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Notices

1.1 Notices

1.1.1 OSC Notice of Local Amendments to National Instrument 81-105 Mutual Fund Sales Practices, Local Changes to Companion Policy 81-105 Mutual Fund Sales Practices and Related Consequential Local Amendments and Changes – Prohibition of Deferred Sales Charges for Mutual Funds

OSC NOTICE OF
LOCAL AMENDMENTS TO NATIONAL INSTRUMENT 81-105 *MUTUAL FUND SALES PRACTICES*,
LOCAL CHANGES TO COMPANION POLICY 81-105 *MUTUAL FUND SALES PRACTICES*
AND
RELATED CONSEQUENTIAL LOCAL AMENDMENTS AND CHANGES

PROHIBITION OF DEFERRED SALES CHARGES FOR MUTUAL FUNDS

June 3, 2021

Introduction

The Ontario Securities Commission (the **OSC** or **we**) is adopting:

- local amendments to National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**),
- local changes to Companion Policy 81-105 *Mutual Fund Sales Practices* (**81-105CP**),
- related consequential local amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), and
- related consequential local changes to Companion Policy 81-101 *Mutual Fund Prospectus Disclosure* (**81-101CP**) and Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**31-103CP**)

in Ontario (collectively, the **Amendments**).

The Amendments prohibit the payment by fund organizations (as defined below) of upfront sales commissions to dealers, which will result in the discontinuation of all forms of the deferred sales charge option (collectively, the **DSC option**).[1]

Prior to finalizing the Amendments, we explored two separate proposals aimed at addressing the investor protection issues arising from the use of the DSC option in the sale of mutual fund securities. The first proposal, the Proposed Amendments (as defined below), sought to ban the DSC option, while the second proposal, the Proposed OSC Rule 81-502 (as defined below), sought to impose restrictions on the use of the DSC option that were designed to mitigate potential negative investor outcomes associated with the DSC option.

After carefully considering the comments received in response to both options, which overwhelmingly expressed support for a harmonized Canada-wide ban on the DSC option, we have concluded that an outright ban on the DSC option is the best path forward. In particular, investors will no longer be subject to the "lock-in"[2] effect associated with the DSC option and the potential for mis-selling will be reduced. We also note that industry innovation over the past few years has opened significant new avenues for investors with smaller accounts at an affordable cost.

[1] Under the traditional deferred sales charge option, the investor does not pay an initial sales charge for fund securities purchased, but may have to pay a redemption fee to the investment fund manager (i.e. a deferred sales charge) if the securities are sold before a predetermined period of typically 5 to 7 years from the date of purchase. Redemption fees decline according to a redemption fee schedule that is based on the length of time the investor holds the securities. While the investor does not pay a sales charge to the dealer, the investment fund manager pays the dealer an upfront commission (typically equivalent to 5% of the purchase amount). The investment fund manager may finance the payment of the upfront commission and accordingly incur financing costs that are included in the ongoing management fees charged to the fund. The low-load purchase option is a type of deferred sales charge option but has a shorter redemption fee schedule (usually 2 to 4 years). The upfront commission paid by the investment fund manager and redemption fees paid by investors are correspondingly lower than the traditional deferred sales charge option.

[2] The "lock-in" feature refers to the redemption fee schedule associated with the DSC option which has the potential to deter investors from redeeming an investment or changing their asset allocation, even in the face of consistently poor fund performance, unforeseen liquidity events, or changes in their financial circumstances.

Ministerial approval is required for the implementation of the Amendments. The Amendments, as well as other required materials, will be delivered to the Minister of Finance on or about June 3, 2021. The Minister may approve or reject these Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments will come into force in Ontario on June 1, 2022.

The text of the Amendments is contained in Annexes C, D, E, F, G and H of this notice and will also be available on websites of the OSC at www.osc.ca.

Substance and Purpose

The Amendments, together with the enhanced conflict of interest mitigation framework for dealers and representatives under detailed reforms to NI 31-103 (the **Client Focused Reforms**) published on October 3, 2019, comprise the OSC's policy response to the investor protection and market efficiency issues we have identified with the use of the DSC option. The Amendments restrict the compensation that members of the organization of publicly-offered mutual funds (**fund organizations**) may pay to participating dealers, and that participating dealers may solicit and accept in connection with the distribution of mutual fund securities.

The Amendments address the conflict of interest that arises from the payment of the upfront sales commission by fund organizations to dealers for mutual fund sales made under the DSC option that can incentivize dealers and their representatives to make self-interested investment recommendations to the detriment of investor interests.

More specifically, by prohibiting fund organizations from paying upfront sales commissions to participating dealers, the Amendments will correspondingly eliminate the need for fund organizations to finance the cost of these commissions, which we expect will in turn eliminate the need for the following two features of the DSC option:

(a) the redemption fee schedule, representing the period of time the fund organization requires the investor to remain invested in the mutual fund in order to recoup its financing costs (through management fees charged to the fund), and

(b) the redemption fee, which essentially functions as a default penalty allowing the investment fund manager to recoup its financing costs in the event the investor redeems from the mutual fund prior to the end of the redemption fee schedule.

Background

The Amendments were developed over the course of an extensive consultation process.

CSA Consultation Paper 81-408

On January 10, 2017, the Canadian Securities Administrators (**CSA**) published for comment CSA Consultation Paper 81-408 *Consultation on the Option of Discontinuing Embedded Commissions*[3] (the **Consultation Paper**), which identified and discussed key investor protection and market efficiency issues arising from mutual fund embedded commissions.[4] The Consultation Paper sought specific feedback, including evidence-based and data-driven analysis and perspectives, on the option of discontinuing embedded commissions as a regulatory response to the identified issues and on the potential impacts to both market participants and investors of such a change, to enable the CSA to make an informed policy decision on whether to pursue this option or consider alternative policy changes.

CSA Staff Notice 81-330

On June 21, 2018, the CSA published CSA Staff Notice 81-330 *Status report on Consultation on Embedded Commissions and Next Steps*[5] (**CSN 81-330**) which proposed the following policy changes:

1. to implement enhanced conflict of interest mitigation rules and guidance for dealers and representatives requiring that all existing and reasonably foreseeable conflicts of interest, including conflicts arising from the payment of embedded commissions, be addressed in the best interests of clients or avoided;

2. to prohibit all forms of the DSC option and their associated upfront commissions in respect of the purchase of securities of a prospectus qualified mutual fund; and

[3] https://www.osc.ca/sites/default/files/pdfs/irps/sn_20170110_81-408_consultation-discontinuing-embedded-commissions.pdf.

[4] The Consultation Paper followed the CSA's initial consultation on mutual fund fees under CSA Discussion Paper and Request for Comment 81-407 *Mutual Fund Fees* published on December 13, 2012, which was followed by in-person consultations in several CSA jurisdictions in 2013. The CSA published an overview of the key themes that emerged from this consultation process in CSA Staff Notice 81-323 *Status Report on Consultation under CSA Discussion Paper and Request for Comment 81-407 Mutual Fund fees*.

[5] https://www.osc.ca/sites/default/files/pdfs/irps/csa_20180621_81-330-status-report.pdf.

3. to prohibit the payment of trailing commissions to, and the solicitation and acceptance of trailing commissions by, dealers who do not make a suitability determination in connection with the distribution of securities of a prospectus qualified mutual fund.

In addition to announcing the CSA's policy decision and providing a summary of the consultation process and the feedback received, CSN 81-330 provided an overview of the regulatory concerns that the proposed policy changes aimed to address, and also discussed why CSA members were not proposing to ban all forms of embedded commissions.

The Proposed Amendments

On September 13, 2018, the CSA published proposed amendments[6] (the **Proposed Amendments**) to:

- prohibit investment fund managers from paying upfront commissions to dealers, which would result in the discontinuation of the DSC option, and
- prohibit the payment of trailing commissions to dealers who are not subject to a suitability requirement, such as dealers who do not provide investment recommendations, in connection with the distribution of prospectus qualified mutual fund securities.

The 90-day comment period ended on December 13, 2018.

CSA Staff Notice 81-332

On December 19, 2019, the CSA published CSA Staff Notice 81-332 *Next Steps on Proposals to Prohibit Certain Investment Fund Embedded Commissions*[7] (**CSN 81-332**) to announce that the CSA, with the exception of the OSC (the **Participating Jurisdictions**), would publish final amendments that would prohibit the DSC option in early 2020.

CSN 81-332 also announced that all members of the CSA will publish for adoption final amendments later in 2020 to prohibit payments of trailing commissions to dealers who do not make a suitability determination.

OSC Staff Notice 81-730

Also on December 19, 2019, the OSC published OSC Staff Notice 81-730 *Consideration of Alternative Approaches to Address Concerns Related to Deferred Sales Charges*[8] to announce that the OSC would explore alternative approaches for addressing the investor protection concerns arising from the use of the DSC option.

Multilateral CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices

On February 20, 2020, the CSA, with the exception of Ontario, published *Multilateral CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices, Changes to Companion Policy 81-105CP to National Instrument 81-105 Mutual Fund Sales Practices and Changes to Companion Policy 81-101CP to National Instrument 81-101 Mutual Fund Prospectus Disclosure relating to Prohibition of Deferred Sales Charges for Investment Funds*[9] (the **2020 Multilateral CSA Notice**). The amendments published in the 2020 Multilateral CSA Notice prohibit the payment by fund organizations of upfront sales commissions to dealers, which results in the discontinuation of all forms of the DSC option, including low-load options (the **Multilateral DSC Ban**). The Multilateral DSC Ban comes into force on June 1, 2022 in all CSA jurisdictions, except in Ontario.

Proposed OSC Rule 81-502

Also on February 20, 2020, the OSC published for comment proposed Ontario Securities Commission Rule 81-502 *Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds*[10] (the **Proposed OSC Rule 81-502**) to introduce restrictions on the use of the DSC option that are designed to mitigate potential negative investor outcomes. In particular, the restrictions are intended to address the "lock-in" effect associated with the DSC option and reduce the potential for mis-selling, while allowing dealers to offer the DSC option to clients with smaller accounts.

CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices

On September 17, 2020, the CSA published *CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices and Related Consequential Amendments, Prohibition of Mutual Fund Trailing Commissions Where No Suitability Determination Was Required*[11] (the **CSA Trailing Commission Ban Notice**). The amendments published in the CSA Trailing Commission Ban Notice prohibit the payment of mutual fund trailing commissions from fund organizations to dealers who are not

6 https://www.osc.ca/sites/default/files/pdfs/irps/csa_20180913_81-105_mutual-fund-sales.pdf.
7 https://www.osc.ca/sites/default/files/pdfs/irps/csa_20191219_81-332_next-steps-proposals-prohibit-certain-investment-fund-embedded-commissions.pdf.
8 https://www.osc.ca/sites/default/files/pdfs/irps/rule_20191219_81-730_consideration-alternative-approaches-address-concerns-deferred-sales-charges.pdf.
9 https://www.bcsc.bc.ca/-/media/PWS/Resources/Securities_Law/Policies/Policy8/81105-CSA-Notice-February-20-2020pdf.
10 https://www.osc.ca/sites/default/files/pdfs/irps/rule_20200220_81-502-rfc-deferred-sales-charge-option-mutual-funds.pdf.
11 https://www.osc.ca/en/securities-law/instruments-rules-policies/8/81-105/csa-notice-amendments-national-instrument-81-105.

subject to the obligation to make a suitability determination under section 13.3 of NI 31-103, or under the corresponding rules and policies of the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**) (the **Trailing Commission Ban**). The Trailing Commission Ban comes into force on June 1, 2022 in all CSA jurisdictions.

OSC Staff Notice 81-731

On May 7, 2021, the OSC published OSC Staff Notice 81-731 *Next Steps on Deferred Sales Charges*[12] to announce that the OSC will publish for adoption final amendments to prohibit the DSC option. The OSC also announced that the DSC ban in Ontario will come into force on June 1, 2022, to coincide with the in-force date of the Multilateral DSC Ban.

Summary of Written Comments Received by the CSA on the Proposed Amendments

The CSA received 56 comment letters on the Proposed Amendments. We thank everyone who provided comments. A summary of the comments together with our responses are set out in Annex A. The names of the commenters are also set out in Annex A.

Copies of the comment letters are posted on the website of the OSC at www.osc.ca.

Summary of Written Comments Received by the OSC on the Proposed OSC Rule 81-502

The OSC received 34 comment letters on the Proposed OSC Rule 81-502. We thank everyone who provided comments. A summary of the comments together with our responses are set out in Annex B. The names of the commenters are also set out in Annex B.

Copies of the comment letters are posted on the website of the OSC at www.osc.ca.

Adoption of the Proposed Amendments and Summary of Changes

After considering the comments received both on the Proposed Amendments and on Proposed OSC Rule 81-502, we have decided to proceed with finalizing the Proposed Amendments, which will result in a ban on the DSC option, as opposed to merely restricting the use of the DSC option, as proposed by Proposed OSC Rule 81-502. We have made some non-material changes to the Proposed Amendments. These changes are consistent with the amendments that were published as annexes to the 2020 Multilateral CSA Notice.[13] As these changes are not material, we are not republishing the Amendments for a further comment period.

The following is a summary of the key changes that we have made to the Proposed Amendments:

- **Definition of "trailing commission" in NI 81-105**

After consideration of the comments received, we have not added a definition of "trailing commission" as proposed in the Proposed Amendments, as it is not needed.

- **Section 4.1.1 of 81-105CP**

We did not add section 4.1.1 of 81-105CP as proposed in the Proposed Amendments because it is a statement regarding the operation of NI 81-105, rather than guidance, and is not necessary. We did add section 4.1.2 of 81-105CP as proposed in the Proposed Amendments as it provides clarification that the front-end load option is not impacted by the Amendments to NI 81-105. We have re-numbered section 4.1.2 of 81-105CP as section 4.1.1 and changed the sub-heading from "Means of payment" to "Front-end load sales option" for clarity.

- **Consequential Local Amendments to NI 81-101, i.e. Form 81-101F1 *Contents of Simplified Prospectus* (Form 81-101F1) and Form 81-101F3 *Contents of Fund Facts Document* (Form 81-101F3)**

Once the Amendments come into effect, the provisions requiring disclosure of the DSC option in the simplified prospectus and the fund facts document will no longer be applicable as the DSC option will no longer be offered. We have made consequential local amendments to Form 81-101F1 and Form 81-101F3 to remove references to the DSC option. These consequential local amendments were proposed in the Proposed Amendments or are otherwise considered to be non-material changes.

Any consequential amendments to Form 81-101F1 and Form 81-101F3 proposed in the Proposed Amendments which did not remove references to the DSC option are not considered to be necessary and are not included in the Amendments.

[12] https://www.osc.ca/sites/default/files/2021-05/sn_20210507_81-731_deferred-sales-charges.pdf.

[13] Further to the amendments published in 2020 Multilateral CSA Notice, the Participating Jurisdictions added subsection (2) to section 3.1 to NI 81-105. Subsection 3.1(2) of NI 81-105 in the Participating Jurisdictions has the same effect as the repeal of section 3.1 of NI 81-105 in its entirety in Ontario.

- **Consequential Local Changes to 81-101CP**

We have made non-material changes to the sample fund facts document in Appendix A of 81-101CP to remove references to the DSC option.

- **Consequential Local Amendments to NI 31-103**

We have made consequential local amendments to NI 31-103 as proposed in the Proposed Amendments but have made non-material changes to the amendments based on the most recent version of NI 31-103.

- **Consequential Local Changes to 31-103CP**

We have made non-material consequential local changes to 31-103CP to correspond with the consequential local amendments to NI 31-103.

The other CSA jurisdictions intend to publish corresponding consequential amendments to NI 81-101 and NI 31-101 and consequential changes to 81-101CP and 31-103CP in a separate publication.

Effective Date

The Amendments will take effect on June 1, 2022 (the **Effective Date**). As of the Effective Date, compliance with the new rules will immediately be expected.

Discontinuation of DSC option:

We anticipate that the period between the publication of this notice and the Effective Date will provide sufficient time for dealer firms and representatives who currently make use of the DSC option to transition their practices and operational systems and processes. For some dealer firms, this may also require a reassessment of their internal compensation arrangements. We believe this should also give investment fund managers enough time to revise their mutual funds' simplified prospectuses and fund facts documents to reflect the discontinuation of the DSC option in the Ontario. Further to the publication of the 2020 Multilateral CSA Notice, affected dealer firms and investment fund managers are already moving towards the implementation of a Multilateral DSC Ban.

Mutual fund investments purchased under the DSC option prior to the Effective Date will not have to be converted to the front-end load option or other sales charge option. Instead, the redemption schedules on those existing DSC holdings as of the Effective Date will be allowed to run their course until their scheduled expiry. Fund organizations will therefore be allowed to charge redemption fees on those existing holdings that are redeemed prior to the expiry of the applicable redemption schedule. Any new mutual fund purchases made as of the Effective Date, however, will need to be made in compliance with the new rules.

In the case of a prospectus that is receipted prior to the Effective Date and lapses after the Effective Date, OSC staff take the view that the discontinuance of the DSC option, effective on the Effective Date, would constitute a material change as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure*. Accordingly, amendments would be required to both the simplified prospectus and fund facts documents to remove the applicability of any references to the DSC option and any commissions associated with the DSC option in Ontario. In lieu of such amendments, for prospectuses that are receipted prior to the Effective Date, the simplified prospectus and the fund facts documents may provide disclosure to state that the DSC option will not be available as of the Effective Date in Ontario. Such disclosure can be provided under the heading, "Fees and Expenses" in the simplified prospectus, and in a textbox before the heading "Quick Facts" in the fund facts document.

Client Focused Reforms:

The elimination of the DSC option will take effect on June 1, 2022. The Client Focused Reforms' enhanced conflicts of interest provisions come into effect on June 30, 2021. As a result, there will be an overlap period of approximately 11 months between the effective date of the Client Focused Reforms' enhanced conflicts of interest provisions and the effective date of the DSC ban. There will also be a five month overlap period between the effective date of the DSC ban and the Client Focused Reforms' enhanced suitability provisions, including the requirement to put the client's interest first, which come into effect on December 31, 2021.

In order to address any issues raised by the overlapping periods between the implementation of the enhanced conflicts of interest and "client first" suitability requirements of the Client Focused Reforms and the implementation of the DSC ban, the CSA jurisdictions (other than Ontario) have decided to grant relief from these enhanced standards in respect of sales of DSC products during the DSC transition period. To the extent that the final amendments to NI 81-105 to prohibit the DSC option in Ontario are approved in Ontario, the OSC is also supportive of similar blanket exemptive relief.

Contents of Annexes

The text of the Amendments is contained in the following annexes to this notice and is available on the websites of OSC at www.osc.ca:

Annex A: Summary of Comments and Responses on the Proposed Amendments to National Instrument *Mutual Fund Sales Practices* and Related Consequential Amendments (September 13, 2018)

Annex B: Summary of Comments and Responses on the Proposed Ontario Securities Commission Rule 81-502 *Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds* (February 20, 2020)

Annex C: Local Amendments to National Instrument 81-105 *Mutual Fund Sales Practices* in Ontario

Annex D: Local Changes to Companion Policy 81-105 *Mutual Fund Sales Practices* in Ontario

Annex E: Local Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* in Ontario

Annex F: Local Changes to Companion Policy 81-101 *Mutual Fund Prospectus Disclosure* in Ontario

Annex G: Local Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* in Ontario

Annex H: Local Changes to Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* in Ontario

Questions

Please refer your questions to any of the following:

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ANNEX A

SUMMARY OF COMMENTS AND RESPONSES ON THE PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-105 *MUTUAL FUND SALES PRACTICES* AND RELATED CONSEQUENTIAL AMENDMENTS
(SEPTEMBER 13, 2018)

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Part 1 – Background

Summary of Comments

On September 13, 2018, the Canadian Securities Administrators (the **CSA**) published for comment proposed amendments to NI 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) and Companion Policy 81-105 *Mutual Fund Sales Practices* (**81-105CP**) and proposed consequential amendments to National Instrument 81-*101 Mutual Fund Prospectus Disclosure*, including Form 81-101F1 *Contents of Simplified Prospectus* and Form 81-101F3 *Contents of Fund Facts Document*, and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (collectively, the **Proposed Amendments**). The purpose of the Proposed Amendments is to implement the CSA's policy response to the investor protection and market efficiency issues arising from the prevailing practice of investment fund managers remunerating dealers and their representatives for mutual fund sales through commissions, including sales and trailing commissions (embedded commissions). The Proposed Amendments:

- prohibit investment fund managers from paying upfront commissions to dealers, which results in the discontinuation of the DSC option (the **DSC ban**), and
- prohibit the payment of trailing commissions to dealers who are not subject to a suitability requirement, such as dealers who do not provide investment recommendations, in connection with the distribution of prospectus qualified mutual fund securities (the **OEO trailing commission ban**).

On February 20, 2020, the Ontario Securities Commission (the **OSC** or **we**) published *Ontario Securities Commission Notice and Request for Comment, Proposed Ontario Securities Commission Rule 81-502 Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds and Proposed Companion Policy 81-502 to Ontario Securities Commission Rule 81-502 Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds and Related Consequential Amendments* (the **Proposed Rule**).

Also on February 20, 2020, the CSA, with the exception of Ontario, published *Multilateral CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices, Changes to Companion Policy 81-105CP to National Instrument 81-105 Mutual Fund Sales Practices and Changes to Companion Policy 81-101CP to National Instrument 81-101 Mutual Fund Prospectus Disclosure relating to Prohibition of Deferred Sales Charges for Investment Funds* (the **2020 Multilateral CSA Notice**)[1]. The amendments published in the 2020 Multilateral CSA Notice prohibit the payment by fund organizations of upfront sales commissions to dealers, which results in the discontinuation of all forms of the DSC option, including low-load options (the **Multilateral DSC Ban**). The Multilateral DSC Ban comes into force on June 1, 2022 in all CSA jurisdictions, except in Ontario.

[1] https://www.bcsc.bc.ca/-/media/PWS/Resources/Securities_Law/Policies/Policy8/81105-CSA-Notice-February-20-2020pdf.

On May 7, 2021, the OSC published OSC Staff Notice 81-731 *Next Steps on Deferred Sales Charges* to announce that the OSC will publish for adoption final amendments to prohibit the DSC option. The OSC also announced that the DSC ban in Ontario will come into force on June 1, 2022, to coincide with the in-force date of the Multilateral DSC Ban.

We received 56 comment letters on the Proposed Amendments for a DSC ban and the commenters are listed in Part 8. We thank everyone who took the time to prepare and submit comment letters. This document contains a summary of the comments we received on the Proposed Amendments and our responses. We have considered the comments received, and in response to the comments, we have made some amendments (the **Amendments**) to the Proposed Amendments.

With respect to the Proposed Rule, a summary of the comments and responses are provided in Annex B.

With respect to the Proposed Amendments for an OEO trailing commission ban, a summary of the comments and the CSA's responses were provided in the September 17, 2020 publication, *CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices and Related Consequential Amendments, Prohibition on Mutual Fund Trailing Commissions Where No Suitability Determination Was Required.* [2]

Part 2 – General Comments

Issue	Comments	Responses
DSC ban	**Investors and Investor Advocates** Investors and investor advocates overwhelmingly support the immediate implementation of a DSC ban and rebut many of the industry stakeholder comments. Their key comments are: • ***The DSC option is harmful to investors and should be eliminated:*** Many investors and investor advocates submit that the DSC option benefits only the interests of investment fund managers and dealers at the expense of investor interests. The upfront commission payable on mutual fund sales made under the DSC option incents advisors to place investors in funds not based on performance or "fit" but rather based on anticipated compensation needs of the dealer/representative. The DSC option also allows investment fund managers to increase and/or maintain assets on which to charge a management fee. This increases the revenues to both dealers/representatives and investment fund manager to the detriment of investor outcomes; • ***The current use of the DSC option is not driven by investor choice but by dealer preference:*** Investor advocates submit that the current use of the DSC option is not driven by investor choice but by dealer/representative preference or acquired dependency on the upfront commission payment that DSC sales provide to finance their operations and grow a book of business. They submit that investors are generally not informed or not given a choice of several purchase options by their dealer/representative, but rather	We appreciate the support from the commenters. We continue to be of the view that the upfront sales commission payable by mutual fund organizations to dealers for mutual fund sales under the DSC option gives rise to a conflict of interest that can incentivize dealers and their representatives to make self-interested investment recommendations to the detriment of investor interests.

[2] https://www.osc.ca/en/securities-law/instruments-rules-policies/8/81-105/csa-notice-amendments-national-instrument-81-105.

	have these choices limited and determined by the dealer/representative based on their revenue requirements. The DSC is an inferior choice that allows for the exploitation of less informed, less advised consumers, and that needs to be eliminated to improve the quality of advice. More choice does not necessarily mean better choice; • ***Concerns that a DSC ban would limit access to advice are overstated:*** Investor advocates remark that the DSC option was never created for any reason related to making advice available to more people, but rather was created to benefit mutual fund sellers because of investor resistance to transparent front-end commissions on mutual fund sales. Moreover, investor advocates state that industry comments regarding an advice gap for smaller investors o gloss over the fact that an advice gap already exists in Canada – i.e. many advisors are disinclined or unable to service small accounts, despite the current availability of the DSC option, and o disregard or downplay innovations that have opened significant new avenues for serving small investors (e.g. no-load funds offered by banks, low-cost/trailing commission-free funds offered by direct sellers, robo-advisors); • ***Good investor discipline should be encouraged through quality advice rather than hardwired in a purchase option:*** Investors submit that the argument that the DSC should be maintained because it keeps investors invested when markets turn is not valid. It is the role of the representative to manage investor behavior. Good counselling and a well-constructed portfolio rather than a lock-in feature built into a purchase option, are the best defense against panic behavior.	
DSC ban	**Industry Stakeholders** The vast majority of industry stakeholders oppose the DSC ban for the following reasons: • ***Concerns with the DSC can be addressed with existing tools and/or additional guidelines:*** Many industry stakeholders submit that the DSC option can be a viable and legitimate purchase option if used and regulated appropriately and that it has a role for certain investors, in particular those with smaller amounts to invest. They submit that regulatory	We do not agree that the regulatory concerns related to the DSC option arise only from the suitability of the investment recommendation. For example, redemption fees can raise investor

	concerns related to the DSC option arise from the suitability of the investment recommendation rather than the DSC option itself and that regulators must continue to enforce compliance with the suitability and disclosure obligations where registrants fail to comply.	protection concerns even when a proper suitability evaluation has been conducted. We refer you to CSA Notice 81-330 published on June 21, 2018 for an overview of the problematic registrant practices and investor harms we have identified in connection with the use of the DSC option.
	• ***Chargeback model:*** In addition, some industry stakeholders suggest allowing the use of the DSC option only within established guidelines and to require dealers rather than investors to pay the redemption fee;	Requiring dealers, rather than investors, to pay redemption fees under the DSC option does not eliminate the conflict of interest which stems from the payment of an upfront commission. It also gives rise to a new conflict of interest as dealers may attempt to dissuade investors from making redemptions in order to avoid paying redemption fees.
	• ***Other market and regulatory changes are likely to impact the use of the DSC option:*** Many industry stakeholders remark that market forces and disrupters (e.g. robo-advisors, digital advisory solutions for dealers, ETFs, fee-based accounts) are driving changes independent of regulation and are prompting a steady decline in the use of the DSC option, which trend is expected to continue. Furthermore, the higher conduct standards proposed under the **Client Focused Reforms**, particularly the enhanced suitability requirement and expanded conflict of interest obligations as they relate to third-party compensation, are expected, if adopted, to further accelerate the decline in the use of the DSC option. Industry stakeholders recommend that the CSA provide guidance in the Client Focused Reforms establishing a set of best practices for the continued use of the DSC option in appropriate circumstances;	We acknowledge that the use of the DSC option has been in steady decline.
	• ***DSC ban would give rise to unintended consequences:*** ○ ***Impact on investors:***	With advances in industry innovation, Ontario investors have access to affordable investment options, including no-load funds and exchange-traded

	▪ ***Reduce investor choice and access to advice:*** Many industry stakeholders submit that the DSC ban would limit choice for investors as to how they may acquire investment funds and pay for advice. Fewer choices of compensation models would limit access to financial advice, particularly for smaller investors, as it would encourage the growing tendency of dealer firms to focus on higher-net worth investors to maintain revenue levels;	funds that are available to investors of all account sizes. Ontario investors also have access to investment products and investment advice with more affordable and more transparent compensation models. We also expect that dealers will adapt their business models to continue serving the needs of a wide range of investors. We also expect that the impact of the ban on investor choice and access to advice will be limited as mutual funds with the DSC option have been in net redemptions since 2016 and had a total net outflow of $3.34 billion in Canada during 2020. During the same time, there was a total net inflow of $23 billion into mutual funds with no-load options.[4]
	▪ ***Reduce investor discipline:*** Several industry stakeholders submit that smaller mutual fund investors may be deterred from investing under the front-end option (due to the front-end commissions payable from the purchase amount), and that this may consequently reduce savings rates. They also submit that the elimination of redemption fees further to the DSC ban may reduce investors' motivation to invest for the long-term and may encourage "short-termism" and impulsive responses to market volatility;	We are of the view that redemption fees are not the only or most cost-effective way for investors to discipline themselves. Dealer representatives can use other effective ways to encourage investor discipline. We also believe that the front-end option, which is a direct fee, does not present the same investor protection concerns as the DSC option. The research we have gathered and reviewed suggests that investors are more sensitive to salient upfront fees like front-end loads and are more likely to control such visible and salient fees that they must pay directly.

[4] See page 65 of the Investor Economics Insight Report January 2021.

	○ ***Impact on mutual fund dealers/advisors – impede recruitment and succession planning:*** Many industry stakeholders submit that the DSC ban would make it more difficult for new advisors to establish a book of business and may consequently impede advisor recruitment and succession planning. This is because newer advisors often rely on the upfront commissions that investment fund managers pay on DSC sales to establish themselves and afford the initial high cost of establishing a new business, whereas the more established advisors are often able to forego the upfront commission and instead live off of a steady flow of trailing commissions paid over several years;	The concern is noted. However, we expect that the DSC ban will encourage dealers to adapt their business models, which may involve establishing alternative remuneration models for new advisors.
	○ ***Impact on competition – favouring the vertical/bank channel:*** Non-deposit taker mutual fund dealer firms and investment fund managers that utilize the DSC option submit that the DSC ban would further skew the competitive balance towards the larger, vertically-integrated firms that generally do not utilize the DSC. This could encourage further industry consolidation (i.e. banks' continued acquisition of independent dealers), further consolidating market power in bank-owned entities, which would reduce choice and competition for investors;	We also expect that dealers who currently offer the DSC option will adapt their business models to continue serving the needs of a wide range of investors.
	• ***The DSC ban would not decrease management expense ratios:*** Several investment fund managers disagree with the CSA's stated expectation that the elimination of the DSC option would reduce management fees for mutual funds.[3] They submit that there is not always a direct correlation between the upfront commission paid to dealers and the management fee charged by the investment fund manager. In their view, competitive pressures are a much greater factor in an investment fund manager's decision to reduce management fees.	We expect that, since fund organizations will no longer incur the cost of financing upfront sales commissions to dealers on DSC mutual fund sales, the management fees charged to the mutual funds who previously offered the DSC option will be reduced in many cases.
	• ***Guidelines and restrictions on the sale of DSC:*** One industry commenter proposed the following guidelines and restrictions on the sale of DSC: (a) enhanced disclosure of the DSC schedule that is acknowledged by the client, (b) one	After considering the comments received to both the Proposed Amendments and the Proposed Rule to introduce restrictions on

[3] In the CSA Notice and Request for Comment for the Proposed Amendments, the CSA stated: "*We expect that, since fund organizations will no longer incur the cost of financing upfront sales commissions to dealers on DSC mutual fund sales, the management fees charged to the mutual funds who previously offered the DSC option will be correspondingly reduced.*"

		commission policy so once a DSC schedule has been completed on an account, the amount invested is not put into a new DSC schedule at the same dealer, (c) limit the use of DSC at ages which are appropriate to reduce the potential for these fees to be incurred, (d) limit the use of DSC to a client's time horizon, and (e) require advisors to ensure clients consider establishing an emergency fund that is not subject to a DSC charge. Given the Ontario government's opposition to the proposed DSC ban, one investor advocate proposed that the following interim measures that would reduce, but not eliminate, investor harm, until a full ban can be implemented: (a) require written policies by dealers to detect and prevent mis-selling and churning of DSC funds, (b) tighten up suitability guidance from MFDA and IIROC, (c) cap the DSC redemption fee rate and schedule and allow 10% free redemption annually, (d) DSC money market funds should have 0% redemption fees and no redemption fee schedule, (e) prohibit sales of DSC when using leverage, (f) prohibit DSC sales to vulnerable investors, (g) one commission policy, (h) prohibit DSC funds in RRIF accounts, (i) no redemption fees in the event of fund mergers, (j) cap dealer switch fees for DSC funds, (k) waive DSC redemption fees in event of unitholder death, (l) separate Fund Facts for DSC funds, and (m) introduce standardized DSC acknowledgement form.	the use of the DSC option that are designed to mitigate potential negative investor outcomes, we have concluded that an outright ban on the DSC option is the best path forward.
Part 3 – Comments on the Definition of "Member of the Organization"			
Issue	**Sub-Issue**	**Comments**	**Responses**
1. Under the Proposed Amendments, we propose to expand the definition of "member of the organization" in NI 81-105 to capture an "associate", as defined under securities law, of the investment fund manager, of the principal distributor or the portfolio advisor of the mutual fund.		Only one comment was received with respect to the expansion of the definition of "member of the organization". The commenter did not raise any objections.	We did expand the definition of "member of the organization" in NI 81-105 to capture an "associate", consistent with the amendments published in the 2020 Multilateral DSC Notice.
	(a) Aside from potential	One industry commenter commented that until the decision to eliminate the DSC option has	We did not to repeal paragraph (e) from the

	future modernization amendments contemplated further below, are there additional immediate changes or updates we should consider making to the definition? For example, would paragraph (e) of the definition still be relevant further to the elimination of the DSC option?	been finalized, any changes would not be recommended. The commenter did point out that paragraph (e) may be relevant should a dealer choose to pay the fund company the gross proceeds of an investor's purchase and the fund company would deduct and send back to the dealer their sales commission as directed by the dealer. Another commenter noted that with the repeal of s.3.1 of NI 81-105, it would not make sense to maintain paragraph (e) of the definition of "member of the organization" and therefore paragraph (e) should be repealed. The commenter did not find any other changes to the definition to be necessary.	definition of "member of the organization", consistent with the amendments published in the 2020 Multilateral DSC Notice.
Part 4 – Comments on Repeal of Section 3.1 of NI 81-105			
Issue	**Sub-Issue**	**Comments**	**Responses**
2. Would the proposed repeal of section 3.1 of NI 81-105 have the expected effect of eliminating all forms of the DSC option? If not, what other measures should be taken to ensure that all forms of the DSC option are eliminated?		One commenter was of the opinion that no additional changes would be required to eliminate DSC. As section 3.1 authorized payments of commissions from fund companies to dealers, the conflicting element of the DSC would be eliminated. One investor advocate recommended specifically adding: "For greater clarity, the regulatory intent of these provisions is to prohibit any form of a deferred sales charge option for a mutual fund" in the final version of the Amendments.	We are of the view that the Amendments which will prohibit investment fund managers from paying upfront commissions to dealers, will result in the discontinuation of the DSC option.
3. Would there be any sales practices and/or compensation arrangements with a redemption fee schedule and redemption fee that could exist despite the repeal of section 3.1 of NI 81-105? **If so, are rule changes required to specifically**		One industry commenter was of the view that a compensation arrangement could not continue to exist once the upfront commission was eliminated. Another commenter wrote that segregated funds would still exist with a DSC option as a compensation arrangement with a redemption fee schedule and redemption fee, despite the repeal of section 3.1 of NI 81-105. Further, regulatory arbitrage towards insurance registration is a significant risk that will negatively impact CSA registrant AUA/AUM, and financial stability.	We are of the view that the Amendments which will prohibit investment fund managers from paying upfront commissions to dealers, will result in the discontinuation of the DSC option.

prohibit redemption fees that are charged for purposes other than to deter excessive or short-term trading in funds?			
4. We do not expect that the repeal of section 3.1 of NI 81-105 will have any impact on the availability and use of other sales charge options, including the front-end load option as it currently exists today.	**(a) Are there any unintended consequences on the front-end load option with the repeal of section 3.1 that we should consider?**	One industry commenter commented that if dealers are not able to access the DSC option, they may be forced to increase their use of front-end sales charges in order to be adequately compensated for the advice and services they provide to their clients. Front-end sales charges reduce the amount of initial investment into a mutual fund, which could have long-term consequences for investors in the form of less savings. DSC was originally created so that investors would not have to pay an upfront sales charge and was the main reason that front-end sales charges declined in popularity. Prohibiting DSC would be a step backwards. Another commenter could not foresee any unintended consequences given that there is no payment from the fund company to the dealer but effectively a facilitation of a payment from the client to the dealer, which is specifically contemplated in the proposed s.4.1.2 of 81-105CP. One industry commenter wrote that the use of the DSC Option in an RDSP account allows the investor's funds to be fully invested from day one without incurring a direct sales charge, and since the grants and bonds are based on contributions to the account, this in turn can maximize grants and bonds that can be provided to the investor. In the absence of the DSC Option, the costs of servicing these types of accounts may rise, which will directly impact the investors who make use of this account. Another commenter wrote that an unintended consequence on the front-end load option would be an increasing shift to the use of funds with a higher front-end load, including those with a maximum charge of 5%. An industry commenter wrote that there are three significant unintended consequences. First, it will drive customers away from the independent advice distribution channel. Eliminating this option is not in the best interest of investors. Second, overall costs to investors will increase. Rather than have the possibility of incurring a sales charge under the DSC option, investors are likely to incur such a cost where some up-front compensation is needed for the investor to receive personal financial advice. Third, the front-end load option reduces the amount available to be invested by the customer.	We added section 4.1.2 of 81-105CP as proposed in the Proposed Amendments as it provides clarification that the front-end load option is not impacted by the Amendments to NI 81-105. We have re-numbered section 4.1.2 of 81-105CP as section 4.1.1 and changed the sub-heading from “Means of payment” to “Front-end load sales option” for clarity. We consider that the front-end load option to be a sales commission paid directly by the investor and not by the fund organization, and thus is not within the scope of NI 81-105. The research we have gathered and reviewed suggests that investors are more sensitive to salient upfront fees like front-end loads and are more likely to control such visible and salient fees that they must pay directly.

	(b) Are there any other types of sales charge options that will be impacted by repealing section 3.1?	Only one comment was received. The commenter could not foresee any other types of sales charge options being impacted.	We thank the commenter for their feedback.
Part 5 – Comments on Transition Period			
Issue	**Sub-Issue**	**Comments**	**Responses**
5. A transition period of 1 year from the date of publication of the final amendments is sufficient time for registrants to operationalize the Proposed Amendments. **Are there any transitional issues for fund organizations and participating dealers with implementing the Proposed Amendments within the proposed 1-year transition period?** **If so, please provide details of the relevant operational, technological, systems, compensation arrangements or other significant business changes required, and the minimum amount of time reasonably required to operationalize those changes and comply with**		***DSC Ban*** – Many industry stakeholders submit that the 1-year transition period proposed for the implementation of the DSC ban should be extended to a minimum of 2 years, with some stakeholders proposing a transition of up to 3 years. The extra time is required to allow impacted dealers/advisors to change their business models to accommodate alternative compensation arrangements, including new internal compensation arrangements.[5]	The Amendments will come into force on June 1, 2022, to coincide with the in-force date of the Multilateral DSC Ban. We anticipate that the period between the publication of the Amendments and the Effective Date will provide sufficient time for dealer firms and representatives who currently make use of the DSC option to transition their practices and operational systems and processes. Further to the publication of the 2020 Multilateral CSA Notice, affected dealer firms and investment fund managers are already moving towards the implementation of a Multilateral DSC Ban.

[5] Independent mutual fund dealers that participated in in-person consultations held in Québec submitted that the DSC ban may lead them to change the current compensation arrangements with their senior advisors to reduce their payouts (generally around 80% of the commissions paid by the investment fund manager) in order to increase the compensation of new advisors. This would take time as it would require an important change in culture, a new way to work in a team (senior advisors and new advisors) and negotiations with the impacted senior advisors.

the Proposed Amendments.			
6. With the implementation of the Proposed Amendments, would the required changes to the disclosure in the simplified prospectus and fund facts documents within the proposed 1-year transition period necessitate amendments outside of a mutual fund's prospectus renewal period? Would these changes be considered to be material changes under NI 81-106?		One commenter expressed that the Proposed Amendments would constitute a material change for the mutual fund depending upon the specific facts applicable to each fund organization. For example, if the final rule results in the capping of, or the ceasing to offer, a specific series, it may constitute a material change. As a result, the final rule should provide a mechanism to permit revised disclosure to be included in the next prospectus renewal with a future effective date indicated. Finally, disclosure of the DSC option would have to be included in fund offering documents until the final redemption schedule runs out to address disclosure for those investors who purchased under the DSC option and switch to another fund within the same fund family. The fund offering documents would have to indicate that the DSC option is not available for new purchases. Other commenters agreed that this would necessitate amendments outside of a mutual fund's prospectus renewal period and that these changes would be considered material under NI 81-106. Making amendments outside of the prospectus renewal schedule will be expensive, with unitholders ultimately bearing that expense. Another commenter noted that there may be diverging practices in the context of the NI 81-105 amendments and it would be in the best interests of clients if the regulators state whether an amendment is required. The commenter felt that amendments should not be required and that one year would generally be sufficient to change the prospectus and Fund Facts documents.	As discussed in the accompanying OSC Notice, we take the view that the discontinuance of the DSC option would be a material change as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**). In such cases, amendments to both the simplified prospectus and fund facts documents would be required to indicate that the DSC option is no longer available. In lieu of such amendments, prospectuses and fund facts documents receipted prior to the Effective Date may provide disclosure indicating that the DSC option will not be available as of the Effective Date. The simplified prospectus form requirements require disclosure of sales options available for purchase. While fund managers may opt to continue to include disclosure about the DSC option in fund offering documents until the final redemption schedule runs out, it is not a simplified prospectus form requirement. However, fund managers may choose to include this information on their website for the benefit of investors who have previously purchased the funds under this option.
7. At this time, the CSA is allowing		Several commenters did not support requiring existing DSC holdings to be converted to the	We agree with commenters that mutual

redemption schedules on existing DSC holdings as of the effective date of the Proposed Amendments to run their course until their scheduled expiry, and fund organizations to continue charging redemption fees on those existing holdings that are redeemed prior to the expiry of the applicable redemption schedule. **Should the CSA propose amendments to require existing DSC holdings as of the effective date of the Proposed Amendments to be converted to the front-end load option or other sales charge option?** **If so, are there any transitional issues for fund organizations and participating dealers with converting existing DSC holdings to another sales charge option?** **What would be an appropriate transition period?**		front-end load option or sales charge option and requested that the DSC schedules of existing holdings should be allowed to run to maturity. By proposing amendments to convert DSC holdings earlier than their normal redemption schedule, the CSA would be interfering with the commercial arrangement that was established between investment fund managers, dealers and investors at the time the mutual fund units were purchased by the investor. Other commenters supported allowing redemption schedules to run their course and indicated that redemption charges should still apply even if regulations require a quicker transition out of DSC fund units. They noted that the economics of the compensation arrangement have already been agreed to and should not be changed by regulatory intervention. This would be consistent with the approach taken by the UK Financial Conduct Authority as part of its Retail Distribution Review. One commenter stated that for clients that are invested in a mutual fund with a DSC, additional time may be required for clients to complete the redemption schedule without paying the DSC charge if they were forced to switch to another purchase option due to the Proposed Amendments. The commenter felt that there should also be guidance regarding transfers-in of holdings from other dealers in the Proposed Amendments for clarity. One commenter indicated that if a switch to front-end is required immediately, it would be unfair to not permit the fund manager to charge any redemption fee. One investor advocate wrote that switching to F class (or equivalent) should take place on a no cost, tax-free basis no later than the effective date. Switching should actually take place now given the financial harm that investors are enduring. The downside of a conversion is that the fund assets would be subject to higher trailing commission after conversion, unless offset by a reduced MER.	fund investments purchased under the DSC option prior to the Effective Date will not have to be converted to the front-end load option or other sales charge option. Instead, the redemption schedules on those existing DSC holdings as of the Effective Date would be allowed to run their course until their scheduled expiry. Fund organizations would therefore be allowed to charge redemption fees on those existing holdings that are redeemed prior to the expiry of the applicable redemption schedule.

Part 6 – Comments on Regulatory Arbitrage		
Issue	**Comments**	**Responses**
8. We understand that the elimination of the DSC option may give rise to the risk of regulatory arbitrage to similar	Many industry stakeholders commented that the DSC ban would encourage regulatory arbitrage to similar non-securities financial products, such	We did not receive any comments on controls and processes that

non-securities financial products, such as segregated funds, where such purchase option and its associated dealer compensation are still available. Please provide your thoughts on controls and processes that registrants may consider using, and on specific measures or initiatives that the relevant regulators should undertake, to mitigate this risk.	as segregated funds, where the DSC option is still available, and that the CSA should liaise with other financial regulators before proceeding with any policy initiative that will cause a difference in treatment among similar retail investors.	registrants may consider using, or on specific measures or initiatives that the relevant regulators should undertake, to mitigate the risk of regulatory arbitrage. Accordingly, the Amendments do not propose any specific measures or initiatives in this respect.
Part 7 – Comments on Modernization of NI 81-105		
Issue	**Comments**	**Responses**
9. CSA may consider future amendments to modernize NI 81-105, an instrument that has been in place since May 1998. Given that NI 81-105 aims to restrict compensation arrangements that can conflict with registrants' fundamental obligations to their investor clients, and given that the proposed Client Focused Reforms introduce the requirement for registrants to address conflicts of interests, including conflicts arising from third-party compensation, in the best interests of clients or avoid them, should the modernization of NI 81-105 entail a consolidation of its requirements into the registrant conduct obligations of NI 31-103?	Several commenters were of the view that although NI 81-105 should be modernized and updated, it is not necessary to consolidate it into the registrant conduct obligations of NI 31-103, as it would be potentially confusing. Some industry commenters recommended that the CSA finalize their amendments to NI 31-103 and allow this NI 81-105 consultation to run its course before entertaining any ideas of consolidation of, or further change to, the National Instruments. Industry will require time and resources to implement the final amendments and the CSA will require time to assess the efficacy of the amendments prior to undertaking another consultation of these National Instruments. A few commenters opposed the consolidation of NI 81-105 requirements into NI 31-103. One commenter indicated that NI 81-105 is designated specifically for retail-oriented mutual funds and provides simplicity by having the requirements contained in one National Instrument focused on this specific product. Given the detail and length of NI 31-103 and 31-103CP, including NI 81-105 would create undue complexity and confusion for industry participants. One commenter expressed that although the current Proposed Amendments do not affect Section 5.4, the CSA should revisit these restrictions and move away from naming specific providers (i.e., IFIC and the IDA), and requiring exemptive relief. Other commenters indicated that NI 81-105 should represent a comprehensive code for compensation arrangements, even if there is duplication of other National Instruments. Payments that are substantively similar to those that are proposed to be discontinued should also be terminated to ensure consistent and fair competitive dynamics and investor choice. In addition, the CSA should work with their	We thank commenters for their feedback. These comments will be taken in consideration should the CSA decide to modernize NI 81-105 at a future date.

	insurance and other counterparts to view segregated funds and the universal life portion of insurance policies. Regulators may also wish to examine in more detail the compensation practices and benefits provided to scholarship plan dealers. One investor advocate expressed that NI 31-103 and NI 81-105 are intertwined so a consolidation into NI 31-103 makes sense. Without consolidation, if there is a conflict between the NI 31-103 and NI 81-105, then NI 31-103 should have precedence.	
10. NI 81-105 currently applies only to the distribution of prospectus qualified mutual funds. In our view, the conflicts arising from sales practices and compensation arrangements that are addressed by the provisions in NI 81-105 are not unique to the distribution of prospectus qualified mutual funds and also arise in the distribution of other investment products, either sold under a prospectus or a prospectus exemption. Are there other types of investment products that are not currently subject to NI 81-105, such as non-redeemable investment funds, certain labour-sponsored investment funds, structured notes and pooled funds that should also be subject to NI 81-105? If not, why should these investment products, their investment fund managers and the dealers that distribute them, remain outside the scope of NI 81-105?	One commenter was of the view that the scope of NI 81-105 should not be extended to include alternative investment products. The types of investors who purchase non-prospectus offered alternative investment products, including non-redeemable investment funds, are sophisticated investors who understand the terms of their investments and are given the opportunity to negotiate the terms of the offering. Also, alternative investment funds typically rely on relationship-based investing with their clients and distribute their own investment product. If the CSA were to extend the scope of NI 81-105 to include non-prospectus offered alternative investment products, it would be departing from the approach that it has historically taken even though the rationale for regulating them differently than mutual fund securities distributed pursuant to a prospectus or simplified prospectus will not have changed. Another industry commenter also agreed that exempt products should remain outside the scope of NI 81-105, as the industry needs to maintain some sort of compensation structure for those selling these higher-risk products. Private capital raises for new and existing businesses that drive employment, technology and innovation are needed for these firms to succeed. The elimination of up-front compensation for exempt market product sales would effectively eliminate this form of capital raising. Two industry commenters wrote that pooled funds should not be subject to NI 81-105. These types of products are sold pursuant to prospectus exemption and are not subject to other mutual fund rules such as National Instrument 81-101 – *Mutual Fund Prospectus Disclosure*, National Instrument 81-102 – *Investment Funds* or National Instrument 81-107 – *Independent Review Committee for Investment Funds*. Further, Client Focused Reforms seem to enhance the existing conflict of interest obligations in a manner which would capture any concerns associated with the sale of other types of investment products.	We thank commenters for their feedback. These comments will be taken in consideration should the CSA decide to modernize NI 81-105 at a future date.

	Some industry commenters were of the view that it is unnecessary to have products such as structured notes and pooled funds included in NI 81-105. For IIROC firms, most of these products are portfolio managed, discretionary solutions predominantly aimed at higher net worth clients. As such, these portfolio managed services and products are not usually purchased by middle income Canadians, the key investors that both the Client Focused Reforms and the Proposed Amendments are designed to protect. Furthermore, costs of offering these products will likely increase if more regulatory requirements are placed upon them. Another commenter noted that it may be useful to consider expanding the scope to other public funds, but only after consultation and research into industry practice in conjunction with a complete review and modernization of NI 81-105. It should not be expanded to private pool funds at this time, unless the CSA determine that, after carrying out research and consultation, the same concerns about sales practices exist in respect of pooled funds, as for public mutual funds. One industry commenter wrote that the CSA should consider separately managed accounts (**SMAs**) and unified managed accounts (**UMAs**) as they are considered fee-based accounts and are becoming increasingly popular, particularly among the banks. They are not subject to the same disclosure requirements as mutual funds and there is little disclosure of the performance of these accounts, although investors do receive reporting after they buy these products. There is also no publicly available price information about these products. Investors may not be aware that a higher portion of the fee goes towards advisor compensation than the commissions on a mutual fund. Rather, SMAs and UMAs are typically pitched as cheaper and superior alternatives to mutual funds, but in many cases, they are not. Another commenter indicated that the goal should be to regulate products that are either mutual-fund-like or that are sold alongside mutual funds by the same representatives in the same manner as mutual funds. Another commenter suggested that NI 81-105 should apply more broadly to include other investment products, not just prospectus qualified mutual funds. New types of investment products have been developed since NI 81-105 was adopted in 1998, and they should be subject to similar controls on sales practices and other arrangements if they are not captured elsewhere. However, this should be part of an overall review that would seek to modernize the instrument and reduce the burden of overly prescriptive requirements.	

	One industry commenter suggested that ETFs should be brought within the scope of NI 81-105.	
11. We seek feedback on whether we should change the term "trailing commission" to a plain language term that investors would better understand and would better describe what a trailing commission is. If so, what are some suggested terms?	One industry commenter opposed changing the term “trailing commission” because the current term is appropriate because a trailing commission trails after the advisor after the sale. Other commenters also opposed changing the term “trailing commission” and pointed out that term is used in a number of documents including compliance manuals, in prospectuses, Fund Facts documents and CRM2 reporting. Changing the term would result in unnecessary costs to revise the disclosure and reporting documents with no demonstrable benefit. Introducing a new term may only increase client confusion as it may raise questions as to whether it is a new fee. Consistency and continuity of the term helps to provide clarity. One commenter indicated that there has been much discussion of trailing commissions in the media so it is a fair assumption that investors understand the term generally. Another commenter strongly opposed the proposed definition for NI 81-105 in section 1.1. The commenter suggested that the definition of trailing commission should capture what the investor is specifically paying for and should not justify payments by an investor for continuing to hold the fund but not receiving any services or advice in respect of continuing to own the fund. One commenter suggested that an explanation be provided alongside the term “trailing commission”, and/or redirect investors to where more explicit information is available. Broadening the definition to include any services provided to the client, not limited to advice, will require clear language so firms and advisors understand what “services” are (or are not) captured as a trailing commission. Some commenters were open to the CSA’s efforts to improve consumer understanding of fees. One commenter suggested the term “ongoing annual commission” – or something similar. Another commenter suggested “service fee” or “advice fee” and another suggested “perpetual sales charge” or “ongoing sales charge” to help investors understand that the size of the fee grows at a compound rate. One investor advocate suggested the terms “distribution commission” or “service charge” but noted that any terminology employed would require investor testing. The commenter also suggested amending the definition to: A trailing commission is any payment by a mutual fund company to an investment dealer that is part of a	We thank commenters for their feedback. These comments will be taken in consideration should the CSA decide to modernize NI 81-105 at a future date.

	continuing series of payments directly related to a client's ownership of a mutual fund.	
12. The definition of "participating dealer" in NI 81-102 carves out a principal distributor. As a result, principal distributors are not subject to the provisions of NI 81-105 that apply to participating dealers. Should the modernization of NI 81-105 contemplate the inclusion of principal distributors in the application of all the provisions of NI 81-105? Alternatively, are there specific provisions in NI 81-105 that should also apply to principal distributors? Please explain.	Two industry commenters commented that the conflicts around payments by fund managers to participating dealers that NI 81-105 is designed to moderate are not as apparent in connection with principal distributors. Any decisions to expand or change NI 81- 105 should only be done in conjunction with a complete review of its terms and provisions with a view to modernizing it. One commenter wrote that the prohibition on the payment of trailing commissions where no suitability determination is made should apply to principal distributors as well as participating dealers; otherwise, dealers that are principal distributors would have an unfair advantage over participating dealers. Also, OEO dealers could become principal distributors of mutual funds offered by an affiliated investment fund manager in order to receive trailing commissions. Two industry commenters supported expanding the scope of NI 81-105 to include principal distributors to ensure a level playing field as dealers engaging in similar forms of activities should fall under similar regulations. Integrated financial institutions involved in both the manufacturing and distribution of a mutual fund product should not be exempt from the requirements applicable to third party dealers.	We thank commenters for their feedback. These comments will be taken in consideration should the CSA decide to modernize NI 81-105 at a future date.

Part 8 – List of Commenters

Commenters

- Advocis, The Financial Advisors Association of Canada
- AGF Investments Inc.
- Alternative Management Association
- Association Professionnelle des Conseillers en Services Financiers
- Blanes, Alan
- Boom, Mary
- Borden Ladner Gervais LLP
- CARP
- Clark, Keir
- Durnin, James S.
- Dusmet, Tom
- Elford, Larry
- Elliot, Ruth
- FAIR Canada
- Federation of Mutual Fund Dealers
- Fidelity Investment Canada
- Fieldstone, David
- Financial Planning Standards Council
- Finandicap Inc.
- Franklin Templeton Investments Corp.
- Glick, Isaac
- Gosselin, Eric F.
- Groupe Cloutier Investissements
- HighView Asset Management Ltd.

- Independent Financial Brokers of Canada
- Invesco Canada Ltd.
- Investment Industry Association of Canada
- Jagdeo, Millie
- Kenmar Associates
- Kivenko, Ken
- Le Groupe financier PEAK
- Loeppky, Bruce
- MacDonald, James Richard
- Mackenzie Financial Corporation
- McFadden, D.
- Merici Services Financiers Inc.
- MICA Capital Inc.
- Mouvement Desjardins
- Naglie, Harvey
- National Bank of Canada
- OSC Investor Advisory Panel
- Portelance, Eric
- Portfolio Strategies Corporation
- Pozgaj, Steve
- Primerica Financial Services (Canada) Ltd.
- RBC Entities
- Rosen, Yegal
- Ross, Art
- Stenzler, Gary
- TD Wealth
- The Canadian Advocacy Council for Canadian CFA Institute Societies
- The Investment Fund Institute of Canada
- The Portfolio Management Association of Canada
- The Small Investor Protection Association
- Whitehouse, Peter

ANNEX B

SUMMARY OF COMMENTS AND RESPONSES ON THE PROPOSED ONTARIO SECURITIES COMMISSION RULE 81-502 *RESTRICTIONS ON THE USE OF THE DEFERRED SALES CHARGE OPTION FOR MUTUAL FUNDS*
(FEBRUARY 20, 2020)

Table of Contents

Part 1 – Background

Summary of Comments

On September 13, 2018, the Canadian Securities Administrators (the **CSA**) published for comment proposed amendments to NI 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) and Companion Policy 81-105 *Mutual Fund Sales Practices* (**81-105CP**) and proposed consequential amendments to National Instrument 81-*101 Mutual Fund Prospectus Disclosure*, including Form 81-101F1 *Contents of Simplified Prospectus* and Form 81-101F3 *Contents of Fund Facts Document*, and National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (collectively, the **Proposed Amendments**). The purpose of the Proposed Amendments is to implement the CSA's policy response to the investor protection and market efficiency issues arising from the prevailing practice of investment fund managers (**IFMs**) remunerating dealers and their representatives for mutual fund sales through commissions, including sales and trailing commissions (**embedded commissions**). The Proposed Amendments:

- prohibit investment fund managers from paying upfront commissions to dealers, which results in the discontinuation of the DSC option (the **DSC ban**), and
- prohibit the payment of trailing commissions to dealers who are not subject to a suitability requirement, such as dealers who do not provide investment recommendations, in connection with the distribution of prospectus qualified mutual fund securities (the **OEO trailing commission ban**).

On February 20, 2020, the Ontario Securities Commission (the **OSC** or **we**) published *Ontario Securities Commission Notice and Request for Comment, Proposed Ontario Securities Commission Rule 81-502 Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds and Proposed Companion Policy 81-502 to Ontario Securities Commission Rule 81-502 Restrictions on the Use of the Deferred Sales Charge Option for Mutual Funds and Related Consequential Amendments* (the **Proposed Rule**).

Also on February 20, 2020, the CSA, with the exception of Ontario, published *Multilateral CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices, Changes to Companion Policy 81-105CP to National Instrument 81-105 Mutual Fund Sales Practices and Changes to Companion Policy 81-101CP to National Instrument 81-101 Mutual Fund Prospectus Disclosure relating to Prohibition of Deferred Sales Charges for Investment Funds* (the **2020 Multilateral CSA Notice**)[1]. The amendments published in the 2020 Multilateral CSA Notice prohibit the payment by fund organizations of upfront sales commissions to dealers, which results in the discontinuation of all forms of the DSC option, including low-load options (the **Multilateral DSC Ban**). The Multilateral DSC Ban comes into force on June 1, 2022 in all CSA jurisdictions, except in Ontario.

[1] https://www.bcsc.bc.ca/-/media/PWS/Resources/Securities_Law/Policies/Policy8/81105-CSA-Notice-February-20-2020pdf.

On May 7, 2021, the OSC published OSC Staff Notice 81-731 *Next Steps on Deferred Sales Charges* to announce that the OSC will publish for adoption final amendments to prohibit the DSC option. The OSC also announced that the DSC ban in Ontario will come into force on June 1, 2022, to coincide with the in-force date of the Multilateral DSC Ban.

We received 34 comment letters on the Proposed Rule and the commenters are listed in Part 7. We thank everyone who took the time to prepare and submit comment letters. This document contains a summary of the comments we received on the Proposed Rule and our responses.

With respect to the Proposed Amendments for a DSC ban, a summary of the comments and responses are provided in Annex A.

With respect to the Proposed Amendments for an OEO trailing commission ban, a summary of the comments and the CSA's responses were provided in the September 17, 2020 publication, *CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices and Related Consequential Amendments, Prohibition on Mutual Fund Trailing Commissions Where No Suitability Determination Was Required.* [2]

Part 2 – General Comments

Issue	Comments	Responses
The Proposed Rule	Overall, the majority of commenters were supportive of adopting the proposed restrictions on the use of the DSC option. The majority of commenters advocated for a complete ban of DSCs and urged the OSC to harmonize with the CSA. The remaining commenters advocated in favour of retaining DSCs and most expressed support for the Proposed Rule with some recommended modifications. The commenters that advocated for a complete ban noted that, while the Proposed Rule may reduce the most egregious sales practices, the continued use of DSCs will still result in some abused investors. Several commenters pointed out that there are practical issues related to permitting the sale of DSCs in Ontario and not in other Canadian jurisdictions. The Proposed Rule creates a 2-tiered regulatory approach and leaves advisors and firms in Ontario, or advisors and firms servicing Ontario-based clients from other jurisdictions, at risk of inadvertent errors. The absence of a harmonized solution to regulate the use of DSCs will ultimately raise costs to investors and regulatory burden for Ontario IFMs and will not be an optimal long-term solution in the best interests of Canadian investors. One commenter noted that the lack of national application and other aspects of the Proposed Rule make it costly, difficult to implement and burdensome to monitor, thereby increasing market inefficiency.	We appreciate the support from the commenters on the Proposed Rule, who overwhelmingly expressed support for a harmonized DSC ban. We continue to be of the view that the upfront sales commission payable by mutual fund organizations to dealers for mutual fund sales under the DSC option gives rise to a conflict of interest that can incentivize dealers and their representatives to make self-interested investment recommendations to the detriment of investor interests. This view is shared by a number of commenters on the Proposed Rule and on the Proposed Amendments.

[2] https://www.osc.ca/en/securities-law/instruments-rules-policies/8/81-105/csa-notice-amendments-national-instrument-81-105.

	Commenters in favour of retaining DSCs advocated to preserve consumer choice. Commenters noted that the Proposed Rule will likely reduce the ability of investors to receive advice from independent dealers and advisors. One commenter noted that limiting choice has a high cost that is sometimes not quantifiable but is not in the interest of investors. One industry association noted that the Proposed Rule is silent on what is expected when a client moves from Ontario to another CSA jurisdiction where DSCs will not be permitted; it would be unfair to the investor if they were forced to redeem early and were penalized as a result. The majority of commenters were supportive of adopting the Proposed Rule, and some provided suggested modifications. One commenter indicated that the Proposed Rule was not necessary. **Investors and Investor Advocate Groups** All of the investors and all of the investor advocate groups were supportive of a complete and outright DSC ban for investment funds. **Industry Associations** Two industry associations were also supportive of a complete DSC ban, while four industry associations opposed it. **Industry Stakeholders** Four industry stakeholders were supportive of a complete DSC ban including one industry stakeholder who supported the Proposed Rule as an alternative, and five industry stakeholders opposed it. **Other Commenters** One law firm and a service provider were supportive of a complete DSC ban. Another law firm remained neutral.	
Part 3 – Proposed Investment Fund Manager Restrictions on the Use of the DSC Option		
Issue	**Comments**	**Responses**

1. Section 3(a)(i) – Maximum term of DSC redemption fee schedule limited to 3 years	One investor and one investor advocate group noted that shortening the maximum term of the redemption schedule to 3 years will reduce but not eliminate harm particularly for retail investors. One industry association commented that reducing the redemption schedule to 3 years negates a mutual fund's buy and hold strategy and ignores the industry practice of an advisor paying the client's redemption fee, depending upon the reasons for the withdrawal. One IFM suggested creating both a 3-year, and a 5-year option. Allowing two redemption schedules to continue to exist will hopefully retain the number of advisors who could service investors with smaller asset levels and will more adequately align with the choice usually afforded to investors to choose within "typical" investment time horizons. One dealer firm also suggested increasing the redemption schedule to 5 years. It noted that regulatory concerns related to the DSC "lock-in" feature arise from the suitability of the investment recommendation rather than the redemption schedule itself. Another IFM commented that the combination of the 3-year term limit and the small account size restriction will likely result in dealers and advisors abandoning DSC altogether.	We thank commenters for their feedback on the proposed investment fund manager restrictions on the use of the DSC option in the Proposed Rule.
2. Section 3(a)(ii) – Clients can redeem 10% of the number of mutual fund securities without redemption fees annually, on a cumulative basis	One investor advocate group commented that this proposal only codifies existing industry practice. It is unclear what new or additional impact this would have on investor protection and reducing the harms due to the "lock-in" effects of redemption fees. It recommends that the threshold for withdrawal without redemption fees in the Proposed Rule should be increased to 20% per year from 10%. One law firm commented that this proposal is reasonable and agreed that it should be a cumulative entitlement. The commenter also noted that every IFM that offers the DSC option already allows an investor to redeem 10% of the value of their investment subject to DSC annually without redemption fees. One dealer firm commented that being able to redeem 10% will have little	

	impact and will negatively hurt investors' net performance. One industry association commented that guidance needs to be provided on how the IFMs should perform the calculation. Is it the frame of reference for calculating the amount that can be redeemed without charge based only on the initial investment only? The calculation can become complicated if: (a) the investor makes subsequent, new investments within the account threshold of s. 3(b)(ii), (b) the investor subscribes to dividend reinvestment plans (**DRIPs**) or pre-authorized contribution plans, and (c) the fluctuations in unit price/net asset value over time, if not explicitly basing the calculation on the t=0 price. If the penalty-free redemption for any given year is based on the number of units, is that number the average number of units held by the investor through the year (dollar or time weighted), the number held at the year's start, or the units held at year end? One IFM commented that there should be flexibility for IFMs to determine how to apply the calculation. One industry association suggested that the calculation be changed to reflect the value of the securities as at the end of the prior calendar year. Another industry association commented that the beneficial impact of the cumulative 10% 'free' should be applied to the current redemption schedule of up to 7 years, rather than reducing the redemption schedule to a maximum of 3 years.	
3. Section 3(a)(iii) – Separate DSC Series **On January 10, 2017, the Canadian Securities Authorities (the CSA) published for comment CSA *Consultation Paper 81-408 Consultation on the Option of Discontinuing Embedded Commissions* (the Consultation Paper). The**	**<u>Agree</u>** Two investor advocate groups, two investors, three industry stakeholders and another commenter supported mandating a separate DSC series. One investor advocate group and one dealer firm commented that this should result in lower MERs for standalone, no-load/front-end load sales charge	

Consultation Paper stated that some investors may indirectly subsidize certain dealer compensation costs that are not attributable to their investment in the fund, which means they indirectly pay excess fees.[3] As an example of this "cross-subsidization", the Consultation Paper made reference to the financing costs incurred by investment fund managers in connection with the payment of the upfront commission to dealers that is typically associated with the DSC sales charge option. This financial cost could be embedded in a mutual fund's management fee, which would result in some investors in a fund, such as the front-end load investors, cross-subsidizing the costs attributable to DSC investors in the fund. As a result, we are proposing to require the DSC sales charge option to be included in a separate series of the fund, which would have its own management fee. We note that some investment fund managers already use this practice. Do you agree that mandating a separate DSC series will help in curtailing the cross-subsidization of the costs attributable to DSC investors? Why or why not?	series. The investor advocate group noted that, as a result, the dealer would be required to justify the sale of a more expensive DSC fund with redemption restrictions over a lower cost series no-load fund (or a front-end load fund with 0% front-end load) with no redemption restrictions. One investor and one investor advocate group commented that separate series for DSC will increase the MER. Any upfront payments would have to be amortized over the three-year period over the number of units in the DSC series. This would make recommending a DSC more unjustifiable. This measure should be taken as an absolute minimum. A separate Fund Facts document should also be required. **Neutral** One investor advocate group acknowledged that a separate DSC series may help curtail cross-subsidization, however the OSC should weigh the benefit to investors against the additional costs of a separate DSC series that may be passed on to investors. **Disagree** One law firm, three industry associations, and three industry stakeholders did not support mandating a separate DSC series. One law firm noted that the concept of cross subsidization is inherent to pooled investing. Typically, cross-subsidization is thought of in terms of operating expenses, not management fees. In that sense, fund operating expenses may include expenses that benefit some investors but not others. If investors were to be charged separately for each expense from which they benefit, or if a separate series was required in each case, it would become overly complex and potentially uneconomic to offer these services and benefits. The Proposed Rule encourages an IFM to indirectly charge the fund for distribution expenses. Three industry stakeholders, one law firm and one industry association	

[3] See page 13, https://www.osc.gov.on.ca/documents/en/Securities-Category8/sn_20170110_81-408_consultation-discontinuing-embedded-commissions.pdf.

	commented that the costs of launching and operating a new fund or separate series are significant and likely to be passed on to investors in the form of higher management fees, regardless of which series or compensation model is selected. Additional resources at the fund level would be required for implementation and ongoing monitoring and compliance; for example, the regulatory prospectus filing fees are based on the series and not on the fund, which would increase the fees payable. There would be additional costs for fund administration and auditing, and the need to update and file additional disclosure for the series, such as Fund Facts, would require additional compliance resources. Additional training, enhanced KYC and suitability review at account opening and on-going monitoring of the client account would also be required at the dealer level. Therefore, the overall costs of running and distributing the funds is likely to increase. These costs will be disproportionately borne by the smaller investors that are typically put into DSC products. One industry association and one IFM commented that it is not clear that cross-subsidization is occurring nor is it clear that separating the DSC to a different series will meaningfully curtail any cross-subsidization. IFMs have priced their product offerings through the management fees and finance the cost of the DSC option from the management fee revenue they earn. There is no additional cost borne by the mutual fund or its securityholders. To the extent that any cross-subsidization exists, it would exist across all financial services compensation models where the revenues generated by one client exceed those generated by another. For example, accounts with higher balances produce higher margins than accounts with lower balances. There is no cross-subsidization of investors who purchase under the DSC option by investors who purchase on a no-load or front-end sales charge basis. Two industry stakeholders commented that there is no evidence to suggest that cross-subsidization of costs due to the DSC model itself is overly problematic or material to the management fees being charged. A significant portion of the cost of financing up front commissions in the	

	DSC model is borne by investment dealers through an arrangement whereby, in exchange for an up-front commission from the IFM, the dealer agrees to a 50% reduction in trailing commission from the IFM during the sales charge period. The impact on fund costs is negligible.	
Part 4 – Proposed Dealer Restrictions on the Use of the DSC Option		
Issue	**Comments**	**Responses**
1. Section 3(b)(i) of the Proposed Rule – No sales of the DSC option to clients aged 60 and over	One investor advocate group commented that the restrictions should be expanded to include vulnerable clients including retirees, recent immigrants, veterans, clients who are drawing income immediately or within the redemption schedule, clients with a large debt load and clients with a drug addiction or are institutionalized. Two industry associations and one investor advocate group commented that the restrictions should be expanded to those who may have reduced financial decision-making capabilities, mental health concerns or cognitive impairments. One commenter noted that investors with terminal illnesses or medical conditions with a life expectancy shorter than the redemption schedule should also be included in the restriction. Another investor advocate group, one IFM and an investor commented that DSCs should not be sold to young investors as they could equally be negatively impacted. Two industry associations commented that the restriction of 60 years of age appears to be somewhat arbitrary and inconsistent with the definition of a senior used in the OSC's Seniors Strategy (age 65). One IFM commented that there is no rationale why age 60 is the last year that investors can purchase DSC. One industry association, one law firm and three industry stakeholders noted that the age limitation under the Proposed Rule is too low. Age 65 is a hallmark of retirement and is the age at which Canadians can typically access full government retirement benefits. The commenter asked how pre-authorized contribution plans set up before a client turns 60 (or 65) should	We thank commenters for their feedback on the proposed dealer restrictions on the use of the DSC option in the Proposed Rule.

	be handled once the client turns 60 (or 65) years of age. One industry association asked for clarification in the application of this rule in situations where the client/account owner is not the same person as the account beneficiary or is not the sole beneficiary. Examples of the former would include RESPs and spousal RRSPs, and an example of the latter would be joint accounts. In the former case, the age of the beneficiary is more relevant to assessing the timeframe for the intended use of the funds (and consequently, the suitability of the DSC option in that beneficial situation). In the latter case, at a minimum, the OSC should consider using the average of the joint beneficiaries' ages when applying the maximum age restriction. Further, the OSC should add additional details regarding its expectations for how non-natural clients can be serviced under the Proposal.	
2. Section 3(b)(ii) of the Proposed Rule – Maximum client account size of $50k	Three investor advocate groups, one industry association, one law firm and two industry stakeholders commented that while the restriction safeguards investors with large accounts from the harm of DSCs, it does not extend the same protection to smaller investors, who may well be more vulnerable. Clients with the lowest amount of money can't afford to have fees impacting their returns. They also may require access to the funds at different times and will be penalized. Many dealers/brokers have actively moved away from accepting small accounts already. One IFM supported this restriction on the condition that new DSC purchases result in a maximum upfront commission payment of 3%; implying a maximum commission of $1,500 up front (max $50k of purchases x 3%). A 3% maximum commission rate will limit the potential for abuse. Two industry associations and three industry stakeholders recommended increasing the account size maximum to $100,000 to permit modest investors to continue to benefit from the DSC option where appropriate. One investor advocate group, one IFM and two industry associations commented that the restriction based	

	on account size is unclear. Does it apply to all accounts (RRSP, TFSA, margin) in total or does it apply to each account? It is assumed it applies to the aggregate dollar amount invested with the dealer. The effect of this restriction will be to limit sale to those with modest amounts to invest. Two industry associations, one investor advocate group and one law firm noted that guidance should include a provision that dealers should not be permitted to circumvent regulatory intent by opening multiple client accounts. One industry association opposed this restriction and commented that it will render the DSC option not economically viable. The effect will be nearly the same as if Ontario had banned DSCs. With the new maximum 3-year redemption schedule, the upfront commission paid by the investment fund for the DSC option is likely to be 3%.	
3. Section 3(b)(iii) of the Proposed Rule – No sales of the DSC option to clients whose investment time horizon is shorter than the DSC schedule	One industry association commented that this appears to codify current suitability practices as a dealer should not allow a trade where the client's time horizon is less than the redemption schedule. One law firm supported limiting the sales of the DSC option to ensure the schedule does not exceed the investment time horizon. Two investor advocate groups commented that the term "time horizon" be defined in plain language and that a standardized definition be incorporated into KYC / account forms, rules and processes. One dealer firm commented that the policy will be difficult to implement in practice and will cause a lot of confusion and inconsistency. A single investor may have multiple time horizons - RESP account vs. RRSP account, for example.	
4. Section 3(b)(iv)(A) of the Proposed Rule – Client cannot use borrowed money to purchase mutual funds with the DSC option	One law firm supported restricting DSC investors from borrowing money to invest. One industry association commented that this policy is overly restrictive. Individual circumstances should be considered for purchases.	

	One dealer firm noted that this may impede investors who have differing terms with their dealer. This may reduce flexibility. Why is borrowing money for a DSC fund considered inherently riskier than borrowing money to purchase a no-load fund? Also, this appears inconsistent with Section 3(a)(i). One industry association requested more clarity on whether the prohibition would apply to the use of an RRSP loan, which is a common method used by Canadians to help fund their retirement savings. One industry association commented that repeated use of the phrase “the dealer knows or reasonably ought to have known” seems to be open to broad interpretation. For example, in the instance of borrowed funds, while the firm or advisor can make inquiries, if the investor is using funds borrowed outside of the firm, and chooses not to share this, what is the responsibility of the dealer or advisor to meet this obligation?	
5. Section 3(b)(iv)(B) of the Proposed Rule – Upfront commissions only for new contributions to a client's account	One dealer firm recommended moving away from upfront commissions of any kind, beyond normal trading fees, etc. The commenter noted that education is required for this policy to work and this may create additional confusion for those trying to make trades or shift funds. One IFM commented that specific rules and guidelines will need to be written in a way that minimizes the potential for abuse so that the results will be consistent with the spirit of this proposed measure. Dealers will need processes to monitor compliance with this restriction. One industry association asked for more clarity on how switches from one fund to another fund in a family will be treated if the first fund was purchased before the effective date of the Proposed Rule. One law firm commented that this restriction could unduly limit an investor who initially invested a small amount, holds the investment for a meaningful period of time (no churning), and then seeks to invest in a “better” mutual fund. The only option would be to pay a	

	commission of up to $1,500 on that transaction, an amount that seems rather high for someone to pay at that asset level. This is a decision that, if made, should be done consciously and transparently.	
6. Section 3(b)(iv)(C) of the Proposed Rule – No upfront commissions on reinvested distributions	One law firm commented that while they are not aware of any IFM that pays commissions on reinvested distributions, it should clearly be banned as there is no economic rationale for why the dealer or representative should be compensated for this activity. One industry association asked for more clarity on how reinvested distributions, on a security purchased before the effective date of the Proposed Rule, will be treated.	
7. Section 3(b)(v) of the Proposed Rule – No redemption fees applicable to investor redemptions upon: **(a) Death of client,** **(b) Involuntary loss of full-time employment,** **(c) Permanent disability, and** **(d) Critical illness**	One investor, two investor advocate groups and one industry association recommended simply using 'financial hardship' as the criteria to unlock the investment early, and using death, involuntary loss of full-time employment, permanent disability, and critical illness as examples that might qualify under the financial hardship provision. One industry association commented that this measure has the effect of placing investors who work in traditional, full-time employment roles in a preferential position relative to self-employed, part-time employees, project-based and seasonal employees and independent contractors who do not qualify for employment insurance. The OSC could consider language that is more inclusive, such as making the employment-related hardship release available to all clients upon the involuntary loss of, or inability to perform, the client's primary remunerative activities. One investor advocate group and one industry association commented that legitimate client hardship situations are not limited to negative shocks that happen directly to the client. Events including the involuntary unemployment of a spouse, marital breakdown/divorce or illness of a child or other dependent can have equally devastating impacts on personal finances that also warrant hardship consideration. The OSC should take a more expansive approach here, so that the qualifying	

	hardship criteria apply to negative shocks occurring both to the client directly, as well as to certain specified classes of client-connected individuals. Two IFMs commented that the vulnerable investor category should be expanded (i.e., health, life events, resilience, and capability). One law firm indicated that every IFM provides for a discretionary hardship exemption for DSCs. The proposed restriction is a dealer restriction so dealers will ensure the IFM pays for the waiver before putting the IFM's DSC option on the shelf. The restriction will remove the IFM's discretion. The upfront commission for the DSC is effectively a loan from the IFM to the client to pay the commission and the loan is repaid through the management fee and the redemption fee is like a prepayment penalty. With a bank loan, none of the hardships in the proposed restriction would result in the loan being forgiven so similarly, the redemption fee should not be waived and the IFM should not have to absorb the financial burden. The hardship exemption should remain discretionary and not impact the economic rights of the IFM or the dealer. This public policy matter is not within the authority of the securities regulator and should not be in the final Rule. One IFM commented that involuntary loss of full-time employment may be difficult to prove; unless a record of employment is required to qualify for redemption fee waivers. Some advisors and dealers commented that they require additional details on how the OSC would like them to address situations of financial hardship for non-natural (corporate or partnership) clients. One industry association and one IFM cautioned that assessing the severity of an illness, including whether it should be characterized as critical, is not an easy matter and is not something that mutual fund dealers have experience with or equipped to do. The OSC should provide additional guidance to allow for this type of analysis to be conducted in an efficient and fair way. One dealer firm added that at minimum this list should be expanded to include:	

	• death of an immediate family member • negative changes to employment or income • hospitalization or long-term illness • significant economic downturn or shock (e.g., COVID-19 or 2008 crisis) • future OSC policy changes • dealer/IFM fee changes • new dealer/IFM due to company change (i.e., due to retirement, loss of ability to send funds, or any other factor). One investor commented that this rule should be expanded to allow a unitholder to redeem without penalty if as a result of a merger, the fund's objectives are changed, or the MER is increased.	
Part 5 – Comments on Transition Period		
Issue	**Comments**	**Responses**
The effective date of the Proposed Rule coincides with the effective date of the final amendments to implement a DSC ban in the other CSA jurisdictions. Are there additional transition issues that we should consider?	**Supportive** Two industry associations and three industry stakeholders agreed with the proposed transition time. One dealer firm commented that the time for transition will help ensure an advice gap would not exist if a full ban came into effect. Another industry association commented that implementing changes on a particular subject matter all at once is more efficient from an operational perspective and with respect to disclosure. **Opposed** Two investor advocate groups, five investors, one industry association, and two IFMs advocated for an earlier implementation date. One IFM noted that quicker implementation will reduce investor harm, particularly at a time when investors are facing financial hardship as a result of the COVID-19 crisis. Another investor advocate group agreed and noted that smaller investors, who are most likely to invest in DSC funds, will be placed at risk of harm for almost another decade	We thank commenters for their feedback on the effective date of the Proposed Rule.

	following the decision of regulators to address problems associated with DSC mutual funds. The Proposed Rule, in particular the restriction on the Maximum Term, should become effective on December 31, 2020. One law firm commented that waiting until June 2022 would needlessly expose Ontarians to material financial harm that will extend as far as 2028. Several commenters supported ceasing the sale of DSC products earlier. One investor recommended that it should be done immediately, one investor advocate group recommended a transition time of not more than 3-6 months, another investor suggested 6-9 months, and one IFM recommended a transition time of 1 year. One investor advocate group commented that since Ontario has chosen not to harmonize with the rest of Canada on the DSC ban, there is no rationale for the implementation date of the Proposed Rule to harmonize with the effective date of the DSC ban. Dealers will still be able to sell regular DSC funds and their redemption schedules will run to their conclusion, meaning that 6-year DSC funds will be in client accounts in Ontario until 2028. The implementation date should be sooner to curtail DSC sales volume so that fund manufacturers close their DSC fund series ahead of the June 1, 2022 date. One industry association commented that the OSC should align its implementation date with the implementation of conflict of interest CFRs. **Extend Transition** One dealer firm advocated for the extension of the implementation date to June 1, 2023 due to the disruptive effect of the current pandemic and the significant changes businesses are required to make to adapt to the current operating environment.	
Part 6 – Comments on Anticipated Costs and Benefits		
Issue	**Comments**	**Responses**
Annex E sets out the anticipated costs and benefits of the Proposed Rule. Are there any other significant	One industry advocate group commented that a May 2017 MFDA research report found that households	We thank commenters for their feedback on the anticipated costs and benefits of the Proposed Rule.

costs or benefits that have not been identified in this analysis? Please explain with concrete examples and provide data to support your views.	with less than $100K to invest held 42% of assets in DSC funds while those with over $500K held just 17%. As households with less than $100K in investable assets are less likely to be eligible for fee-based accounts, they are an attractive target of DSC fund salespersons. DSC sold funds are generally more expensive than mutual funds that do not carry a provision for the recovery of the 5% upfront payout to salespersons embedded in the management fee. This suggests that investors of modest means based in Ontario could have their life savings impaired by fund salespersons recommending DSC mutual funds. Further, a July 2019 Report by the OSC's Investor Advisory Panel indicated that, in many cases, basic financial planning concepts are not addressed in the advice provided. For example, 68% of small investors surveyed said their advisor spent less than an hour communicating with them per year or didn't communicate with them at all. For these reasons, the commenter recommended that the OSC publish a checklist for DSC investors and an update on fund fees like Mutual Fund Fees from the MFDA. Another industry association pointed out that there are cost implications of various aspects of the rule, which would make them burdensome to implement. For example, with respect to the maximum account size, limiting the DSC option to a smaller group of investors with smaller account values will decrease the asset base and increase the costs of operating these funds. One IFM added that for IFMs, the cost of system enhancements needed to make the 10% free redemption amount cumulative, for example, will be considerable. There will also be cost in separating the DSC option into its own series. Equally important, this requirement will lead to significantly increased fund shelf complexity, resulting in additional series. One IFM commented that the Proposed Rule will likely reduce the ability of investors to receive advice from independent dealers and advisors. This primarily helps low cost robo-advisors (which may not be desirable for many investors) or banks. Limiting choice has a high cost that is sometimes not	

	quantifiable but is certainly real and not in the interests of the investing public. One industry association commented that the Proposed Rule may result in fewer funds being offered, and therefore fewer choices available to investors. There is a risk that costs will also be passed on to investors in the form of higher management fees. Such unintended consequences will be harmful to investors, in particular, those with smaller accounts and less money to invest, and therefore Ontario should consider these costs in determining whether to harmonize its policy with other CSA jurisdictions.	

Part 7 – List of Commenters

Commenters

Adelson Law
Advocis, The Financial Advisors Association of Canada
AGF Investments Inc.
The Canadian Advocacy Council of CFA Societies Canada
CARP
Dusmet, Tom
Elliot, Ruth
FAIR Canada
Federation of Mutual Fund Dealers
Fidelity Investments Canada ULC
Fieldstone, David M.
Fortier, Sophia
Glick, Isaac
Gourley, Stan
Highview Asset Management Ltd.
Independent Financial Brokers of Canada
Invesco Canada Ltd.
The Investment Funds Institute of Canada
Investor Advisory Panel
Jagdeo, Millie
Kenmar Associates
Libro Credit Union
Mackenzie Investments
MBC Law
Money Coaches Canada
Morningstar Research Inc.
The Portfolio Management Association of Canada
Primerica Financial Services (Canada) Ltd.
Roberts, Dale
Rosen, Yegal
Ross, Arthur
Small Investor Protection Association
Vanguard
Whitehouse, Peter

ANNEX C

LOCAL AMENDMENTS TO
NATIONAL INSTRUMENT 81-105 *MUTUAL FUND SALES PRACTICES*
IN ONTARIO

1. National Instrument 81-105 Mutual Fund Sales Practices is amended by this Instrument.

2. Section 1.1 is amended in paragraph (d) of the definition of "member of the organization***" by adding "***associate or***" before "***affiliate***".***

3. Section 3.1 is repealed.

4. This Instrument comes into force in Ontario on June 1, 2022.

ANNEX D

LOCAL CHANGES TO
COMPANION POLICY 81-105 *MUTUAL FUND SALES PRACTICES*
IN ONTARIO

1. Companion Policy 81-105 Mutual Fund Sales Practices is changed by this document.

2. Part 4 of the Companion Policy is changed by adding the following section:

4.1.1 Front-end load sales option – The Canadian securities regulatory authorities are of the view that the Instrument does not preclude members of the organization of a mutual fund from facilitating the payment by a mutual fund investor to a participating dealer of a sales commission in connection with the purchase of mutual fund securities that is negotiated and agreed to exclusively between those two parties. For example, the participating dealer may remit to the member the gross proceeds of an investor's purchase of mutual fund securities from which the member may then deduct and remit the sales commission to the participating dealer on the investor's behalf pursuant to instructions received from the dealer**..**

3. This change becomes effective in Ontario on June 1, 2022.

ANNEX E

LOCAL AMENDMENTS TO
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*
IN ONTARIO

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Form 81-101F1 Contents of Simplified Prospectus is amended

(a) in Item 8.2(1) in Part A by deleting the "Redemption Charge Option***" row in the table required by this Item, and by repealing the footnote,***

(b) in Item 8.2(2) of Part A by replacing subsection (2) with "In preparing the table contemplated by this Item, assume, in determining the fees paid under the sales charge option, that the maximum sales charge commission disclosed in the simplified prospectus is paid by the investor.***",***

(c) in subsection (2) of the Instructions under Item 9.1 of Part A by deleting the following:

For example, if the manager of the mutual fund pays an up-front sales commission to participating dealers, so state and include the range of commissions paid. If the manager permits participating dealers to retain the sales commissions paid by investors as compensation, so state and include the range of commissions that can be retained.***,***

(d) in subsection (2) of the Instructions under Item 9.2 of Part A by deleting "sales and***", and***

(e) by repealing subsection (3) of the Instructions under Item 9.2 of Part A.

3. Form 81-101F3 Contents of Fund Facts Document is amended

(a) in subsection (1) of the Instructions under Item 1.2 of Part II by deleting ", deferred sales charge***",***

(b) in subsection (2) of the Instructions under Item 1.2 of Part II by deleting "For a deferred sales charge, provide the full sales charge schedule.***",***

(c) in subsection (3) of the Instructions under Item 1.2 of Part II by deleting "For a deferred sales charge, include a range for the amount that can be charged on every $1,000 redemption.***", and***

(d) in subsection (4) of the Instructions under Item 1.2 of Part II by deleting the following:

In the case of a deferred sales charge, the disclosure must also briefly state:

- any amount payable as an upfront sales commission;
- who pays and who receives the amount payable as the upfront sales commission;
- any free redemption amount and key details about how it works;
- whether switches can be made without incurring a sales charge; and
- how the amount paid by an investor at the time of a redemption of securities is calculated, for example, whether it is based on the net asset value of those securities at the time of redemption or another time***..***

4. This Instrument comes into force in Ontario on June 1, 2022.

ANNEX F

LOCAL CHANGES TO
COMPANION POLICY 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*
IN ONTARIO

1. Companion Policy 81-101 Mutual Fund Prospectus Disclosure is changed by this document.

2. The Sample Fund Facts Document in Appendix A – Sample Fund Facts Document is replaced by the following:

XYZ Mutual Funds

XYZ Canadian Equity Fund – Series B

FUND FACTS

June 30, 20XX

This document contains key information you should know about XYZ Canadian Equity Fund. You can find more details in the fund's simplified prospectus. Ask your representative for a copy, contact XYZ Mutual Funds at 1-800-555-5556 or investing@xyzfunds.com, or visit www.xyzfunds.com.

Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.

Quick facts

Fund code:	XYZ123	**Fund manager:**	XYZ Mutual Funds
Date series started:	March 31, 2000	**Portfolio manager:**	Capital Asset Management Ltd.
Total value of fund on June 1, 20XX:	$1 billion	**Distributions:**	Annually, on December 15
Management expense ratio (MER):	2.25%	**Minimum investment:**	$500 initial, $50 additional

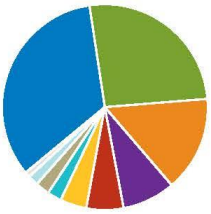
What does the fund invest in?

The fund invests in a broad range of stocks of Canadian companies. They can be of any size and from any industry.
The charts below give you a snapshot of the fund's investments on June 1, 20XX. The fund's investments will change.

Top 10 investments (June 1, 20XX)

1.	Royal Bank of Canada	7.5%
2.	Toronto-Dominion Bank	7.1%
3.	Canadian Natural Resources	5.8%
4.	The Bank of Nova Scotia	4.1%
5.	Cenovus Energy Inc.	3.7%
6.	Suncor Energy Inc.	3.2%
7.	Enbridge Inc.	3.1%
8.	Canadian Imperial Bank of Commerce	2.9%
9.	Manulife Financial Corporation	2.7%
10.	Canadian National Railway Company	1.9%
Total percentage of top 10 investments		**42.0%**
Total number of investments		**93**

Investment mix (June 1, 20XX)



Industry	
Financial services	34.0%
Energy	26.6%
Industrial goods	16.5%
Business services	6.4%
Telecommunication	5.9%
Hardware	3.7%
Healthcare services	2.3%
Consumer services	2.1%
Media	1.9%
Consumer goods	0.6%

How risky is it?

The value of the fund can go down as well as up. You could lose money.

One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

XYZ Mutual Funds has rated the volatility of this fund as **medium**.

This rating is based on how much the fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.

Low	Low to medium	**Medium**	Medium to high	High

For more information about the risk rating and specific risks that can affect the fund's returns, see the Risk section of the fund's simplified prospectus.

No guarantees

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.

XYZ Mutual Funds

XYZ Canadian Equity Fund – Series B

How has the fund performed?

This section tells you how Series B units of the fund have performed over the past 10 years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

Year-by-year returns

This chart shows how Series B units of the fund performed in each of the past 10 years. The fund dropped in value in 3 of the 10 years. The range of returns and change from year to year can help you assess how risky the fund has been in the past. It does not tell you how the fund will perform in the future.

Best and worst 3-month returns

This table shows the best and worst returns for Series B units of the fund in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested $1,000 at the beginning of the period
Best return	32.6%	April 30, 2003	Your investment would rise to $1,326.
Worst return	-24.7%	November 30, 2008	Your investment would drop to $753.

Average return

The annual compounded return of Series B units of the fund was 6.8% over the past 10 years. If you had invested $1,000 in the fund 10 years ago, your investment would now be worth $1,930.

Who is this fund for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

Don't buy this fund if you need a steady source of income from your investment.

A word about tax

In general, you'll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

XYZ Mutual Funds

XYZ Canadian Equity Fund – Series B

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series B units of the fund. The fees and expenses — including any commissions — can vary among series of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

1. Sales charges

You may pay a sales charge when you buy the fund.

Sales charge option	What you pay		How it works
	in per cent (%)	in dollars ($)	
Initial sales charge	0% to 4% of the amount you buy	$0 to $40 on every $1,000 you buy	• You and your representative decide on the rate. • The initial sales charge is deducted from the amount you buy. It goes to your representative's firm as a commission.

2. Fund expenses

You don't pay these expenses directly. They affect you because they reduce the fund's returns.
As of March 31, 20XX, the fund's expenses were 2.30% of its value. This equals $23 for every $1,000 invested.

	Annual rate (as a % of the fund's value)
Management expense ratio (MER) This is the total of the fund's management fee (which includes the trailing commission) and operating expenses. XYZ Mutual Funds waived some of the fund's expenses. If it had not done so, the MER would have been higher.	2.25%
Trading expense ratio (TER) These are the fund's trading costs.	0.05%
Fund expenses	**2.30%**

More about the trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the fund. It is for the services and advice that your representative and their firm provide to you.

XYZ Mutual Funds pays the trailing commission to your representative's firm. It is paid from the fund's management fee and is based on the value of your investment. The rate depends on the sales charge option you choose.

Sales charge option	Amount of trailing commission	
	in per cent (%)	in dollars ($)
Initial sales charge	0% to 1% of the value of your investment each year	$0 to $10 each year on every $1,000 invested
Deferred sales charge	0% to 0.50% of the value of your investment each	$0 to $5 each year on every $1,000 invested

XYZ Mutual Funds

XYZ Canadian Equity Fund – Series B

How much does it cost? cont'd

3. Other fees

You may have to pay other fees when you buy, hold, sell or switch units of the fund.

Fee	What you pay
Short-term trading fee	1% of the value of units you sell or switch within 90 days of buying them. This fee goes to the fund.
Switch fee	Your representative's firm may charge you up to 2% of the value of units you switch to another XYZ Mutual Fund.
Change fee	Your representative's firm may charge you up to 2% of the value of units you switch to another series of the fund.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive a simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact XYZ Mutual Funds or your representative for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

XYZ Mutual Funds
123 Asset Allocation St.
Toronto, ON M1A 2B3

Phone: (416) 555-5555
Toll-free: 1-800-555-5556
Email: investing@xyzfunds.com
www.xyzfunds.com

To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrators.ca.

® Registered trademark of XYZ Mutual Funds.

3. This change becomes effective in Ontario on June 1, 2022.

ANNEX G

LOCAL AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*
IN ONTARIO

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. Paragraph 8.7(4)(a) is amended by deleting "deferred or contingent sales charge or"***.***

3. Paragraph 14.2.1(1)(b) is repealed.

4. This Instrument comes into force in Ontario on June 1, 2022.

ANNEX H

LOCAL CHANGES TO
COMPANION POLICY 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*
IN ONTARIO

1. Companion Policy 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is changed by this document.

2. Section 14.2.1 is changed:

(a) by replacing "purchase***" with "***redemption***" in the second paragraph,***

(b) by deleting "upon the redemption of the security***" in the second paragraph, and***

(c) by replacing the second bullet in the fourth paragraph with the following:

- the sales charge options available to the client and an explanation as to how such charges work. Any redemption fees or short-term trading fees that may apply should also be discussed***.***

3. These changes become effective in Ontario on June 1, 2022.

1.4 Notices from the Office of the Secretary

1.4.1 Jonathan Cartu et al.

FOR IMMEDIATE RELEASE
May 26, 2021

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

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

A copy of the Order dated May 26, 2021 and Settlement Agreement dated May 18, 2021 are available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.2 Jonathan Cartu et al.

FOR IMMEDIATE RELEASE
May 27, 2021

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

TORONTO – The Commission issued its Reasons for Approval of a Settlement in the above named matter.

A copy of the Reasons for Approval of a Settlement dated May 26, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.3 Alvin Jones

FOR IMMEDIATE RELEASE
May 27, 2021

ALVIN JONES,
File No. 2021-5

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

A copy of the Order dated May 27, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.4 Plateau Energy Metals Inc. et al.

FOR IMMEDIATE RELEASE
May 27, 2021

PLATEAU ENERGY METALS INC.,
ALEXANDER FRANCIS CUTHBERT HOLMES AND
PHILIP NEVILLE GIBBS,
File No. 2021-16

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

A copy of the Order dated May 27, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.5 Threegold Resources Inc.

FOR IMMEDIATE RELEASE
May 28, 2021

THREEGOLD RESOURCES INC.,
VICTOR GONCALVES and
JON SNELSON,
File No. 2019-42

TORONTO – The Commission issued its Reasons for Decision in the above named matter.

A copy of the Reasons for Decision dated May 27, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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inquiries@osc.gov.on.ca

1.4.6 Strike Holdings Inc. et al.

FOR IMMEDIATE RELEASE
May 28, 2021

STRIKE HOLDINGS INC.,
KM STRIKE MANAGEMENT INC.,
MICHAEL AONSO AND
KEVIN CARMICHAEL,
File No. 2021-13

TORONTO – Take notice that a motion hearing to consider the extension of a Temporary Order in the above named matter is scheduled to be heard on May 31, 2021 at 10:00 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.7 Daniel Sheehan

FOR IMMEDIATE RELEASE
May 28, 2021

DANIEL SHEEHAN,
File No. 2020-38

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

A copy of the Order dated May 28, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.8 Trevor Rosborough et al.

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

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.9 Strike Holdings Inc. et al.

FOR IMMEDIATE RELEASE
May 31, 2021

STRIKE HOLDINGS INC.,
KM STRIKE MANAGEMENT INC.,
MICHAEL AONSO AND
KEVIN CARMICHAEL,
File No. 2021-13

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

A copy of the Order dated May 31, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.10 Wilks Brothers, LLC

FOR IMMEDIATE RELEASE
June 1, 2021

AN APPLICATION BY WILKS BROTHERS, LLC FOR THE REVIEW OF A DECISION BY TSX INC. RELATING TO CALFRAC WELL SERVICES LTD.,
File No. 2021-12

TORONTO – The Applicant, Wilks Brothers, LLC filed an Amended Application dated May 31, 2021.

A copy of the Amended Application dated May 31, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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inquiries@osc.gov.on.ca

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 I.G. Investment Management, Ltd. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of mutual fund mergers – required because mergers do not meet the criteria for pre-approval in respect of investment objectives – granted subject to securityholder approval.

Applicable Legislative Provisions

NI 81-102 Investment Funds, ss. 5.5(1)(b), 5.6(1)(a), and 5.7(1)(b).

May 7, 2021

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

AND

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

AND

IN THE MATTER OF
THE MERGERS OF
IG MACKENZIE LOW VOLATILITY CANADIAN EQUITY FUND,
IG IRISH LIFE GLOBAL EQUITY FUND
(the "Terminating Funds")

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(the "Filer")

DECISION

BACKGROUND

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for approval under paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* ("**NI 81-102**") of the mergers (the "**Mergers**") of the Terminating Funds into the applicable Continuing Funds as defined below (the "**Approval Sought**").

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

(a) The Manitoba Securities Commission is the principal regulator for this application;

(b) the Filers have provided notice that subparagraph 4.7(1) of Multilateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

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

INTERPRETATION

Terms defined in National Instrument 14-101 Definitions and MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following additional terms shall have the following meanings:

Continuing Fund means each of IG FI Canadian Equity Fund and IG Mackenzie Global Fund (collectively, the Continuing Funds);

Effective Date means on or about June 18, 2021, the anticipated date of the Mergers;

Funds means collectively, the Terminating Funds and the Continuing Funds;

REPRESENTATIONS

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

The Filers

1. The Filer is a corporation continued under the laws of Ontario. It is the trustee and manager of the Terminating Funds and the Continuing Funds. The head office of Filer is in Winnipeg, Manitoba.

2. Filer is registered as a Portfolio Manager and an Investment Fund Manager in Manitoba, Ontario, and Quebec and as an Investment Fund Manager in Newfoundland and Labrador.

3. Filer is not in default of any of the requirements of securities legislation of any of the provinces and territories of Canada.

The Funds

4. All of the Funds are open-end mutual funds established or continued under a Master Declaration of Trust under the laws of Manitoba.

5. Securities of the Funds are qualified for distribution in each province and territory of Canada pursuant to a simplified prospectus ("**SP**"), annual information form ("**AIF**") and fund facts ("**Fund Facts**") prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* dated August 28, 2020 (the "**Offering Documents**").

6. The net asset values of each series of the Funds are calculated on a daily basis on each day that Filer is open for business.

7. None of the Funds are in default of any of the requirements of securities legislation of any province or territory in Canada.

Reasons for the Approval Sought

8. Approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.1 of NI 81-102. More specifically, the fundamental investment objectives of the Continuing Funds are not, or may be considered not to be, "substantially similar" to the investment objectives of their corresponding Terminating Funds.

9. Except as noted above, the Mergers will otherwise comply with all other criteria for preapproved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Mergers

10. Pursuant to the Mergers, unitholders of each of the Terminating Funds would become unitholders of the applicable Continuing Fund, as follows:

Terminating Fund	**Continuing Fund**
IG Mackenzie Low Volatility Canadian Equity Fund	IG FI Canadian Equity Fund
IG Irish Life Low Volatility Global Equity Fund	IG Mackenzie Global Fund

11. The Mergers do not require approval of unitholders of the Continuing Funds as the Filer has determined that the Mergers do not constitute material changes for any of the Continuing Funds.

12. As required by National Instrument 81-107 Independent Review Committee for Investment Funds, the IG Wealth Management Funds' Independent Review Committee (IRC) has been appointed for the Funds. The Filer presented the terms of the Mergers to the IRC for a recommendation. The IRC reviewed the Mergers and provided a positive

recommendation for each of the Mergers, having determined that the Mergers, if implemented, would achieve a fair and reasonable result for the Funds and their respective unitholders.

13. In accordance with National Instrument 81-106 - Investment Fund Continuous Disclosure (NI 81-106), a press release announcing the Mergers was issued and filed via SEDAR on March 12, 2021. A material change report and amendments to the Offering Documents with respect to the Mergers were filed in accordance with NI 81-106.

14. By way of order dated November 29, 2016, the Filer was granted relief (the Notice-and Access Relief) from the requirement set out in paragraph 12.2(2)(a) of NI 81-106 to send a printed management information circular to unitholders while proxies are being solicited. Subject to certain conditions, the Notice-and-Access Relief instead allows a notice-and access document to be sent to such unitholders. Pursuant to the requirements of the Notice-and-Access Relief, the notice-and-access document, a form of proxy in connection with each special meeting of unitholders of the Funds, as well as the most recent fund facts document(s) for the applicable series of the Continuing Funds will be mailed to unitholders of the Terminating Funds commencing on or about April 22, 2021. The management information circular and forms of proxy (collectively, the Meeting Materials) in connection with special meetings of unitholders of the Funds will be posted on the Filer's website at www.ig.ca. The Meeting Materials will also appear on the SEDAR website at www.sedar.com.

15. The Meeting Materials describe all of the relevant facts concerning the Mergers relevant to each unitholder, including the differences between investment objectives, strategies of the Terminating Funds and the Continuing Funds, the IRC's recommendations regarding the Mergers, and income tax considerations so that unitholders of the Terminating Funds may consider this information before voting on the Mergers. The Meeting Materials also describe the various ways in which unitholders can obtain a copy of the simplified prospectus and annual information form of the Continuing Funds, as well as the most recent interim and annual financial statements and management reports of fund performance for the Continuing Funds, at no cost.

16. Fund facts document(s) relating to the applicable series of each Continuing Fund were mailed to unitholders of the corresponding series of each Terminating Fund.

17. The Filer will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the trades that occur both before and after the date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees. There are no charges payable by unitholders of the Terminating Funds who acquire units of the corresponding Continuing Funds as a result of the Mergers.

18. Unitholders of each of the Terminating Funds will be asked to approve the Merger associated with that Terminating Fund at a special meeting of unitholders scheduled to be held on or about June 3, 2021.

19. Following the implementation of the Mergers, all systematic plans that will be established with respect to the Terminating Funds will be re-established in the Continuing Fund, on a series-for-series basis.

20. Unitholders may change or cancel any systematic plan at any time and unitholders of the Terminating Funds who wish to establish one or more systematic plans in respect of their holdings in the Continuing Fund may do so following the implementation of the Mergers.

21. Each Merger will be completed as a tax-deferred transaction under the Income Tax Act (Canada) (Tax Act). Unitholders of the Terminating Funds will be provided with information about the income tax consequences of the Mergers in the information circular and will have the opportunity to consider such information prior to voting on the Mergers.

Merger Steps

22. If the necessary approvals are obtained, the Filer will carry out the following steps to complete the Mergers:

    (i) Prior to effecting a Merger, if required, each Terminating Fund will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the applicable Continuing Fund and purchase other securities so that, as of the effective date of the Merger, the portfolio of the Terminating Fund is substantially similar to that of the applicable Continuing Fund. As a result, some of the Terminating Funds may temporarily hold cash, money market instruments or investments that are not consistent with their investment objectives, and may not be fully invested in accordance with their investment objectives for a brief period of time prior to the Merger being effected.

    (ii) The value of each Terminating Fund' s portfolio and other assets will be determined at the close of business on the effective date of each applicable Merger in accordance with the constating documents of the applicable Terminating Fund.

    (iii) Each Continuing Fund will acquire the investment portfolio and other assets of the applicable Terminating Fund in exchange for units of the Continuing Fund.

(iv) Each Continuing Fund will. transfer or sell all of its net assets (being its investment portfolio, other assets including cash, and liabilities) to its corresponding Continuing Fund in exchange for units of equivalent value in the Continuing Fund, as determined on the effective date of the applicable Merger.

(v) The Terminating Funds will distribute a sufficient amount of their net income and net realized capital gains, if any, to unitholders to ensure that they will not be subject to tax under Part 1 of the Tax Act for their current tax year.

(vi) The units of each Continuing Fund received by the applicable Terminating Fund will have an aggregate net asset value equal to the value of the portfolio assets and other assets that the Continuing Fund is acquiring from the Terminating Fund, and the units of the Continuing Fund will be issued at the applicable series net asset value per unit as of the close of business on the effective date of the applicable Merger.

(vii) Immediately thereafter, units of each Continuing Fund received by the applicable Terminating Fund will be distributed to unitholders of the Terminating Fund, as proceeds of redemption of their units in the Terminating Fund on a dollar-for-dollar and series by series basis.

(viii) As soon as reasonably possible following each Merger, the applicable Terminating Fund will be wound up.

23. Unitholders in the Terminating Funds will continue to have the right to redeem their units or exchange their units for units of any other mutual fund of the Filer at any time up to the close of business on the business day before the Effective Date. Unitholders who redeem units may be subject to redemption charges.

24. Following the implementation of the Mergers, the Continuing Funds will continue as publicly offered open-ended mutual funds offering units in the Canadian Jurisdictions.

25. Following the implementation of the Mergers, a press release and material change report announcing the results of the unitholder meetings in respect of the reorganization of the Terminating Funds will be issued and filed.

26. No sales charges or redemption fees will be payable by any securityholder of the Terminating Fund.

27. The assets of each Terminating Fund to be acquired by the applicable Continuing Fund in order to effect the Mergers are currently, or will be, acceptable, on or prior to the effective date of the Mergers, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objectives of the Continuing Fund.

28. If the Mergers are approved, the reorganizations will be implemented after the close of business on the Effective Date.

Merger Benefits

29. The Filer believes that the Mergers are beneficial to unitholders of the Terminating Funds for the following reasons:

(i) To provide a more streamlined and simplified product line-up that is easier for investors to understand;

(ii) In each case, the management fees will decrease for each series of the Terminating Fund as a result of the merger and the trustee, service, and administration fees will stay the same on the corresponding series of Continuing Fund;

(iii) To merge the smaller Terminating Fund into the larger Continuing Fund, providing the potential for efficiencies in investment management which may include lower portfolio transaction costs; and

(iv) A broader investment objective may provide more investment management diversification opportunities.

The Continuing Funds have historically provided strong risk-adjusted returns. Overall, the Merger is expected to provide the potential for improved long-term performance at a similar risk level and in the same fund category.

DECISION

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

The decision of the Decision Makers under the Legislation is that the Approval Sought is granted provided the securityholders of each Merging Fund approve the Merger.

"Chris Besko"
Director, General Counsel
The Manitoba Securities Commission

Application File #: 2021/0152

2.1.2 I.G. Investment Management, Ltd. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to mutual funds for an extension of the lapse date for their prospectus.

Applicable Legislative Provisions

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

May 20, 2021

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

AND

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

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(the Filer)

AND

IN THE MATTER OF
iPROFILE PORTFOLIO – GLOBAL FIXED INCOME BALANCED
iPROFILE PORTFOLIO – GLOBAL NEUTRAL BALANCED
iPROFILE PORTFOLIO – GLOBAL EQUITY BALANCED
iPROFILE PORTFOLIO – GLOBAL EQUITY
(the iProfile Portfolios)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the **Legislation**) to permit the Funds to extend the time limit for the renewal of the Funds' Simplified Prospectuses as if its lapse date was June 28, 2021 (the **Exemption Sought**).

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

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

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

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

Interpretation

Terms defined in NI 81-101, 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 representations made by the Filer:

1. The Filer is a corporation duly constituted under the laws of Canada with its head office located in Winnipeg, Manitoba.

2. The Filer is registered as an investment fund manager in Manitoba, Ontario, Québec, and Newfoundland & Labrador, and as an advisor in the category of portfolio manager in in all the provinces and territories of Canada.

3. The Filer and the Funds are not in default of securities legislation in any of the Jurisdictions.

4. The Simplified Prospectus for the iProfile Portfolios was dated and receipted by the principal regulator on May 29, 2020.

5. This Pursuant to NI 81-101 s 2.5(3) and section 62(1) of the *Securities Act* (Ontario), the lapse date for the Current Prospectus is May 29, 2021 (the **Current Lapse Date**). Accordingly, under the Legislation, the distribution of securities of the Fund would have to cease on its applicable Current Lapse Date unless: (i) the Fund files a *pro forma* simplified prospectus at least 30 days prior to its Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after its Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after its Current Lapse Date.

6. The iProfile Portfolios, along with the iProfile Private Portfolios, which are sold under separate simplified prospectus, makeup the iProfile Managed Solutions at IG Wealth Management. The Simplified Prospectus for the iProfile Private Portfolios (along with the other simplified prospectuses for IG Wealth Management Mutual Funds) will all be dated June 28, 2021 (the **Requested Date**).

7. The iProfile Portfolios invest primarily in the funds of the iProfile Private Portfolios and the operational decisions and other updates applicable to the iProfile Portfolios will align with those of the iProfile Private Portfolios. Decisions regarding the iProfile Private Portfolios that may affect the iProfile Portfolios as well, and keeping the Simplified Prospectuses updated and aligned to the same date will make for more consistent disclosure and administration of the affected funds.

8. The Filer submits that the Exemption Sought to allow for filing of the Simplified Prospectus using the Requested Date will not affect the reliability and accuracy of the information contained in the Simplified Prospectus and is not contrary 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 Exemption Sought is granted.

“Chris Besko”
Director
Manitoba Securities Commission

Application File #: 2021/0238

2.1.3 Arrow Capital Management Inc. and Exemplar Investment Grade Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of investment fund merger – approval required because the merger does not meet all the pre-approval criteria in National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

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

May 27, **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
ARROW CAPITAL MANAGEMENT INC.
(the Filer)

AND

EXEMPLAR INVESTMENT GRADE Fund
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for approval of the proposed merger (the **Merger**) of the Terminating Fund into Arrow EC Income Advantage Alternative Fund (the **Continuing Fund**, and together with the Terminating Fund, the **Funds**) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

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

Interpretation

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

Representations

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

The Filer and the Funds

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

2. The Filer is registered in the following categories in the jurisdictions as indicated below:

   (a) Ontario: Portfolio Manager, Investment Fund Manager (**IFM**), Exempt Market Dealer (**EMD**) and Commodity Trading Manager under the *Commodity Futures Act* (Ontario);

   (b) Alberta: EMD;

   (c) British Columbia: EMD;

   (d) Quebec: EMD and IFM; and

   (e) Newfoundland and Labrador: IFM.

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

4. Each of the Funds is an open-end mutual fund trust established under the laws of Ontario by a declaration of trust pursuant to which the Filer is the trustee.

5. Each of the Funds is a reporting issuer under the applicable securities legislation in the Canadian Jurisdictions and subject to NI 81-102.

6. Securities of the Terminating Fund (and of other certain mutual funds forming part of the Exemplar Mutual Funds fund family) are currently qualified for distribution in the Canadian Jurisdictions pursuant to the simplified prospectus, annual information form and fund facts documents dated July 3, 2020 (the **Terminating Fund Offering Documents**).

7. Securities of the Continuing Fund (and of other certain alternative mutual funds forming part of the Arrow Alternative Mutual Funds fund family) are currently qualified for distribution in the Canadian Jurisdictions pursuant to the simplified prospectus, annual information form and fund facts documents dated June 26, 2020 (collectively, the **Continuing Fund Offering Documents** and together with the Terminating Fund Offering Documents the **Terminating Documents**).

8. The net asset value (**NAV**) for each series of the Funds is calculated on a daily basis in accordance with the Funds' valuation policy and as described in the Offering Documents.

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

Reason for Approval Sought

10. Regulatory approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. In particular, the investment objectives and fee structure of the Continuing Fund are not, or may not be considered to be, "substantially similar" to the investment objectives of the Terminating Fund.

11. The investment objectives of the Terminating Fund and the Continuing Fund are as follows:

Exemplar Investment Grade Fund (Terminating Fund)	**Arrow EC Income Advantage Alternative Fund (Continuing Fund)**
The investment objective of the Terminating Fund is to generate income and capital preservation by investing in a diversified portfolio of primarily North American investment grade corporate bonds.	The investment objective of the Continuing Fund is to generate income and preserve capital by investing in a diversified portfolio of primarily North American investment grade corporate bonds. The fund will use leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The fund's leverage shall not exceed the limits on the use of leverage described in the simplified prospectus or as otherwise permitted under applicable securities legislation.

12. The fee structure of the Terminating Fund and the Continuing Fund are as follows:

	Exemplar Investment Grade Fund (Terminating Fund)	**Arrow EC Income Advantage Alternative Fund (Continuing Fund)**
Management Fees	A, AI, AN, U – 1.30% F, FI, FN, G, ETF – 0.80% I – negotiated with Arrow	A, AD, U – 1.45% F, FD, G, ETF – 0.95% I – negotiated with Arrow
Performance Fees	The Terminating Fund does not pay a performance fee.	The Continuing Fund pays a performance bonus per unit equal to 15% of the amount by which the Adjusted Net Asset Value per unit at the end of the fiscal year exceeds the highest year end Adjusted Net Asset Value per unit previously achieved. For these purposes, "Adjusted Net Asset Value per unit" of any series of securities of the Continuing Fund means the Net Asset Value per unit of that series at the end of a fiscal year plus the aggregate amount of all distributions or dividends previously declared on a per unit basis in respect of such series of unit, without giving effect to the accrual of any performance bonus.

13. Except as described in this decision, the Merger complies with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Merger

14. In its capacity as the manager of the Funds, the Filer proposes to merge the Terminating Fund into the Continuing Fund.

15. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, a press release describing the proposed Merger has been issued and the press release, material change report, amendment to the simplified prospectus of the Terminating Fund, amendment to the annual information form of the Terminating Fund and the amended and restated fund facts documents of the Terminating Fund, all dated May 5, 2021, and which give notice of the proposed Merger, have been filed via SEDAR.

16. The unitholders of the Terminating Fund will be asked to approve the Merger at a meeting of the unitholders of the Terminating Fund expected to be held on or about June 17, 2021.

17. Subject to receipt of the unitholder approvals and the Approval Sought, the Merger is expected to occur on or about June 25, 2021, or as soon as practicable thereafter (the **Effective Date**).

18. The proposed Merger does not require approval of existing unitholders of the Continuing Fund as the Filer has determined that the proposed Merger does not constitute a material change to the Continuing Fund.

19. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**), the Independent Review Committee (**IRC**) has been appointed for the Funds. The Filer presented the terms of the Merger to the IRC for a recommendation. The IRC reviewed the proposed Merger and provided a positive recommendation for the Merger, having determined that the Merger, if implemented, would achieve a fair and reasonable result for each of the Funds and their respective unitholders. A summary of the IRC's recommendation has been included in the notice of special meeting sent to unitholders of the Terminating Fund as required by section 5.1(2) of NI 81-107.

20. A notice of meeting, management information circular (the **Circular**), proxy and the most recently filed fund facts document(s) of the applicable series of the Continuing Fund (the **CF Fund Facts**, and together with the Circular and proxy, the **Meeting Materials**) were mailed to unitholders of the Terminating Fund commencing on May 13, 2021 and have been filed via SEDAR.

21. The Meeting Materials contain the CF Fund Facts, a description of the proposed Merger, information about the Terminating Fund and the Continuing Fund, a description of their differences and income tax considerations for investors of the Funds and the IRC's recommendation regarding the Merger so that the unitholders of the Terminating Fund could consider this information before voting on the Merger. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus and annual information form of the Continuing Fund, as well as the most recent interim and annual financial statements and management reports of fund performance for the Continuing Fund, at no cost.

22. Costs and expenses associated with the Merger will be borne by the Filer and will not be charged to the Funds. The costs of the Merger include legal, printing, mailing and regulatory fees, as well as proxy solicitation and brokerage costs.

23. Subject to receiving the necessary approvals, including unitholder approval at the unitholder meeting, effective as of the close of business on June 18, 2021, the Terminating Fund will cease distribution of securities and any new purchases of securities will not be allowed. The Terminating Fund will remain closed to purchase-type transactions, except pursuant to the Terminating Fund's pre-authorized purchase program, until it is merged with the Continuing Fund on the Effective Date. All systematic programs shall remain unaffected until the business day immediately before the Effective Date.

24. Unitholders in the Terminating Fund will continue to have the right to redeem their securities up to the close of business on the last business day before the effective date of the Merger.

25. Following the Merger, all optional services (such as systematic withdrawal plans) will continue to be available to investors. Unitholders of the Terminating Fund will be automatically enrolled in comparable plans with respect to their corresponding securities of the Continuing Fund unless they advise otherwise.

26. Unitholders may change or cancel any systematic program at any time and unitholders of the Terminating Fund who wish to establish one or more systematic programs in respect of their holdings in the Continuing Fund may do so following the Merger.

27. Unitholders of the Terminating Fund who elected to receive distributions in cash from the Terminating Fund before the Merger will receive distributions in cash from the Continuing Fund after the Merger.

28. No sales charges will be payable by unitholders of the Funds in connection with the Merger.

29. The Merger will be completed as a "qualifying exchange" or a tax-deferred transaction under the *Income Tax Act* (Canada) (the **Tax Act**).

30. The Terminating Fund and the Continuing Fund are, and are expected to continue to be at all material times, mutual fund trusts under the Tax Act and, accordingly, units of both Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts.

31. As soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

Benefits of the Merger

32. The Filer believes that the Merger is in the best interests of the Terminating Fund and the Continuing Fund and their unitholders and will be beneficial to unitholders of the Terminating Fund and the Continuing Fund for the following reasons:

    (a) the Continuing Fund has a similar investment objective and investment strategy as the Terminating Fund and is managed by the same team of investment personnel;

    (b) a significant portion of the Terminating Fund's investments are similar to investments in the Continuing Fund;

    (c) the Continuing Fund is an alternative mutual fund, as described below, which provides the Manager with a more comprehensive and flexible mandate to meet the investment objectives of the Terminating Fund;

    (d) the Continuing Fund, notwithstanding similar investment objective, investment strategy and investment personnel, has enjoyed better performance over its life than that enjoyed by the Terminating Fund over such period;

    (e) the Merger will provide economies of scale by eliminating duplicative administrative and regulatory costs of operating the Terminating Fund and the Continuing Fund as separate mutual funds, including, but not limited to, regulatory filing fees, audit fees, accounting and legal expenses; and

    (f) following the Merger, the Continuing Fund will have more assets allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions.

33. In light of the disclosure in the Circular, unitholders of the Terminating Fund should have had all the information necessary to determine whether the proposed Merger is appropriate for them and will continue to have their daily redemption rights under the terms of the Declaration of Trust of the Funds to permit them to exit the Terminating Fund should they not wish to become unitholders of the Continuing Fund.

Decision

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

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

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

Application File #: 2021/0267

2.1.4 Generation IACP Inc. and Generation PMCA Corp.

Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. The Filers are affiliated entities and have valid business reasons for one individual to be registered with both firms. The Filers have policies in place to handle potential conflicts of interest. The Filers are exempted from the prohibition.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1 and 15.1.

May 31, 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
GENERATION IACP INC.
(GIACP)

AND

GENERATION PMCA CORP.
(GPMCA and, together with GIACP, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for relief from the restriction in paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**)(the **Dual-Registration Restriction**), pursuant to section 15.1 of NI 31-103, to permit Michelle Tatham (the **Representative**) to be registered as both an associate advising representative of GPMCA and as a dealing representative of GIACP (the **Dual Registration**) in order to provide advisory services to clients of both Filers (the **Exemption Sought**).

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filers in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Saskatchewan, and Quebec.

Interpretation

Terms defined in MI 11-102, NI 31-103 and National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. GPMCA is registered under NI 31-103 as a portfolio manager, exempt market dealer and investment fund manager in Ontario and Quebec, and as a portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Saskatchewan. GPMCA is also registered as an investment adviser with the United States Securities and Exchange Commission. GPMCA's head office is located in Toronto, Ontario. GPMCA provides portfolio management services primarily to high net worth individuals and families through separately managed accounts and pooled funds.

2. GIACP is registered under NI 31-103 as an investment dealer in Ontario, Alberta, Quebec and British Columbia and is a member of the Investment Industry Regulatory Organization of Canada. It is also a participating organization or member of the Toronto Stock Exchange, TSX Venture Exchange and Canadian Securities Exchange. GIACP's head office is in Toronto, Ontario, and shares premises with GPMCA. GIACP provides portfolio management services primarily to high net worth individuals and families through separately managed accounts. GIACP also provides other services customarily provided by investment dealers, including securities trading and brokerage activities.

3. The principal regulator of both Filers is the OSC.

4. The Filers are affiliates, as they are both wholly-owned subsidiaries of 1346049 Ontario Limited.

5. The Filers are not in default of any requirements of securities legislation in any jurisdiction of Canada where they are operating. GPMCA is in compliance in all material respects with United States securities laws.

6. The Filers have different client bases (except that clients of GPMCA hold accounts at GIACP, which executes securities trades and provides other brokerage services as investment dealer on behalf of accounts of GPMCA).

7. Both Filers provide discretionary investment management services. The same model portfolios are offered by both Filers to their respective clients.

8. The operations of the Filers are co-located and they share a significant level of common facilities and back office functions. Since there are already a number of existing dually registered individuals, the business has been structured around this model to maximize efficiency while maintaining adequate control over potential conflicts of interests.

9. There are currently three individuals who are dually registered as advising and/or dealing representatives of both Filers, each of whom obtained dual registration before paragraph 4.1(1)(b) of NI 31-103 came into force. Both of the Filers also have the same registered Ultimate Designated Person and Chief Compliance Officer. The Filers have represented that these employees have been able to serve clients of both Filers satisfactorily and that there is no reason to believe that the Representative cannot perform to the same standard as these other dually registered employees of the Filers.

10. Dual registration permits portfolio managers to order the trades for managed accounts of both Filers following a model, and allocate the trades at an average price, regardless of whether the account holder is a client of GPMCA or GIACP. The Filers maintain a common allocation policy, to ensure that investment opportunities are allocated fairly among clients of both Filers.

11. The Representative will provide service to clients of GIACP primarily in a capacity of client relationship management (i.e., responsible for liaising with clients, including collection of "know your client" information, ongoing suitability obligations, selection of investment mandates), while investment trading decisions for the client accounts are conducted by another dealing representative acting as investment manager. Accordingly, clients of GIACP will benefit from the Dual Registration of the Representative as it will result in more effective and better client servicing from multiple qualified registrants at GIACP. This is the same approach in effect at GPMCA, where the Representative acts in a capacity of client relationship management, while investment trading decisions for the client accounts are conducted by another advising representative acting as investment manager.

12. The Representative has the appropriate proficiency requirements for both the category of dealing representative of GIACP and for an associate advising representative of GPMCA.

13. The Representative has many years of investment industry and comprehensive wealth planning experience, including over four years in which she has been registered for discretionary portfolio management. The Representative is currently registered in Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Saskatchewan as an associate advising representative with GPMCA. The Representative is seeking application for registration as a dealing representative of GIACP in Ontario, Alberta, Quebec and British Columbia.

14. The role of the Representative will be to support the business activities and interests of both Filers. The Filers do not expect that the Representative's Dual Registration will create significant additional work for the Representative and are confident that the Representative will have sufficient time to adequately meet obligations to serve clients at both Filers.

15. The Representative will be subject to supervision by, and the applicable compliance requirements of, both Filers.

16. The Chief Compliance Officer and Ultimate Designated Person of each Filer will ensure that the Representative has sufficient time and resources to adequately serve each Filer and its clients.

17. The Filers each have adequate policies and procedures in place to address potential conflicts of interest that may arise as a result of the Dual Registration and will be able to deal appropriately with such conflicts, should they arise.

18. The relationship between the Filers and the fact that the Representative is dually registered with both of the Filers will be fully disclosed in writing to clients of each of them that deal with the Representative.

19. The Filers are affiliated and accordingly, the Dual Registration will not give rise to the conflicts of interest that may be present in a similar arrangement involving unrelated, arm's length firms. The interests of the Filers are aligned and both Filers wish to leverage the Representative's knowledge, expertise and experience for the benefit of their clients and funds. Therefore, the potential for conflicts of interest are remote.

20. In the absence of the Exemption Sought, the Filers would be prohibited by the Dual-Registration Restriction from permitting the Representative to act as a dealing representative of GIACP and as an associate advising representative of GPMCA, even though the Filers are affiliates and have controls and compliance procedures in place to deal with the Representative's advising and dealing activities.

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 on the following conditions:

i. The Representative is subject to supervision by, and the applicable compliance requirements of, both Filers;

ii. The Chief Compliance Officer and Ultimate Designated Person of each Filer ensures that the Representative has sufficient time and resources to adequately serve each Filer and its respective clients;

iii. Each Filer has adequate policies and procedures in place to address any potential conflicts of interest that may arise from the dual registration of the Representative, and to deal appropriately with any such conflicts; and

iv. The relationship between the Filers and the fact that the Representative is dually registered with both of the Filers is fully disclosed in writing to clients of each of them that deal with the Representative.

"Elizabeth King"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

OSC File #: 2019/0499

2.1.5 BMO Investments Inc. et al.

Headnote

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

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1), 5.5(3), 5.6(1), 5.7(1).

May 28, 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
BMO INVESTMENTS INC.
(the Filer)

AND

BMO FLOATING RATE INCOME FUND
BMO MONTHLY DIVIDEND FUND LTD.
(each, a Terminating Fund and collectively, the Terminating Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) approving the proposed merger of each Terminating Fund into the Continuing Fund opposite its name in the table below (each, a **Merger** and collectively, the **Mergers**) pursuant to paragraph 5.5(1)(b) of NI 81-102 (the **Approval Sought**):

Terminating Fund		Continuing Fund
BMO Floating Rate Income Fund	→	BMO U.S. High Yield Bond Fund
BMO Monthly Dividend Fund Ltd.	→	BMO Dividend Fund

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

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

(b) the Filer has provided notice that section 4.7(2) 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 **Canadian 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. The following additional terms shall have the following meanings:

Continuing Fund means each of BMO U.S. High Yield Bond Fund and BMO Dividend Fund;

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

IRC means the independent review committee for the Funds;

NI 81-102 means National Instrument 81-102 *Investment Funds*;

NI 81-106 means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

NI 81-107 means National Instrument 81-107 *Independent Review Committee for Investment Funds*; and

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

Representations

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

The Filer and the Funds

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

2. The Filer is the manager of the Funds and is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador, and as a mutual fund dealer in each of the Canadian Jurisdictions.

3. Each Fund, other than BMO Monthly Dividend Fund Ltd., is an open-ended mutual fund trust established under the laws of Ontario. BMO Monthly Dividend Fund Ltd. is a mutual fund corporation established under the laws of Ontario.

4. Each of the Funds is a reporting issuer under the applicable securities legislation of the Canadian Jurisdictions. Securities of the Funds are currently qualified for sale under a simplified prospectus, annual information form and fund facts each dated May 22, 2020, as amended (collectively, the **Offering Documents**).

5. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under NI 81-102.

6. All of the Continuing Funds have substantially similar valuation procedures to those of their corresponding Terminating Funds. The net asset value (**NAV**) for each series of a Fund is calculated on a daily basis in accordance with the Fund's valuation policy and as described in the Offering Documents.

7. Securities of the Continuing Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts (collectively, the **Registered Plans**).

8. Neither the Filer nor the Funds is in default under the applicable securities legislation of the Canadian Jurisdictions.

Reason for Approval Sought

9. Regulatory approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 (the **Pre-Approval Criteria**). The Pre-Approval Criteria are not satisfied in the following ways:

   (a) the fundamental investment objectives of each Continuing Fund is not, or may be considered not to be, "substantially similar" to the investment objectives of its corresponding Terminating Fund;

   (b) the fee structure of each Continuing Fund is not, or may be considered not to be, "substantially similar" to the fee structure of its corresponding Terminating Fund; and

   (c) the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund will not be completed as a "qualifying exchange" or other tax deferred transaction under the Tax Act.

10. Except as described in this decision, the proposed Mergers comply with all of the other Pre-Approval Criteria.

The Proposed Mergers and Securityholder Disclosure

11. Effective on or about June 25, 2021, if all required approvals for the Mergers are obtained, it is proposed that each Terminating Fund will merge into the Continuing Fund opposite its name in the table above, with each series of the Terminating Fund merging into an equivalent series of its corresponding Continuing Fund. Each Continuing Fund will continue as a publicly offered open-end mutual fund.

12. As BMO Monthly Dividend Fund Ltd. has a Classic Series but BMO Dividend Fund did not, a Classic Series of BMO Dividend Fund was qualified for distribution in order to facilitate the Merger of these Funds. The Classic Series created for BMO Dividend Fund will not be available for purchase by new investors and will only be available to investors purchasing through pre-existing continuous savings plans for Classic Series securities of BMO Monthly Dividend Fund Ltd. set up prior to June 25, 2021 (which continuous savings plans will be continued for BMO Dividend Fund after the effective date of the Merger).

13. In accordance with NI 81-106, a press release announcing the proposed Mergers was issued on March 25, 2021 and the press release, a material change report and amendments to the Offering Documents with respect to the proposed Mergers were filed via SEDAR also on March 25, 2021.

14. As required by NI 81-107, an IRC has been appointed for the Funds. The Filer presented the potential conflict of interest matters related to the proposed Mergers to the IRC for a recommendation. On April 8, 2020 and March 22, 2021, the IRC reviewed the potential conflict of interest matters related to the proposed Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund and provided its positive recommendation for the Merger, after determining that the proposed Merger, if implemented, would achieve a fair and reasonable result for each Fund. On December 2, 2020 and March 22, 2021, the IRC reviewed the potential conflict of interest matters related to the proposed Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund and provided its positive recommendation for the Merger, after determining that the proposed Merger, if implemented, would achieve a fair and reasonable result for each Fund.

15. Securityholders of the Terminating Funds will be asked to approve the Mergers at special meetings to be held on June 18, 2021. As disclosed in the Circular (defined below), in light of the dangers associated with the coronavirus pandemic, the Filer is holding the meetings solely as a virtual (online) meeting which will be conducted by way of live video webcast and teleconference. Securityholders will not be able to attend the meeting in person, but all securityholders of the Terminating Funds and duly appointed proxyholders, regardless of geographic location, will have an equal opportunity to participate, engage with the Filer as well as other investors in real time, and to vote at the meeting.

16. The Filer, as manager of the Continuing Funds, is of the view that the Mergers will not be a “material change” for any of the Continuing Funds.

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

18. Pursuant to the requirements of the Notice-and-Access Relief, a notice-and-access document and applicable proxies in connection with the special meetings, along with the fund facts of the relevant series of the Continuing Funds, as applicable, was mailed to securityholders of the corresponding Terminating Funds commencing on May 19, 2021 and concurrently filed via SEDAR. The management information circular, to which the notice-and-access document provides a link, was also filed via SEDAR at the same time (the **Circular**).

19. The Circular contains information about the Mergers for securityholders to consider before voting on the Mergers, including:

    (a) The tax implications of the Mergers;

    (b) The differences between the investment objectives and fee structures of the Terminating Funds and the Continuing Funds, as applicable;

    (c) That, as a result of the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund, the nature of a securityholder’s investment will change from holding shares of a fund that is structured as a corporation, being BMO Monthly Dividend Fund Ltd., to holding units of a fund that is structured as a trust, being BMO Dividend Fund and key differences between mutual funds structured as trusts and as corporations;

    (d) The IRC’s recommendation in respect of the Mergers;

(e) The various ways in which investors may obtain a copy of the simplified prospectus, annual information form and fund facts for each Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance;

(f) The steps for implementing the Mergers and the benefits of the Mergers as summarized below;

(g) That securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately before the effective date of the Mergers, subject to applicable redemption charges;

(h) That after the effective date of each Merger, securityholders of each Terminating Fund will be able to redeem or switch out of the securities of the Continuing Fund that they acquire upon the Merger;

(i) That the existing standard deferred charge or low load deferred charge schedule applicable to securities of a Terminating Fund will be carried over to the securities of the corresponding Continuing Fund;

(j) That following the Mergers, all optional plans, including continuous savings plans and systematic withdrawal plans, that have been established for a Terminating Fund will be re-established for the applicable Continuing Fund, unless securityholders of the Terminating Funds advise otherwise;

(k) That no sales charges, redemption fees or other fees or commissions will be payable by securityholders of the Terminating Funds in connection with the Mergers and all costs and expenses associated with the Mergers will be borne by the Filer;

(l) The Filer's proposal (with securityholder approval sought) for terminating BMO Floating Rate Income Fund effective on or about June 25, 2021 if the proposed Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund is not approved; and

(m) That the Filer does not currently intend to terminate BMO Monthly Dividend Fund Ltd. if the required securityholder approval is not obtained, but may decide to do so in the future.

Merger Implementation

20. The proposed Mergers will be structured as follows:

(a) Prior to effecting the Merger, BMO Monthly Dividend Fund Ltd. will file articles of amendment to provide it with the ability to (i) redeem shares at its option in order to effect the merger, liquidation, winding up and dissolution of BMO Monthly Dividend Fund Ltd.; and (ii) pay the proceeds of such redemption in kind, to allow the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund to qualify as a "qualifying exchange" under the Tax Act.

(b) BMO Monthly Dividend Fund Ltd. will jointly elect with BMO Dividend Fund that the Merger be treated as a "qualifying exchange", as defined in subsection 132.2(1) of the Tax Act.

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

(d) Prior to effecting the Mergers:

(i) BMO Floating Rate Income Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that it will not be subject to tax for its current tax year. Any such distribution will be automatically reinvested in additional units of BMO Floating Rate Income Fund; and

(ii) BMO Monthly Dividend Fund Ltd. may pay ordinary dividends or capital gains dividends to its securityholders. Any such dividends will be automatically reinvested in additional securities of BMO Monthly Dividend Fund Ltd.

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

(f) Each Terminating Fund will sell its investment portfolio and other assets to its corresponding Continuing Fund in exchange for securities of the Continuing Fund.

(g) Each Continuing Fund will not assume liabilities of is corresponding Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the effective date of the Merger.

(h) The securities of the Continuing Fund received by its corresponding Terminating Fund will have an aggregate NAV equal to the value of the portfolio assets and other assets that the Continuing Fund is acquiring from the Terminating Fund, and the securities of the Continuing Fund will be issued at the applicable series NAV per unit as of the close of business on the effective date of the Merger.

(i) Immediately thereafter, the securities of the Continuing Fund received by its corresponding Terminating Fund will be distributed to securityholders of the Terminating Fund in exchange for their securities in the Terminating Fund on a dollar-for-dollar and series-by-series basis, as applicable.

(j) As soon as reasonably possible following the Merger, the Terminating Fund will be wound up and dissolved.

21. Securityholders of each Terminating Fund will receive securities of the corresponding Continuing Fund with a value equal to the value of their securities of the Terminating Fund.

22. The Filer will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the Merger-related trades that occur both before and after the effective date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

Tax Consequences of Mergers

23. The Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund will be effected on a taxable basis and the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund will be effected on a tax-deferred basis.

24. The Filer has determined that it would not be appropriate to effect the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund as a "qualifying exchange" or a tax deferred transaction under the Tax Act for the following reasons:

(a) BMO U.S. High Yield Bond Fund has significant, unutilized loss carryforwards that would be lost if the Merger were completed on a tax-deferred basis under the Tax Act;

(b) The vast majority of investors in BMO Floating Rate Income Fund hold their securities in tax-exempt Registered Plans and a taxable merger is neither beneficial nor detrimental to a tax-exempt Registered Plan;

(c) Most investors who hold their securities of BMO Floating Rate Income Fund outside a Registered Plan are also in a loss position and triggering a loss can be beneficial to such investors because they can use the losses to offset any capital gains realized in the same year or any of the previous three years, and thus immediately reduce their tax liability. Under a tax-deferred merger, the realization of an investor's capital losses would be deferred. The Filer is of the view that this deferral is detrimental to those investors because the loss would not be immediately available to the investor to offset current or prior capital gains; and

(d) The few taxable investors in a gain position on their securities of BMO Floating Rate Income Fund who may be negatively impacted by the Merger proceeding on a taxable basis will be provided with fulsome disclosure on the tax impact of such proposed Merger and will have the opportunity to redeem their securities prior to the effective date of the Merger or to vote against the proposed Merger.

25. In respect of the Merger:

(a) of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund that will be effected on a tax-deferred basis, the Circular discloses that the Filer expects that a significant portion of the portfolio will be sold and that, based on current market values, the Filer expects that any income or capital gains realized by BMO Monthly Dividend Fund Ltd. on the liquidation of securities prior to the Merger will be offset by available losses; and

(b) of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund that will be effected on a taxable basis, the Circular discloses that the Filer expects that all or substantially all of the securities in the portfolio will be sold and that as at the date of the Circular, the Filer expects that BMO Floating Rate Income Fund will have sufficient losses to absorb any gains generated by the sale of portfolio assets.

Benefits of Mergers

26. The Filer believes that the Mergers are beneficial to securityholders of each Terminating Fund and Continuing Fund for the following reasons:

    (a) the Continuing Funds have broader investment objectives than their corresponding Terminating Funds, thereby providing greater flexibility to the portfolio manager, which may benefit investors across market cycles and credit cycles;

        (i) with respect to the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund, the Continuing Fund offers a wider approach to investing in non-investment grade fixed income than the Terminating Fund, and thus Terminating Fund investors may benefit from the synergies of the portfolio manager's global fixed income capabilities;

        (ii) with respect to the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund, the Continuing Fund offers exposure to a Canadian dividend mandate that has a wider approach to investing in dividend paying securities than the Terminating Fund, and thus Terminating Fund investors may benefit from a wider set of investment options;

    (b) there is minimal demand for each Terminating Fund, as evidenced by declining assets under management (**AUM**) in each Terminating Fund over an extended period of time, which may lead to portfolio diversification challenges in the Terminating Funds if AUM continues to decline;

    (c) each Terminating Fund has variable operating expenses, which means its expenses are spread over a smaller asset base as the AUM of each Terminating Fund continues to decline, while each Continuing Fund uses a fixed administration fee model, which means a consistent expense is charged to the fund, even if the AUM of a Continuing Fund were to decline;

    (d) the Mergers will result in a more streamlined and simplified product line-up that is easier for investors to understand;

    (e) each Continuing Fund has delivered stronger long-term performance than its applicable Terminating Fund;

    (f) each Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace to attract additional investors and thus remain a viable long term investment; and

    (g) management fees in the Continuing Funds are the same as, or lower than, management fees in the Terminating Funds.

Decision

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

The decision of the principal regulator under the Legislation is that the Approval Sought is granted, provided that the Filer obtains the prior approval of the securityholders of the Terminating Funds at special meetings held for that purpose.

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

Application File #: 2021/0209

2.2 Orders

2.2.1 Alvin Jones

File No. 2021-5

IN THE MATTER OF
ALVIN JONES

M. Cecilia Williams, Commissioner and Chair of the Panel

May 27, 2021

ORDER

WHEREAS on May 27, 2021, the Ontario Securities Commission held a hearing by teleconference in relation to the application brought by Alvin Jones (**Jones**) to review a decision of the Investment Industry Regulatory Organization of Canada (**IIROC**) dated December 10, 2020;

ON READING the application and on hearing the submissions of the representatives for Jones, Staff of IIROC and Staff of the Commission;

IT IS ORDERED THAT:

1. by 4:30 p.m. on July 16, 2021, Jones shall:
   a. serve a draft amended application, if any, on Staff of IIROC and Staff of the Commission; and
   b. serve and file the record of the original proceeding; and
2. a further attendance in this proceeding is scheduled for July 30, 2021 at 10:00 a.m., by teleconference, or on such other dates or times as may be agreed to by the parties and set by the Office of the Secretary.

"M. Cecilia Williams"

2.2.2 Plateau Energy Metals Inc. et al.

File No. 2021-16

IN THE MATTER OF
PLATEAU ENERGY METALS INC.,
ALEXANDER FRANCIS CUTHBERT HOLMES AND
PHILIP NEVILLE GIBBS

Wendy Berman, Vice-Chair and Chair of the Panel

May 27, 2021

ORDER

WHEREAS on May 27, 2021, the Ontario Securities Commission held a hearing by teleconference;

ON HEARING the submissions of the representatives for Staff of the Commission and for each of Plateau Energy Metals Inc., Alexander Francis Cuthbert Holmes and Philip Neville Gibbs;

IT IS ORDERED THAT:

1. The respondents shall serve and file a motion, if any, regarding Staff's disclosure or seeking disclosure of additional documents, by 4:30 p.m. on September 7, 2021;
2. Staff shall serve and file a witness list, and serve a summary of each witness' anticipated evidence on the respondents, and indicate any intention to call an expert witness, including providing the expert's name and the issues on which the expert will give evidence, by 4:30 p.m. on September 9, 2021; and
3. a further attendance in this matter is scheduled for September 17, 2021 at 10:00 a.m., by videoconference, or on such other date and time as may be agreed to by the parties and set by the Office of the Secretary.

"Wendy Berman"

2.2.3 Cuspis Capital Ltd. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

May 28, 2021

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

AND

IN THE MATTER OF
CUSPIS CAPITAL LTD.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

(a) the Applicant is an "offering corporation" as defined in the OBCA.

(b) The Applicant has no intention to seek public financing by way of an offering of securities.

(c) On April 30, 2021 the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*. The representations set out in the Reporting Issuer Order continue to be true.

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

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

"Frances Kordyback"
Commissioner
Ontario Securities Commission

"Cathy Singer"
Commissioner
Ontario Securities Commission

OSC File #: 2021/0249

2.2.4 Daniel Sheehan

File No. 2020-38

IN THE MATTER OF
DANIEL SHEEHAN

Wendy Berman, Vice-Chair and Chair of the Panel

May 28, 2021

ORDER

WHEREAS on May 28, 2021, the Ontario Securities Commission held a hearing by teleconference;

ON HEARING the submissions of the representatives for Staff of the Commission and for Daniel Sheehan;

IT IS ORDERED THAT:

4. each party shall serve the other party with a hearing brief containing copies of the documents, and identifying the other things, that the party intends to produce or enter as evidence at the merits hearing, by 4:30 p.m. on July 13, 2021;

5. each party shall provide to the Registrar a completed copy of the *E-hearing Checklist for Videoconference Hearings* by 4:30 p.m. on July 16, 2021;

6. a further attendance in this matter is scheduled for July 23, 2021 at 10:00 a.m., by teleconference, or on such other date and time as may be agreed to by the parties and set by the Office of the Secretary;

7. each party shall provide to the Registrar the electronic documents that the party intends to rely on or enter into evidence at the merits hearing, along with an index file containing hyperlinks to the documents in the hearing brief, in accordance with the *Protocol for E-hearings*, by 4:30 p.m. on August 18, 2021; and

8. the merits hearing in this proceeding shall take place by videoconference and commence on August 25, 2021 at 10:00 a.m., and continue on August 26 and 27, 2021 at 10:00 a.m. on each day, or on such other dates and times as may be agreed to by the parties and set by the Office of the Secretary.

"Wendy Berman"

2.2.5 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

May 31, 2021

ORDER

WHEREAS on May 31, 2021, the Ontario Securities Commission held a hearing by teleconference;

ON HEARING the submissions of the representatives for Staff of the Commission (**Staff**) and Trevor Rosborough and of Dmitri Graham appearing on his own behalf, no one appearing for Taylor Carr;

IT IS ORDERED THAT:

1. by 4:30 p.m. on June 14, 2021, Graham shall serve and file a witness list and serve a summary of each witness's anticipated evidence;

2. by 4:30 p.m. on August 20, 2021, Staff shall serve a hearing brief containing copies of the documents, and identifying the other things, that Staff intends to produce or enter as evidence at the merits hearing, including any affidavits of Staff's witnesses;

3. by 4:30 p.m. on September 3, 2021, each Respondent shall serve a hearing brief containing copies of the documents, and identifying the other things, that they intend to produce or enter as evidence at the merits hearing;

4. by 4:30 p.m. on September 7, 2021, each Party shall provide to the Registrar a completed copy of the *E-hearing Checklist for the Hearing on the Merits*;

5. the final interlocutory attendance in this proceeding is scheduled for September 13, 2021, at 10:00 a.m., by teleconference, or on such other date and time as may be agreed to by the Parties and set by the Office of the Secretary;

6. by 4:30 p.m. on October 7, 2021, each Party shall provide to the Registrar the electronic documents that the Party intends to rely on or enter into evidence at the merits hearing, along with an Index File containing hyperlinks to the documents in the hearing brief, in accordance with the *Protocol for E-hearings*;

7. the merits hearing shall take place by videoconference and commence on November 2, 2021, at 10:00 a.m., and continue on November 3, 5, 8, 10, 11, 12, 15, 17, 18, 19, 22, 25, and 26, 2021, at 10:00 a.m. on each day, or on such other dates and times as may be agreed to by the Parties and set by the Office of the Secretary.

"Timothy Moseley"

2.2.6 Strike Holdings Inc. et al. – ss. 127(8), 127(1)

File No. 2021-13

IN THE MATTER OF
STRIKE HOLDINGS INC.,
KM STRIKE MANAGEMENT INC.,
MICHAEL AONSO AND
KEVIN CARMICHAEL

Wendy Berman, Vice-Chair and Chair of the Panel

May 31, 2021

ORDER
(Subsections 127(8) and 127(1) of the
***Securities Act*, RSO 1990 c S.5)**

WHEREAS the Ontario Securities Commission held a hearing on May 31, 2021 by teleconference to consider a motion by Staff of the Commission (**Staff**) to further extend a temporary order dated April 21, 2021, and extended on May 3, 2021 (the **Temporary Order**), against Strike Holdings Inc., KM Strike Management Inc., Michael Aonso and Kevin Carmichael (together, the **Respondents**);

ON READING the materials filed by Staff and hearing the submissions of representatives of Staff and the representatives for the Respondents, and on considering that the Respondents consent to an extension of the Temporary Order;

IT IS ORDERED THAT:

1. pursuant to subsection 127(8) and paragraph 2 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**), all trading in any securities by the Respondents shall cease until December 2, 2021;

2. pursuant to subsection 127(8) and paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to the Respondents until December 2, 2021; and

3. notwithstanding paragraph 1 above, the Respondent, Michael Aonso, shall be permitted to trade securities in any registered retirement savings plan (as defined in the *Income Tax Act*, RSC, 1985, c 1 (5th Supp)) in which he has sole legal and beneficial ownership, provided that such trading is carried out through a registered dealer in Canada to whom he has given a copy of this Order.

"Wendy Berman"

2.2.7 Sunrise Energy Metals Limited (formerly Clean TEQ Holdings Limited)

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Application by a reporting issuer for an order that it is not a reporting issuer – Based on diligent enquiry, residents of Canada (i) directly or indirectly beneficially own approximately 2.77% of the issuer's outstanding shares worldwide, and (ii) approximately 0.44% of the total number of shareholders of the issuer worldwide – Issuer is subject to Australian securities law and requirements of the Australian Stock Exchange – Issuer has undertaken that it will concurrently deliver to its Canadian securityholders all disclosure material it is required under Australian securities laws and exchange requirements to deliver to Australian resident securityholders – Issuer has provided notice that it submitted an application to cease to be a reporting issuer in Ontario.

Applicable Legislative Provisions

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

May 31, 2021

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

AND

IN THE MATTER OF
SUNRISE ENERGY METALS LIMITED
(FORMERLY, CLEAN TEQ HOLDINGS LIMITED)
(the Filer)

ORDER

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for an order under subparagraph 1(10)(a)(ii) of the *Securities Act* (Ontario) (the **Act**) that the Filer is not a reporting issuer in Ontario (the **Order Sought**).

Interpretation

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

Representations

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

1. The Filer is an Australian based business focused on the development and commercialization of technologies for metals recovery and industrial water treatment. The Filer's material property is the Clean TeQ Sunrise Project located in New South Wales, Australia.

2. The Filer is a company existing under the *Corporations Act 2001* (Australia) and the Filer's registered office and principal place of business is located in Victoria, Australia.

3. The Filer has no assets or operations in Canada. None of the Filer's officers or employees are residents of Canada and only one of the Filer's non-executive directors is a resident of Canada.

4. The Filer is not a reporting issuer in any jurisdiction of Canada other than Ontario and the Filer is not in default of the securities legislation of any jurisdiction in Canada.

5. The Filer's authorized capital consists of an unlimited number of ordinary shares (**Ordinary Shares**), of which 885,941,458 were issued and outstanding as of March 18, 2021. The Filer has no outstanding securities other than: (a) the Ordinary Shares; (b) options (**Options**) issued under the Filer's employee incentive plan and entitling the holders thereof to acquire 6,746,589 Ordinary Shares; and (c) performance share rights (**Performance Share Rights**) under the Filer's employee incentive plan and entitling the holders thereof to receive, subject to the satisfaction of the relevant vesting conditions and performance hurdles, up to 19,098,179 Ordinary Shares.

6. Effective March 29, 2021, the Filer consolidated its Ordinary Shares on a 10:1 basis. All references to the Ordinary Shares in this order are to pre-consolidation Ordinary Shares.

7. The Ordinary Shares are listed on the Australian Securities Exchange (the **ASX**) under the trading symbol "SRL". The Ordinary Shares were previously listed on the Toronto Stock Exchange (the **TSX**).

8. On November 5, 2020, at the request of the Filer, the Ordinary Shares were voluntarily delisted from the TSX effective at the close of trading. At the time of delisting from the TSX, the directors of the Filer disclosed that the minimal trading activity of the Ordinary Shares on the TSX no longer justified the expense and administrative efforts associated with maintaining the dual listing, and that the Filer's listing on the ASX provided shareholders with sufficient liquidity.

9. In support of the representations set forth below concerning the percentage of outstanding shareholders and the total number of shareholders in Canada, the Filer sought and obtained information as of February 4, 2021, from NASDAQ Global Corporate Solutions (**NGCS**), regarding the number, holdings, identity and geographic location of the registered holders of its outstanding Ordinary Shares. NGCS undertook a thorough and diligent examination of the share register, various reports and public filings for the purposes of determining the number, holdings, identity and geographic

location of the beneficial holders of its Ordinary Shares, including a look-through of custodian and nominee positions.

10. Accordingly, based on the Filer's inquiries described above conducted on its behalf by NGCS, as of February 4, 2021, the Filer had 885,941,458 Ordinary Shares outstanding, of which the number of Ordinary Shares held by residents of Canada beneficially and of record, is 24,564,556 shares representing 2.77% of the total outstanding shares. Excluding the holdings of one Canadian institutional investor and one publicly listed Canadian corporate shareholder, residents of Canada directly or indirectly beneficially own 10,300,780 (1.16%) Ordinary Shares. Further, residents of Canada represent approximately 33 of the Filer's approximate 7,483 worldwide securityholders and therefore residents of Canada comprise 0.44% of the Filer's worldwide securityholders.

11. Residents of Canada do not beneficially own any of the Options or Performance Share Rights.

12. The Filer has no current intention to seek public or private financing by way of an offering of securities in any jurisdiction of Canada.

13. The Filer has never conducted a prospectus or private placement offering in Canada. Since delisting, the Filer has not taken any steps that indicate there is a market for its securities in Canada. In the 12 months prior to the voluntary delisting of the Ordinary Shares from the TSX, the daily average volume of trading of the Ordinary Shares in Canada was approximately 4.21% of the daily average volume of trading of the Ordinary Shares worldwide during the same period.

14. None of the Filer's securities are listed, traded or quoted on a marketplace in Canada (as that term is defined in National Instrument 21-101 *Marketplace Operation*) and the Filer does not intend to have its securities listed, traded or quoted on any such marketplace in Canada.

15. The Filer is subject to all applicable corporate requirements of a company formed in Australia, applicable Australian laws and the rules of the ASX. The Filer is not in default of any requirements of Australian law or the rules or requirements of the ASX applicable to it.

16. The Filer files periodic and timely disclosure as required under the securities laws of Australia and the rules of the ASX.

17. The Filer qualifies as a "designated foreign issuer" under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**) and has relied on, and complied with, the exemptions from Canadian continuous disclosure requirements afforded to designated foreign issuers under Part 5 of NI 71-102.

18. On April 26, 2021, the Filer filed its ASX Quarterly Activities Report on SEDAR and disclosed that it has submitted an application to the Commission for an order that it is not a reporting issuer in Ontario and, if that order is granted, the Filer will no longer be a reporting issuer in any jurisdiction of Canada.

19. The Filer has provided an undertaking to the Commission that it will deliver to its Canadian resident securityholders, in the same manner and at the same time as delivered to its Australian resident securityholders, all continuous disclosure that the Filer is required to deliver to its Australian resident securityholders under applicable Australian securities laws and ASX requirements.

20. The Filer is unable to rely on the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (**NP 11-206**) to seek an order that it is not a reporting issuer in Ontario as the Filer has, among other things, more than 50 securityholders worldwide.

21. The Filer is unable to rely on the modified procedure set out in NP 11-206 to seek an order that it is not a reporting issuer Ontario as, among other things, more than 2% of outstanding Ordinary Shares are beneficially owned by Canadian residents.

Decision

The Commission is satisfied that it would not be prejudicial to the public interest for the Commission to make the order.

The decision of the Commission under subparagraph 1(10)(a)(ii) of the Act is that the Order Sought is granted.

"Lawrence Haber"
Ontario Securities Commission

"Craig Hayman"
Ontario Securities Commission

2.3 Orders with Related Settlement Agreements

2.3.1 Jonathan Cartu et al. – ss. 127, 127.1

File No. 2020-14

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

Wendy Berman, Vice-Chair and Chair of the Panel
Garnet W. Fenn, Commissioner
Craig Hayman, Commissioner

May 26, 2021

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

WHEREAS on May 26, 2021, the Ontario Securities Commission (the **Commission**) held a hearing by videoconference to consider the request made jointly by David Cartu (**Cartu**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated May 18, 2021 (the **Settlement Agreement**);

ON READING the Joint Application for Settlement Hearing, including the Statement of Allegations dated May 4, 2020 and the Settlement Agreement, and the written submissions of Staff, and on hearing the submissions of Staff and the representative for the respondent Cartu, and on considering Cartu having made payment of each of $300,000 and $15,000 to the Commission in accordance with the terms of the Settlement Agreement;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. pursuant to paragraph 8 of subsection 127(1) of the Act, Cartu is prohibited from becoming or acting as a director or officer of any issuer for a period of seven years from the date of this Order;

3. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cartu shall cease for a period of seven years from the date of this Order;

4. pursuant paragraph 9 of subsection 127(1) of the Act, Cartu shall pay an administrative penalty of $300,000, which amount shall be designated for allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

5. pursuant to paragraph 1 of subsection 127.1 of the Act, Cartu shall pay $15,000 for the costs of the investigation.

“Wendy Berman”

“Craig Hayman”

“Garnet W. Fenn”

File No. 2020-14

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

SETTLEMENT AGREEMENT

PART I – INTRODUCTION AND STAFF'S REGULATORY MESSAGE

1. Foreign companies and individuals who permit or otherwise engage in activities that facilitate the sale of securities to Ontarians must first ensure they have met all registration requirements under *Securities Act* RSO 1990, c.S.5 (the **Act**). The registration requirements serve to protect Ontario investors. When foreign companies and individuals facilitate the sale of securities by others without registration, they contravene Ontario securities law, expose investors to unacceptable risks of harm, and undermine investor confidence and the fairness of our markets.

2. In this case, between July 2013 and April 2017, Greymountain Limited (**Greymountain**) and UKTVM Ltd. (**UKTVM**), offshore companies in which David Cartu (**Cartu**) had sole beneficial interest, provided services to merchants (**merchants**) that were engaged in the sale of binary options to Ontario residents contrary to Ontario securities law.

3. The services provided by Greymountain and UKTVM facilitated the processing of payments by merchants in connection with the merchants' sale of binary options to Ontario investors. The merchants' activities resulted in investor losses and violated sections 25(1) and 53(1) of the Act. The services provided to those merchants by Greymountain and UKTVM constituted acts in furtherance of trading in securities, contrary to section 25(1) of the Act.

4. Between July 2013 and December 2014, UKTVM provided services to an online binary options trading merchant (the **Merchant)** that had the effect of facilitating payment for the sale of binary options to Ontario investors in the amount of approximately $132,000.

5. Between December 2014 and April 2017, Greymountain provided services to the Merchant and other merchants, including services that facilitated payment for the sale of binary options to Ontario investors in the amount of approximately $1.2 million.

6. Greymountain ceased providing services to merchants engaged in the sale of binary options to Ontario residents on April 24, 2017, two days before the Canadian Securities Administrators' announcement of a proposed ban on the advertising and sale of binary options. In July 2017, Greymountain went into liquidation.[1]

7. The parties will jointly file a request that the Ontario Securities Commission (the **Commission**) issue a Notice of Hearing (the **Notice of Hearing**) to announce that it will hold a hearing (the **Settlement Hearing**) to consider whether, pursuant to 127.1 of the Act, it is in the public interest for the Commission to make certain orders against Cartu**.**

PART II – JOINT SETTLEMENT RECOMMENDATION

8. Staff agree to recommend settlement of the proceeding commenced by the Notice of Hearing (the "**Proceeding**") against Cartu according to the terms and conditions set out in Part V of this Settlement Agreement (the "**Settlement Agreement**"). Cartu agrees to the making of an order in the form attached as Schedule "A" (the "**Order**"), based on the facts set out below.

9. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a Canadian securities regulatory authority, Cartu agrees with the facts set out in Part III and the conclusions set out in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

A. Cartu

10. During the relevant period, Cartu, then a resident of Israel, was the sole beneficial owner of each of UKTVM and Greymountain and derived income from their operations.

11. None of Cartu, UKTVM or Greymountain have ever been registered under Ontario securities law.

[1] On December 12, 2017, Multilateral Instrument 91-102 Prohibition of Binary Options came into force, prohibiting the sale of binary options of less than 30 days to individuals. While the material time for this matter predates the binary options ban, legal protections in the registration, distribution and anti-fraud rules in securities law still applied."

12. There is no evidence that Cartu received amounts from, had contact with, initiated or solicited any Ontario investor to purchase binary options, or that he engaged in acts of dishonesty with respect to Ontario investors.

B. UKTVM

13. UKTVM was incorporated in the United Kingdom on October 8, 2012. It provided administrative services to the Merchant, whose website was accessible to Ontario investors.

14. Among other services, investor deposits to the Merchant's website by credit or debit card were indirectly facilitated by UKTVM, which entered into an agreement with a third-party payment processor (**Payment Processor**) for that purpose. The Merchant's website stated that processing was provided by UKTVM. The name of the Merchant and/or of UKTVM appeared on some credit card statements of investors in Ontario and elsewhere.

15. In exchange for UKTVM's services, UKTVM charged the Merchant a commission of approximately 5% of investor deposits and charged a fee for certain other services.

16. UKTVM ceased operations in December 2014.

17. The services UKTVM provided to the Merchant indirectly facilitated payment for the sale of binary options to Ontario investors in an amount not exceeding $132,000.

C. Greymountain

18. Greymountain was incorporated in Ireland on May 20, 2014.

19. Greymountain provided technical integration services and customised IT solutions to the Merchant. In connection with these services, Greymountain entered into service agreements with third party payment processors to facilitate investor deposits to the Merchant's website by credit or debit card. The Merchant's website stated that processing and "White Label Solutions" were provided by Greymountain. Subsequently, the name of the Merchant and/or Greymountain appeared on some credit card statements of Ontario investors.

20. Commencing in or about December 2014, Greymountain began providing "White Label Solutions" for other binary option merchants as well. The services provided by Greymountain to these merchants included indirectly facilitating credit and debit card deposits by investors in Ontario and elsewhere. In particular, Greymountain's technology enabled certain merchants to receive funds from credit and debit card companies.

21. In exchange for Greymountain's services, Greymountain charged merchants a commission of approximately 7% of investor deposits from Ontario investors and charged a fee for certain other services.

22. The name "Greymountain" appeared on some credit card statements of investors in Ontario who invested in binary options sold by the merchants.

23. The services provided by Greymountain indirectly facilitated payment for the sale of binary options to Ontario investors in the total amount of approximately $1.2 million.

24. Greymountain went into liquidation in July 2017. While Greymountain was in liquidation, Cartu and Greymountain employees assisted the liquidator in recovering funds from merchants for investors.

PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

25. Cartu admits and acknowledges that he contravened Ontario securities law and acted contrary to the public interest by knowingly permitting UKTVM and Greymountain to engage in activities that constituted acts in furtherance of trading in securities. Such acts in furtherance of trading in securities contravened section 25(1) of the Act. The business of UKTVM and Greymountain indirectly facilitated trading by Ontario investors in binary options who transacted with merchants that contravened sections 25 and 53 of the Act, and whose activities resulted in investor losses.

PART V – TERMS OF SETTLEMENT

26. The Respondent agrees to the terms of settlement listed below and consents to the Order in substantially the form attached hereto as Schedule "A", which provides that:

    a. the Settlement Agreement is approved;

    b. pursuant to paragraph 8 of subsection 127(1) of the Act, Cartu shall be prohibited from acting as a director or officer of any issuer for a period of seven years from the date of the Order;

c. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cartu shall cease for a period of seven years from the date of the Order;

d. pursuant paragraph 9 of subsection 127(1), Cartu shall pay an administrative penalty of C$300,000 by wire transfer to the Commission before the commencement of the Settlement Hearing, which amount shall be designated for allocation for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

e. pursuant to paragraph 1 of subsection 127.1 of the Act, Cartu shall pay costs of the Commission's investigation in the amount of C$15,000, by wire transfer to the Commission before the commencement of the Settlement Hearing, pursuant to section 127.1 of the Act.

27. Cartu agrees to attend at the hearing before the Commission to consider the proposed settlement by video conference.

28. The Respondent acknowledges that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities- or derivatives-related activities, prior to undertaking such activities.

PART VI – FURTHER PROCEEDINGS

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

30. If the Commission approves this Settlement Agreement and Cartu fails to comply with any of the terms of the Settlement Agreement, Staff or the Commission, as the case may be, may bring proceedings under Ontario securities law against Cartu. These proceedings may be based on, but need not be limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

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

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

32. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Commission, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.

33. Staff and Cartu agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing in relation to Cartu's conduct, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

34. If the Commission approves this Settlement Agreement:

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

b. No party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

35. If the Commission does not approve this Settlement Agreement at the Settlement Hearing, Staff shall return to Cartu all funds paid by them to the Commission prior to the Settlement hearing within seven (7) days of the Settlement Hearing or the Commission's decision not to approve this Settlement Agreement, whichever is later.

36. Whether or not the Commission approves this Settlement Agreement, Cartu will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

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

    a. this Settlement Agreement and all discussions and negotiations between Staff and Cartu before the Settlement Hearing takes place will be without prejudice to Staff and Cartu; and

    b. Staff and Cartu will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations dated May 5,2020. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

38. The parties will keep the terms of this Settlement Agreement confidential until the Commission approves the Settlement Agreement, except as is necessary to make submissions at the Settlement Hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement shall remain confidential indefinitely, unless Staff and the Respondents otherwise agree in writing or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED at this 18th day of May, 2021.

"Linda Feurst"
Witness:
Senior Partner

"David Cartu"

DATED at Toronto, Ontario, this 17th day of May, 2021.

ONTARIO SECURITIES COMMISSION
"Jeff Kehoe"
Director, Enforcement Branch

Schedule "A"

File No. 2020-14

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

, Chair of the Panel
, Commissioner
, Commissioner
[Date]

ORDER

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

WHEREAS on May X, 2021, the Ontario Securities Commission (the **Commission**) held a hearing by video conference to consider the request made jointly by David Cartu and Staff of the Commission (**Staff**) for approval of a settlement agreement dated May X, 2021 (the **Settlement Agreement**);

ON READING the Statement of Allegations dated May 5, 2020, the Settlement Agreement and the written submissions of Staff, and on hearing the submissions of Staff and the representative for David Cartu;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;

2. pursuant to paragraph 8 of subsection 127(1) of the Act, Cartu shall be prohibited from acting as a director or officer of any issuer for a period of seven years from the date of the Order;

3. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cartu shall cease for a period of seven years from the date of the Order;

4. pursuant paragraph 9 of subsection 127(1), Cartu shall pay an administrative penalty of C$300,000 by wire transfer to the Commission before the commencement of the Settlement Hearing, which amount shall be designated for allocation for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

5. pursuant to paragraph 1 of subsection 127.1 of the Act, Cartu shall pay costs of the Commission's investigation in the amount of C$15,000, by wire transfer to the Commission before the commencement of the Settlement Hearing, pursuant to section 127.1 of the Act.

[Chair]
[Commissioner]
[Commissioner]

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Jonathan Cartu et al. – ss. 127, 127.1

Citation: *Cartu (Re)*, 2021 ONSEC 14
Date: 2021-05-26
File No. 2020-14

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

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

Hearing:	May 26, 2021	
Decision:	May 26, 2021	
Panel:	Wendy Berman	Vice-Chair and Chair of the Panel
	Garnet W. Fenn	Commissioner
	Craig Hayman	Commissioner
Appearances:	Rikin Morzaria	For Staff of the Commission
	Linda Fuerst	For David Cartu

REASONS FOR APPROVAL OF A SETTLEMENT

I. OVERVIEW

[1] Staff of the Ontario Securities Commission (**Staff** of the **Commission**), and David Cartu have jointly submitted that it would be in the public interest for us to approve a settlement agreement entered into between Mr. Cartu and Staff dated May 18, 2021 (the **Settlement Agreement**) regarding allegations described in a Statement of Allegations dated May 4, 2020.

[2] This matter concerns allegations that Mr. Cartu permitted two corporate entities, of which he was the sole beneficial owner, Greymountain Limited (**Greymountain**) and UKTVM Ltd. (**UKTVM**), to engage in activities that facilitated the sale of securities to Ontario investors without registration (or an exemption from such requirement) in contravention of Ontario securities laws.

[3] After considering the Settlement Agreement and the submissions of the parties, we concluded that it would be in the public interest to approve the Settlement Agreement. These are our reasons.

II. SUMMARY OF THE FACTS

[4] The underlying facts and the specific breaches of Ontario securities laws are fully set out in the Settlement Agreement, which has been filed with the Commission and is publicly available. Accordingly, we need not repeat them in detail here.

[5] In summary, Mr. Cartu knowingly permitted Greymountain and UKTVM to engage in activities that facilitated trading in securities by merchants engaged in the sale of binary options to Ontario residents and admitted that he engaged in conduct that contravened Ontario securities laws and was contrary to the public interest as follows:

a. From July 2013 to April 2017, Greymountain and UKTVM provided payment processing and related services to merchants which indirectly facilitated payment for the sale of binary options to Ontario investors of approximately $1.33 million;

b. Mr. Cartu, Greymountain and UKTVM have never been registered under Ontario securities laws in any capacity; and

c. The merchants' activities resulted in investor losses.

[6] In their written submissions, Staff advised that Greymountain and UKTVM received commissions for the services provided to merchants, which totalled approximately $90,600.

[7] Mr. Cartu admitted that the services provided by Greymountain and UKTVM to the merchants were acts in furtherance of trading in securities, contrary to section 25(1) of the *Securities Act*[1] (the **Act**).

[8] As part of the Settlement Agreement, the parties agreed to various sanctions as follows:

a. Mr. Cartu will pay an administrative penalty in the amount of $300,000;

b. Mr. Cartu will pay the costs of the Commission's investigation in the amount of $15,000; and

c. Mr. Cartu will be prohibited from trading in any securities and from acting as a director or officer of any issuer for a period of seven years.

[9] Mr. Cartu agreed to pay the administrative penalty and costs, in the total amount of $315,000, in advance of the hearing. Staff confirmed that he had done so.

III. LAW AND ANALYSIS

[10] The Commission's role at a settlement hearing is to determine whether the terms of the settlement fall within a range of reasonable outcomes and whether the approval of the settlement is in the public interest.[2]

[11] The Settlement Agreement is the result of negotiations between Staff and the Respondent, both ably represented by counsel. The Commission respects the negotiation process and accords significant deference to the resolution reached by the parties.[3]

[12] Settlements serve the public interest in resolving regulatory proceedings promptly, efficiently and with certainty. Settlements avoid the significant resources that would be incurred in a contested proceeding and promote timely statements regarding regulatory requirements and standards to all capital market participants.

[13] We have reviewed the Settlement Agreement in detail and considered the submissions of counsel for the parties. We also conducted a confidential settlement conference with counsel for the parties during which we reviewed the proposed settlement agreement, asked questions of counsel and heard their submissions.

[14] In assessing whether it is in the public interest to approve the settlement, we considered various aggravating and mitigating factors.

[15] The breaches of Ontario securities law in this matter are serious and occurred over an approximate four-year period. Registration is a cornerstone of securities law designed to ensure that those who sell or promote securities are proficient and act with integrity.[4] Facilitation of unregistered trading of securities defeats some of these necessary legal protections and undermines investor protection and the integrity of the capital markets.

[16] Mr. Cartu knowingly permitted acts that facilitated the sale of binary options by unregistered merchants to Ontario investors, which caused harm to Ontario investors and undermined confidence in the capital markets.

[17] We considered the following mitigating factors to be particularly relevant:

a. Mr. Cartu was not the principal actor in the binary options trading program and did not induce the investors to enter into the trades;

b. There was no evidence that Mr. Cartu received amounts from, had contact with, initiated or solicited any Ontario investor to purchase binary options, or that he engaged in acts of dishonesty with respect to Ontario investors;

c. Greymountain ceased facilitating trading by merchants in binary options prior to the regulatory prohibition contained in Multilateral Instrument 91-102 *Prohibition of Binary Options* being declared in force;

d. After Greymountain went into liquidation in July 2017, Mr. Cartu and employees of Greymountain assisted the liquidator in recovering funds from merchants for investors; and

1 RSO 1990, c S.5
2 *Research in Motion Limited (Re),* 2009 ONSEC 19, (2009) 32 OSCB 4434 (**Research in Motion***)* at paras 44-46
3 *Katanga Mining Limited (Re)*, 2018 ONSEC 59, (2018) 41 OSCB 9987 at para 18; Research in Motion at para 45
4 *MRS Sciences Ltd*., 2014 ONSEC 14 at para 88

e. Mr. Cartu's agreement to settle at this early stage of the proceedings will avoid the use of the significant Staff and Commission resources for a full merits hearing.

[18] As outlined above, we considered the totality of the circumstances, including the seriousness of the misconduct, the nature and duration of the misconduct, and the mitigating factors in our assessment of the proposed settlement terms.

IV. CONCLUSION

[19] In our view, the terms of the Settlement Agreement fall within a range of reasonable dispositions in the circumstances and will have a significant deterrent effect on Mr. Cartu, as well as act as a general deterrent to other like-minded persons or entities from engaging in similar misconduct.

[20] In our view, the administrative penalty and market access bans appropriately reflect the principles applicable to sanctions, including the importance of fostering investor protection and confidence in the market, recognition of the seriousness of the misconduct and the need for specific and general deterrence of such misconduct.

[21] For these reasons, we conclude that the Settlement Agreement is in the public interest. We approve the Settlement Agreement on the terms proposed by the parties and will issue an order substantially in the form requested.

Dated at Toronto this 26th day of May, 2021.

"Wendy Berman"

"Garnet W. Fenn"

"Craig Hayman"

3.1.2 Threegold Resources Inc.

Citation: Threegold Resources Inc. (Re), 2021 ONSEC 15
Date: 2021-05-27
File No. 2019-42

IN THE MATTER OF
THREEGOLD RESOURCES INC.,
VICTOR GONCALVES and
JON SNELSON

REASONS FOR DECISION

Hearing:	In Writing	
Decision:	May 27, 2021	
Panel:	M. Cecilia Williams	Commissioner and Chair of the Panel
Submissions received from:	Alexandra Mathushenko	For Staff of the Commission
		No one appearing on behalf of Threegold Resources Inc.

REASONS FOR DECISION

I. OVERVIEW

[1] Staff of the Commission (**Staff**) brought a motion on February 3, 2021 seeking the following orders:

a. waiving service of the Notice of Hearing, Statement of Allegations, and all future process on the respondent Threegold Resources Inc. (**Threegold**) and proceeding with an enforcement action against Threegold in Threegold's absence under Rules 6(4) and 21(3) of the *Ontario Securities Commission Rules of Procedure and Forms* (**Rules**)[1];

b. relieving Staff of its Rule 27(1) disclosure obligations in respect of Threegold under Rule 3;

c. combining the merits and sanctions hearing against Threegold under Rule 3 and Rule 35(1);

d. that the enforcement proceeding against Threegold be conducted as a written hearing in accordance with Rule 23(3);

e. that this motion be heard in writing in accordance with Rule 23(3);

f. that this motion be heard without notice to Threegold in accordance with Rule 28(5)(a); and

g. an order extending the timelines for delivery of materials in accordance with Rule 3, Rule 4(2) and Rule 28(4), if required.

[2] In support of its motion, Staff submitted an affidavit from Sherry Brown, sworn February 22, 2021.[2] At the request of the Panel, Staff also submitted redacted affidavits from the individual respondents Jon Snelson (**Snelson**), sworn July 16, 2020,[3] and Victor Goncalves (**Goncalves**), sworn August 20, 2020.[4] The Snelson and Goncalves affidavits were redacted so that they only provided evidence that is relevant the issues to be decided on this motion. Staff has entered into a settlement agreement with the individual respondents, Goncalves and Snelson, which was approved by order of the Commission dated February 8, 2021.

[3] I issued an order on March 15, 2021, granting most of the relief sought by Staff, with reasons to follow. The relief requested in paragraph 1.g above was not required in these circumstances. I also did not order that the merits and sanctions hearing proceed in the absence of Threegold, as that is an issue for the panel hearing the merits and sanctions hearing to determine. These are my reasons.

1 (2019) 42 OSCB 9714
2 Exhibit 1, Affidavit of Sherry Brown, sworn February 22, 2021
3 Exhibit 2, Redacted Affidavit of Jon Snelson, sworn July 16, 2020
4 Exhibit 3, Redacted Affidavit of Victor Goncalves, sworn August 20, 2020

[4] The issues I need to decide on this motion are:

a. have Staff exhausted all reasonable efforts to serve Threegold;

b. may a combined merits and sanctions hearing be held absent the consent of the parties; and

c. have Staff established a "good reason" for the enforcement proceeding to be conducted in writing.

II. ANALYSIS

A. Order waiving service

[5] Staff submits that they have exhausted all reasonable efforts to identify a Threegold representative or an operative Threegold business address. Staff submits that I should therefore exercise my discretion under the Rules to waive service of the Notice of Hearing, Statement of Allegations and all future process on Threegold, dispense with Staff's Rule 27 disclosure obligations and continue the enforcement proceedings in Threegold's absence.

[6] Staff provided affidavit evidence of their efforts to locate and serve Threegold. Those efforts included: following the leads from corporate documentation and information obtained from former directors and officers, retaining a Quebec process server to attend in person at Threegold's registered corporate address, trying to identify a general corporate contact number and email address and attempting to contact Threegold by email. Staff emailed its Enforcement Notice to Threegold's last known address and have received no response.

[7] Staff's efforts suggest that:

- at present there are no officers, directors or anyone else conducting any business on behalf of Threegold;
- there have been no directors of Threegold since June 2018, when the last two directors, Snelson and Bruno Crescenzi, resigned;
- Threegold is not conducting any business activities;
- Threegold has no operational business address;
- Threegold's registered corporate address is neither a domicile nor a registered office or place of business;
- Threegold was delisted from the NEX Exchange on April 1, 2020;
- No liquidation or dissolution of Threegold has been initiated; and
- Threegold has not filed for bankruptcy.

[8] Staff submits that they have exhausted all reasonable efforts to serve Threegold and there is no identifiable "officer, director, agent or business partner" of Threegold for service purposes and that to continue to send material to Threegold's address would be futile and raise security concerns in relation to sensitive or confidential documents.

[9] The Commission is required to give "reasonable notice" to parties to a proceeding,[5] but may proceed in the absence of a party who has been given notice.[6]

[10] The Rules provide that the Commission may waive any of its Rules, as it considers appropriate to further the objective of ensuring that proceedings are conducted in a just, expeditious and cost effective manner.[7] Moreover, the Rules provide that a panel may waive service.[8]

[11] The Commission has waived service when satisfied that all reasonable efforts to make service have been made.[9]

[12] I find that Staff has exhausted all reasonable efforts to identify a Threegold representative or an operative business address. Therefore, the requirement to serve notice of this motion, the Notice of Hearing, Statement of Allegations, and all future process on Threegold is waived and the enforcement proceeding may proceed in Threegold's absence.

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5 *Statutory Powers Procedure Act*, RSO 1990, c. S.22 (**SPPA**), s 6(1)
6 SPPA s 7(1)
7 Rules, r 3
8 Rules, r 6(4)
9 *Lehman Brothers & Associates Corporation et al* (2011), 34 OSCB 12717, paras 26-30, 34; *New Futures Trading International Corporation et al* (2013), 36 OSCB 3925 (***New Futures Trading International Corporation et al***) paras 11-14

[13] Given my decision to waive service, requiring Staff to meet its disclosure obligation to Threegold under Rule 27(1) would serve no practical purposes and would be a waste of Staff resources. I also find that attempting to deliver confidential disclosure materials to Threegold's former business address may raise security concerns. Therefore, Staff is relieved of its Rule 27(1) disclosure obligations in this matter.

B. Order combining the merits and sanctions hearings and conducting the hearing in writing

[14] Staff submits that it is in the public interest for the Commission to consider the allegations against Threegold and decide on the merits and sanctions, if any, in a combined written hearing. In support of this proposition Staff submits that Threegold continues to exist as a public company and could be reactivated and the cease trade order against Threegold could be lifted were Threegold to file is outstanding continuous disclosure.

[15] I agree that it is in the public interest to ensure that the allegations against Threegold are considered to protect the capital markets in the event that Threegold be reactivated without the serious allegations against the company having been considered and addressed, as the panel hearing those allegations considers appropriate.

[16] Staff submits that it would be in the public interest to hold the Threegold enforcement hearing in writing and combining the merits and sanctions hearing because:

- there is no identifiable person to represent Threegold or advise counsel and no realistic prospect of Threegold participating in the proceeding;
- the matter involves no novel securities law issues; and
- staff expects to tender all evidence in the proceeding by affidavits.

[17] Given these factors, Staff submits, an oral hearing would needlessly consume Commission resources, as would conducting separate merits and sanctions hearings.

[18] In addition, Staff submits Threegold's non-participation also constitutes a "good reason" to conduct the hearing in writing.

[19] I deal first with Staff's request for a combined merits and sanctions hearing.

[20] Commission Rules provide that if a panel makes a finding in an enforcement proceeding that provides a basis for sanctions and costs, a separate hearing will be held to consider costs and sanctions, unless the parties agree that all issues may be decided in one hearing.[10]

[21] Staff submits that the Commission may hold a combined merits and sanctions hearing absent the parties' consent by virtue of its ability to waive any of its rules in order to ensure a proceeding is conducted in a just, expeditious and cost-effective manner.[11]

[22] In this instance, there is no identifiable individual to represent Threegold nor to advise counsel and no realistic prospect of Threegold participating in the hearing. There is, therefore, no means of obtaining Threegold's consent to a combined hearing.

[23] Holding two separate hearings in the circumstances would needlessly waste Commission resources.

[24] It is appropriate, in the interest of ensuring a just, expeditious and cost-effective enforcement proceeding, to waive the requirement for a separate sanctions hearing under Rule 35(1) and to hold a combined merits and sanctions hearing.

[25] I turn now to whether the combined hearing should be conducted in writing.

[26] The Commission may order a hearing be conducted in writing if there is "good reason" to do so.[12]

[27] Staff submits that there is "good reason" to hold the hearing in writing for the reasons outlined in paragraph 24 above and because an oral hearing would needlessly consume Commission resources.

[28] *New Futures Trading International Corporation et al* involved similar circumstances where Staff had exhausted all reasonable steps to serve the individual respondent.[13] In that instance the panel, after granting the motion to waive the requirement for service, proceeded to conduct the hearing in writing in the absence of the respondents in that matter.[14]

[10] Rules, r 35(1)
[11] Rules, rr 3 and 1
[12] Rules, r 23(3)
[13] *New Futures Trading International Corporation et al*, para 11
[14] *New Futures Trading International Corporation et al*, 2013 ONSEC 21, para 10

[29] I find that these circumstances constitute "good reason" to hold a hearing in writing. I reserve, however, the right to hold an in-person, virtual hearing after receiving and considering Staff's written materials if the Panel hearing the proceeding deem it necessary.

C. Holding this hearing in writing

[30] Commission Rules also permit a hearing to be conducted in writing if the only purpose of the hearing is to deal with procedural matters.[15] Staff submits, and I agree, that the sole purpose of this motion is to address procedural issues and therefore it may be conducted in writing.

D. Considering this motion without notice

[31] For the reasons set out above in paragraphs 5 to 12, waiving service of all process on Threegold, service of this motion on Threegold is also waived.

III. conclusion and order

[32] For the reasons set out above, I ordered that:

a. pursuant to Subrule 28(5)(a) of the Rules, Staff is permitted to bring this motion without notice to Threegold;

b. pursuant to Subrule 23(3) of the Rules, this motion shall be heard in writing;

c. pursuant to Subrule 6(4) of Rules, the requirement that Staff serve the Notice of Hearing, Statement of Allegations, and all future processes on Threegold is waived;

d. pursuant to Rule 3 of the Rules, Staff's disclosure obligations in respect of Threegold pursuant to Subrule 27(1) are waived;

e. pursuant to Rule 3 and Subrule 35(1) of the Rules, the merits and the sanctions and costs hearings against Threegold shall be combined; and

f. pursuant to Subrule 23(3) of the Rules, the enforcement proceeding against Threegold shall be conducted as a written hearing.

Dated at Toronto this 27th day of May, 2021.

"M. Cecilia Williams"

[15] Rules, r 23(3)

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Algold Resources Ltd.	June 22, 2020	May 31, 2021
Emergia Inc.	May 7, 2021	May 26, 2021
EnerSpar Corp.	May 6, 2021	May 28, 2021
Pennine Petroleum Corporation	June 22, 2020	May 27, 2021
Pure Hydrogen Corporation Limited	May 21, 2021	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
THERE IS NOTHING TO REPORT THIS WEEK.		

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Avicanna Inc.	April 9, 2021	
Bhang Inc.	May 3, 2021	
Bluesky Digital Assets Corp.	May 3, 2021	
Flower One Holdings Inc.	May 3, 2021	
Jushi Holdings Inc.	May 3, 2021	
Matica Enterprises Inc.	May 3, 2021	
Ionic Brands Corp.	May 3, 2021	
King Global Ventures Inc.	May 3, 2021	
Tree of Knowledge International Corp.	May 3, 2021	
WeedMD Inc.	May 3, 2021	
Empower Clinics Inc.	May 4, 2021	
Red White & Bloom Brands Inc.	May 4, 2021	
Reservoir Capital Corp.	May 5, 2021	
Nass Valley Gateway Ltd.	May 5, 2021	

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:
Yorkville American QVR Enhanced Protection Class
Yorkville Canadian QVR Enhanced Protection Class
Yorkville Enhanced Protection Class
Yorkville Global Opportunities Class
Yorkville Health Care Opportunities Class
Yorkville International QVR Enhanced Protection Class
Yorkville Optimal Return Bond Class
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 28, 2021
NP 11-202 Final Receipt dated May 31, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3207119

Issuer Name:
EdgePoint Canadian Growth & Income Portfolio
EdgePoint Canadian Portfolio
EdgePoint Global Growth & Income Portfolio
EdgePoint Global Portfolio
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 26, 2021
NP 11-202 Final Receipt dated May 31, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3206006

Issuer Name:
Horizons S&P Green Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 21, 2021
NP 11-202 Final Receipt dated May 26, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3211734

Issuer Name:
Longevity Pension Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 28, 2021
NP 11-202 Final Receipt dated May 31, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3226704

Issuer Name:
Mackenzie Betterworld Canadian Equity Fund
Mackenzie Betterworld Global Equity Fund
Mackenzie Canadian Dividend Fund II
Mackenzie Canadian Growth Balanced Fund II
Mackenzie Canadian Growth Fund II
Mackenzie Cundill Value Fund II
Mackenzie Emerging Markets Fund II
Mackenzie Global China Fund
Mackenzie Global Growth Fund
Mackenzie Global Resource Fund II
Mackenzie Gold Bullion Fund
Mackenzie Ivy Canadian Balanced Fund II
Mackenzie Ivy European Fund
Mackenzie Ivy Foreign Equity Currency Neutral Fund
Mackenzie Ivy Foreign Equity Fund II
Mackenzie Ivy Global Balanced Fund II
Mackenzie Ivy International Fund II
Mackenzie Maximum Diversification Canada Index Fund
Mackenzie Precious Metals Fund
Mackenzie Strategic Income Fund II
Mackenzie US Growth Fund
Mackenzie US Small-Mid Cap Growth Currency Neutral Fund
Mackenzie US Small-Mid Cap Growth Fund
Symmetry Balanced Portfolio II
Symmetry Conservative Income Portfolio II
Symmetry Conservative Portfolio II
Symmetry Equity Portfolio
Symmetry Moderate Growth Portfolio II
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 27, 2021
NP 11-202 Preliminary Receipt dated May 28, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3229016

Issuer Name:
Mackenzie Canadian Dividend Fund
Mackenzie Canadian Dividend Fund II
Mackenzie Canadian Equity Fund
Mackenzie Canadian Growth Balanced Fund II
Mackenzie Canadian Growth Fund II
Mackenzie Canadian Small Cap Fund
Mackenzie Global Growth Fund
Mackenzie Global Small-Mid Cap Fund
Mackenzie Strategic Income Fund II
Mackenzie US Small-Mid Cap Growth Fund
Symmetry Balanced Portfolio II
Symmetry Conservative Income Portfolio II
Symmetry Conservative Portfolio II
Symmetry Equity Portfolio
Symmetry Moderate Growth Portfolio II
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 27, 2021
NP 11-202 Preliminary Receipt dated May 28, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3229103

Issuer Name:
BMO Ascent Balanced Portfolio
BMO Ascent Conservative Portfolio
BMO Ascent Equity Growth Portfolio
BMO Ascent Growth Portfolio
BMO Ascent Income Portfolio
BMO Asian Growth and Income Class
BMO Asian Growth and Income Fund
BMO Asset Allocation Fund
BMO Balanced ETF Portfolio
BMO Balanced ETF Portfolio Class
BMO Bond Fund
BMO Canadian Equity Class
BMO Canadian Equity ETF Fund
BMO Canadian Equity Fund
BMO Canadian Large Cap Equity Fund
BMO Canadian Small Cap Equity Fund
BMO Canadian Stock Selection Fund
BMO Clean Energy ETF Fund
BMO Concentrated Global Balanced Fund
BMO Concentrated Global Equity Fund
BMO Concentrated U.S. Equity Fund
BMO Conservative ETF Portfolio
BMO Core Bond Fund
BMO Core Plus Bond Fund
BMO Covered Call Canada High Dividend ETF Fund
BMO Covered Call Canadian Banks ETF Fund
BMO Covered Call Europe High Dividend ETF Fund
BMO Covered Call U.S. High Dividend ETF Fund
BMO Crossover Bond Fund
BMO Diversified Income Portfolio
BMO Dividend Class
BMO Dividend Fund
BMO Emerging Markets Bond Fund
BMO Emerging Markets Fund
BMO Equity Growth ETF Portfolio
BMO Equity Growth ETF Portfolio Class
BMO European Fund
BMO Fixed Income ETF Portfolio
BMO Floating Rate Income Fund
BMO FundSelect Balanced Portfolio
BMO FundSelect Equity Growth Portfolio
BMO FundSelect Growth Portfolio
BMO FundSelect Income Portfolio
BMO Global Balanced Fund
BMO Global Dividend Class
BMO Global Dividend Fund
BMO Global Energy Class
BMO Global Equity Class
BMO Global Equity Fund
BMO Global Growth & Income Fund
BMO Global Infrastructure Fund
BMO Global Low Volatility ETF Class
BMO Global Monthly Income Fund
BMO Global Multi-Sector Bond Fund
BMO Global Small Cap Fund
BMO Global Strategic Bond Fund
BMO Greater China Class
BMO Growth & Income Fund
BMO Growth ETF Portfolio
BMO Growth ETF Portfolio Class
BMO Growth Opportunities Fund
BMO Income ETF Portfolio
BMO Income ETF Portfolio Class
BMO International Equity ETF Fund
BMO International Equity Fund
BMO International Value Class
BMO International Value Fund
BMO Japan Fund
BMO Low Volatility Canadian Equity ETF Fund
BMO Low Volatility U.S. Equity ETF Fund
BMO Money Market Fund
BMO Monthly Dividend Fund Ltd.
BMO Monthly High Income Fund II
BMO Monthly Income Fund
BMO Mortgage and Short-Term Income Fund
BMO Multi-Factor Equity Fund
BMO Nasdaq 100 Equity ETF Fund
BMO North American Dividend Fund
BMO Precious Metals Fund
BMO Preferred Share Fund
BMO Resource Fund
BMO Retirement Balanced Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Income Portfolio
BMO Risk Reduction Equity Fund
BMO Risk Reduction Fixed Income Fund
BMO SDG Engagement Global Equity Fund
BMO SelectClass Balanced Portfolio
BMO SelectClass Equity Growth Portfolio
BMO SelectClass Growth Portfolio
BMO SelectClass Income Portfolio
BMO SelectTrust Balanced Portfolio
BMO SelectTrust Conservative Portfolio
BMO SelectTrust Equity Growth Portfolio
BMO SelectTrust Fixed Income Portfolio
BMO SelectTrust Growth Portfolio
BMO SelectTrust Income Portfolio
BMO SIA Focused Canadian Equity Fund
BMO SIA Focused North American Equity Fund
BMO Sustainable Balanced Portfolio (formerly, BMO Principle Balanced Portfolio)
BMO Sustainable Bond Fund
BMO Sustainable Conservative Portfolio (formerly, BMO Principle Conservative Portfolio)
BMO Sustainable Growth Portfolio (formerly, BMO Principle Growth Portfolio)
BMO Sustainable Income Portfolio (formerly BMO Principle Income Portfolio)
BMO Sustainable Opportunities Canadian Equity Fund
BMO Sustainable Opportunities China Equity Fund
BMO Sustainable Opportunities Global Equity Fund
BMO Tactical Balanced ETF Fund
BMO Tactical Dividend ETF Fund
BMO Tactical Global Asset Allocation ETF Fund
BMO Tactical Global Bond ETF Fund
BMO Tactical Global Equity ETF Fund
BMO Tactical Global Growth ETF Fund
BMO Target Education 2025 Portfolio
BMO Target Education 2030 Portfolio
BMO Target Education 2035 Portfolio
BMO Target Education 2040 Portfolio
BMO Target Education Income Portfolio
BMO U.S. All Cap Equity Fund
BMO U.S. Dividend Fund
BMO U.S. Dollar Balanced Fund

BMO U.S. Dollar Dividend Fund
BMO U.S. Dollar Equity Index Fund
BMO U.S. Dollar Money Market Fund
BMO U.S. Dollar Monthly Income Fund
BMO U.S. Equity Class
BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
BMO U.S. Equity Plus Fund
BMO U.S. High Yield Bond Fund
BMO U.S. Small Cap Fund
BMO USD Balanced ETF Portfolio
BMO USD Conservative ETF Portfolio
BMO USD Income ETF Portfolio
BMO Women in Leadership Fund
BMO World Bond Fund
Principal Regulator – Ontario
Type and Date
Securities Description:
-
Project #03207558
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated May 26, 2021
NP 11-202 Final Receipt dated May 28, 2021
Offering Price and Description:
Series F, Series A and Series O
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3207558

Issuer Name:
Mackenzie Emerging Markets Fund
Mackenzie Emerging Markets Fund II
Mackenzie Global Growth Fund
Mackenzie Ivy European Fund
Mackenzie Precious Metals Fund
Mackenzie Strategic Income Fund II
Mackenzie US Small-Mid Cap Growth Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 27, 2021
NP 11-202 Preliminary Receipt dated May 28, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3229156

Issuer Name:
Longevity Pension Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 25, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3226704

Issuer Name:
Franklin Strategic Income Fund
Templeton International Stock Fund
Principal Regulator - Ontario
Type and Date:
Amendment #4 to Final Simplified Prospectus dated May 3, 2021
NP 11-202 Final Receipt dated May 27, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3059902

Issuer Name:
Invesco Canadian Premier Balanced Fund (formerly, Invesco Canadian Balanced Fund)
Invesco Canadian Premier Balanced Class (formerly, Invesco Core Canadian Balanced Class)
Invesco Canadian Premier Growth Fund
Invesco Canadian Premier Growth Class
Invesco Emerging Markets Fund (formerly, Invesco Indo-Pacific Fund)
Invesco European Growth Class
Invesco International Growth Fund
Invesco International Growth Class
Principal Regulator - Ontario
Type and Date:
Amendment #7 to Final Simplified Prospectus dated May 21, 2021
NP 11-202 Final Receipt dated May 27, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3069832

Issuer Name:
Mackenzie Canadian Growth Balanced Class
Mackenzie Ivy Canadian Balanced Class
Mackenzie Ivy Global Balanced Class
Mackenzie Canadian Equity Class
Mackenzie Canadian Growth Class
Mackenzie Canadian Dividend Class
Mackenzie Canadian Small Cap Class
Mackenzie Cundill Canadian Security Class
Mackenzie US Growth Class
Mackenzie US Small-Mid Cap Growth Class
Mackenzie US Small-Mid Cap Growth Currency Neutral Class
Mackenzie Cundill Value Class
Mackenzie Global Growth Class
Mackenzie Global Small-Mid Cap Equity Class
Mackenzie Global Small-Mid Cap Equity Fund
Mackenzie Ivy European Class
Mackenzie Ivy Foreign Equity Currency Neutral Class
Mackenzie Ivy International Class
Mackenzie Global Resource Class
Mackenzie Gold Bullion Class
Mackenzie Precious Metals Class Symmetry Balanced Portfolio Class
Symmetry Equity Portfolio Class
Symmetry Growth Portfolio Class
Symmetry Moderate Growth Portfolio Class
Mackenzie Maximum Diversification Canada Index Class
Mackenzie Private Canadian Focused Equity Pool Class
Mackenzie Private Global Equity Pool Class
Mackenzie Private Income Balanced Pool Class
Mackenzie Private US Equity Pool Class
Principal Regulator - Ontario
Type and Date:
Amendment #5 to Final Simplified Prospectus dated May 20, 2021
NP 11-202 Final Receipt dated May 31, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3093522

Issuer Name:
Mackenzie Canadian Growth Balanced Class
Mackenzie Canadian Equity Class
Mackenzie Canadian Growth Class
Mackenzie Canadian Dividend Class
Mackenzie Canadian Small Cap Class
Mackenzie US Small-Mid Cap Growth Class
Mackenzie Global Growth Class
Symmetry Balanced Portfolio Class
Symmetry Moderate Growth Portfolio Class
Symmetry Growth Portfolio Class
Symmetry Equity Portfolio Class
Mackenzie Private Canadian Focused Equity Pool Class
Mackenzie Private Global Equity Pool Class
Mackenzie Private Income Balanced Pool Class
Mackenzie Private US Equity Pool Class
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated May 20, 2021
NP 11-202 Final Receipt dated May 31, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3121763

Issuer Name:
Mackenzie US Small-Mid Cap Growth Class
Mackenzie Global Growth Class
Mackenzie Ivy European Class
Mackenzie Precious Metals Class
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated May 20, 2021
NP 11-202 Final Receipt dated May 31, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3140751

Issuer Name:
Family Single Student Education Savings Plan
Flex First Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 27, 2021
NP 11-202 Receipt dated May 27, 2021
Offering Price and Description:
Scholarship Plan Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3207649

Issuer Name:
Flex First Plan
Family Single Student Education Savings Plan
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 27, 2021
NP 11-202 Receipt dated May 27, 2021
Offering Price and Description:
Scholarship Plan Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3207655

Issuer Name:
PIMCO Tactical Income Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 26, 2021
NP 11-202 Receipt dated May 26, 2021
Offering Price and Description:
$650,000,000 Maximum (65,000,000 Class A Units and/or Class F Units)
$75,000,000 Minimum (7,500,000 Class A Units and/or Class F Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Raymond James Ltd.
Richardson Wealth Limited
Desjardins Securities Inc.
Echelon Wealth Partners Inc.
Hampton Securities Limited
IA Private Wealth Inc.
Manulife Securities Incorporated
Promoter(s):
PIMCO Canada Corp.
Project #3212113

NON-INVESTMENT FUNDS

Issuer Name:
Ankh Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 26, 2021
Offering Price and Description:
Minimum Offering: $500,000.00 or 5,000,000 Common Shares
Maximum Offering: $1,000,000.00 or 10,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Roger E. Milad
Project #3227274

Issuer Name:
Choom Holdings Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 26, 2021
Offering Price and Description:
Minimum Offering: $3,500,000.00 ([●] Units)
Maximum Offering: $5,000,000.00 ([●] Units)
$[●] per Unit

Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3227228

Issuer Name:
Elemental Royalties Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 25, 2021
Offering Price and Description:
US$200,000,000.00
Common Shares
Subscription Receipts
Warrants
Debt Securities
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Frederick Bell
Richard Evans
Project #3226852

Issuer Name:
ESG Capital 1 Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated May 21, 2021
NP 11-202 Preliminary Receipt dated May 26, 2021
Offering Price and Description:
$200,000.00 - 1,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
-
Project #3226707

Issuer Name:
EV Nickel Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 26, 2021
Offering Price and Description:
Minimum Offering: [*] Units and [*] FT Shares
Maximum Offering: [*] Units and [*] FT Shares
Price: $[*] per Unit and $[*] per FT Share
(Minimum Offering of $3,000,000 and up to a Maximum Offering of [*])
Underwriter(s) or Distributor(s):
ECHELON WEALTH PARTNERS INC.
STIFEL NICOLAUS CANADA INC.
CORMARK SECURITIES INC.
CANACCORD GENUITY CORP.
Promoter(s):
Michael Silver
Project #3227320

Issuer Name:
Fairplay Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus (TSX-V) dated May 27, 2021
NP 11-202 Preliminary Receipt dated May 31, 2021
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Echelon Wealth Partners Inc.
Promoter(s):
Vern Vipul, Bruno Amadi and Paul Tyers
Project #3230258

Issuer Name:
Q4 Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 25, 2021
Offering Price and Description:
C$ *
* Common Shares
Price: C$ * per common share
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
RBC DOMINION SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
TD SECURITIES INC.
INFOR FINANCIAL INC.
Promoter(s):
-
Project #3226772

Issuer Name:
Theralase Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 21, 2021
NP 11-202 Preliminary Receipt dated May 25, 2021
Offering Price and Description:
$100,000,000.00 - Common Shares, Warrants, Units, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3226110

Issuer Name:
Timbercreek Financial Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated May 28, 2021
NP 11-202 Preliminary Receipt dated May 31, 2021
Offering Price and Description:
$500,000,000.00 - Common Shares Debt Securities Subscription Receipts Warrants Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3230441

Issuer Name:
Topaz Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 25, 2021
Offering Price and Description:
$175,004,250.00 - 12,281,000 Common Shares
Price: $14.25 per Common Share
Underwriter(s) or Distributor(s):
PETERS & CO. LIMITED
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
TD SECURITIES INC.
ATB CAPITAL MARKETS INC.
DESJARDINS SECURITIES INC.
CANACCORD GENUITY CORP.
IA PRIVATE WEALTH INC.
RAYMOND JAMES LTD.
TUDOR, PICKERING, HOLT & CO. SECURITIES – CANADA, ULC
Promoter(s):
Tourmaline Oil Corp.
Project #3224437

Issuer Name:
Tricon Residential Inc. (formerly, Tricon Capital Group Inc.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 25, 2021
NP 11-202 Preliminary Receipt dated May 25, 2021
Offering Price and Description:
C$174,999,500.00 - 13,461,500 Common Shares
Price: C$13.00 per Offered Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
MORGAN STANLEY CANADA LIMITED
STIFEL NICOLAUS CANADA INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #3224435

Issuer Name:
VerticalScope Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 26, 2021
NP 11-202 Preliminary Receipt dated May 26, 2021
Offering Price and Description:
C$*
* Subordinate Voting Shares
Price: C$* per Subordinate Voting Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC
CORMARK SECURITIES INC.
HSBC SECURITIES
Promoter(s):
-
Project #3227668

Issuer Name:
VerticalScope Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated May 31, 2021 to Preliminary Long Form Prospectus dated May 26, 2021
NP 11-202 Preliminary Receipt dated May 31, 2021
Offering Price and Description:
C$100,000,000.00 □ Subordinate Voting Shares
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC
CORMARK SECURITIES INC.
HSBC SECURITIES
Promoter(s):
-
Project #3227668

Issuer Name:
Arctic Fox Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated May 27, 2021
NP 11-202 Receipt dated May 27, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3163139

Issuer Name:
Aritzia Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 27, 2021
NP 11-202 Receipt dated May 27, 2021
Offering Price and Description:
$91,221,000 - 3,040,700 Subordinate Voting Shares
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project #3221935

Issuer Name:
Aumento Capital IX Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated May 21, 2021
NP 11-202 Receipt dated May 25, 2021
Offering Price and Description:
$500,000.00 - 1,000,000 Common Shares
Price: $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
-
Project #3206936

Issuer Name:
BetterLife Pharma Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated April 26, 2021
NP 11-202 Receipt dated May 26, 2021
Offering Price and Description:
$100,000,000.00 - Common Shares Preferred Shares Debt Securities Subscription Receipts Warrants Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3191224

Issuer Name:
Brachium2 Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 19, 2021
NP 11-202 Receipt dated May 25, 2021
Offering Price and Description:
$300,000.00 - 3,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP
Promoter(s):
Bryant Pike
Project #3202412

Issuer Name:
First Tidal Acquisition Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 28, 2021
NP 11-202 Receipt dated May 28, 2021
Offering Price and Description:
$400,000 or 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:
GoldSpot Discoveries Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 28, 2021
NP 11-202 Receipt dated May 28, 2021
Offering Price and Description:
$10,000,000.00 - 12,500,000 Common Shares
Price: $0.80 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #3219919

Issuer Name:
HEXO Corp.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated May 21, 2021
NP 11-202 Receipt dated May 25, 2021
Offering Price and Description:
$500,000,000.00 - DEBT SECURITIES
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3222329

Issuer Name:
HEXO Corp.
Principal Regulator - Ontario
Type and Date:
Amendment dated May 25, 2021 to Final Shelf Prospectus dated May 7, 2021
NP 11-202 Receipt dated May 27, 2021
Offering Price and Description:
$700,000,000.00 - COMMON SHARES WARRANTS SUBSCRIPTION RECEIPTS UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3205386

Issuer Name:
Just Kitchen Holdings Corp.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated May 21, 2021
NP 11-202 Receipt dated May 25, 2021
Offering Price and Description:
$50,000,000.00 - Common Shares Warrants Subscription Receipts Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Jason Chen
Project #3217315

Issuer Name:
Kovo Healthtech Corporation
Type and Date:
Final Long Form Prospectus dated May 26, 2021
Receipted on May 27, 2021
Offering Price and Description:
634,200 Common Shares on Conversion of 634,200 Subscription Receipts
317,100 Common Shares on Exercise of 317,100 Warrants
16,530 Common Shares on Exercise of 16,530 Broker Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
Gregory L Noble
Jeana Noble
Peter Bak
Project #3146671

Issuer Name:
Lightspeed POS Inc.
Principal Regulator - Quebec
Type and Date:
Final Shelf Prospectus (NI 44-102) dated May 27, 2021
NP 11-202 Receipt dated May 28, 2021
Offering Price and Description:
C$4,000,000,000.00 - Subordinate Voting Shares, Preferred Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3225188

Issuer Name:
Meed Growth Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 27, 2021
NP 11-202 Receipt dated May 28, 2021
Offering Price and Description:
$400,000.00 -(4,000,000 COMMON SHARES
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
JOHN SIMMONS
Project #3208277

Issuer Name:
Novo Resources Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 26, 2021
NP 11-202 Receipt dated May 26, 2021
Offering Price and Description:
$26,400,150 - 10,353,000 Units Issuable upon Exercise or Deemed Exercise of 10,353,000 Special Warrants
Underwriter(s) or Distributor(s):
CLARUS SECURITIES INC.
STIFEL NICOLAUS CANADA INC.
PI FINANCIAL CORP.
HAYWOOD SECURITIES INC.
CIBC WORLD MARKETS INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #3218590

Issuer Name:
Padlock Partners UK Fund II
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 25, 2021
NP 11-202 Receipt dated May 25, 2021
Offering Price and Description:
Minimum: $20,000,000.00 -f Class A Units, Class F Units, Class C Units and/or Class U Units
Maximum: $40,000,000.00 of Class A Units, Class F Units, Class C Units and/or Class U Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RICHARDSON WEALTH LIMITED
WELLINGTON-ALTUS PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
Promoter(s):
PADLOCK UK HOLDCO 2 LIMITED
Project #3206495

Issuer Name:
Plurilock Security Inc. (formerly, Libby K Industries Inc.)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated May 31, 2021
NP 11-202 Receipt dated May 31, 2021
Offering Price and Description:
$50,000,000.00 - Common Shares, Warrants, Subscription Receipts, Debt Securities, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3218164

Issuer Name:
SLANG Worldwide Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated May 26, 2021
NP 11-202 Receipt dated May 26, 2021
Offering Price and Description:
$75,000,000.00 - Common Shares Preferred Shares Debt Securities Subscription Receipts Units Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3204836

Issuer Name:
Softchoice Corporation
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 26, 2021
NP 11-202 Receipt dated May 26, 2021
Offering Price and Description:
C$350,000,000.00 • Common Shares
Price: C$ • per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
GOLDMAN SACHS CANADA INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
ATB CAPITAL MARKETS INC.
RAYMOND JAMES LTD.
INFOR FINANCIAL INC.
Promoter(s):
-
Project #3220669

Issuer Name:
Solution Financial Inc.
Principal Regulator - British Columbia
Type and Date:
Amendment dated May 26, 2021 to Final Short Form Prospectus dated March 29, 2021
NP 11-202 Receipt dated May 28, 2021
Offering Price and Description:
Minimum Public Offering: $2,000,000.00 - 5,000,000 Units
Maximum Public Offering: $10,000,000.00 - 25,000,000 Units
Price: $0.40 per Unit
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
-
Project #3185631

Issuer Name:
Superior Plus Corp.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated May 25, 2021
NP 11-202 Receipt dated May 25, 2021
Offering Price and Description:
$2,000,000,000.00 - Common Shares Preferred Shares Warrants Subscription Receipts Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3223427

Issuer Name:
TELUS Corporation
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated May 25, 2021
NP 11-202 Receipt dated May 26, 2021
Offering Price and Description:
$3,500,000,000.00 - Debt Securities, Preferred Shares, Common Shares, Warrants to Purchase Equity Securities, Warrants to Purchase Debt Securities, Share Purchase Contracts, Share Purchase or Equity Units, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3222611

Issuer Name:
Whatcom Capital II Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 28, 2021
NP 11-202 Receipt dated May 31, 2021
Offering Price and Description:
$755,000.00 - 7,550,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3205925

Issuer Name:
Yubba Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated May 28, 2021
NP 11-202 Receipt dated May 31, 2021
Offering Price and Description:
Minimum Offering: $200,000.00 Maximum Offering: $600,000.00
Minimum of 2,000,000 Common Shares and up to a Maximum of 6,000,000 Common Shares (the "Offering")
PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #3192710

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	East Coast Fund Management Inc.	From: Exempt Market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	May 26, 2021
New Registration	JGL Capital Ltd.	Portfolio Manager	May 27, 2021
Change in Registration Category	EMJ Capital Ltd.	From: Restricted Portfolio Manager To: Restricted Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	May 28, 2021
New Registration	Vered Wealth Management (Canada) Company Limited	Investment Dealer	May 31, 2021
New Registration	Sandpiper Investment Services Inc.	Exempt Market Dealer	May 25, 2021

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.3 Clearing Agencies

13.3.1 Canadian Derivatives Clearing Corporation (CDCC) – Proposed Amendments to the Risk Manual of CDCC with Respect to the Initial Margin Model for Bond Derivatives – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

PROPOSED AMENDMENTS TO THE RISK MANUAL OF CDCC WITH RESPECT TO THE INITIAL MARGIN MODEL FOR BOND DERIVATIVES

The Ontario Securities Commission is publishing for public comment the proposed amendments to the CDCC Risk Manual with respect to the Initial Margin Model for Bond Derivatives.

The purpose of the proposed amendments is to introduce a stress risk component in the Initial Margin Model for Bond Derivatives, similarly to what is proposed for Equity Derivatives (published Q1-2021), as a permanent solution to replace the temporary measures introduced post the COVID-19 market volatility.

The comment period ends on July 02, 2021.

A copy of the CDCC Notice is published on our website at http://www.osc.ca.

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