MATCHNow's senior management in 2020.

G. If the proposed change will require subscribers or service vendors to modify their systems after implementation, the expected impact 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 of the proposed change on MATCHNow, its market structure, subscribers, investors or the Canadian capital markets

MATCHNow notes that making use of the feature that the proposed change will create is voluntary. For Subscribers and vendors that elect to make use of the Opt-In Feature, any impact on their systems will be minimal, as it will simply require creating the ability to enter a value for the new FIX Tag that MATCHNow will establish for the Opt-In Feature. MATCHNow believes that a reasonable estimate of the time needed for Subscribers and vendors to modify their own systems in this way is 30 days or less, based on previous experiences with the creation of new FIX Tags.

H. Where the proposed 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

Not applicable.

I. Alternatives considered

None.

J. If applicable, whether the proposed Significant Change would introduce a feature that currently exists in other markets or jurisdictions

Liquidnet Canada Inc., which operates as a recognized ATS in Canada, has for several years now offered its subscribers a feature similar to the Opt-In Feature through what it calls its "broker blocks functionality." See *In re Liquidnet Canada, Notice of Proposed Change and Request for Comment*, (2018), 41 OSCB 8756 (Nov. 1, 2018) at 8756-57 ("As previously approved by the Commission, IIROC-registered brokers seeking to execute blocks (currently known as Canada broker blocks participants) can send resting orders (on a firm or conditional basis) in Canadian equities to the Liquidnet Canada ATS. […] Once submitted by the Canada broker blocks participant, these resting orders are available for matching with indications and orders already at Liquidnet, and any executions occur at the mid-price. Buy-side participants (known as Members or customers) of the Liquidnet Canada ATS can choose whether to interact with order flow from Canada broker block participants via Liquidnet's Transparency Controls tool. […] Upon receipt of notification of a broker block opportunity, a Member can create a broker block accept."). See also *In re Liquidnet Canada Inc. – Notice of Proposed Changes and Request for Comment*, (2012) 35 OSCB 6204 (June 28) (proposing broker blocks functionality), approved by notice published on September 27, 2012. It is our understanding that Liquidnet Canada Inc. affiliates in European jurisdictions have offered a similar functionality to market participants in those jurisdictions for a number of years as well. See e.g., *In re Liquidnet Canada – Notice of Proposed Changes and Request for Comment*, (2017), 40 OSCB 3315 (Apr. 6) at 3316 (proposing expansion of access for certain sell-side orders to buy-side orders, including functional equivalent of conditional orders, to "align with current practice in the US and European markets").

Marketplaces in the United States have also allowed firm orders to interact with conditional orders for several years now. See e.g., SEC Release No. 34-83663, *Regulation of NMS Stock Alternative Trading Systems*, 17 CFR Parts 232, 240, 242, and 249 (July 18, 2018) at 296 ("ATSs may only permit conditional orders to execute against other conditional orders, but some ATSs allow conditional orders to interact with other order types.").

The functionality that the Opt-In Feature embodies has thus become a common standard both in Canada and around the world, and MATCHNow has become an outlier in not being able to offer this optionality to its Subscribers.

13.3 Clearing Agencies

13.3.1 CDS Clearing and Depository Services Inc. (CDS) – Proposed Amendments to CDS Fee Schedule – New York Link/DTC Direct Link Services – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS)

PROPOSED AMENDMENTS TO CDS FEE SCHEDULE – NEW YORK LINK/DTC DIRECT LINK SERVICES

The Ontario Securities Commission is publishing for a 30 day public comment period proposed amendments to the CDS fee schedule related to the Depository Trust and Clearing Corporation (DTCC) Mark-up and New York Link/DTC Direct Link Liquidity Premium fee.

The comment period ends May 10, 2021.

A copy of the **CDS Notice** is published on our website at www.osc.ca.

13.3.2 CDS Clearing and Depository Services Inc. (CDS) – Material Amendments to CDS Risk Procedures Related to Post-Trade Modernization Project – Notice of Commission Approval

NOTICE OF COMMISSION APPROVAL

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO
CDS RISK PROCEDURES RELATED TO POST-TRADE MODERNIZATION PROJECT

The Ontario Securities Commission is publishing for 30 day public comment material amendments to the CDS Risk Procedure relating to Post-Trade Modernization project. The objective of the project is to upgrade the CDS clearing, settlement and depository platform to a more modern, flexible and supportable technology, which will allow for flexibility in building future changes and will ease future support activities.

The comment period ends on May 10, 2021.

A copy of the CDS Notice is published on our website at www.osc.ca.

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