

The Ontario Securities Commission

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# Chapter 1

## Notices

### 1.1 Notices

#### 1.1.1 CSA Notice of Publication – National Instrument 45-110 Start-up Crowdfunding Registration and Prospectus Exemptions



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

### CSA Notice of Publication of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*

June 23, 2021

#### Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing in final form:

- National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* (**NI 45-110**), including:
  - Form 45-110F1 *Offering Document*
  - Form 45-110F2 *Risk Acknowledgement*
  - Form 45-110F3 *Funding Portal Information*
  - Form 45-110F4 *Portal Individual Information*
  - Form 45-110F5 *Semi-Annual Financial Resources Certification*
- CSA Staff Notice 45-329 *Guidance for using the start-up crowdfunding registration and prospectus exemptions*, including:
  - Appendix 1 – *Start-up Crowdfunding Guide for Businesses* (the **Guide for Businesses**)
  - Appendix 2 – *Start-up Crowdfunding Guide for Funding Portals* (the **Guide for Funding Portals**)

Collectively, the Guide for Businesses and the Guide for Funding Portals are referred to as the **Guides** in this Notice and NI 45-110 and the Guides are collectively referred to as the **Start-up Crowdfunding Rule**.

We are also making consequential changes to:

- National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (**NI 13-101**)
- National Instrument 45-102 *Resale of Securities* (**NI 45-102**)

Provided all necessary ministerial approvals are obtained, the Start-up Crowdfunding Rule and the consequential amendments to NI 13-101 and NI 45-102 will come into force September 21, 2021. We are publishing the text of the Start-up Crowdfunding Rule and amending instruments to NI 13-101 and NI 45-102 that identifies the consequential changes to those instruments concurrently with this notice. Where applicable, Annex E of this Notice provides information about each of the jurisdiction's approval process.

#### Substance and Purpose

The Start-up Crowdfunding Rule provides a harmonized national framework to facilitate securities crowdfunding for start-ups and early stage issuers. NI 45-110 provides:

- an exemption from the prospectus requirement (the **start-up crowdfunding prospectus exemption**) that allows an issuer to distribute eligible securities through an online funding portal; and
- an exemption from the dealer registration requirement for funding portals that facilitate online distributions by issuers relying on the start-up crowdfunding prospectus exemption.

We are publishing the Guides to assist funding portals and issuers in understanding the requirements under NI 45-110.

## **Background**

On May 14, 2015, the securities regulatory authorities of British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia adopted substantially harmonized registration and prospectus exemptions to allow start-ups and early stage issuers to raise capital in these jurisdictions under a tailored framework for securities crowdfunding. On October 2, 2019 and July 30, 2020, respectively, the securities regulatory authorities of Alberta and Ontario also adopted substantially harmonized registration and prospectus exemptions (the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia collectively being the **blanket order jurisdictions**). The blanket order jurisdictions implemented the registration and prospectus exemptions by way of local blanket orders, as amended from time to time (the **start-up crowdfunding blanket orders**).

Since adoption in 2015, CSA staff have heard from market participants that a harmonized regulatory framework tailored for securities crowdfunding available across Canada would foster the use of securities crowdfunding as an alternative for start-ups and early stage issuers to raise capital. As a result, the CSA proposed NI 45-110 with prospectus and registration exemptions similar to the prospectus and registration exemptions in the start-up crowdfunding blanket orders. We have also proposed targeted enhancements to improve the effectiveness of crowdfunding as a capital raising tool for start-ups and early stage issuers, while maintaining adequate investor protection. In the blanket order jurisdictions, NI 45-110 is proposed to replace the start-up crowdfunding blanket orders.

## **Summary of Written Comments Received by the CSA**

On February 27, 2020, the CSA published the proposed rule for comment to improve the harmonization of the regulatory framework for securities crowdfunding by start-ups and early stage issuers. The comment period ended on July 13, 2020. During the comment period, we received submissions from ten commenters.

We have considered the comments received and thank the commenters for their input. The commenters' names and a summary of their comments, together with our responses, are contained in Annex B of this notice.

## **Summary of Changes to the Proposed Instrument**

We have revised the Start-up Crowdfunding Rule to:

- increase the individual investment limit from \$5,000 for each purchaser, if the purchaser has obtained advice from a registered dealer that such investment is suitable for the purchaser, to \$10,000;
- increase the limit on aggregate proceeds raised by the issuer group during a 12-month period from \$1,000,000 to \$1,500,000;
- include shares in the capital of an association (commonly known as a co-operative) in the definition of "eligible securities";
- revise the annual financial resources certification (previously termed the working capital certification) to a semi-annual certification, with the term of certification reduced from 12 months to 6 months; and
- include a condition of the prospectus exemption that an issuer have operations other than to identify and evaluate assets or a business with a view to completing an investment in, merger with, amalgamation with or acquisition of a business, or a purchase of the securities of one or more other issuers.

As we do not consider these to be material changes, we are not republishing NI 45-110 for a further comment period. A comparative chart of the key differences, on a cumulative basis, between NI 45-110 and the start-up crowdfunding blanket orders is provided in Annex A.

## **Local Matters**

Because NI 45-110 will replace the start-up crowdfunding blanket orders, the securities regulatory authorities of the blanket order jurisdictions anticipate their respective start-up crowdfunding blanket orders will cease to have effect by 90 days after the date the Start-up Crowdfunding Rule comes into force.

Annex E is being published in any local jurisdiction that is proposing related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It may also include additional information that is relevant to that jurisdiction only.

### Questions

Please refer your questions to any of the following:

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### Contents of Annexes

This notice contains the following Annexes:

Annex A – Key differences between the registration and prospectus exemptions under National Instrument 45-110 Start-up Crowdfunding Registration and Prospectus Exemptions and the Start-up Crowdfunding Registration and Prospectus Blanket Orders

Annex B – Summary of Comments and Responses

Annex C – National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*

Annex D – CSA Staff Notice 45-329 *Guidance for using the start-up crowdfunding registration and prospectus exemptions*

Annex E – Local Matters



## ANNEX A

**Key differences between the registration and prospectus exemptions under National Instrument 45-110 Start-up Crowdfunding Registration and Prospectus Exemptions and the Start-up Crowdfunding Blanket Orders**

Key theme	Start-up crowdfunding blanket orders	Instrument
<b>Maximum aggregate proceeds that can be raised by the issuer group under the prospectus exemption</b>	\$250,000 per distribution, up to two times in a calendar year.	\$1,500,000 during the 12 months before the closing of the offering.
<b>Maximum investment amount per person per distribution under the prospectus exemption</b>	<ul style="list-style-type: none"> <li>• \$1,500; or</li> <li>• in British Columbia, Alberta, Saskatchewan and Ontario, \$5,000, provided that the purchaser has obtained advice from a registered dealer that such investment is suitable for the purchaser</li> </ul>	<ul style="list-style-type: none"> <li>• \$2,500; or</li> <li>• \$10,000, provided that the purchaser has obtained advice from a registered dealer that such investment is suitable for the purchaser</li> </ul>
<b>Eligible securities that can be distributed under the prospectus exemption</b>	<ul style="list-style-type: none"> <li>• common shares</li> <li>• non-convertible preference shares</li> <li>• securities convertible into common shares or non-convertible preference shares</li> <li>• non-convertible debt securities linked to a fixed or floating interest rate</li> <li>• units of limited partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• common shares</li> <li>• non-convertible preference shares</li> <li>• securities convertible into common shares or non-convertible preference shares</li> <li>• non-convertible debt securities linked to a fixed or floating interest rate</li> <li>• units of limited partnerships</li> <li>• shares in the capital of an association</li> </ul>
<b>Confirmation by the regulator before a funding portal starts to facilitate distributions</b>	<p>The funding portal cannot facilitate distributions until the regulator confirms in writing receipt of:</p> <ul style="list-style-type: none"> <li>• a duly completed funding portal information form;</li> <li>• a duly completed individual information form for each principal of the funding portal; and</li> <li>• such other documents and information as may be requested by the regulator.</li> </ul>	<p>The funding portal must deliver the required forms at least 30 days before facilitating distributions. There is no requirement for the regulator's written confirmation. However, a funding portal may not rely on the start-up crowdfunding registration exemption if, within 30 days of receiving the funding portal information form, the regulator has notified the funding portal or any of its principals that its process and procedure for handling of purchasers' funds does not satisfy the conditions of the Instrument.</p>
<b>Bad actor disqualification</b>	Not applicable.	A funding portal cannot rely on the start-up crowdfunding registration exemption if it or any of its principals is or has been the subject of certain proceedings in the last 10 years related to a claim based in whole or in part on various conduct such as fraud, theft, breach of trust, or allegations of similar conduct.
<b>Funding portals financial resources certification</b>	Not applicable.	On a semi-annual basis, the funding portal must certify that it has, or expects to have, sufficient financial resources to continue its operations for at least the next 6 months by delivering a completed funding portal information form or Form 45-110F5 <i>Semi-Annual Financial Resources Certification</i> .
<b>Liability in the event the offering document contains misrepresentations</b>	There is no statutory liability under securities law. The blanket orders do not require the issuer to provide contractual rights to purchasers. Purchasers may have rights under common law or civil law.	The issuer is subject to statutory liability similar to the offering memorandum exemption under section 2.9 of NI 45-106.

Key theme	Start-up crowdfunding blanket orders	Instrument
<p><b>Investment in an unspecified business</b></p>	<p>No restrictions.</p>	<p>The start-up crowdfunding prospectus exemption is not available to issuers who:</p> <ul style="list-style-type: none"> <li>• have no operations other than to identify and evaluate assets or a business with a view to completing an investment in, merger with, amalgamation with or acquisition of a business, or a purchase of the securities of one or more other issuers; or</li> <li>• intend to use the proceeds of the distribution to invest in, merge with or acquire an unspecified business.</li> </ul>
<p><b>Report of exempt distribution form</b></p>	<p>Except in Alberta, British Columbia and Ontario, issuers must use Form 5 – <i>Start-up Crowdfunding – Report of distribution</i>. In Alberta, British Columbia and Ontario, issuers must use Form 45-106F1 <i>Report of Exempt Distribution</i>.</p>	<p>Issuers must use Form 45-106F1 <i>Report of Exempt Distribution</i>.</p>
<p><b>Expiry date</b></p>	<p>Except in Alberta and Ontario, the orders were initially set to expire on May 13, 2020, but were extended to remain available until 90 days after the Instrument comes into effect. All orders, including those in Alberta and Ontario, are intended to cease to have effect by 90 days after the Instrument comes into effect.</p>	<p>The Instrument has no expiry date.</p>

## ANNEX B

**PROPOSED NATIONAL INSTRUMENT 45-110  
START-UP CROWDFUNDING  
LIST OF COMMENTERS AND SUMMARY OF COMMENTS AND RESPONSES**

No.	Commenter	Date
1.	James S. Hershaw	May 20, 2020
2.	National Crowdfunding & Fintech Association	May 27, 2020
3.	David Patterson & David Brook (Vested Technology Corp.)	May 27, 2020
4.	BC Co-operative Association	June 1, 2020
5.	Silver Maple Ventures Inc.	June 11, 2020
6.	Eden Yesh (Community Impact Investment Coalition of British Columbia)	June 17, 2020
7.	Canadian Advocacy Council of CFA Societies Canada	June 23, 2020
8.	Private Capital Markets Association of Canada	July 13, 2020
9.	André Beaudry (Co-operatives and Mutuals Canada)	July 13, 2020
10.	Alexander Morsink (Equivesto Canada Inc.)	July 13, 2020

No.	Subject	Summarized Comment	Response
1	General Support	<p>All respondents expressed support for the harmonization and assistance provided to small businesses represented by NI 45-110.</p> <p>Seven respondents indicated that the proposed instrument should go further in providing access to capital, mostly by raising the investor and/or investment limits beyond the consultation parameters.</p> <p>One respondent expressed an opinion that as drafted, raises under NI 45-110 would still be an in-viable option for most small issuers.</p>	<p>We thank the commenters for their views.</p> <p>We acknowledge the views expressed in the comment letters indicating that NI 45-110 would be an unviable option for most small issuers. We think the harmonized instrument will help fill a capital raising gap in our capital raising regime to support small issuers.</p>
2	Repeal of MI 45-108	<p>Six respondents supported the repeal of MI 45-108. The general view was that there was no need to maintain MI 45-108 when NI 45-110 comes into effect, and MI 45-108 has not gained any traction.</p>	<p>We thank the commenters for their views.</p> <p>The jurisdictions that have adopted MI 45-108 will monitor the amount of activity occurring under both MI 45-108 and NI 45-110 to determine whether to rescind MI 45-108. If and when appropriate, these jurisdictions will seek further feedback to do so.</p>
3	Investor limit – increasing limit from \$2,500	<p>Eight respondents indicated that the investor limit should be raised from \$2,500.</p> <p>Of the eight, six respondents indicated that of the consulted numbers, \$5,000 was appropriate.</p> <p>Of these six, two indicated that an increase beyond \$5,000 was desired.</p> <p>Additionally, two respondents suggested considering importing the concept of “eligible</p>	<p>We thank the commenters for their views.</p> <p>We acknowledge that many respondents favored increasing this limit. However, we did not receive responses that identified investor protections that supported an increase. While some respondents submitted that certain legislation (such as co-operative legislation) provided additional investor protection, such protection would only apply to a subset of all offerings we anticipate being conducted using the prospectus exemption.</p>

No.	Subject	Summarized Comment	Response
		<p>investors” (as such term is defined in the offering memorandum prospectus exemption for various provinces) with specific raised limits for eligible investors.</p> <ul style="list-style-type: none"> <li>• Three respondents also suggested that in their capacity as operators of co-operative associations, co-operative legislation, combined with the current requirements, were sufficient investor protection.</li> </ul> <p>Two respondents did not view that the higher limit consulted on made start-up crowdfunding a viable option.</p>	<p>Therefore, we have decided to proceed with the investor limit as originally published.</p>
4	<p>Investor limit with positive suitability – increasing limit from \$5,000</p>	<p>Nine respondents indicated that the investor limit should be raised from \$5,000, as follows:</p> <ul style="list-style-type: none"> <li>• In the range we proposed in the publication for comment (\$5,000 to \$10,000), seven indicated that they preferred \$10,000.</li> <li>• Two respondents further indicated that they would prefer numbers beyond \$10,000.</li> </ul> <p>Additionally, two respondents suggested importing the concept of “eligible investors” (as such term is defined in the OM exemption for various provinces), with specific raised limits. One respondent also suggested that such limit should be increased to \$10,000 where suitability advice was provided, regardless of it being positive or negative.</p> <p>Two respondents did not view that the higher limit consulted on made start-up crowdfunding a viable option.</p>	<p>We thank the commenters for their views.</p> <p>We agree with comments indicating that investors who have received positive suitability advice from a registered dealer have additional investor protection in this space. We think it is appropriate to balance this increased investor protection with an increased investor limit to \$10,000.</p>
5	<p>Offering limit – increasing limit from \$1,000,000 in a 12-month period</p>	<p>All respondents indicated that the offering limit should be raised.</p> <p>Four respondents favored removal of a cap entirely, with three arguing there is no justification for an issuer limit as it does not address an identified investor protection concern.</p> <p>Of the other six respondents, all favored an increase to \$1,500,000 within the consultation parameters, but all favored increases beyond \$1,500,000. In particular:</p> <ul style="list-style-type: none"> <li>• Two respondents suggested that that the issuer limit be increased to \$2,000,000 or \$3,000,000 where the offering is going through a registrant, given the investor protections afforded by registrant requirements.</li> </ul>	<p>We thank the commenters for their views.</p> <p>We agree with the views that raising the offering limit will not decrease investor protection in the context of a start-up crowdfunding campaign. We have raised the offering limit to \$1,500,000, the highest number consulted on.</p> <p>We acknowledge that many respondents favored an increase beyond \$1,500,000. We also acknowledge that some respondents suggested that an increase can be supplemented by additional required disclosure. We think that it is more appropriate for issuers to use the offering memorandum exemption to crowdfund larger amounts, which includes increased disclosure to protect investors.</p>

No.	Subject	Summarized Comment	Response
		<ul style="list-style-type: none"> <li>• Three respondents favored increases to at least \$5,000,000, noting that in other countries with crowdfunding regimes, issuer limits are often much higher (ranging from \$5M USD in the US to \$8M EUR in the UK).</li> </ul> <p>Two respondents suggested that an increase in the limit could be supplemented by additional required disclosure from the issuer, such as financial statements or subsequent reporting on use of proceeds.</p>	
6	Removing statutory liability for misreps in offering document	<p>Eight respondents expressed an opinion, as follows:</p> <p>Three respondents supported removing the requirement because they did not think the protections were practically useful.</p> <p>One was neutral but did not think it was needed because investors would be unlikely to use this in practice, and the requirement would be unlikely to deter parties intending to commit fraud.</p> <p>Two respondents expressed support for the requirement if the investor and issuer limits were increased.</p> <p>One respondent expressed support for the requirement if the issuer managed to raise at least \$1,500,000.</p> <p>One respondent indicated that executives and directors should be held liable for any misrepresentations, fraud or non-compliance with Canadian laws and regulations.</p>	<p>We thank the commenters for their views.</p> <p>We acknowledge that many respondents thought that it was unlikely that investors would use a statutory liability cause of action to sue for a misrepresentation in the offering document. However, we did not receive any feedback indicating that imposing a statutory liability standard would be practically burdensome for issuers. Therefore, we have decided to maintain the statutory liability standard because it represents additional investor protection without unduly raising regulatory burden.</p>
7	Expanding “eligible securities” definition	<p>Seven respondents supported expanding the definition but offered differing inclusions, such as:</p> <ul style="list-style-type: none"> <li>• convertible preference shares</li> <li>• trust units</li> <li>• co-op investment and membership shares</li> </ul> <p>We noted that three argued that co-op membership and co-op investment shares should be included because they are relatively simple instruments with additional protections (e.g. a redemption right) relative to other simple securities.</p>	<p>We thank the commenters for their views.</p> <p>We have decided to include co-operative membership shares and co-operative investment shares under the definition of “eligible securities”. We intend for the properties of “eligible securities” to be simple and understandable for investors, and think that these types of co-operative shares meet this criterion.</p>
8.	Blind pool ban	<p>Four respondents want the blind pool ban (the restriction on the prospectus exemption for issuers intending to invest in, merge with, amalgamate with or acquire an unspecified business) removed. Three argue that this will</p>	<p>We thank the commenters for their views.</p> <p>We included the blind pool ban in NI 45-110 because the investor protections built into start-up crowdfunding are not intended to address the</p>

No.	Subject	Summarized Comment	Response
		<p>hurt investment co-ops without justification and one argues that this may already be best addressed by using a registered dealer “as it involves suitability”.</p> <p>One response supports the blind pool ban as this appears to be in line with the intent of the NI.</p>	<p>risk inherent in these types of investments. We think that investors looking to invest in such issuers receive better protection from existing regimes, such as the TSX Venture Exchange capital pool company program.</p> <p>In alignment with this view, we have revised the blind pool ban to also specify that issuers who do not have any operations other than to identify and evaluate assets or a business with a view to completing an investment in, merger with, amalgamation with or acquisition of a business, or a purchase of the securities of one or more other issuers, are not eligible to use start-up crowdfunding.</p>
9	Working capital certification	<p>Three responses suggest reconsidering the working capital certification. The burden seems too onerous on exempt portals, particularly in the short-term given the economic turmoil. One respondent proposes shortening the term of the certification to six months.</p>	<p>We thank the commenters for their views.</p> <p>We think that the twelve month term of the annual working capital certification (which we have renamed the financial resources certification) may impose a significant burden imposed on exempt portals and have decided to decrease the term of the certification to six months, while making the certification semi-annual.</p>

ANNEX C

NATIONAL INSTRUMENT 45-110  
START-UP CROWDFUNDING REGISTRATION AND PROSPECTUS EXEMPTIONS

PART 1  
DEFINITIONS AND INTERPRETATION

**Definitions**

1. (1) In this Instrument,

“association” means any of the following:

- (a) a cooperative, as defined in subsection 2(1) of the *Canada Cooperatives Act* (Canada);
- (b) a person or company referred to in Appendix A;

“crowdfunding distribution” means a distribution under section 5;

“eligible security” means any of the following:

- (a) a common share;
- (b) a non-convertible preference share;
- (c) a security convertible into a security referred to in paragraph (a) or (b);
- (d) a non-convertible debt security linked to a fixed or floating interest rate;
- (e) a unit of a limited partnership;
- (f) a share in the capital of an association;

“exempt market dealer” means a person or company registered in the category of exempt market dealer;

“founder” means a person or company that,

- (a) in the case of an issuer or a funding portal, acting alone or in conjunction or in concert with one or more persons or companies, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer or funding portal, and
- (b) in the case of an issuer, at the time of the distribution or trade, is actively involved in the business of the issuer;

“funding portal” means a person or company that facilitates or proposes to facilitate a crowdfunding distribution through a web-based or application-based platform;

“investment dealer” means a person or company registered in the category of investment dealer;

“issuer group” means, in respect of an issuer, the following:

- (a) the issuer;
- (b) an affiliate of the issuer;
- (c) any other issuer if either of the following applies:
  - (i) the other issuer is engaged in a common enterprise with the issuer or with an affiliate of the issuer;
  - (ii) the other issuer’s business is founded or organized by a person or company that founded or organized the issuer;

“minimum offering amount”, in respect of a crowdfunding distribution, means the minimum amount disclosed in the issuer’s completed Form 45-110F1 *Offering Document*;

“principal”, except under paragraph 5(1)(b), means a founder, director, officer or control person of a funding portal or an issuer;

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

- (2) For the purposes of this Instrument, an issuer is affiliated with another issuer if
- (a) one of them is the subsidiary of the other, or
  - (b) each of them is controlled by the same person or company.
- (3) For the purposes of this Instrument, a person (first person) is considered to control another person (second person) if
- (a) the first person beneficially owns or directly or indirectly exercises control or direction over securities of the second person carrying votes that, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
  - (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
  - (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

**Special application – Alberta, British Columbia, Ontario, Québec and Saskatchewan**

2. (1) In Alberta, an offering document that is provided under section 5 is designated to be an offering memorandum under securities legislation.
- (2) In British Columbia, an offering document that is provided under paragraph 5(1)(h) is a prescribed disclosure document for purposes of section 132.1 of the *Securities Act* (British Columbia).
- (3) In Ontario, an issuer that distributes securities under section 5 is prescribed as a market participant under the *Securities Act* (Ontario).
- (4) In Saskatchewan, an offering document that is provided under section 5 is an offering memorandum under securities legislation.
- (5) In Québec,
- (a) an offering document that is provided under section 5 and a Form 45-110F2 *Risk Acknowledgement* made available to purchasers in accordance with this Instrument must be drawn up in French only or in French and English,
  - (b) a funding portal that has relied on the exemption under section 3 is a market participant determined by regulation for the purpose of section 151.1.1 of the *Securities Act* (Québec),
  - (c) an offering document that is provided under section 5 and materials that are made available to purchasers in accordance with this Instrument are documents authorized by the Autorité des marchés financiers for use in lieu of a prospectus, and
  - (d) “trade”, in this Instrument, means any of the following activities:
    - (i) the activities described in the definition of “dealer” in section 5 of the *Securities Act* (Québec), including the following activities:
      - (A) the sale or disposition of a security by onerous title, whether the terms of payment be on margin, instalment or otherwise, but does not include a transfer or the giving in guarantee of securities in connection with a debt or the purchase of a security, except as provided under subparagraph (ii);
      - (B) participation as a trader in any transaction in a security through the facilities of an exchange or a quotation and trade reporting system;
      - (C) the receipt by a registrant of an order to buy or sell a security;



- (ii) a transfer or the giving in guarantee of securities of an issuer from the holdings of a control person in connection with a debt.

**PART 2**  
**EXEMPTION FROM THE DEALER REGISTRATION REQUIREMENT**

**Exemption from dealer registration requirement**

**3. (1)** A funding portal is exempt from the dealer registration requirement if all of the following apply:

- (a) the funding portal is not registered under securities legislation in any jurisdiction of Canada;
- (b) the funding portal does not advise a purchaser about the merits of an investment or recommend or represent that an eligible security is a suitable investment for the purchaser;
- (c) the funding portal does not receive a commission, fee or other similar payment from a purchaser;
- (d) the funding portal facilitates or proposes to facilitate crowdfunding distributions only;
- (e) at least 30 days before the first date the funding portal facilitates a crowdfunding distribution, the funding portal delivered to the securities regulatory authority or regulator both of the following:
  - (i) a completed Form 45-110F3 *Funding Portal Information* for the funding portal certified by an authorized individual of the funding portal;
  - (ii) a completed Form 45-110F4 *Portal Individual Information* for each principal of the funding portal that contains a certification signed by that principal;
- (f) the funding portal has its head office in Canada;
- (g) the funding portal has policies and procedures to prevent a person or company from accessing its platform unless the person or company acknowledges that the person or company is accessing a platform of a funding portal that
  - (i) is not registered under securities legislation in any jurisdiction of Canada, and
  - (ii) will not, and is not authorized to, provide advice about
    - (A) the suitability of any security for investment by the person or company, or
    - (B) the merits of any investment;
- (h) the following are disclosed on the funding portal's platform:
  - (i) a statement that the funding portal is not registered under securities legislation in any jurisdiction of Canada and is relying on the exemption from the dealer registration requirement under this Instrument;
  - (ii) a statement that the funding portal will hold each purchaser's assets
    - (A) separate and apart from the funding portal's own assets,
    - (B) in trust for the purchaser, and
    - (C) in the case of cash, in a designated trust account at a Canadian financial institution;
  - (iii) the policies and procedures that the funding portal will follow for notifying each purchaser if the funding portal becomes insolvent or discontinues operations, and how the funding portal will return a purchaser's assets;
- (i) the funding portal holds each purchaser's assets
  - (i) separate and apart from the funding portal's own assets,
  - (ii) in trust for the purchaser, and
  - (iii) in the case of cash, in a designated trust account at a Canadian financial institution;

- (j) the funding portal has policies and procedures for handling assets, in relation to a crowdfunding distribution, sufficient to provide reasonable assurance that the funding portal will comply with the conditions under paragraph (i);
  - (k) the funding portal does not close a crowdfunding distribution on its platform unless the funding portal receives, through the funding portal's platform, payment for the distribution of each eligible security from the purchaser of that security;
  - (l) the funding portal has policies and procedures to ensure that, after an issuer provides the funding portal with its completed Form 45-110F1 *Offering Document* and a Form 45-110F2 *Risk Acknowledgement*, these documents are made available to each purchaser through the funding portal's platform;
  - (m) the funding portal has policies and procedures to prevent a purchaser from subscribing to a crowdfunding distribution unless the purchaser first completes Form 45-110F2 *Risk Acknowledgement* and confirms that the purchaser has read and understands the issuer's completed Form 45-110F1 *Offering Document*;
  - (n) the funding portal has policies and procedures for, upon receiving notice from an issuer that the issuer has amended its completed Form 45-110F1 *Offering Document*, promptly
    - (i) posting the amendment on the funding portal's platform, and
    - (ii) notifying each purchaser of the amendment, and of the purchaser's right to withdraw from the agreement to purchase the security by delivering a notice to the funding portal under paragraph 5(1)(j);
  - (o) the funding portal has policies and procedures to return all assets to a purchaser within 5 business days of receiving a withdrawal notification under paragraph 5(1)(j) from the purchaser;
  - (p) if an issuer has not raised the minimum offering amount by the 90th day after the issuer's completed Form 45-110F1 *Offering Document* is first made available to a prospective purchaser on the funding portal's platform, or if an issuer notifies the funding portal that it is withdrawing its crowdfunding distribution, no later than 5 business days after the 90th day or the notice, as applicable, the funding portal
    - (i) notifies the issuer, and each purchaser of that issuer's crowdfunding distribution, that assets have been returned or are in the process of being returned, and
    - (ii) takes reasonable steps to return, or cause to be returned, all assets to each purchaser of that issuer's crowdfunding distribution;
  - (q) if both periods referred to in paragraph 5(1)(j) have elapsed, the funding portal
    - (i) releases, or causes to be released, all assets due to the issuer at the closing of the distribution, and
    - (ii) no later than 15 days after the closing of the distribution,
      - (A) notifies each purchaser that the assets have been released to the issuer, and
      - (B) provides the issuer with the documents referred to in paragraph 5(2)(b);
  - (r) neither the funding portal, nor any of its principals, is or has been the subject of an order, judgment, decree, sanction, or administrative penalty imposed by, or has entered into a settlement agreement with, a government agency, administrative agency, self-regulatory organization or court in the last 10 years related to a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct;
  - (s) neither the funding portal nor any of its principals is or has been a principal of an entity that is or has been subject to an order, judgment, decree, sanction or administrative penalty or a settlement agreement referred to in paragraph (r);
  - (t) the funding portal has policies and procedures to promptly notify the securities regulatory authority or regulator, and any purchasers for which it holds assets, of the process the funding portal will use to return assets to those purchasers in the event that the funding portal becomes insolvent or discontinues operations;
  - (u) the funding portal is not insolvent.
- (2) A funding portal relying on subsection (1) must

- (a) maintain, for a period of 8 years from the date a record is created, records at its head office that accurately record its financial affairs and client transactions, and demonstrate the extent of the funding portal's compliance with this Instrument,
- (b) notify the securities regulatory authority or regulator of each change to the information previously submitted in a document referred to in paragraph (1)(e) by delivering an amendment to the document no later than 30 days after the change,
- (c) take reasonable steps to confirm that the majority of the directors of the funding portal ordinarily reside in Canada,
- (d) disclose on its platform, for each principal of the funding portal, the principal's full legal name, municipality and jurisdiction of residence, business mailing and email addresses and business telephone number,
- (e) take reasonable steps to confirm that the head office of an issuer is in Canada before allowing the issuer to post a crowdfunding distribution on the funding portal's platform,
- (f) not allow a person or company to access the funding portal's platform unless the person or company acknowledges that the person or company is accessing a platform of a funding portal that
  - (i) is not registered under securities legislation in any jurisdiction of Canada, and
  - (ii) will not, and is not authorized to, provide advice about
    - (A) the suitability of any security for investment by the person or company, or
    - (B) the merits of any investment,
- (g) not close a crowdfunding distribution on its platform unless the funding portal has made the issuer's completed Form 45-110F1 *Offering Document* and Form 45-110F2 *Risk Acknowledgement* available to each purchaser through the funding portal's platform,
- (h) not close a crowdfunding distribution on its platform unless each purchaser completes Form 45-110F2 *Risk Acknowledgement* acknowledging the risks and confirms that the purchaser has read and understands the issuer's completed Form 45-110F1 *Offering Document*,
- (i) upon receiving notice from an issuer that the issuer has amended its completed Form 45-110F1 *Offering Document*, promptly
  - (i) post the amendment on the funding portal's platform, and
  - (ii) notify each purchaser of the amendment, and the purchaser's right to withdraw from the agreement to purchase the security by delivering a notice to the funding portal under paragraph 5(1)(j),
- (j) return all assets to a purchaser within 5 business days of receiving a withdrawal notification under paragraph 5(1)(j) from the purchaser,
- (k) during the following periods of each year, deliver to the securities regulatory authority or regulator a completed Form 45-110F5 *Semi-Annual Financial Resources Certification*:
  - (i) between January 1 and January 10, and
  - (ii) between July 1 and July 10, and
- (l) upon becoming insolvent or discontinuing operations, promptly notify the securities regulatory authority or regulator, and any purchasers for which it holds assets, of the process the funding portal will use to return the assets to those purchasers.

**PART 3**  
**REGISTERED FUNDING PORTALS**

**Requirements for investment dealers or exempt market dealers operating funding portals**

- 4. (1)** A funding portal that is an investment dealer or exempt market dealer must not
- (a) close a crowdfunding distribution on its platform unless

- (i) the funding portal receives, through its platform, payment for the distribution of each eligible security from the purchaser of such security,
    - (ii) the funding portal has made the issuer's completed Form 45-110F1 *Offering Document* and Form 45-110F2 *Risk Acknowledgement* available to each purchaser through its platform, and
    - (iii) each purchaser completes the Form 45-110F2 *Risk Acknowledgement* acknowledging the risks and confirms that the purchaser has read and understands the issuer's completed Form 45-110F1 *Offering Document*, and
  - (b) allow a person or company to access the funding portal's platform unless the person or company has acknowledged that the person or company is accessing a platform that
    - (i) is operated by an investment dealer or an exempt market dealer, as applicable, and
    - (ii) will provide advice about the suitability of the eligible security.
- (2) A funding portal that is an investment dealer or exempt market dealer must
- (a) take reasonable steps to confirm that the head office of an issuer is in Canada before allowing the issuer to post a crowdfunding distribution on the funding portal's platform,
  - (b) upon receiving notice from an issuer that the issuer has amended its completed Form 45-110F1 *Offering Document*, promptly notify each purchaser of that issuer's crowdfunding distribution of
    - (i) the amendment, and
    - (ii) the purchaser's right to withdraw from the agreement to purchase the security by delivering a notice to the funding portal under paragraph 5(1)(j),
  - (c) return all assets to a purchaser within 5 business days of receiving a withdrawal notification under paragraph 5(1)(j) from the purchaser,
  - (d) upon an issuer not raising the minimum offering amount by the 90th day after the issuer's completed Form 45-110F1 *Offering Document* is first made available to a prospective purchaser on the funding portal's platform, or an issuer notifying the funding portal that it is withdrawing its crowdfunding distribution, no later than 5 business days after the 90th day or the notice, as applicable,
    - (i) notify the issuer, and each purchaser of that issuer's crowdfunding distribution, that assets have been returned or are in the process of being returned, and
    - (ii) take reasonable steps to return, or cause to be returned, all assets to each purchaser of that issuer's crowdfunding distribution, and
  - (e) after the later of the periods referred to in paragraph 5(1)(j) has elapsed,
    - (i) release, or cause to be released, all assets due to the issuer at the closing of the distribution, and
    - (ii) no later than 15 days after the closing of the distribution,
      - (A) notify each purchaser that the assets have been released to the issuer, and
      - (B) provide the issuer with all information required to comply with the issuer's obligations under paragraph 5(2)(b).

**PART 4  
EXEMPTION FROM PROSPECTUS REQUIREMENT FOR ISSUERS**

**Exemption from prospectus requirement for issuers**

5. (1) An issuer is exempt from the prospectus requirement in respect of a crowdfunding distribution if all of the following apply:
- (a) the distribution of and payment for the security is facilitated through a funding portal that is
    - (i) relying on subsection 3(1), or
    - (ii) operated by an exempt market dealer or investment dealer;

- (b) the purchaser purchases the security as principal;
  - (c) the issuer is not a reporting issuer in any jurisdiction of Canada or the equivalent in any foreign jurisdiction;
  - (d) the issuer is not an investment fund;
  - (e) the issuer has its head office in Canada;
  - (f) the security distributed is an eligible security of the issuer's own issue;
  - (g) the aggregate gross proceeds raised by the issuer group in reliance on this section during the 12-month period before the closing of the crowdfunding distribution do not exceed \$1 500 000;
  - (h) the issuer has completed a Form 45-110F1 *Offering Document* and provided it to the funding portal;
  - (i) the crowdfunding distribution closes no later than the 90th day after the date the issuer's completed Form 45-110F1 *Offering Document* is first made available to a prospective purchaser on the funding portal's platform;
  - (j) the subscription agreement provides that the purchaser may withdraw from the agreement to purchase the security,
    - (i) after entering into the agreement, by delivering a notice of withdrawal to the funding portal not later than midnight on the 2nd business day after the day on which the purchaser enters into the agreement, and
    - (ii) after an amendment to the issuer's completed Form 45-110F1 *Offering Document*, by delivering a notice of withdrawal not later than midnight on the 2nd business day after the day on which the funding portal notifies the purchaser of the amendment;
  - (k) the issuer's completed Form 45-110F1 *Offering Document* discloses how the issuer intends to use the assets raised and the minimum offering amount required to close the crowdfunding distribution;
  - (l) the issuer does not close the crowdfunding distribution until the issuer has raised the minimum offering amount stated in the issuer's completed Form 45-110F1 *Offering Document* either through subscriptions to the crowdfunding distribution or any concurrent distribution under one or more other exemptions from the prospectus requirement, provided that the assets are unconditionally available to the issuer;
  - (m) no concurrent crowdfunding distribution is made by any member of the issuer group for the same purposes as described in the issuer's completed Form 45-110F1 *Offering Document*;
  - (n) no commission, fee or similar payment is paid by the issuer to the issuer group, or any principal, employee or agent of a member of the issuer group, with respect to the crowdfunding distribution;
  - (o) no principal of the issuer group is a principal of the funding portal;
  - (p) the issuer does not distribute to any one purchaser securities valued at more than,
    - (i) subject to subparagraph (ii), \$2 500, or
    - (ii) if the purchaser has obtained advice from a registered dealer that the investment is suitable for the purchaser, \$10 000;
  - (q) the issuer
    - (i) has operations other than operations to identify and evaluate assets or a business with a view to completing an investment in, merger with, amalgamation with or a purchase of the securities of an issuer, or the acquisition of a business, and
    - (ii) does not intend to use the proceeds of the crowdfunding distribution to invest in, merge with, amalgamate with or to purchase securities of an issuer, or to acquire a business, unless the issuer or the business is identified in the issuer's completed Form 45-110F1 *Offering Document*.
- (2) An issuer relying on subsection (1) must,
- (a) if the issuer becomes aware that its completed Form 45-110F1 *Offering Document* is not accurate, or is no longer accurate, promptly

- (i) advise the funding portal that the issuer's Form 45-110F1 *Offering Document* is not accurate, or is no longer accurate,
  - (ii) amend the Form 45-110F1 *Offering Document* so that it is accurate, and
  - (iii) provide the amended Form 45-110F1 *Offering Document* to the funding portal, and
- (b) within 30 days after the closing of the crowdfunding distribution, deliver to each purchaser
- (i) a written confirmation setting out all of the following:
    - (A) the date of subscription and the closing of the crowdfunding distribution;
    - (B) the quantity and description of the eligible security purchased;
    - (C) the price per eligible security paid by the purchaser;
    - (D) the total commissions, fees and any other similar payments paid by the issuer to the funding portal in respect of the crowdfunding distribution, and
  - (ii) a copy of the issuer's completed Form 45-110F1 *Offering Document*.

#### Filing of distribution materials

6. An issuer that distributes a security under this Instrument must, no later than the 30th day after the closing of the crowdfunding distribution, file with the securities regulatory authority or regulator both of the following:
- (a) the issuer's completed Form 45-110F1 *Offering Document*,
  - (b) a report of exempt distribution in accordance with Form 45-106F1 *Report of Exempt Distribution* of National Instrument 45-106 *Prospectus Exemptions*.

### PART 5 EXEMPTION

#### Exemption

7. (1) The securities regulatory authority or regulator may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.
- (3) Except in Alberta and Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

### PART 6 EFFECTIVE DATE

#### Effective date

8. (1) This Instrument comes into force on September 21, 2021.
- (2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after September 21, 2021, this Instrument comes into force on the day on which they are filed with the Registrar of Regulations.

**APPENDIX A  
TO  
NATIONAL INSTRUMENT 45-110 *START-UP CROWDFUNDING REGISTRATION AND PROSPECTUS EXEMPTIONS*  
ASSOCIATIONS**

In this Instrument, a person or company is an “association” if the person or company is any of the following:

- a cooperative, as defined in subsection 1(1) of the *Cooperatives Act* (Alberta)
- an association, as defined in subsection 1(1) of the *Cooperative Association Act* (British Columbia)
- a cooperative, as defined in subsection 1(1) of the *Cooperatives Act* (Manitoba)
- a cooperative, as defined in section 1 of the *Cooperatives Act* (New Brunswick)
- a co-operative, as defined in section 2 of the *Co-Operatives Act* (Newfoundland)
- an association, as defined in section 1 of the *Co-Operative Associations Act* (Northwest Territories)
- an association, as defined in section 2 of the *Co-Operative Associations Act* (Nova Scotia)
- an association, as defined in section 1 of the *Co-Operative Associations Act* (Nunavut)
- a co-operative, as defined in section 1 of the *Co-Operative Corporations Act* (Ontario), only if permitted or authorized by that legislation to rely on the exemption from the prospectus requirement in this Instrument
- an association, as defined in section 1 of the *Co-Operative Associations Act* (Prince Edward Island)
- a cooperative, as defined in section 3 of the *Co-Operatives Act* (Québec)
- a co-operative, as defined in clause 2(1)(l) of *The New Generation Co-Operatives Act* (Saskatchewan)
- an association, as defined in section 1 of the *Cooperative Associations Act* (Yukon)

**FORM 45-110F1  
OFFERING DOCUMENT**

**GENERAL INSTRUCTIONS:**

- (1) *This offering document must be provided to your funding portal, which must make it available on its online platform. This offering document must not contain a misrepresentation. A misrepresentation means an untrue statement of material fact or an omission to state a material fact that is required to be stated, or necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. If the information contained in this offering document is no longer accurate and contains a misrepresentation, you must immediately notify the funding portal, amend the offering document and provide the new version to the funding portal.*
- (2) *If an issuer is relying on the start-up crowdfunding prospectus exemption (section 5 of the Instrument) in the local jurisdiction with respect to a crowdfunding distribution, the issuer must file this offering document in the local jurisdiction. Note: if a purchaser of the securities and the issuer are in different jurisdictions, the crowdfunding distribution is occurring in both jurisdictions – the jurisdiction of the issuer’s head office and the jurisdiction of the purchaser.*
- (3) *This offering document is required to be filed no later than the 30th day after the closing of the distribution.*
- (4) *This offering document must be completed and certified by an authorized individual on behalf of the issuer.*
- (5) *Draft this offering document so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms.*
- (6) *Disclosure must conform as closely as possible to this form. Address the items in the order set out below. No variation of headings, numbering or information set out in the form is allowed and all are to be displayed as shown.*

**Item 1: RISKS OF INVESTING**

- 1.1 Include the following statement in bold type:

**“No securities regulatory authority or regulator has assessed, reviewed or approved the merits of these securities or reviewed this offering document. Any representation to the contrary is an offence. This is a risky investment.”**

- 1.2 Include the following statement, in bold type, if the issuer provides forward-looking statements:

**“The forecasts and predictions of an early-stage business are difficult to objectively analyze or confirm. Forward-looking statements represent the opinion of the issuer only and may not prove to be reasonable.”**

**Item 2: THE ISSUER**

- 2.1 Provide the following information about the issuer:

- (a) full legal name as it appears in the issuer’s articles of incorporation, limited partnership agreement or other organizing documents, as the case may be;
- (b) head office address;
- (c) telephone;
- (d) email address;
- (e) website URL.

*Instructions: The head office is where the individuals managing the issuer, including the CEO, maintain their offices. This may be the same as, or different from, the registered office address, depending on the legal structure of the issuer. The address of the head office must be a physical address and not a post office (P.O.) box.*

- 2.2 Provide the following information for a contact person of the issuer who is able to answer questions from purchasers and the securities regulatory authority or regulator:

- (a) full legal name (first name, middle name and last name);
- (b) position held with the issuer;



- (c) business address;
- (d) business telephone;
- (e) email address.

**Item 3: ISSUER'S BUSINESS**

3.1 Describe the issuer's business. Provide enough detail for an investor to clearly understand what the issuer does or intends to do.

*Instructions:*

(1) *Answer the following questions if applicable:*

- *Does or will the issuer build, design or develop something? Will it sell something produced by others? Will it provide a service?*
- *What are the key details about the issuer's industry and operations? What makes the issuer's business special and different from other competitors in the industry?*
- *What milestones has the issuer already reached and what do they hope to achieve in the next 2 years? E.g., Complete testing, find a manufacturer, commence a marketing campaign or buy inventory. What is the proposed timeline for achieving each of the milestones?*
- *What are the major hurdles that the issuer expects to face in achieving its milestones?*
- *How are the funds raised from this financing expected to help the issuer advance its business and achieve one or more of the milestones?*
- *Has the issuer entered any contracts that are important to its business?*
- *Has the issuer conducted any operations yet?*
- *Where does the issuer see its business in 3, 5 and 10 years?*
- *What are the issuer's future plans and hopes for its business and how does it plan to get there?*
- *What is the issuer's management experience in running a business or in the same industry?*
- *Does the issuer have business premises from which it can operate its business?*
- *How many employees does the issuer have? How many does it need?*

(2) *Do not refer to a measure of financial performance, financial position or cash flow in the offering document unless (i) the issuer has made financial statements available for the most recently completed financial year, and (ii) the measure referred to in the offering document is an amount presented in the financial statements or is reconciled to an amount presented in the financial statements.*

(3) *An issuer must have operations other than to identify and evaluate assets or a business with a view to completing an investment in, merger with, amalgamation with or acquisition of a business, or a purchase of the securities of one or more other issuers. If it has no other operations, it must not raise capital using start-up crowdfunding.*

3.2 Describe the legal structure of the issuer and indicate the jurisdiction where the issuer is incorporated or organized.

*Instructions:*

(1) *Indicate whether the issuer is a corporation, a limited partnership, a general partnership, an association (as defined under the Instrument) or other.*

(2) *Indicate the province, territory or state where the issuer is incorporated or organized.*

3.3 Indicate where the issuer's articles of incorporation, limited partnership agreement, shareholder agreement or similar document is available for purchasers to review.

*Instruction: You may provide online access to these documents for investors.*

3.4 Indicate which statement(s) best describe(s) the issuer's operations (select all that apply)

The issuer

- has never conducted operations,
- is in the development stage,
- is currently conducting operations.

3.5 Indicate whether the issuer has financial statements available. If yes, include the following statement, in bold type:

**"Information for purchasers: If you receive financial statements from an issuer conducting a crowdfunding distribution, you should know that those financial statements have not been provided to or reviewed by a securities regulatory authority or regulator. They are not part of this offering document. You should also consider seeking advice from an accountant or an independent financial adviser about the information in the financial statements."**

*Instructions:*

- (1) *Any financial statements made available in connection with the start-up crowdfunding distribution must be prepared in accordance with Canadian GAAP. These financial statements must present the issuer's results of operations for its most recently completed financial year.*
  - (2) *If an auditor has issued an auditor's report on the financial statements, it must be included with the financial statements. If the financial statements were not audited, the issuer must label the financial statements as unaudited.*
- 3.6 Describe the number and type of securities of the issuer outstanding as at the date of the offering document. If there are securities outstanding other than the eligible securities being offered, describe those securities.

**Item 4: MANAGEMENT**

4.1 Provide the information in the following table for each founder, director, officer and control person of the issuer:

Full legal name, municipality of residence and position at issuer	Principal occupation for the last 5 years	Expertise, education, and experience that is relevant to the issuer's business	Number and type of securities of the issuer owned	Date securities were acquired and price paid for the securities	Percentage of the issuer's securities held as of the date of this offering document

4.2 Provide the name of the person involved and details of the time, nature and the outcome of the proceedings for each of the persons listed under item 4.1 and the issuer who, as the case may be:

- (a) has ever pleaded guilty to or been found guilty of
  - (i) a summary conviction or indictable offence under the *Criminal Code*,
  - (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
  - (iii) a misdemeanor or felony under the criminal legislation of the United States of America, or any state or territory therein, or
  - (iv) an offence under the criminal legislation of any other foreign jurisdiction,

- (b) is or has been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by, or has entered into a settlement agreement with, a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last 10 years related to:
  - (i) the person's involvement in any securities, insurance or banking activity, or
  - (ii) a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct,
- (c) is or has been the subject of an order, judgment, decree, sanction or administrative penalty imposed by a discipline committee, professional order or administrative court of Canada or a foreign jurisdiction in the last ten years related to any professional misconduct,
- (d) is or has ever been the subject of a bankruptcy or insolvency proceeding, or
- (e) is a director, officer, founder or control person of a person or company that is or has been subject to a proceeding described in paragraph (a), (b), (c) or (d) above.

*Instruction: A quasi-criminal offence includes offences under the Income Tax Act (Canada), the Immigration and Refugee Protection Act (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any province or territory of Canada or foreign jurisdiction.*

**Item 5: CROWDFUNDING DISTRIBUTION**

- 5.1 Provide the name of the funding portal the issuer is using to conduct its crowdfunding distribution. If the issuer is using a funding portal that is operated by a registered dealer, provide the name of the registered dealer.

*Instruction: This offering document must not be posted on more than one funding portal.*

- 5.2 Indicate all the jurisdictions (Canadian provinces and territories) where the issuer intends to raise funds and make this offering document available.

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Alberta          | <input type="checkbox"/> Newfoundland and Labrador | <input type="checkbox"/> Ontario              |
| <input type="checkbox"/> British Columbia |  | <input type="checkbox"/> Prince Edward Island |
| <input type="checkbox"/> Manitoba         | <input type="checkbox"/> Northwest Territories     | <input type="checkbox"/> Québec               |
| <input type="checkbox"/> New Brunswick    | <input type="checkbox"/> Nova Scotia               | <input type="checkbox"/> Saskatchewan         |
|   | <input type="checkbox"/> Nunavut                   | <input type="checkbox"/> Yukon                |

- 5.3 Provide the following information with respect to the crowdfunding distribution:
- (a) the date before which the issuer must have raised the minimum offering amount for the closing of the distribution (no later than 90 days after the date this offering document is first made available on the funding portal);
  - (b) the date(s) and description of amendment(s) made to this offering document, if any.

*Instruction: An amendment to the offering document must not change the date referred to under paragraph (a).*

- 5.4 Indicate the type of eligible securities offered.
- Common shares
  - Non-convertible preference shares
  - Securities convertible into common shares
  - Securities convertible into non-convertible preference shares
  - Non-convertible debt linked to a fixed interest rate
  - Non-convertible debt linked to a floating interest rate

- Limited partnership units
- Shares in the capital of an association. Specify type of shares (e.g. membership, investment, preference, etc.):  
\_\_\_\_\_

5.5 The securities offered have the following rights, restrictions and conditions:

- voting rights;
- dividends or interests (describe any right to receive dividends or interest);
- rights on dissolution;
- conversion rights (describe what each security is convertible into);
- tag-along rights;
- drag-along rights;
- pre-emptive rights;
- other (describe the rights).

*Instruction: This information is found in the organizing documents referred to in item 3.3.*

5.6 Provide a brief summary of any other material restrictions or conditions that attach to the eligible securities being offered, such as tag-along, drag along or pre-emptive rights.

*Instruction: The restrictions and conditions required to be described here are found in by-laws, shareholder’s agreements or limited partnership agreements.*

5.7 In a table, provide the following information:

	Total amount (\$)	Total number of securities issuable
Minimum offering amount		
Maximum offering amount		
Price per security		

5.8 Indicate the minimum investment amount per purchaser, or if the issuer has not set a minimum investment amount, state that fact.

5.9 Include the following statement in bold type:

**“Note: The minimum offering amount stated in this offering document may be satisfied with funds that are unconditionally available to [insert name of issuer] that are raised using other prospectus exemptions.”**

**Item 6: USE OF FUNDS**

6.1 Provide the following information on the funds previously raised by the issuer:

- (a) the amount of funds previously raised;
- (b) how the issuer raised those funds;
- (c) if the funds were raised by issuing securities, the prospectus exemption that the issuer relied on to issue those securities;
- (d) how the issuer used those funds.

If the issuer has not previously raised funds, state that fact.

6.2 Using the following table, provide a detailed breakdown of how the issuer will use the funds raised from this crowdfunding distribution. If any of the funds will be paid directly or indirectly to a founder, director, officer or control person of the issuer, disclose in a note to the table the name of the person, the relationship to the issuer and the amount. If more than 10% of

the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred.

Description of intended use of funds listed in order of priority	Assuming minimum offering amount	Assuming maximum offering amount

**Item 7: PREVIOUS CROWDFUNDING DISTRIBUTIONS**

7.1 For each crowdfunding distribution in which the issuer group and each founder, director, officer and control person of the issuer group have been involved in the past five years, provide the following information:

- (a) the full legal name of the issuer that made the distribution;
- (b) the name of the funding portal;
- (c) whether the distribution successfully closed, was withdrawn by the issuer or did not close because the minimum offering amount was not reached, and the date on which any of these occurred.

*Instruction: Provide the information for all previous crowdfunding distributions involving the issuer group and each founder, director, officer and control person of each member of the issuer group, even if the previous crowdfunding distribution was made by an issuer that is not a member of the issuer group.*

**Item 8: COMPENSATION PAID TO FUNDING PORTAL**

8.1 Provide a description of each commission, fee or other amount expected to be paid by the issuer to the funding portal for this crowdfunding distribution and the estimated amount to be paid. If a commission is being paid, indicate the percentage that the commission will represent of the gross proceeds of the offering assuming both the minimum and maximum offering amount.

**Item 9: RISK FACTORS**

- 9.1 Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer’s securities.
- 9.2 If the securities being distributed are to pay interest, dividends or distributions and the issuer does not have the financial resources to make such payments, (other than from the sale of securities) state in bold type:

**“We do not currently have the financial resources to pay [interest, dividends or distributions] to investors. There is no assurance that we will ever have the financial resources to do so.”**

**Item 10: REPORTING OBLIGATIONS**

- 10.1 Describe the nature and frequency of any disclosure of information the issuer intends to provide to purchasers after the closing of the distribution and explain how purchasers can access this information.
- 10.2 If the issuer is required by corporate legislation, its constating documents (e.g., articles of incorporation or by-laws) or otherwise to provide annual financial statements or an information circular/proxy statements to its security holders, state that fact.
- 10.3 If the issuer is aware, after making reasonable inquiries, of any existing voting trust agreement among certain shareholders of the issuer, provide the information:
  - (a) the number of shareholders party to the agreement;
  - (b) the percentage of voting shares of the issuer subject to the agreement;
  - (c) the name of the person acting as a trustee;
  - (d) whether the trustee has been granted any additional powers;
  - (e) whether the agreement is limited to a specified period of time.

**Item 11: RESALE RESTRICTIONS**

11.1 Include the following statement, in bold type:

**“The securities you are purchasing are subject to a resale restriction. You might never be able to resell the securities.”**

**Item 12: PURCHASERS’ RIGHTS**

12.1 Include the following statement, in bold type:

**“Rights of Action in the Event of a Misrepresentation**

**If there is a misrepresentation in this offering document, you have a right**

- (a) to cancel your agreement with [*name of issuer or other term used to refer to issuer*] to buy these securities, or**
- (b) to damages against [*name of issuer or other term used to refer to issuer*] and may, in certain jurisdictions, have the statutory right to damages from other persons.**

**These rights are available to you whether or not you relied on the misrepresentation. However, there are various circumstances that limit your rights. In particular, your rights might be limited if you knew of the misrepresentation when you purchased the securities.**

**If you intend to rely on the rights described in paragraph (a) or (b) above, you must do so within strict time limitations.**

**Two-day cancellation right:**

**You may cancel your agreement to purchase these securities. To do so, you must send a notice to the funding portal not later than midnight on the second business day after you enter into the agreement. If there is an amendment to this offering document, you can cancel your agreement to purchase these securities by sending a notice to the funding portal not later than midnight on the second business day after the funding portal provides you notice of the amendment.”**

**Item 13: DATE AND CERTIFICATE**

13.1 Include the following statement in bold type:

**“This offering document does not contain a misrepresentation.”**

13.2 Provide the signature, date of the signature, name and position of the authorized individual certifying this offering document.

13.3 If this offering document is signed electronically, include the following statement in bold type:

**“I acknowledge that I am signing this offering document electronically and agree that this is the legal equivalent of my handwritten signature.”**

**FORM 45-110F2  
RISK ACKNOWLEDGEMENT**

Issuer Name:

Type of Eligible Security Offered:

**WARNING!**  
**BUYER BEWARE: This investment is risky.**  
**Don't invest unless you can afford to lose all the money you pay for this investment.**

	Yes	No
<b>1. Risk acknowledgement</b>		
<b>Risk of loss</b> – Do you understand that this is a risky investment and that you may lose all the money you pay for this investment?	<input type="checkbox"/>	<input type="checkbox"/>
<b>No income</b> – Do you understand that you may not earn any income, such as dividends or interest, on this investment?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Liquidity risk</b> – Do you understand that you may never be able to sell this investment?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Lack of information</b> – Do you understand that you may not be provided with any ongoing information about the issuer and/or this investment?	<input type="checkbox"/>	<input type="checkbox"/>
<b>2. No approval and no advice</b> <i>Instruction: Delete “and no advice” if the funding portal is operated by a registered dealer.</i>		
<b>No approval</b> – Do you understand that this investment has not been reviewed or approved in any way by a securities regulatory authority or regulator?	<input type="checkbox"/>	<input type="checkbox"/>
<b>No advice</b> – Do you understand that you will not receive advice about your investment? <i>Instruction: Delete this row if the funding portal is operated by a registered dealer.</i>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3. Limited legal rights</b>		
<b>Limited legal rights</b> – Do you understand that you will not have the same rights as if you purchased under a prospectus or through a stock exchange?  If you want to know more, you may need to seek professional legal advice.	<input type="checkbox"/>	<input type="checkbox"/>
<b>4. Purchaser’s acknowledgement</b>		

Notices

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	Yes	No
<b>Investment risks</b> – Have you read this form and do you understand the risks of making this investment?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Offering document</b> – Has an offering document relating to this investment been made available to you on the funding portal?	<input type="checkbox"/>	<input type="checkbox"/>
The offering document contains important information about this investment. If you have not read the offering document or if you do not understand the information in it, you should not invest. You should retain a copy of the offering document for your records.  Have you read and do you understand the information in the offering document?	<input type="checkbox"/>	<input type="checkbox"/>



**First and last name:**

**Electronic signature:** By clicking the [I confirm] button, I acknowledge that I am signing this form electronically and agree that this is the legal equivalent of my handwritten signature. I will not at any time in the future claim that my electronic signature is not legally binding. The date of my electronic signature is the same as my acknowledgement.

**5. Additional information**

- **You have two days to cancel your purchase by sending a notice to the funding portal at:** *Instruction: Provide email address where purchasers can send their notice. Describe any other manner for purchasers to cancel their purchase.*
- **If you want more information about your local securities regulation, go to [www.securities-administrators.ca](http://www.securities-administrators.ca). Securities regulators do not provide advice on investment.**
- **To check if the funding portal is operated by a registered dealer, go to [www.aretheyregistered.ca](http://www.aretheyregistered.ca).** *Instruction: Delete if the funding portal is not operated by a registered dealer.*

**FORM 45-110F3  
FUNDING PORTAL INFORMATION**

**GENERAL INSTRUCTION:**

*If the funding portal is relying on the start-up crowdfunding registration exemption (section 3 of the Instrument), the funding portal must complete and deliver this form with any attachments and all corresponding Forms 45-110F4 Portal Individual Information to the securities regulatory authority or regulator if the funding portal facilitates or intends to facilitate a crowdfunding distribution.*

**FUNDING PORTAL INFORMATION**

1. Provide the following information regarding the funding portal:
  - (a) full legal name of the funding portal as it appears on the funding portal's organizing documents;
  - (b) name that the funding portal will be operating under;
  - (c) website URL;
  - (d) telephone;
  - (e) email address;
  - (f) head office address;
  - (g) jurisdiction where the head office is located (check).

<input type="checkbox"/> Alberta	<input type="checkbox"/> Newfoundland and Labrador	<input type="checkbox"/> Ontario
<input type="checkbox"/> British Columbia	<input type="checkbox"/> Northwest Territories	<input type="checkbox"/> Prince Edward Island
<input type="checkbox"/> Manitoba	<input type="checkbox"/> Nova Scotia	<input type="checkbox"/> Québec
<input type="checkbox"/> New Brunswick	<input type="checkbox"/> Nunavut	<input type="checkbox"/> Saskatchewan
		<input type="checkbox"/> Yukon
  
2. Provide the following information regarding the contact person for the funding portal:
  - (a) full legal name (first name, middle name and last name);
  - (b) business address;
  - (c) business Telephone;
  - (d) email address.
  
3. Provide the following information regarding each founder, director, officer and control person of the funding portal. If necessary, use an attachment signed and dated by the authorized individual certifying this form.
  - (a) full legal name (first name, middle name and last name);
  - (b) position(s) held.
  
4. Indicate each jurisdiction where the funding portal is delivering this form. The funding portal must deliver this form in the local jurisdiction if it facilitates or intends to facilitate a crowdfunding distribution in that jurisdiction.

<input type="checkbox"/> Alberta	<input type="checkbox"/> Newfoundland and Labrador	<input type="checkbox"/> Ontario
<input type="checkbox"/> British Columbia	<input type="checkbox"/> Northwest Territories	<input type="checkbox"/> Prince Edward Island
<input type="checkbox"/> Manitoba	<input type="checkbox"/> Nova Scotia	<input type="checkbox"/> Québec
<input type="checkbox"/> New Brunswick	<input type="checkbox"/> Nunavut	<input type="checkbox"/> Saskatchewan
		<input type="checkbox"/> Yukon

5. Provide the date the funding portal expects to begin to facilitate crowdfunding distributions in the jurisdictions indicated under item 4.
6. If the funding portal is relying on National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* in any jurisdiction, provide the name(s) of the jurisdiction(s) and the date this Funding Portal Information form was delivered to the securities regulatory authority or regulator.

#### LEGAL STRUCTURE AND CONSTATING DOCUMENTS

7. Indicate the legal structure of the funding portal.
  - Sole proprietorship
  - Partnership
  - Limited partnership (provide the name of the general partner)
  - Corporation
  - Other (specify)
8. Attach the funding portal's organizing documents: for example, the funding portal's articles and certificate of incorporation, any articles of amendments, partnership agreement or declaration of trust. If the funding portal is a sole proprietorship, provide a copy of the registration of the trade name. The attachment must be signed and dated by the authorized individual certifying this form.
9. Attach a chart showing the funding portal's structure and ownership. Include disclosure for all parents, affiliates and subsidiaries. Include the name of each person or company, and the class, type, amount and voting percentage of ownership of the funding portal's securities. The attachment must be signed and dated by the authorized individual certifying this form.

#### BUSINESS ACTIVITIES

10. Provide a description of following:
  - (a) the proposed business activities of the funding portal;
  - (b) the marketing strategy of the funding portal;
  - (c) the target issuers, including their sectors;
  - (d) the key risks you identify in operating your funding portal.

#### CRIMINAL DISCLOSURE

11. Has the funding portal ever been found guilty, pleaded no contest to, or been granted an absolute or conditional discharge from
  - (a) a summary conviction or indictable offence under the *Criminal Code*,
  - (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
  - (c) a misdemeanor or felony under the criminal legislation of the United States of America, or any state or territory therein, or
  - (d) an offence under the criminal legislation of any other foreign jurisdiction?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and the final disposition, if a final disposition has been made.

*Instruction: A quasi-criminal offence includes an offence under the Income Tax Act (Canada), the Immigration and Refugee Protection Act (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any province or territory of Canada or foreign jurisdiction.*

12. Are there any outstanding or stayed charges against the funding portal alleging a criminal offence that was committed?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

#### CIVIL DISCLOSURE

13. Has the funding portal been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by, or entered into a settlement agreement with, a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last 10 years related to a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct in Canada or a foreign jurisdiction related to its involvement in any type of securities, derivatives, insurance or banking activity.

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

14. Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation or similar misconduct against the funding portal?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

#### PROCESS AND PROCEDURE FOR HANDLING OF FUNDS

15. Provide all relevant details in an attachment that is signed and dated by the authorized individual certifying this form of the relevant documents on the process and procedure for handling all funds in relation to the crowdfunding distribution in a designated trust account at a Canadian financial institution, including the following:

- (a) the name of the Canadian financial institution the funding portal will use with the designated trust account number;
- (b) the names of the signatories on this account and their role with the funding portal;
- (c) details of how the funds held in this account will be separate and apart from the funding portal's own property;
- (d) a copy of the trust agreement, or details surrounding the establishment of this account. If the funding portal does not have a trust agreement or an account, please explain;
- (e) details regarding how funds will flow
  - (i) from purchasers to the funding portal's account,
  - (ii) from the funding portal's account to the issuer in the event that the crowdfunding distribution closes, and
  - (iii) from the funding portal's account back to the purchasers in the event that the crowdfunding distribution does not close or the purchaser has exercised their right of withdrawal.

#### COLLECTION AND USE OF INFORMATION

The information required under this form is collected, used and disclosed by the securities regulatory authority or, where applicable, the regulator of the jurisdiction under the authority granted under securities legislation for the purposes of the administration and enforcement of the securities legislation.

**Notices**

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By submitting this form, the funding portal

- acknowledges that the securities regulatory authority or regulator may collect personal information about the individuals referred to in this form or information about the funding portal,
- confirms that the individuals referred to in this form have been notified that their personal information is disclosed on this form, the legal reason for doing so, how it will be used and who to contact for more information, and
- consents to the posting on the website of the securities regulatory authority or regulator of:
  - (i) the name that the funding portal will be operating under;
  - (ii) the website address for the funding portal; and
  - (iii) the funding portal's reliance on a dealer registration exemption.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator in any jurisdiction in which this form is submitted. Contact information is listed at the end of this form.

**CERTIFICATION**

By signing this form, the funding portal

- undertakes to comply with all of the applicable conditions set out in National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*,
- certifies that its platform is complete, ready for viewing in a test environment and designed to comply with National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*,
- certifies that it has, or reasonably expects to have, sufficient financial resources to continue its operations for at least the next 6 months, and
- acknowledges that the securities regulatory authority or regulator of a jurisdiction in which this form is submitted may access the books and records relating to the carrying on of its activities and may conduct a compliance review.

On behalf of the funding portal, I certify that the statements made in this form, including any attachments, are true and complete.

Full legal name of funding portal: \_\_\_\_\_

Signature of authorized individual: \_\_\_\_\_

Date: \_\_\_\_\_

Print name of authorized individual: \_\_\_\_\_

Position held: \_\_\_\_\_

Telephone number: \_\_\_\_\_

Email: \_\_\_\_\_

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM**

**Contact information:**

<p><b>Alberta</b>          The Alberta Securities Commission          Suite 600, 250 – 5th Street SW          Calgary, Alberta T2P 0R4          Telephone: 403-297-6454          Email: registration@asc.ca          www.asc.ca</p>	<p><b>Nova Scotia</b>          Nova Scotia Securities Commission          Suite 400, 5251 Duke Street          Halifax, Nova Scotia B3J 1P3          Telephone: 902-424-7768          Toll free in Nova Scotia: 1-855-424-2499          Email: nssc.crowdfunding@novascotia.ca          nssc.novascotia.ca</p>
<p><b>British Columbia</b>          British Columbia Securities Commission          P.O. Box 10142, Pacific Centre          701 West Georgia Street          Vancouver, British Columbia V7Y 1L2          Telephone: 604-899-6854          Toll free in Canada: 1-800-373-6393          Email: portal@bcsc.bc.ca          www.bcsc.bc.ca</p>	<p><b>Ontario</b>          Ontario Securities Commission          20 Queen Street West, 22nd Floor          Toronto, Ontario M5H 3S8          Toll free: 1-877-785-1555          Email: inquiries@osc.gov.on.ca          www.osc.ca          OSC Electronic Filing Portal  <a href="https://eforms1.osc.gov.on.ca/efilings/generic/form.do?token=ec7a3cb6-d86d-419d-9c11-f1febe403cb6">https://eforms1.osc.gov.on.ca/efilings/generic/form.do?token=ec7a3cb6-d86d-419d-9c11-f1febe403cb6</a></p>
<p><b>Manitoba</b>          The Manitoba Securities Commission          500 – 400 St Mary Avenue          Winnipeg, Manitoba R3C 4K5          Telephone: 204-945-2548          Toll free in Manitoba: 1-800-655-2548          Email: exemptions.msc@gov.mb.ca          www.mbsecurities.ca</p>	<p><b>Québec</b>          Autorité des marchés financiers          Direction de l'encadrement des intermédiaires          800, rue du Square-Victoria, 22<sup>e</sup> étage          C.P. 246, Place Victoria          Montréal, Québec H4Z 1G3          Telephone: 514-395-0337          Toll free in Québec: 1-877-525-0337          Email: financement-participatif@lautorite.qc.ca          www.lautorite.qc.ca</p>
<p><b>New Brunswick</b>          Financial and Consumer Services Commission          85 Charlotte Street, Suite 300          Saint John, New Brunswick E2L 2J2          Toll free: 1-866-933-2222          Email: emf-md@fcnb.ca          www.fcnb.ca</p>	<p><b>Saskatchewan</b>          Financial and Consumer Affairs Authority of Saskatchewan          Securities Division          Suite 601 – 1919 Saskatchewan Drive          Regina, Saskatchewan S4P 4H2          Telephone: 306-787-5645          Email: registrationfcaa@gov.sk.ca          www.fcaa.gov.sk.ca</p>

**FORM 45-110F4  
PORTAL INDIVIDUAL INFORMATION**

**GENERAL INSTRUCTIONS:**

*If the funding portal is relying on the start-up crowdfunding registration exemption (section 3 of the Instrument), each founder, director, officer and control person of the funding portal must complete this form and the funding portal must deliver those completed forms and any attachments, along with the corresponding Form 45-110F3 Funding Portal Information, to the securities regulatory authority or regulator if the funding portal facilitates or intends to facilitate a crowdfunding distribution.*

*The information provided on this form must be specific to the individual certifying this form.*

**FUNDING PORTAL INFORMATION**

1. Provide the full legal name of the funding portal as it appears on the funding portal's organizing documents.
2. Provide the name that the funding portal will be operating under.
3. Indicate the position(s) you hold with the funding portal.

**INDIVIDUAL INFORMATION**

4. Full legal name:

First name	Middle name(s)	Last name
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5. Are you currently, or have you ever been, known by any name(s) other than your full legal name stated above, for example nicknames or name changes due to marriage?

Yes  No

If yes, provide details.

6. Telephone number and email address:

Residential:	( )	Mobile:	
Business:	( )	Email:	

7. Provide all residential addresses for the past five years starting with your current residential address.

Number, street, city, province, territory or state, country and postal/ZIP code	From		To	
	MM	YYYY	MM	YYYY

8. If you are not a resident of Canada, you must have one address for service of process in Canada and provide the following information:

Name of agent for service:	
Name of contact person:	
Address for service:	
Telephone:	

9. Date and place of birth:

Date of birth			Place of birth		
MM	DD	YYYY	City	Province/Territory/State	Country

10. Country of citizenship: \_\_\_\_\_

11. Are you currently or have you ever been registered or licensed in any capacity with any Canadian securities regulatory authority or regulator?

Yes  No

If yes, provide your licence or registration type, the securities regulatory authority or regulator, and the start date and ending date, if applicable:

12. Have you ever been dismissed for cause by an employer from a position following allegations that you:

- (a) violated any statutes, regulations, rules or standards of conduct,
- (b) failed to appropriately supervise compliance with any statutes, regulations, rules or standards of conduct, or
- (c) committed fraud or the wrongful taking of property, including, for greater certainty, theft?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

**CRIMINAL DISCLOSURE**

13. Have you ever been found guilty, pleaded no contest to, or been granted an absolute or conditional discharge from

- (a) a summary conviction or indictable offence under the *Criminal Code*,
- (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction,
- (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory therein, or
- (d) an offence under the criminal legislation of any other foreign jurisdiction?

Yes  No



If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

*Instructions: A quasi-criminal offence includes an offence under the Income Tax Act (Canada), the Immigration and Refugee Protection Act (Canada) or the tax, immigration, drugs, firearms, money laundering or securities legislation of any province or territory of Canada or of a foreign jurisdiction.*

14. Are there any outstanding or stayed charges against you alleging a criminal offence that was committed?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

15. To the best of your knowledge, are there any outstanding or stayed charges against any person or company of which you were, at the time the criminal offence was alleged to have taken place, a founder, director, officer or control person?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

16. To the best of your knowledge, has any person or company of which you were a founder, or during the period when you were a director, officer or control person, ever been found guilty, pleaded no contest to or been granted an absolute or conditional discharge from a criminal offence that was committed?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

**CIVIL DISCLOSURE**

17. Have you or a person or company of which you are or were a founder, director, officer or control person been the subject of an order (cease trade or otherwise), judgment, decree, sanction, or administrative penalty imposed by, or entered into a settlement agreement with, a government agency, administrative agency, self-regulatory organization, civil court, or administrative court of Canada or a foreign jurisdiction in the last 10 years related to a claim based in whole or in part on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, insider trading, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct in Canada or a foreign jurisdiction related to your involvement in any type of securities, derivatives, insurance or banking activity?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

18. Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation, or similar misconduct against you or a person or company of which you are or were a founder, director, officer or control person?

Yes  No

If yes, provide all relevant details in an attachment signed and dated by the authorized individual certifying this form that includes the circumstances, relevant dates, names of the parties involved and final disposition, if a final disposition has been made.

**COLLECTION AND USE OF PERSONAL INFORMATION**

The personal information required under this form is collected, used and disclosed by the securities regulatory authority or, where applicable, the regulator of the jurisdiction under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

**Notices**

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By submitting this form, you consent to the collection, use and disclosure of this personal information by the securities regulatory authority or regulator of each jurisdiction in which this form is submitted and any police records, records from other government or non-governmental regulators or self-regulatory organizations, credit records and employment records about you that the securities regulatory authority or regulator may need to determine the completeness of the information submitted in this form and compliance with the conditions of the start-up crowdfunding registration and prospectus exemptions. The securities regulatory authority or regulator may contact government and private bodies or agencies, individuals, corporations and other organizations for information about you.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator of any jurisdiction in which this form is submitted. Contact information is listed at the end of this form.

**CERTIFICATION**

By submitting this form, I

- certify that the statements made in this form, including any attachments, are true and complete, and
- agree to be subject to the securities legislation of each jurisdiction of Canada where I have submitted this form. This includes the jurisdiction of any tribunals or any proceedings that relate to my activities as a founder, director, officer or control person of a funding portal under applicable securities legislation.

Signature:

Date:

Print name:

\_\_\_\_\_

Position held:

\_\_\_\_\_

\_\_\_\_\_

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM**

Contact information:

<p><b>Alberta</b>  The Alberta Securities Commission  Suite 600, 250 – 5th Street SW  Calgary, Alberta T2P 0R4  Telephone: 403-297-6454  Email: <a href="mailto:registration@asc.ca">registration@asc.ca</a>  <a href="http://www.asc.ca">www.asc.ca</a></p>	<p><b>Nova Scotia</b>  Nova Scotia Securities Commission  Suite 400, 5251 Duke Street  Halifax, Nova Scotia B3J 1P3  Telephone: 902-424-7768  Toll free in Nova Scotia: 1-855-424-2499  Email: <a href="mailto:nssc.crowdfunding@novascotia.ca">nssc.crowdfunding@novascotia.ca</a>  <a href="http://nssc.novascotia.ca">nssc.novascotia.ca</a></p>
<p><b>British Columbia</b>  British Columbia Securities Commission  P.O. Box 10142, Pacific Centre  701 West Georgia Street  Vancouver, British Columbia V7Y 1L2  Telephone: 604-899-6854  Toll free in Canada: 1-800-373-6393  Email: <a href="mailto:portal@bcsc.bc.ca">portal@bcsc.bc.ca</a>  <a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a></p>	<p><b>Ontario</b>  Ontario Securities Commission  20 Queen Street West, 22nd Floor  Toronto, Ontario M5H 3S8  Toll free: 1-877-785-1555  Email: <a href="mailto:inquiries@osc.gov.on.ca">inquiries@osc.gov.on.ca</a>  <a href="http://www.osc.ca">www.osc.ca</a>  OSC Electronic Filing Portal  <a href="https://eforms1.osc.gov.on.ca/e-filings/generic/form.do?token=ec7a3cb6-d86d-419d-9c11-f1febe403cb6">https://eforms1.osc.gov.on.ca/e-filings/generic/form.do?token=ec7a3cb6-d86d-419d-9c11-f1febe403cb6</a></p>
<p><b>Manitoba</b>  The Manitoba Securities Commission  500 – 400 St Mary Avenue  Winnipeg, Manitoba R3C 4K5  Telephone: 204-945-2548  Toll free in Manitoba: 1-800-655-2548  Email: <a href="mailto:exemptions.msc@gov.mb.ca">exemptions.msc@gov.mb.ca</a>  <a href="http://www.mbsecurities.ca">www.mbsecurities.ca</a></p>	<p><b>Québec</b>  Autorité des marchés financiers  Direction de l'encadrement des intermédiaires  800, rue du Square-Victoria, 22<sup>e</sup> étage  C.P. 246, Place Victoria  Montréal, Québec H4Z 1G3  Telephone: 514-395-0337  Toll free in Québec: 1-877-525-0337  Email: <a href="mailto:financement-participatif@lautorite.qc.ca">financement-participatif@lautorite.qc.ca</a>  <a href="http://www.lautorite.qc.ca">www.lautorite.qc.ca</a></p>
<p><b>New Brunswick</b>  Financial and Consumer Services Commission  85 Charlotte Street, Suite 300  Saint John, New Brunswick E2L 2J2  Toll free: 1-866-933-2222  Email: <a href="mailto:emf-md@fcnbc.ca">emf-md@fcnbc.ca</a>  <a href="http://www.fcnbc.ca">www.fcnbc.ca</a></p>	<p><b>Saskatchewan</b>  Financial and Consumer Affairs Authority of Saskatchewan  Securities Division  Suite 601 – 1919 Saskatchewan Drive  Regina, Saskatchewan S4P 4H2  Telephone: 306-787-5645  Email: <a href="mailto:registrationfcaa@gov.sk.ca">registrationfcaa@gov.sk.ca</a>  <a href="http://www.fcaa.gov.sk.ca">www.fcaa.gov.sk.ca</a></p>

**FORM 45-110F5**  
**SEMI-ANNUAL FINANCIAL RESOURCES CERTIFICATION**

The funding portal certifies that it has, or reasonably expects to have, sufficient financial resources to continue its operations for at least the next 6 months.

On behalf of the funding portal, I certify that the statement made in this form is true and complete.

Full legal name of funding portal:

\_\_\_\_\_

Signature of the chief executive officer, chief financial officer or functional equivalent:

Date:

\_\_\_\_\_

Print name of individual:

\_\_\_\_\_

Position held:

\_\_\_\_\_

Telephone number:

\_\_\_\_\_

Email:

\_\_\_\_\_

**IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS FORM**

ANNEX D



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

CSA Staff Notice 45-329  
*Guidance for using the start-up crowdfunding registration and  
prospectus exemptions*

June 23, 2021

The Canadian Securities Administrators (**CSA**) have implemented National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* to provide a further option for start-ups and early stage businesses to raise capital using securities crowdfunding (the **prospectus exemption**).

Staff (**staff** or **we**) of the CSA have prepared this Staff Notice (this **Notice**) to assist issuers with raising capital using the prospectus exemption and businesses proposing to operate a funding portal to facilitate the use of the prospectus exemption.

This Notice includes the following documents:

- Appendix 1 – Start-up Crowdfunding Guide for Businesses
- Appendix 2 – Start-up Crowdfunding Guide for Funding Portals

**Questions**

Please refer your questions to any of the following:

Elliott Mak  
Senior Legal Counsel, Corporate Finance  
British Columbia Securities Commission 604 899-6501  
[emak@bcsc.bc.ca](mailto:emak@bcsc.bc.ca)

James Leong  
Senior Legal Counsel, Capital Markets Regulation  
British Columbia Securities Commission 604 899-6681  
[jleong@bcsc.bc.ca](mailto:jleong@bcsc.bc.ca)

Charmaine Coutinho  
Legal Counsel, Market Regulation  
Alberta Securities Commission  
403 592-4898  
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Denise Weeres  
Director, New Economy  
Alberta Securities Commission  
403 297-2930  
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Gillian Findlay  
Senior Legal Counsel, Corporate Finance  
Alberta Securities Commission  
403 297-3302  
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Mikale White  
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Financial and Consumer Affairs Authority of Saskatchewan  
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Chris Besko  
Director, General Counsel  
The Manitoba Securities Commission  
204 945-2561  
[Chris.Besko@gov.mb.ca](mailto:Chris.Besko@gov.mb.ca)

Sarah Hill  
Legal Counsel  
The Manitoba Securities Commission  
204 945-0605  
[Sarah.Hill@gov.mb.ca](mailto:Sarah.Hill@gov.mb.ca)

## Notices

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Jo-Anne Matear  
Manager, Corporate Finance  
Ontario Securities Commission  
416 593-2323  
Toll free: 1 877 785-1555  
[jmatear@osc.gov.on.ca](mailto:jmatear@osc.gov.on.ca)

Faustina Otchere  
Legal Counsel, Compliance and Registrant Regulation  
Ontario Securities Commission  
416 596-4255  
Toll free: 1 877 785-1555  
[fotchere@osc.gov.on.ca](mailto:fotchere@osc.gov.on.ca)

Patrick Théorêt  
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Autorité des marchés financiers  
514 395-0337, extension 4381  
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[patrick.theoret@lautorite.qc.ca](mailto:patrick.theoret@lautorite.qc.ca)

Jason Alcorn  
Senior Legal Counsel and Special Advisor to  
the Executive Director  
Financial and Consumer Services Commission  
(New Brunswick)  
506 643-7857  
Toll free: 1 866 933-2222  
[jason.alcorn@fcnb.ca](mailto:jason.alcorn@fcnb.ca)

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[eodonovan@osc.gov.on.ca](mailto:eodonovan@osc.gov.on.ca)

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Ontario Securities Commission  
416 593-2389  
Toll free: 1 877 785-1555  
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Nova Scotia Securities Commission  
902 424-7630  
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## APPENDIX 1

## Start-up Crowdfunding Guide for Businesses

Crowdfunding is a process through which an individual or a business can raise money from a large number of people, typically through the Internet. The objective is usually to raise sufficient funds in order to carry out a specific project. There are different types of crowdfunding, such as by donation, pre-selling of products or through selling shares or other securities. This guide discusses securities crowdfunding.

**Securities crowdfunding**

Securities crowdfunding involves a business raising money by issuing securities (such as shares) to many people through the Internet using a funding portal. This type of crowdfunding must comply with the securities laws of the provinces and territories where the business and potential investors are located.

**Legal obligations**

In Canada, trading of securities is subject to legal obligations. For example, a business seeking to raise capital by issuing securities must file a prospectus (a comprehensive disclosure document that includes financial statements) with the securities regulator of each of the provinces and territories where its business and its potential investors are located or have an exemption from the prospectus requirement under securities law.

These obligations can be costly for start-ups and early stage businesses. There are a number of exemptions from the prospectus requirement that businesses can use to conduct securities crowdfunding in Canada. However, these exemptions require a fairly comprehensive disclosure and/or limit the types of investors that can invest. Canadian securities regulators have created a streamlined system to allow start-ups and small businesses (**issuers**) to raise small amounts of money from the general public using securities crowdfunding, without filing a prospectus or preparing financial statements (**start-up prospectus exemption**). Instead, the issuer prepares an abbreviated disclosure document that does not require financial statements.

Under securities law in Canada, a business that intends to operate a funding portal, e.g., creating a website that brings together buyers and sellers of securities, must typically be registered as a dealer with the securities regulator. However, if the funding portal restricts itself to certain activities, it can facilitate trades of those securities without having to register as a dealer (**start-up registration exemption**). In this guide, we refer to the start-up prospectus exemption and the start-up registration exemption as the “**start-up crowdfunding exemptions**” or “**start-up crowdfunding**.”

The purpose of this guide is to assist issuers intending to raise funds by relying on the start-up prospectus exemption. In this guide, “**regulator**” means the applicable provincial securities regulator or regulatory authority.

**How Start-up Crowdfunding Works**

**Business  
(Issuer)**



A small business or a start-up has an idea but needs to raise funds to make it happen. They create a pitch to investors that includes basic information about the business and the offering, how they will use the money, and the risks of the project. Then they set a minimum amount they need to raise to accomplish their goal. The pitch will be found on a crowdfunding website.

**Investor**



An investor spots an interesting business on a crowdfunding website. After reading all the business information and researching the business and the people involved, the investor can invest up to \$2,500. In certain circumstances, investors can invest up to \$10,000 if a registered dealer has determined that the investment is suitable for that investor. In either case, the investor must acknowledge and understand the risks of the investment.

**Crowdfunding  
Website  
(Portal)**



The crowdfunding website holds the money the business raises in trust for investors until the minimum amount is raised. If the business does not raise the money it needs, each investor gets their money back.

In order to raise funds using the start-up prospectus exemption, issuers must prepare and post an offering document on a funding portal's crowdfunding website. Investors can then read about the offering and decide whether to invest. Before investing, investors will have to confirm that they have read the offering document and understand that the investment is risky.

### ***When should an issuer consider start-up crowdfunding?***

Before launching a start-up crowdfunding campaign, the management of the issuer will want to:

- evaluate other sources of funding, such as a loan from a financial institution,
- assess whether they are willing to invest the time and effort needed to prepare and run a start-up crowdfunding campaign,
- determine the type and characteristics of securities that will be sold,
- determine the number of securities to be sold and at what price, and
- assess if they can manage a greater number of security holders.

Issuers should also carefully consider the effect of raising capital through the issuance of securities. There are primarily two types of securities: debt instruments, such as non-convertible debt securities linked to an interest rate, and equities, such as common shares. Both types of securities are permitted under the start-up crowdfunding instrument. While debt is essentially a loan from an investor to an issuer, equity provides holders with certain ownership rights in the issuer. Accordingly, if a start-up crowdfunding campaign that involves the sale of shares (or other equity) is successful, the founders or other individuals with an economic interest in the issuer may have to give up part of the ownership of the issuer to investors. Under corporate law, investors that purchase equity securities in an issuer may have certain rights to participate in key decisions relating to the management of the issuer. Investors may also want to be informed about successes and failures of the issuer's business. Management of the issuer should assess whether they are willing to spend the time and effort to maintain contact with investors.

The start-up prospectus exemption is not available to reporting issuers (public companies). Reporting issuers are required to provide ongoing public disclosure of their business activities by filing financial statements and other documents required by securities laws. These types of issuers are considered to be more established than the start-up or early stage issuers that are permitted to use start-up crowdfunding.

In addition, the start-up prospectus exemption is not available to issuers that are raising money without a specific business objective, commonly known as "blind pools". In particular, the start-up prospectus exemption is not available where:

- (a) the issuer has no operations other than to identify and evaluate assets or a business with a view to completing an investment in, merger with, amalgamation with or acquisition of a business, or a purchase of the securities of one or more other issuers; or
- (b) the proceeds of the distribution are intended to be used by the issuer to invest in, merge or amalgamate with or acquire a business that has not been described in the issuer's offering document.

In these circumstances, the issuer will need to raise capital using methods other than the start-up prospectus exemption.

When considering whether these conditions have been met, the regulators may consider, among other things, the disclosure in the offering document to determine what operations the issuer has and how the issuer intends to use the proceeds of the distribution.

### ***Where is start-up crowdfunding available?***

The start-up prospectus exemption is available to issuers that have a head office in Canada.

If an issuer wants to raise funds using start-up crowdfunding in a particular province or territory, the funding portal must be permitted to operate in that particular province or territory (see "*Where can I find out more information on whether a funding portal is able to operate?*", below).

### ***What is the maximum amount that can be raised? How often can an issuer raise money using start-up crowdfunding?***

An issuer can raise up to \$1,500,000 in the 12-month period before closing of the distribution. It may complete as many distributions per calendar year as fits their business objectives.

For instance, if an issuer has already raised \$250,000 on June 1 and \$300,000 on December 31 using the start-up crowdfunding exemption, it can still raise up to \$950,000 at any point before May 31 of the following year under that exemption.



This maximum amount applies to the issuer, together with any related issuers in its issuer group. The “**issuer group**” has a broad meaning. In addition to the issuer, it also includes any affiliates of the issuer (e.g. related companies) and any other issuer that is engaged in a common enterprise with the issuer or an affiliate, or whose business is founded or organized by the same person or company who founded or organized the issuer.

#### ***Does the issuer have to distribute common shares in a start-up crowdfunding offering?***

The securities offered in a start-up crowdfunding offering must be among those permitted by the start-up prospectus exemption. An issuer can use start-up crowdfunding to distribute common shares, but it can also distribute non-convertible preference shares, non-convertible debt securities linked to a fixed or floating interest rate, or units of a limited partnership. If the issuer is an association (also commonly known as a co-operative), it can use start-up crowdfunding to distribute shares in the capital of that association provided that it is not restricted from doing so under its enabling legislation.

The issuer can also issue securities that convert into common shares or non-convertible preference shares. These securities may include certain types of warrants, options or simple agreements for future equity.

It is up to the issuer to decide what type of security distribution helps it best achieve its growth and development goals.

#### ***Are there any time limitations for completing a crowdfunding offering?***

The offering document must indicate a minimum dollar amount that has to be raised before the offering can close. The issuer has a maximum of 90 days to raise the minimum amount, starting on the day the issuer’s offering document is first made available to investors through the funding portal’s website.

Investors will send the funds for their investment to the funding portal. The funding portal will then hold the money in trust. Before releasing the funds to the issuer, the following must have occurred:

- the issuer has secured the minimum amount of the offering and has decided to complete the offering; and
- the time for exercise of all withdrawal rights have expired (see “What if an investor changes their mind?”, below).

If the minimum amount is not reached, or the start-up crowdfunding campaign is withdrawn, the funding portal must return all the money to the investors.

#### ***Can an issuer or group of related issuers conduct more than one start-up crowdfunding at once?***

No. An issuer group cannot have more than one start-up crowdfunding campaign running at the same time or on different funding portals for the same purpose. The issuer group must wait until the first campaign has ended before launching a second one.

#### ***What is the maximum amount an issuer can raise from each investor?***

The maximum investment an issuer can accept from an investor is \$2,500 per start-up crowdfunding distribution. However, this amount can be increased to \$10,000 if the investor has been advised by a registered dealer that the investment is suitable for the investor.

The issuer may require a minimum amount per investor, but this amount cannot be over \$2,500 if there is no registered dealer involved.

### **Launching a Start-up Crowdfunding Campaign**

Once an issuer has determined that it will launch a start-up crowdfunding campaign, it will need to prepare an offering document and choose a funding portal to post its offering document. Issuers are required to prepare the offering document using Form 45-110F1 *Offering Document*.

#### ***What is a funding portal?***

A funding portal is a website that brings buyers and sellers together by listing start-up crowdfunding campaigns on its website and facilitating the payment of the purchase price from the investor to the issuer. The funding portal has a number of responsibilities, including:

- posting the issuer’s offering document;
- providing a risk warning form to potential investors;
- holding all investor funds in trust until the issuer is permitted to close the distribution; and

- returning funds to investors, without deduction, if the issuer does not reach its minimum funding target or if the issuer withdraws the start-up crowdfunding campaign.

Funding portals will generally charge issuers for hosting a start-up crowdfunding campaign on its website.

#### ***What types of funding portals are available?***

There are two types of funding portals that may facilitate start-up crowdfunding in Canada:

- funding portals that are operated by registered dealers (e.g. investment dealers or exempt market dealers) that must provide advice to investors on whether the investment is suitable to the investor, and
- funding portals that are operated by persons relying on the start-up registration exemption and that are prohibited from providing suitability advice.

An issuer has the choice of which type of funding portal to use for its start-up crowdfunding campaign.

A funding portal should be able to confirm to the issuer that it can provide certain services necessary for start-up crowdfunding, including that it will make the offering document and risk warnings available to the investor through its website.

#### ***Where can I find out information on whether a funding portal is able to operate?***

The Canadian Securities Administrators maintain a list of funding portals currently permitted to operate in one or more jurisdictions of Canada. The issuer may check to determine whether the funding portal is authorized to operate in jurisdictions in which it proposes to conduct start-up crowdfunding.

In addition, the issuer may want to evaluate other aspects of the funding portal's business, such as the individuals operating the funding portal, how it handles the funds collected from investors, and what fees it will charge the issuer for posting its start-up crowdfunding offering document.

#### ***What information needs to be in the offering document?***

An issuer must include all the information required by Form 45-110F1 *Offering Document*. This form requires the issuer to disclose basic information about the business and the offering, how it will use the money and the relevant risks of the business or project. The issuer must disclose the minimum amount needed to be raised to accomplish the issuer's business goals. The issuer must provide enough detail in the offering document about the business for an investor to clearly understand what the issuer does or intends to do.

If the issuer raises funds in Québec, the offering document and the risk acknowledgement form must be made available to investors in Québec in French or in French and English.

For additional details on the offering document, including instructions on how to prepare it, please refer to Form 45-110F1 *Offering Document*.

#### ***Do I need to include financial statements in the offering document?***

The issuer is not required to provide financial statements to investors in connection with a start-up crowdfunding distribution.

However, the issuer can choose to make financial statements available to investors. For example, many investors use financial statements to assess and compare investment opportunities and may be reluctant to invest in a business that does not provide this information. If an issuer chooses to disclose a measure of financial performance (such as sales or expenses), financial position (such as amount of equipment or debt) or cash flow in the offering document, it must make financial statements available for the most recently completed financial year. Any measure referred to in the offering document must be an amount presented in the financial statements or be reconciled to an amount presented in the financial statements.

If the issuer chooses to make financial statements available to investors, it must:

- prepare these financial statements in accordance with Canadian generally accepted accounting principles;
- present the issuer's results of operations for its most recently completed financial year; and
- include the statement provided in item 3.5 in Form 45-110F1 *Offering Document*.

As with any information provided to investors, the financial statements should not be misleading.

The issuer can post the financial statements on its website for the convenience of its investors. **However, if an issuer includes financial statements in its offering document or provides a link to the financial statements in the offering document, there will likely be an obligation under securities laws to prepare the financial statements using Canadian generally accepted accounting principles for publicly accountable enterprises.**

There may be other requirements outside securities laws. For example, corporate legislation in some jurisdictions may require issuers to prepare and disseminate audited annual financial statements to their shareholders. Further, such issuers may be required to hold annual meetings of shareholders and provide certain specified disclosure in an information circular. To determine whether these requirements apply, issuers can refer to applicable corporate law and consult their legal advisers.

#### *Do I need to disclose information about myself or other principals of the issuer?*

The offering document must include certain details about the residency, principal occupation, expertise and securityholdings of each founder, director, officer and control person of the issuer.

**Director:** An individual occupying the position of director with the issuer, or another person acting in a similar capacity.

**Officer:** Includes the CEO, president, a vice-president, corporate secretary, general manager or any other individual who performs similar functions for the issuer. If the issuer is a limited partnership, information should also be provided for the officers of the general partner.

**Founder:** A person who, acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer and at the time of the start-up crowdfunding distribution is actively involved in the business of the issuer.

**Control person:** A person that holds more than 20% of the voting rights, alone or with other persons acting in concert, is generally considered a control person of the issuer.

#### *Does the issuer need to provide information to the investor following the crowdfunding campaign?*

Canadian securities laws do not require that the issuer report to investors, but investors will want to be kept informed. The issuer should disclose to investors in the offering document whether and, if so, how it intends to keep investors informed about the business and their investment. Reporting can be through newsletters, social media sites, email, financial statements or similar documents.

#### *What if an investor changes their mind?*

Investors have the right to withdraw their investment within two business days following either:

- the investor's subscription; or
- the funding portal notifying the investor of an amendment to the issuer's offering document.

To exercise this right of withdrawal, an investor must deliver a notice to the funding portal not later than midnight on the 2<sup>nd</sup> business day after the investor's subscription or notification of the amendment, as applicable. The funding portal must return the funds to an investor who exercises this right, without any deduction, within five business days after receiving notice of the withdrawal.

#### *What if the information in the offering document is not, or is no longer, accurate?*

The issuer must certify that the offering document does not contain a **misrepresentation**.

A misrepresentation means:

- a statement of material fact that is not true, or
- omitting a material fact that is required or necessary to be stated to prevent a statement in the offering document from being false or misleading in the circumstances in which it was made.

To avoid misrepresentations, the information contained in the offering document may need to be updated during the start-up crowdfunding campaign. If the offering document is no longer accurate and contains a misrepresentation, the issuer must:

- immediately advise the funding portal of this fact; and
- amend the offering document and send the new version to the funding portal as soon as practicable.

The funding portal is required to post the new version of the offering document on its website and promptly notify investors about the amendment. Providing an amended offering document gives an investor the opportunity to withdraw their investment (see “*What if an investor changes their mind?*” above).

The offering document does not need to be updated after the start-up crowdfunding campaign is over.

### *What if an investor purchases securities when the offering document contained a misrepresentation?*

Securities laws in all provinces and territories of Canada provide investors with a **statutory right to sue for damages (typically limited to the amount paid for the securities)** or **rescission (to unwind or reverse the purchase)** in cases where an offering document contains a misrepresentation. These claims may be made against the issuer and in a number of provinces and territories, the directors and other persons that signed the offering document.

This statutory right to sue is available whether or not the investor relied on the misrepresentation. However, there may be various defenses available. In particular, a defense may be available if the investor knew of the misrepresentation when he or she purchased the securities.

### **Completing a Start-up Crowdfunding Campaign**

Once the minimum offering amount has been collected, the issuer may choose to “close the offering” by issuing the securities to investors. However, the issuer must wait until each investor’s 2-day withdrawal period has expired.

An issuer can continue raising additional funds up to the maximum amount indicated in the offering document provided it closes the offering within the 90-day maximum offering period. The issuer must disclose in the offering document what it intends to do with any extra funds raised above the minimum amount.

At the closing of the offering, the funding portal will release the funds raised to the issuer. The issuer should make note of the date on which it closes the offering because certain filings and deliveries must be completed within a certain number of days of the closing.

### *Can an issuer use another prospectus exemption to meet the minimum amount?*

Although an issuer cannot have more than one start-up crowdfunding campaign running at the same time, the issuer can raise funds using other prospectus exemptions during a start-up crowdfunding campaign. For example, the issuer may issue securities to an accredited investor. Other prospectus exemptions, such as the accredited investor exemption, are found in securities laws, including [National Instrument 45-106 Prospectus Exemptions](#). The funds raised under other prospectus exemptions can be counted towards the minimum offering amount if those funds are unconditionally available to the issuer. This would not trigger the requirement for the issuer to amend the offering document.

If an issuer raises funds under other prospectus exemptions, it must comply with the conditions of both the start-up crowdfunding exemptions and the other exemption(s). An issuer should seek professional advice if it has any questions regarding compliance.

### **After the closing**

#### *What documents have to be filed with securities regulators?*

The offering document and a [Form 45-106F1 Report of Exempt Distribution](#) must be filed with the regulator in each jurisdiction where investors are located no later than 30 days after the closing of the distribution. For example, if the issuer has raised money in Québec and Nova Scotia, the offering document and report of exempt distribution must be filed with the Autorité des marchés financiers and the Nova Scotia Securities Commission.

In addition, the offering document and report of exempt distribution must be filed with the regulator of the jurisdiction where the issuer’s head office is located, even if no investors were located in this jurisdiction.

## Notices

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When filing the offering document, the issuer must include all copies of the offering document including any amended versions.

Participating Jurisdiction	How to File
All CSA jurisdictions, except British Columbia and Ontario	Electronically through <b>SEDAR</b> , in accordance with National Instrument 13-101 <i>System for Electronic Document Analysis and Retrieval</i> (SEDAR) The Canadian Securities Administrators (CSA) has information regarding the SEDAR filing requirements. Please see: <a href="#">CSA Staff Notice 13-323 – Frequently Asked Questions About Making Exempt Market Offering and Disclosure Filings on SEDAR</a> <a href="#">CSA website on Reports of Exempt Distribution contains links to the reports for start-up crowdfunding prospectus exemption for SEDAR filing</a>
British Columbia	Electronically via BC's eServices website ( <a href="https://eservices.bcsc.bc.ca/">https://eservices.bcsc.bc.ca/</a> ). When submitting a report of exempt distribution for a start-up crowdfunding distribution, there will be an option to attach the offering document.
Ontario	Electronically through the OSC Electronic Filing Portal at <a href="https://www.osc.ca/en/filing-documents-online">https://www.osc.ca/en/filing-documents-online</a>

### Confirmation notice to investors

Within 30 days after the closing of the offering, the issuer must send a copy of the offering document and a confirmation notice to each investor who purchased securities with the following information:

- the date of subscription and the closing date of the distribution;
- the quantity and description of securities purchased;
- the price paid per security;
- the total commission, fee and any other amounts paid by the issuer to the funding portal in respect of the start-up crowdfunding distribution.

The issuer may choose to have the funding portal send this information to investors if the funding portal platform has this capability.

### For more information contact:

For more information, please contact the following:

Alberta	Alberta Securities Commission Telephone: 403-355-4151 E-mail: <a href="mailto:inquiries@asc.ca">inquiries@asc.ca</a> Website: <a href="http://www.albertasecurities.com">www.albertasecurities.com</a>
British Columbia	British Columbia Securities Commission Telephone: 604-899-6854 or 1-800-373-6393 Email: <a href="mailto:inquiries@bcsc.bc.ca">inquiries@bcsc.bc.ca</a> Website: <a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a>
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Telephone: 306-787-5645 E-mail: <a href="mailto:exemptions@gov.sk.ca">exemptions@gov.sk.ca</a> Website: <a href="http://www.fcaa.gov.sk.ca">www.fcaa.gov.sk.ca</a>
Manitoba	The Manitoba Securities Commission Toll free in Manitoba: 1-800-655-2548 E-mail: <a href="mailto:exemptions.msc@gov.mb.ca">exemptions.msc@gov.mb.ca</a> Website: <a href="http://www.msc.gov.mb.ca">www.msc.gov.mb.ca</a>

## Notices

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Ontario	Ontario Securities Commission Toll free: 1-877-785-1555 E-mail: <a href="mailto:inquiries@osc.gov.on.ca">inquiries@osc.gov.on.ca</a> Website: <a href="http://www.osc.ca">www.osc.ca</a>
Québec	Autorité des marchés financiers Direction du financement des sociétés Toll free in Québec: 1-877-525-0337 E-mail: <a href="mailto:financement-participatif@lautorite.qc.ca">financement-participatif@lautorite.qc.ca</a> Website: <a href="http://www.lautorite.qc.ca">www.lautorite.qc.ca</a>
New Brunswick	Financial and Consumer Services Commission Toll free: 1-866-933-2222 E-mail: <a href="mailto:emf-md@fcnb.ca">emf-md@fcnb.ca</a> Website: <a href="http://www.fcnb.ca">www.fcnb.ca</a>
Nova Scotia	Nova Scotia Securities Commission Toll free in Nova Scotia: 1-855-424-2499 E-mail: <a href="mailto:nssc.crowdfunding@novascotia.ca">nssc.crowdfunding@novascotia.ca</a> Website: <a href="http://www.nssc.novascotia.ca">www.nssc.novascotia.ca</a>

## APPENDIX 2

### Start-up Crowdfunding Guide for Funding Portals

#### Introduction and purpose

The purpose of this guide is to assist funding portals that facilitate or intend to facilitate distributions under National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* (NI 45-110). This guide is intended both for funding portals that rely on the registration exemption in NI 45-110 (an exempt funding portal) and those operated by registered dealers.

This guide describes:

- the requirements that apply to funding portals, and
- how a crowdfunding distribution under NI 45-110 works, including an overview of the responsibilities of an issuer of which the funding portal should be aware.

#### What is securities crowdfunding?

Securities crowdfunding involves a business raising money by issuing securities (such as shares) to many people through the Internet using a funding portal. This type of crowdfunding must comply with the securities laws of the provinces and territories where the business and potential purchasers are located.

#### Legal obligations for securities crowdfunding

In Canada, trading of securities is subject to legal obligations. For example, a person or company that operates a funding portal to facilitate securities crowdfunding offerings must be registered in each province or territory where it is carrying on this business, or rely on an exemption from the registration requirement under securities laws. Similarly, a business seeking to raise capital by issuing securities must file a prospectus with the securities regulators or regulatory authorities of each province or territory (the regulators) in which it intends to sell its securities, or have an exemption from the prospectus requirements under securities laws.

These obligations can be costly for start-ups and early stage issuers. There are a number of exemptions from the prospectus requirement that businesses can use to conduct securities crowdfunding in Canada. However, these exemptions require fairly comprehensive disclosure and/or limit the types of investors that can invest. Canadian securities regulators have created a streamlined system to allow start-ups and small businesses to raise small amounts of money from the general public using securities crowdfunding, without filing a prospectus or preparing financial statements.

NI 45-110 provides additional exemptions tailored to start-up and early stage issuers to facilitate securities crowdfunding and make it easier for them to raise money by issuing securities. NI 45-110 allows:

- a start-up or early stage issuer to raise relatively small amounts of capital from the general public by distributing securities to purchasers without filing a prospectus or lengthy offering document and, significantly, without needing to prepare financial statements (the start-up prospectus exemption), and
- a funding portal to facilitate the distribution of those securities without having to register as a dealer (the start-up registration exemption), although a funding portal can be operated by a registered dealer.

Under NI 45-110, all issuers intending to conduct a start-up crowdfunding offering must use a funding portal.

#### Types of funding portals under NI 45-110

This section describes some of the key characteristics of funding portals operated by registered dealers, and exempt funding portals.

- **Funding portals operated by registered dealers:** Registered dealers generally are required to fulfil certain obligations including know-your-client, know-your-product, and, before accepting an order to buy or sell securities from a client, determining whether that purchase or sale is suitable for the client. Funding portals operated by registered dealers must also meet these obligations. Funding portals operated by registered dealers are allowed to facilitate distributions of securities under the start-up prospectus exemption and other prospectus exemptions. In addition, a purchaser may make a larger investment in an offering conducted through a funding portal operated by a registered dealer.
- **Exempt funding portals:** Exempt funding portals rely on the start-up registration exemption. They are not required to register provided they meet the conditions of the start-up registration exemption, including the filing of certain documents with the regulators. The requirements on exempt funding portals are different from the

obligations placed on registered dealers. For example, exempt funding portals are not allowed to provide advice and are only allowed to facilitate distributions that rely on the start-up prospectus exemption.

### Operating requirements for exempt funding portals

A person or company operating a funding portal does not have to register as a dealer if they meet all conditions of the start-up registration exemption. The responses to the following questions detail many of these conditions. You should refer to NI 45-110 for the complete list of the conditions that exempt funding portals must follow.

#### *Are there any restrictions on who may operate an exempt funding portal?*

A funding portal may not rely on the start-up registration exemption if it or any of its founders<sup>1</sup>, directors, officers or control persons<sup>2</sup> (principals), or any entity it or its principals has been the principal of has had a judgment, sanction or similar order imposed against it based on fraud, theft, breach of trust, insider trading, or allegations of similar conduct.

The funding portal must not be registered with the regulators. As well, it must have its head office in Canada and the majority of its directors must be Canadian residents.

#### *What must an exempt funding portal do for an issuer seeking to conduct a crowdfunding raise?*

**Make the necessary disclosures available on its website.** An issuer looking to raise capital using the start-up prospectus exemption must provide the funding portal with an offering document that meets the conditions of the exemption. The exempt funding portal must post the issuer's offering document on its website. It is intended that posting the document on the exempt funding portal's website will satisfy any requirement to deliver the offering document to a purchaser that may apply under securities legislation.

A funding portal can carry out reviews of issuers before making their offering documents available on its website to protect the funding portal's own interests or reputation.

**Confirm the issuer's location.** The exempt funding portal must take reasonable measures to confirm that the head office of the issuer is in Canada. For instance, reviewing the incorporating or governing documents may be a reasonable step to confirm the issuer's head office.

#### *What must an exempt funding portal do for purchasers?*

**Obtain the necessary acknowledgements before a purchaser can access the website.** An exempt funding portal must not allow entry to its website until the purchaser acknowledges that they are entering the website of a funding portal that (i) is not operated by a registered dealer under Canadian securities legislation, and (ii) will not provide advice about the suitability or the merits of any investment.

For further information on the mechanics of the acknowledgement, please see the section in this guide entitled *Pop-up Acknowledgement*.

**Not provide advice or recommendations.** An exempt funding portal must not tell purchasers an investment is suitable for them or otherwise discuss the merits of an investment.

This means the funding portal cannot tell a purchaser that the securities offered are a good investment or that the purchaser should make an investment. The funding portal must refrain from saying or doing anything that might lead a purchaser to think that they should buy the securities because the securities somehow meet their investment needs or objectives.

However, the funding portal can give factual information about the securities. For example, it may tell purchasers the information set out in the offering document about the features of the securities, the risks generally of investing, how start-up crowdfunding works, and other items of a general, factual nature.

**Confirm purchaser status.** An exempt funding portal can only facilitate a distribution for a purchaser residing in a province or territory where the funding portal meets the conditions of the start-up registration exemption, including having delivered documents to the regulator in that jurisdiction (see *Delivery Requirements for Exempt Funding Portals* below). Accordingly, the exempt funding portal should take reasonable measures to ensure that the purchaser is a resident of a province or territory in which the exempt funding portal is permitted to operate. These reasonable measures may include requiring the purchaser to indicate its address in Canada, including the province or territory of residence, before allowing a subscription for securities.

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<sup>1</sup> A person or company who founded, organized or significantly reorganized the funding portal is generally considered to be a founder.

<sup>2</sup> A person or company who holds a sufficient number of voting rights to control the funding portal or who holds more than 20% of the voting rights of the funding portal is generally considered a control person of the funding portal.



**Obtain the necessary risk acknowledgement before receiving funds.** Before taking a purchaser's subscription, an exempt funding portal must ensure that purchasers confirm online that they have read and understood the offering document and risk warning available on the exempt funding portal.

***What requirements do exempt funding portals have for handling funds?***

The exempt funding portal must ensure that a purchaser's payment for securities through its platform is received only by the exempt funding portal. The exempt funding portal must hold purchasers' assets separate from the exempt funding portal's property, in trust for the purchaser and, in the case of cash, at a Canadian financial institution.

***What must the exempt funding portal disclose about itself on its website?***

The exempt funding portal must prominently display the following information on its website:

- the full legal name, municipality and jurisdiction of residence, business mailing and e-mail address, and business telephone number of each principal of the exempt funding portal,
- that the exempt funding portal is relying on the start-up registration exemption,
- that the exempt funding portal will hold purchasers' assets separate from the funding portal's property, in trust for the purchaser and, in the case of cash, at a Canadian financial institution, and
- the process the exempt funding portal will use to notify purchasers if it becomes insolvent or discontinues operations, and how the exempt funding portal will return the purchasers' assets it is holding to those purchasers.

For instance, clearly displaying this information on one page of the website that is easily accessible (such as a main tab in a drop-down menu) would generally be acceptable.

***What other requirements do exempt funding portals have?***

**Only facilitate start-up crowdfunding distributions under NI 45-110.** The exempt funding portal must not facilitate the distribution of securities to purchasers under prospectus exemptions other than the start-up prospectus exemption. A funding portal that intends to facilitate crowdfunding distributions under other prospectus exemptions (e.g. the accredited investor exemption and the offering memorandum exemption) would need to apply for registration as a dealer.

**Not receive compensation directly from a purchaser.** The exempt funding portal must not receive a commission or fee from a purchaser.

**Maintain records.** The exempt funding portal must keep its books and records, including its compliance procedures, at its head office for eight years from the date a record is created.

***Delivery requirements for exempt funding portals***

Attached as Appendix A to this guide is a checklist that includes some of the delivery and timing requirements for exempt funding portals.

***What steps must occur before a funding portal can rely on the start-up registration exemption?***

At least 30 days before it intends to start operating in reliance on the start-up registration exemption, the funding portal must deliver the following documents to the regulator of each jurisdiction of Canada in which it intends to solicit investors:

- 1) a completed Form 45-110F3 *Funding Portal Information* (funding portal information form),
- 2) completed Forms 45-110F4 *Portal Individual Information* (individual information form) for each principal of the funding portal, and
- 3) the applicable supporting documents (see below).

The regulators will review these documents during the 30-day waiting period and may notify the funding portal, for example, if:

- the documents the funding portal delivered are incomplete, or
- the policies and procedures for handling funds in relation to a start-up crowdfunding distribution described in the funding portal information form and supporting documents does not satisfy the conditions of the start-up exemption.

If the funding portal receives such notification, it has not satisfied the conditions of the start-up registration exemption and cannot operate as an exempt funding portal. If this occurs, the funding portal must file amended documents with the regulators and wait 30 days from the date the revised documents are filed before operating.

### **What supporting documents are required?**

The funding portal information form and individual information form must include the following supporting documents:

- organizing documents such as articles and certificate of incorporation or partnership agreement,
- a chart showing the funding portal's structure and ownership that, at a minimum, includes all parents, affiliates and subsidiaries, as well as the full list of securityholders (including number and type of securities held) of the funding portal,
- details and relevant documents describing the funding portal's process and procedure for handling funds relating to a start-up crowdfunding offering, including:
  - the name of the Canadian financial institution the funding portal will use, together with the designated trust account number,
  - the name of the signatories on this account and their role with the funding portal,
  - a description of how the funds held in this account will be kept separate and apart from the funding portal's own property,
  - a copy of the trust agreement for the funding portal's trust account with a Canadian financial institution or details surrounding the establishment of this account, or, if there is no trust agreement or trust account, an explanation why,
  - how funds will flow from: (i) the purchasers to the trust account; (ii) the trust account to the issuer in the event that the offering closes; and (iii) the trust account back to the purchasers' bank accounts if the offering does not close, or the purchaser has exercised their right of withdrawal (for further information please see the section in this guide entitled *What rights do purchasers have before the start-up crowdfunding distribution closes?*), and
- attachments providing the relevant details sought if the answer to any of questions 11 to 14 of the funding portal information form or questions 11 to 18 of an individual information form is "Yes".

The requirements around the flow of purchaser funds are fundamental to the start-up registration exemption. The regulators may assess if the funding portal complies with these requirements, as well as the other conditions of the start-up crowdfunding exemption, in future compliance exams.

### **How does a funding portal deliver the funding portal information form and individual information forms to the regulator?**

The funding portal must deliver the forms and documents by e-mail to the regulator in each jurisdiction where the funding portal intends to facilitate start-up crowdfunding distributions. For example, a funding portal with a head office in Saskatchewan that intends to seek funds from purchasers in all jurisdictions of Canada must deliver the forms and documents described in this guide to the Financial and Consumer Affairs Authority of Saskatchewan and the regulators in all of the other jurisdictions of Canada.

### **What needs to be delivered after an exempt funding portal has started operating?**

After it has started operating, the exempt funding portal must:

- 1) certify, within 10 days of December 31 each year and again within 10 days of June 30 each year, that it has, or expects to have, sufficient financial resources to continue its operations for at least the next 6 months (See "Financial Resources Certification" below), and
- 2) deliver, within 30 days of a change to any of the information in the funding portal information form or individual information forms, the updated funding portal information form and/or individual forms as applicable.

#### *Financial Resources Certification*

An exempt funding portal is required to certify to the regulator that it has, or expects to have, sufficient financial resources to operate for the next 6 months:

- in the completed funding portal information form, and

- in the completed Form 45-110F5 *Semi-Annual Financial Resources Certification* (financial resources certification) that needs to be delivered twice a year, within 10 days of June 30 and within 10 days of December 31.

**For example:** an exempt funding portal delivers the completed funding portal information form (which includes a form of the financial resources certification) on October 31, 2021. The funding portal ensures that it complies with all the conditions of the start-up registration exemption and begins to facilitate distributions on November 30, 2021.

- The exempt funding portal must then deliver a financial resources certification between January 1, 2022 and January 10, 2022, in order to meet the requirements to operate as an exempt funding portal after January 10, 2022.
- It will need to deliver its next financial resources certification between July 1, 2022 and July 10, 2022, in order to meet the requirements to operate as an exempt funding portal after July 10, 2022.

### *Sufficient Financial Resources*

When an exempt funding portal makes an assessment of its sufficiency of financial resources for a 6 month period, it must take into account all available information about the future, which is at least, but is not limited to, 6 months from the date of certification. The degree of analysis depends on the facts for each exempt funding portal. When an entity has a history of positive cash flows from operations and ready access to financial resources, the exempt funding portal may reach the conclusion it has sufficient financial resources to continue its operations for at least the next 6 months. In other cases, the exempt funding portal may need to consider a wide range of factors relating to current and expected cash flows, such as debt repayment schedules and potential sources of replacement financing before it can assert that there is sufficient financial resources to continue its operations for at least the next 6 months.

When an exempt funding portal considers the feasibility and reasonableness of its plans, it may want to include the following in its consideration:

- Which expenditures will take priority at various levels of operation, and what effect this allocation would have on the exempt funding portal's operations, business objectives and milestones;
- The risks of defaulting on payments as they become due, and what effect the defaults would have on the exempt funding portal's operations; and
- An analysis of the exempt funding portal's ability to generate sufficient amounts of cash and cash equivalents from other sources, the circumstances that could affect those sources and management's assumptions in conducting this analysis.

Good practices for compliance with this condition include:

- Keeping documentation that is regularly maintained to ensure effective monitoring; and
- Establishing, maintaining and applying a system of controls and supervision sufficient to ensure the accuracy of the documents, including financial statements, used to support the funding portal's assessment of financial resources.

### *Updated Funding Portal Information Form and/or Individual Information Forms*

If a change occurs and the information in the forms and documents delivered to a regulator are no longer up-to-date, the exempt funding portal must update the information by delivering a new form or document setting out the change. These updated forms must be provided within 30 days of the change. Failure to deliver these updated forms on time means that the funding portal has not satisfied the conditions of the start-up registration exemption and cannot rely on the exemption.

**For example:** if management at an exempt funding portal changes on July 1, 2021, an updated funding portal information form, as well as an individual information form for each new officer, must be delivered to the regulators by July 31, 2021.

### **Assessing compliance for funding portals**

Failure to comply with the conditions of NI 45-110 or other securities law requirements is a serious offence that could prevent the funding portal from being able to rely on the start-up registration exemption and expose the funding portal's principals to sanctions. The regulators may conduct compliance reviews on funding portals, including exempt funding portals, to ensure that they comply with the requirements. Funding portals relying on the start-up registration exemption should be prepared to provide documents supporting their compliance with the conditions of the start-up registration exemption.

Funding portals will also be subject to various other laws beyond securities law (e.g. anti-money laundering and privacy laws). We encourage funding portals to consult a lawyer for advice.

### **Funding portals operated by registered dealers**

Registered exempt market dealers and investment dealers are allowed to operate start-up funding portals, provided that they:

- meet their existing registration obligations under securities legislation (including the know-your-client, know-your-product and suitability obligations owed to purchasers, and disclosure of all fees charged to purchasers in accordance with relationship disclosure requirements under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*),
- meet the requirements in NI 45-110 for portals that rely on the start-up registration exemption that still apply to registered dealers (see the section entitled *What are the requirements in NI 45-110 that apply to funding portals operated by registered dealers, as well as to exempt funding portals?* below),
- confirm to issuers that the funding portal is being operated by a registered dealer, and
- prompt any person entering the funding portal's website to acknowledge that the funding portal is operated by a registered dealer that will provide suitability advice. For more information on the mechanics of this acknowledgement, please see the section of this guide entitled *Pop-Up Acknowledgement*.

An exempt market dealer or investment dealer that wants to operate a start-up funding portal is required to report changes in their business activities by completing and delivering Form 33-109F5 *Change of Registration Information* and updating information previously reported in Form 33-109F6 *Firm Registration* to include operating a start-up funding portal.

### **What are the requirements in NI 45-110 that apply to funding portals operated by registered dealers, as well as to exempt funding portals?**

Registered dealers operating funding portals must meet the conditions set out in section 4 of NI 45-110 (which also apply to exempt funding portals). These include requirements to:

- ensure that a purchaser's payment for securities through the funding portal's platform is received only by the funding portal, and no one else,
- take reasonable measures to ensure the head office of the issuer is in Canada,
- make available the issuers' offering documents and risk warnings on its website, and
- ensure, before it takes a purchaser's subscription, that the purchaser has confirmed they have read and understood the offering document and risk warning available on the funding portal.

### **Are there different restrictions (e.g. investment limits) placed on start-up crowdfunding distributions facilitated by registered dealers?**

An offering conducted through a funding portal operated by a registered dealer is permitted to facilitate a larger investment. Both exempt funding portals and funding portals operated by registered dealers can facilitate investments up to \$2,500 from a purchaser under the start-up prospectus exemption. However, purchasers can purchase up to \$10,000 if the registered dealer has determined that the investment is suitable for the purchaser.

### **"Pop-up" Acknowledgement**

The start-up crowdfunding exemptions require purchasers to acknowledge certain information before entering the platform of a funding portal (pop-up acknowledgement). A platform may include the funding platform's website or app. This requirement does not distinguish between where or how the purchaser enters the funding portal's platform. As a result, funding portals must design their platform so that purchasers acknowledge the required information regardless of whether those purchasers enter the platform through the funding portal's home page or through another page.

The funding portal should also manage the risk that potential purchasers are visiting the funding portal's platform using a shared computer, tablet, or other mobile device. In other words, multiple people in a household may be entering the funding portal's website at different times using the same device. As a result, the funding portal should consider designing their platform so that the pop-up acknowledgement reappears each time the purchaser's internet browser or app is closed and re-opened.

We expect the pop-up acknowledgement to appear in the following circumstances:

The pop-up acknowledgement should appear upon the first and every subsequent time a person enters a funding portal's platform. This means that after opening their internet browser or app:

- (a) If a person lands on any page of a funding portal's platform (home page or other page) the pop-up acknowledgement should appear.
- (b) If the person clicks "I acknowledge" and then immediately closes out of their browser, when the person goes back to any page on a funding portal's platform, the pop-up acknowledgement should appear. The result is that the same person will have to click on "I acknowledge" to go back into the funding portal's platform regardless of the fact that they had just been to that platform.

The pop-up acknowledgement should appear regardless of a person's entry point to the platform (home page or other page). For example:

- (c) If a person were to search the name of the funding portal and finds a link to the funding portal's platform, the link would take the person to the funding portal's home page and a pop-up acknowledgement would appear.
- (d) If a person were to browse directly to the funding portal's issuer-offering page from an external link, the link would take the person to issuer's page on the funding portal's platform and a pop-up acknowledgement would appear.

Once a person clicks "I acknowledge" and enters the funding portal's platform, they can navigate from page to page within the website without the re-appearance of the pop-up acknowledgement.

### How does a start-up crowdfunding distribution work?

Issuers are responsible for preparing an offering document that complies with Form 45-110F1 *Offering Document*. In particular, the offering document must indicate the minimum amount necessary to close a start-up crowdfunding distribution. Issuers provide the offering document to the funding portal to post online. Purchasers read the offering document and decide whether or not to invest.

Before accepting an investment, the funding portal collects personal information on the purchaser, including the province or territory where the purchaser resides. The funding portal also obtains confirmation that the purchaser has read and understood the offering document and the risks described in Form 45-110F2 *Risk Acknowledgement Form*.

An issuer cannot close a distribution unless it has raised the minimum amount set out in its offering document and each purchaser's right to withdraw has expired. At the closing:

- the issuer distributes shares or other eligible securities to purchasers, and
- the funding portal releases funds to the issuer.

No later than 15 days following the closing of the distribution, the funding portal notifies purchasers that the funds have been released to the issuer, and provides the issuer with the following information on each purchaser:

- full name,
- address,
- telephone number,
- e-mail address,
- number of securities purchased, and
- total purchase price.

Using this information, no later than 30 days following the closing of the distribution, the issuer files Form 45-106F1 *Report of Exempt Distribution* (the report of exempt distribution) with the regulators. When providing purchaser information to the issuer, funding portals may use the spreadsheet of Schedule 1 of the report of exempt distribution. Please refer to the *Start-up Crowdfunding Guide for Businesses* for more information on the issuer's filing requirements.

As well, no later than 30 days following the closing of the distribution, the issuer sends a confirmation to each purchaser that includes:

- the date of the purchaser's subscription and the closing date,
- the number of securities purchased and a description of the securities purchased,

- the price per security paid,
- the total commission, fee and any other amounts paid by the issuer to the funding portal in respect of the distribution, and
- instructions on how the purchaser can access the offering document.

While the obligation is on the issuer to provide this information to purchasers, we expect that the issuer will arrange for the funding portal to provide this information on its behalf.

If the issuer withdraws its start-up crowdfunding offering or does not raise the minimum amount within 90 days after the funding portal posts the offering document online, all the funds must be returned to purchasers within five business days. No deductions are permitted. The funding portal must also send a notice to the issuer and each purchaser confirming that the funds have been returned to purchasers.

The funding portal may send notices to purchasers and issuers by e-mail.

### *When must an offering document be amended?*

From the time it is posted online until the closing or withdrawal of the offering, an issuer must amend its offering document if the information it contains is no longer accurate and contains a misrepresentation. This could be the case if, for example, an issuer wants to change the price of the securities or the minimum or maximum offering amount. The issuer must send the amended version to the funding portal for posting on the funding portal's website. The funding portal must promptly notify purchasers about the amendment.

### *Can a funding portal facilitate a start-up crowdfunding distribution for itself or for related parties?*

A funding portal cannot act in a start-up crowdfunding distribution if one of its principals is also a principal of the issuer group. The issuer group means the issuer, an affiliate of the issuer, and any other issuer that is engaged in a common enterprise with the issuer or an affiliate, or whose business is founded or organized by the same person or company who founded or organized the issuer.

### *What rights do purchasers have before the start-up crowdfunding distribution closes?*

Purchasers have the right to withdraw their investment up to midnight, two business days following:

- the purchaser's subscription, and
- any notice the funding portal sends to the purchaser of an amendment to the offering document.

**For example:** a funding portal posts an offering document on July 1, 2021 and a purchaser subscribes on July 5, 2021. The funding portal then notifies the purchaser of amendments to the offering documents on July 14, 2021 and July 28, 2021. The purchaser then has the right to withdraw its investment during the following time periods:

- up to midnight, July 7, 2021 (two business days from subscription),
- between July 14, 2021 and midnight, July 16, 2021 (two business days from the first amendment), and
- between July 28, 2021 and midnight, July 30, 2021 (two business days from the second amendment).

The funding portal must give purchasers the opportunity to exercise this right. The purchaser exercises the right of withdrawal by notifying the funding portal. The funding portal must return the funds to a purchaser who exercises this right, without any deduction, within five business days after the notice.

### *Does an issuer have to provide financial statements?*

Under the start-up prospectus exemption, issuers are not required to provide financial statements to purchasers with the offering document.

If an issuer wants to make its financial statements available to purchasers, it can place a hyperlink on the funding portal leading to the financial statements. However, the hyperlink should not appear in the offering document unless the issuer wants the financial statements to form part of it. Please refer to the *Start-Up Crowdfunding Guide for Businesses* for more information on potential reporting requirements relating to making financial statements a part of the issuer's offering document. It should be noted that if an issuer makes its financial statements available to purchasers, those financial statements have to be prepared in accordance with Canadian GAAP.

**For more information**

For more information, please contact the following:

British Columbia	British Columbia Securities Commission Telephone: 604-899-6854 or 1-800-373-6393 E-mail: <a href="mailto:inquiries@bcsc.bc.ca">inquiries@bcsc.bc.ca</a> Website: <a href="http://www.bcsc.bc.ca">www.bcsc.bc.ca</a>
Alberta	Alberta Securities Commission Telephone: 403-355-4151 E-mail: <a href="mailto:inquiries@asc.ca">inquiries@asc.ca</a> Website: <a href="http://www.albertasecurities.com">www.albertasecurities.com</a>
Saskatchewan	Financial and Consumer Affairs Authority of Saskatchewan Securities Division Telephone: 306-787-5645 E-mail: <a href="mailto:exemptions@gov.sk.ca">exemptions@gov.sk.ca</a> Website: <a href="http://www.fcaa.gov.sk.ca">www.fcaa.gov.sk.ca</a>
Manitoba	The Manitoba Securities Commission Toll free in Manitoba: 1-800-655-2548 E-mail: <a href="mailto:exemptions.msc@gov.mb.ca">exemptions.msc@gov.mb.ca</a> Website: <a href="http://www.mbsecurities.ca/">http://www.mbsecurities.ca/</a>
Ontario	Ontario Securities Commission Toll free: 1-877-785-1555 E-mail: <a href="mailto:inquiries@osc.gov.on.ca">inquiries@osc.gov.on.ca</a> Website: <a href="http://www.osc.ca">www.osc.ca</a>
Québec	Autorité des marchés financiers Direction du financement des sociétés Toll free in Québec: 1-877-525-0337 E-mail: <a href="mailto:financement-participatif@lautorite.qc.ca">financement-participatif@lautorite.qc.ca</a> Website: <a href="http://www.lautorite.qc.ca">www.lautorite.qc.ca</a>
New Brunswick	Financial and Consumer Services Commission Toll free: 1-866-933-2222 E-mail: <a href="mailto:emf-md@fcnb.ca">emf-md@fcnb.ca</a> Website: <a href="http://www.fcnb.ca">www.fcnb.ca</a>
Nova Scotia	Nova Scotia Securities Commission Toll free in Nova Scotia: 1-855-424-2499 E-mail: <a href="mailto:nssc.crowdfunding@novascotia.ca">nssc.crowdfunding@novascotia.ca</a> Website: <a href="http://nssc.novascotia.ca">nssc.novascotia.ca</a>

*The information in this Guide is for educational purposes only and does not constitute legal advice.*

*If any information in this Guide is inconsistent with NI 45-110 Start-up Crowdfunding Registration and Prospectus Exemptions, please follow the instrument and the related forms.*

**Appendix A**

**Checklist for Exempt Funding Portals**

**Documents required to be delivered to the regulators before a funding portal can rely on the start-up registration exemption:**

- A completed Form 45-110F3 *Funding Portal Information* (portal information form), with the following documents attached, signed and dated by the authorized individual certifying the portal information form:
  - The funding portal's organizing documents (Item 8 of the portal information form)
  - A chart showing the funding portal's structure and ownership (Item 9 of the portal information form)
  - Details and the relevant documents on the process and procedure for handling all funds relating to a start-up crowdfunding offering (Item 15 of the portal information form)
  - If any of the answers to questions 11 to 14 of the portal information form is "Yes", complete details pertaining to such matters
  - Completed Forms 45-110F4 *Portal Individual Information* (individual information form) for each principal of the funding portal.
  - If any of the answers to questions 11 to 18 of an individual information form is "Yes", complete details pertaining to such matters must be attached to that individual information form; except for attachments pertaining to question 11, these attachments must be signed and dated by the authorized individual certifying the individual information form.

**Date the funding portal has delivered a completed portal information form and individual information forms, with necessary attachments, to the regulators: \_\_\_\_\_**

**Date the funding portal may begin operations if it has not received a notification from the regulator that it is not allowed to rely on the start-up registration exemption (30 days from the date the funding portal delivered the completed portal information form and individual information forms, with necessary attachments, to the regulators): \_\_\_\_\_**

**Documents required to be delivered to the regulators after an exempt funding portal has started operations:**

- Two completed Forms 45-110F5 *Semi-Annual Financial Resources Certification* (financial resources certification) each calendar year, one within 10 days of June 30, and the other within 10 days of December 31

Note: particular guidance on this requirement can be found in the *Start-Up Crowdfunding Guide for Funding Portals*, under the sections titled "Financial Resources Certification" and "Sufficient Financial Resources" beginning on page 8.

- Updated portal information forms or individual information forms if there is a change to any of the information previously provided in these forms, within 30 days of the change.



**ANNEX E**

**LOCAL MATTERS  
ONTARIO SECURITIES COMMISSION**

**1. Introduction**

The Canadian Securities Administrators (the **CSA**) has published in final form National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* (**NI 45-110**) that provides:

- an exemption from the prospectus requirement that allows a non-reporting issuer to distribute eligible securities through an online funding portal; and
- an exemption from the dealer registration requirement for funding portals that facilitate online distributions by issuers relying on the start-up crowdfunding prospectus exemption.

Please refer to the CSA Notice of Publication of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* for a discussion of the substance and purpose of NI 45-110 (the **CSA Notice**).

**2. Local Amendments**

In addition to NI 45-110 and the consequential amendments set out in annexes to the CSA Notice (the **Consequential Amendments**), the Ontario Securities Commission (the **OSC** or the **Commission**) has made amendments to the following Ontario rules and policy:

- OSC Rule 11-501 *Electronic Delivery of Documents to the Ontario Securities Commission* (attached as Schedule E1 to this Annex)<sup>1</sup>;
- OSC Rule 13-502 *Fees* (attached as Schedule E2 to this Annex);
- OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (attached as Schedule E3 to this Annex); and
- Companion Policy 45-501CP *Ontario Prospectus and Registration Exemptions* (attached as Schedule E4 to this Annex)

(collectively, the **Local Amendments**). The Local Amendments are necessary to reflect the adoption of NI 45-110 in Ontario.

**3. Implementation of the crowdfunding regime**

The Commission published NI 45-110, the Consequential Amendments and the Local Amendments (collectively, the **Materials**) on June 23, 2021. The Materials were delivered to the Ontario Minister of Finance on June 22, 2021. The Minister may approve or reject the Materials or return them for further consideration. If the Minister approves the Materials or does not take any further action by August 22, 2021, NI 45-110, the Consequential Amendments and the Local Amendments will come into force on September 21, 2021.

**4. Ontario Instrument 45-506 *Start-Up Crowdfunding Registration and Prospectus Exemptions (Interim Class Order)***

The Commission has also approved an amendment to Ontario Instrument 45-506 *Start-Up Crowdfunding Registration and Prospectus Exemptions (Interim Class Order)* (**OI 45-506**) (attached as Schedule E5 to this Annex). OI 45-506 was amended to extend its effective date to provide a transition period after the implementation date of NI 45-110. As a result of this amendment, OI 45-506 expires on the earlier of:

- (i) the date that is 18 months after July 30, 2020, and
- (ii) the date that is 90-days after the effective date of NI 45-110.

**5. Background**

Currently, equity crowdfunding is available in Canada under the following regimes, none of which are nationally harmonized:

- (i) **Start-up crowdfunding** – Local crowdfunding blanket orders provide registration and prospectus exemptions

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<sup>1</sup> In addition to amendments necessary to reflect the adoption of NI 45-110, the amendment to OSC Rule 11-501 *Electronic Delivery of Documents to the Ontario Securities Commission* includes a housekeeping amendment to reflect recent amendments to syndicated mortgages.

that allow start-ups and early stage issuers to raise capital in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia (the **start-up crowdfunding blanket orders**). The start-up crowdfunding blanket order in Ontario is OI 45-506.

- (ii) **Crowdfunding under MI 45-108** - Multilateral Instrument 45-108 *Crowdfunding* provides a prospectus exemption and a registration regime that allows start-ups and early stage issuers to raise capital in Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick and Nova Scotia.
- (iii) **Crowdfunding under ASC Rule 45-517** – Alberta Securities Commission Rule 45-517 *Prospectus Exemption for Start-up Businesses* provides a prospectus exemption that is similar to the start-up crowdfunding blanket orders except that it does not require the use of a funding portal and does not provide a registration exemption.

Market participants and other stakeholders have advocated for a harmonized regulatory framework for securities crowdfunding available across Canada to encourage the use of securities crowdfunding and provide an alternative method for start-ups and early stage issuers to raise capital. As a result, on February 27, 2020, the CSA published proposed National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* (the **Proposed Instrument**) to provide prospectus and registration exemptions similar to the prospectus and registration exemptions in the start-up crowdfunding blanket orders. The Proposed Instrument introduced targeted enhancements to improve the effectiveness of crowdfunding as a capital raising tool for start-ups and early stage issuers, while maintaining adequate investor protection.

## 6. Comments Received

The comment period for the Proposed Instrument ended on July 13, 2020. The CSA received written submissions from 10 commenters regarding the Proposed Instrument. A summary of the comments submitted to the CSA, together with the responses of the CSA, is included at Annex B of the CSA Notice.

## SCHEDULE E1

**Amendments to Ontario Securities Commission  
Rule 11-501 *Electronic Delivery of Documents to the Ontario Securities Commission***

1. ***Ontario Securities Commission Rule 11-501 Electronic Delivery of Documents to the Ontario Securities Commission is amended by this Instrument.***

2. ***Appendix A is amended by***

***(a) inserting the following row to the table immediately following the row “45-106 s. 2.9(17.5)”:***

45-106 s. 2.9(19.4)	Filing of an appraisal report pursuant to subsection 2.9(19.4) of National Instrument 45-106 <i>Prospectus Exemptions</i>
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***(b) inserting the following rows to the table immediately following the row “45-108F1”:***

45-110F1	Form 45-110F1 <i>Offering Document</i>
45-110F3	Form 45-110F3 <i>Funding Portal Information</i>
45-110F4	Form 45-110F4 <i>Portal Individual Information</i>
45-110F5	Form 45-110F5 <i>Semi-Annual Financial Resources Certification</i>

3. This Instrument comes into force on September 21, 2021.

**SCHEDULE E2**

**Amendments to Ontario Securities Commission Rule 13-502 Fees**

1. ***Ontario Securities Commission Rule 13-502 Fees is amended by this Instrument.***
2. ***The definition of “unregistered capital markets participant” in section 1.1 is replaced by the following:***  
“unregistered capital markets participant” means
  - (a) an unregistered investment fund manager;
  - (b) an unregistered exempt international firm; or
  - (c) a funding portal relying on the exemption in section 3 of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*.
3. This Instrument comes into force on September 21, 2021.

**SCHEDULE E3**

**Amendments to Ontario Securities Commission  
Rule 45-501 *Ontario Prospectus and Registration Exemptions***

1. ***Ontario Securities Commission Rule 45-501 Ontario Prospectus and Registration Exemptions is amended by this Instrument.***
2. ***Section 5.1 is amended by deleting “and” at the end of paragraph (f.1), and by adding the following paragraph:***  
(f.2) section 5 of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*, and
3. ***The following subsection is added after subsection 5.2(1):***  
(1.1) For the purposes of section 130.1 of the Act, the method of furnishing or delivering an offering document under Multilateral Instrument 45-108 *Crowdfunding* or National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions* to a prospective purchaser includes making the offering document available to the prospective purchaser through a funding portal, as defined in the respective instruments.
4. ***Subsection 5.4(2) is replaced by the following:***  
(2) The requirement in subsection (1) does not apply to an offering memorandum prepared and filed with the Commission in accordance with section 2.9 of NI 45-106, Multilateral Instrument 45-108 *Crowdfunding*, or National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*.
5. This Instrument comes into force on September 21, 2021.

**SCHEDULE E4**

**Changes to Companion Policy 45-501CP – Ontario Securities Commission Rule 45-501  
Ontario Prospectus and Registration Exemptions**

1. **Companion Policy 45-501CP – to Ontario Securities Commission Rule 45-501 Ontario Prospectus and Registration Exemptions is changed by this Instrument.**

2. **Subsection 5.3(1) is replaced by the following:**

5.3 Right of action for damages and right of rescission – (1) Part 5 of the Rule provides for the application of the rights referred to in section 130.1 of the Act if an offering memorandum is delivered to a prospective purchaser in connection with a distribution made in reliance on a prospectus exemption listed in section 5.1 of the Rule.

The rights apply when the offering memorandum is delivered mandatorily in connection with a distribution made in reliance on a prospectus exemption listed in paragraphs (d.1), (f.1), (f.2) or (g) of section 5.1 of the Rule, or voluntarily in connection with a distribution made in reliance on a prospectus exemption listed in paragraphs 5.1(a), (b), (b.1), (d), (e) or (f) of the Rule.

3. **Subsection 5.4(1) is replaced by the following:**

5.4 Content of offering memorandum – (1) Other than in the case of an offering memorandum delivered in connection with a distribution made in reliance on a prospectus exemption listed in paragraphs 5.1(d.1), (f.1), (f.2) or (g) of the Rule, and subject to subsection (2), Ontario securities legislation does not prescribe the content of an offering memorandum. The decision relating to the appropriate disclosure in an offering memorandum rests with the issuer, the selling security holder and their advisors.

4. **Subsection 5.5(1) is changed as follows:**

5.5 Review of offering memorandum – (1) Staff may review an offering memorandum filed in connection with a distribution made in reliance on

- the exemption in section 2.9 of NI 45-106 [*Offering memorandum*],
- the exemption in section 5 of Multilateral Instrument 45-108 *Crowdfunding*, or
- the exemption in section 5 of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*.

They may also review an offering memorandum if it is delivered in connection with a distribution made in reliance on another exemption referred to in Part 5 of the Rule. When Staff reviews an offering memorandum, they review its form and content for the purpose of determining whether the issuer has complied with the requirements, conditions and restrictions of the exemption relied on for the distribution.

5. These changes become effective on September 21, 2021.

**SCHEDULE E5**

**Amendments to**

**Ontario Instrument 45-506 *Start-Up Crowdfunding Registration and Prospectus Exemptions (Interim Class Order)***

1. ***Ontario Instrument 45-506 Start-Up Crowdfunding Registration and Prospectus Exemptions (Interim Class Order) is amended by this Instrument.***
2. ***The language under “Effective Date and term” is replaced by the following:***  

This decision comes into effect on this 30th day of July, 2020 and will cease to be effective on the earlier of the following:

  - (a) the date that is 18 months after the date of this Order unless extended by the Commission, and
  - (b) the date that is 90-days after the effective date of the Proposed Instrument.
3. This Instrument comes into force on April 27, 2021.

**AMENDMENTS TO  
NATIONAL INSTRUMENT 45-102 RESALE OF SECURITIES**

1. ***National Instrument 45-102 Resale of Securities is amended by this Instrument.***
2. ***Appendix D is amended by adding, before the heading “Transitional and Other Provisions”, the following section:***
  3. Except in Manitoba, the exemption from the prospectus requirement in section 5 [Exemption from prospectus requirement for issuers] of National Instrument 45-110 *Start-up Crowdfunding Registration and Prospectus Exemptions*.
3. (1) This Instrument comes into force on September 21, 2021.  
(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after September 21, 2021, this Instrument comes into force on the day on which they are filed with the Registrar of Regulations.



1.1.2 **CSA Notice 31-360 – Blanket Orders/Class Orders in respect of Transitional Relief Related to the Deferred Sales Charge Option in respect of Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations**



**CSA Notice 31-360**  
**Blanket Orders/Class Orders in respect of**  
**Transitional Relief Related to the Deferred Sales Charge Option in respect of**  
**Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of**  
**National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations**

**June 23, 2021**

**Introduction**

On October 3, 2019, the Canadian Securities Administrators (the **CSA** or **we**) published amendments to National Instrument 31-103 (**NI 31-103**), the Client Focused Reforms (**CFRs**). On February 20, 2020, all CSA jurisdictions other than Ontario published amendments to National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) to prohibit (the **DSC ban**) the payment by fund organizations of upfront sales commissions to dealers, which will result in the discontinuation of all forms of a compensation model referred to as the deferred sales charge option, including low-load options (collectively, the **DSC option**). In order to give dealers time to transition away from the DSC option, the DSC ban will not be effective until June 1, 2022 (the **DSC transition period**).

On June 3, 2021, the Ontario Securities Commission (the **OSC**) published final amendments to NI 81-105 (the **Ontario DSC ban amendments**) to prohibit the DSC option in Ontario. In order to give dealers time to transition away from the DSC option, the DSC ban in Ontario will not be effective until June 1, 2022, which aligns with the DSC transition period already in place for all other CSA jurisdictions. The Ontario Minister of Finance approved the Ontario DSC ban amendments on June 17, 2021.

**Background**

The CFRs are an important investor protection initiative based on the concept that in the client-registrant relationship, the interests of the client come first. The CFRs' 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 CFRs' 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 CFRs' enhanced suitability provisions, including the requirement to put the client's interest first, which come into effect on **December 31, 2021**.

**Summary of Relief Orders**

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 CFRs and the implementation of the DSC ban, the CSA jurisdictions have decided to grant relief from these enhanced standards in respect of sales of DSC products during the DSC transition period.

The remainder of the CFRs enhanced suitability standard (the specified suitability factors in s. 13.3(1)(a) of National Instrument 31-103), and all other CFRs requirements will apply to sales of DSC products as of the December 31, 2021 implementation date. Firms that continue to offer DSC products to their clients during the DSC transition period will have to consider the disclosure needed in respect of DSC products to meet their relationship disclosure information obligations under the CFRs.

**Relief Orders**

The orders will come into effect on June 30, 2021 and expire on June 1, 2022.

## Notices

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For the specific provisions of the relief summarized above, see the applicable orders available on websites of CSA members including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.fcnb.ca](http://www.fcnb.ca)  
[nssc.novascotia.ca](http://nssc.novascotia.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)  
[www.mbsecurities.ca](http://www.mbsecurities.ca)

## Questions

Please refer your questions to any of the following:

Kathryn Anthistle  
Senior Legal Counsel  
Capital Markets Regulation  
British Columbia Securities Commission  
604-899-6536  
[kanthistle@bcsc.bc.ca](mailto:kanthistle@bcsc.bc.ca)

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Capital Markets Regulation  
British Columbia Securities Commission  
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Alberta Securities Commission  
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Securities Division  
Financial and Consumer Affairs Authority of Saskatchewan  
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## Notices

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Autorité des marchés financiers  
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Nova Scotia Securities Commission  
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Government of Prince Edward Island, Superintendent of Securities  
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Office of the Yukon Superintendent of Securities  
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rhonda.horte@gov.yk.ca

**1.1.3 Notice of General Order – Transitional Relief Related to the Deferred Sales Charge Option in Respect of Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations**

**NOTICE OF GENERAL ORDER**

**TRANSITIONAL RELIEF RELATED TO  
THE DEFERRED SALES CHARGE OPTION IN RESPECT OF  
CLIENT FOCUSED REFORMS ENHANCED CONFLICTS OF  
INTEREST AND CLIENT FIRST SUITABILITY PROVISIONS OF  
NATIONAL INSTRUMENT 31-103**

***REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS***

On October 3, 2019, the Canadian Securities Administrators (the **CSA**) published amendments to National Instrument 31-103 (**NI 31-103**), the Client Focused Reforms (**CFRs**). On February 20, 2020, all CSA jurisdictions other than Ontario published amendments to National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) to prohibit (the **DSC ban**) the payment by fund organizations of upfront sales commissions to dealers, which will result in the discontinuation of all forms of a compensation model referred to as the deferred sales charge option, including low-load options (collectively, the **DSC option**). In order to give dealers time to transition away from the DSC option, the DSC ban will not be effective until June 1, 2022 (the **DSC transition period**).

On June 3, 2021, the Ontario Securities Commission (the **OSC**) published final amendments to NI 81-105 (the **Ontario DSC ban amendments**) to prohibit the DSC option in Ontario. In order to give dealers time to transition away from the DSC option, the DSC ban in Ontario will not be effective until June 1, 2022, which aligns with the DSC transition period already in place for all other CSA jurisdictions. The Ontario Minister of Finance approved the Ontario DSC ban amendments on June 17, 2021.

The CFRs are an important investor protection initiative based on the concept that in the client-registrant relationship, the interests of the client come first. The CFRs' 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 CFRs' 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 CFRs' enhanced suitability provisions, including the requirement to put the client's interest first, which come into effect on **December 31, 2021**.

**Description of the Order**

The order provides a registrant, in respect of a trade in a security of an investment fund that results in the payment of an upfront sales commission and is subject to a deferred sales charge, with an exemption from the requirements set out in

- a) sections 13.4 and 13.4.1 of NI 31-103 (the **enhanced conflicts requirements**) that the registrant is required to comply with as of June 30, 2021, pursuant to paragraph 35(1)(a) of the amending instrument published on October 3, 2019 (the **Amending Instrument**), as amended by Ontario Instrument 31-511, and
- b) paragraph 13.3(1)(b) of NI 31-103 (the **client first suitability requirement**) that the registrant is required to comply with as of December 31, 2021, pursuant to section 35(2) of the Amending Instrument.

The exemptions provided to a registrant by this order are conditional on the registrant complying with

- i) the amendments to Part 13 of NI 31-103 that the registrant is required to comply with as of June 30, 2021, pursuant to paragraph 35(1)(a) of the Amending Instrument, as amended by Ontario Instrument 31-511, except for the enhanced conflicts requirements, which are not required to be complied with until the exemptions provided by this order expire,
- ii) the amendments to NI 31-103 that the registrant is required to implement as of December 31, 2021, pursuant to section 35(2) of the Amending Instrument, except for the client first suitability requirement, when those amendments become effective (and, for greater certainty, other than the enhanced conflicts requirements exempted under paragraph (i)), and
- iii) section 13.4 of NI 31-103 as it read on December 30, 2020.

**Reasons for the Order**

In order to address the issue raised by the overlapping periods between the implementation of the enhanced conflicts of interest and "client first" suitability requirements of the CFRs and the implementation of the DSC ban, the OSC, in parallel with all other CSA jurisdictions, has determined that it would not be prejudicial to the public interest to grant relief from these enhanced standards in respect of sales of DSC products during the DSC transition period.

**Day on which the Order Ceases to Have Effect**

The order will come into effect on June 30, 2021 and will cease to have effect on June 1, 2022.

**1.1.4 Notice of Co-Operation Agreement concerning Innovative Fintech Businesses with the Financial Services Commission, Mauritius**

**NOTICE OF CO-OPERATION AGREEMENT CONCERNING  
INNOVATIVE FINTECH BUSINESSES WITH  
THE FINANCIAL SERVICES COMMISSION, MAURITIUS**

**June 24, 2021**

The Ontario Securities Commission, together with the Québec Autorité des marchés financiers, British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Manitoba Securities Commission, the Financial and Consumer Services Commission (New Brunswick) and the Nova Scotia Securities Commission, have recently entered into a Co-operation Agreement ("the Agreement") with the Financial Services Commission, Mauritius ("FSC") concerning co-operation and information sharing between authorities regarding their respective innovation functions. The Agreement provides a comprehensive framework for co-operation and referrals related to the innovation functions which were established through the CSA Regulatory Sandbox initiative and by the FSC.

The Agreement is subject to the approval of the Minister of Finance. The Agreement was delivered to the Minister of Finance on June 21, 2021.

Questions may be referred to:

Stephanie Tjon  
Manager, OSC LaunchPad  
Office of Economic Growth & Innovation  
416-593-3655  
[stjon@osc.gov.on.ca](mailto:stjon@osc.gov.on.ca)

Yan Kiu Chan  
Senior Advisor  
Global and Domestic Affairs  
416-204-8971  
[ychan@osc.gov.on.ca](mailto:ychan@osc.gov.on.ca)

**Innovation Functions Co-operation Agreement**

**Between**

**The Financial Services Commission, Mauritius**

**and**

**The Ontario Securities Commission**

**The Autorité des marchés financiers (Québec)**

**British Columbia Securities Commission**

**The Manitoba Securities Commission**

**The Financial and Consumer Affairs Authority  
of Saskatchewan**

**The Nova Scotia Securities Commission**

**The Financial and Consumer Services  
Commission (New Brunswick)**

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1. Definitions
  2. Introduction
  3. Purpose
  4. Principles
  5. Scope
  6. Confidentiality & Permissible Uses
  7. Term
  8. Amendment
  9. Additional Parties to the Agreement
- Appendix A: Designated Innovation Functions Contact Persons

**Innovation Functions Co-operation Agreement**

**1. Definitions**

**For the purposes of this Co-operation Agreement, unless the context requires otherwise:**

- **"Authorisation"** means the process of licensing, registering, approving, authorising, granting exemptive relief, or otherwise bringing an entity under an Authority's regulatory ambit so that they are authorised to carry on business in providing a financial service or issuing a financial product in the relevant Authority's jurisdiction, and "Authorised" has a corresponding meaning;
- **"Authority"** means the Financial Services Commission of Mauritius (FSC Mauritius) or a Canadian Authority and shall collectively be referred to as "the Authorities";
- **"Canadian Authority"** means a securities regulatory authority established in Canada under provincial or territorial statute, that is a signatory or has signed on to this Co-operation Agreement pursuant to Article 9 and is listed in Appendix A.;
- **"Criteria for Support"** means the criteria of a Referring Authority that an Innovator Business is required to meet before the Referring Authority refers the Innovator Business to a Receiving Authority;
- **"Innovation Function"** means the dedicated function established by an Authority to support innovation in financial services in their respective markets;
- **"Innovator Business"** means an innovative financial business that has been offered support from an Authority through its Innovation Function, or would qualify for such support;
- **"Receiving Authority"** means:
  - (a) Where the Referring Authority is the FSC Mauritius, any Canadian Authority to which a referral is made under the agreement, or

(b) Where the Referring Authority is a Canadian Authority, the FSC Mauritius;

- **"Referring Authority"** means the Authority that is referring an Innovator Business to the Receiving Authority; and
- **"Regulations"** means any securities acts, regulations, regulatory requirements or guidelines applicable in the jurisdiction of an Authority.

## 2. Introduction

- 2.1. The Authorities share a mutual desire to promote innovation in financial services in their respective markets. The Authorities have established Innovation Functions in order to do so. The Authorities believe that through co-operation with each other, they will be able to further the promotion of innovation in their respective markets.
- 2.2. FSC Mauritius is the integrated regulator for the non-bank financial services sector and global business. The FSC Mauritius encourages innovation and competitiveness on the Mauritian financial market. The FSC Mauritius constantly eliminates needless regulatory obstacles which could hinder the market entry of Innovative Financial Players. It also ensures that Innovative Financial Players have rapid access to the Mauritian financial market.
- 2.3. On February 23, 2017, Canadian securities regulatory authorities launched the CSA Regulatory Sandbox, an initiative that supports innovative businesses across Canada. The Regulatory Sandbox helps in developing an in-depth understanding of new securities-related business models that use technology solutions.

### Support offered through the Innovation Functions

- 2.4. The support offered by the Authorities to Innovator Businesses through their Innovation Functions may include:
  - 2.4.1. A dedicated team and/or a dedicated contact for each Innovator Business;
  - 2.4.2. Help for Innovator Businesses to understand the Regulations in the relevant Authority's jurisdiction, and how they apply to their business and them;
  - 2.4.3. Assistance during the pre-Authorisation application phase to:
    - 2.4.3.1. Discuss the Authorisation application process and any Regulations issues that the Innovator Business has identified; and
    - 2.4.3.2. Ensure the Innovator Business understands the relevant Authority's Regulations and what it means for them.
  - 2.4.4. Support during the Authorisation process, including the allocation of Authority's staff who are knowledgeable about financial innovation in their respective markets, to consider the application.
  - 2.4.5. A dedicated contact person after an Innovator Business is Authorised.

## 3. Purpose

The purpose of this Co-operation Agreement is to provide a framework for cooperation and referrals between the Innovation Functions of the FSC Mauritius and any Canadian Authority. The framework centres on a referral mechanism which will enable the Authorities to refer Innovator Businesses to their respective Innovation Functions. It also sets out how the Authorities plan to share and use information on innovation in their respective markets.

## 4. Principles

- 4.1. The Authorities intend to provide the fullest possible mutual assistance to one another within the terms of this Co-operation Agreement. This Co-operation Agreement shall be subject to the domestic laws and Regulations of each Authority and shall not modify or supersede any applicable laws and Regulations in force in, or applicable to, any such Authority's respective jurisdiction. This Co-operation Agreement sets forth a statement of intent and accordingly does not create any enforceable rights, and is not legally binding. This Co-operation Agreement is intended to complement, but not affect or alter the terms and conditions of any other multilateral or bilateral arrangements concluded between the Authorities or between the Authorities and third parties.
- 4.2. This Co-operation Agreement is a bilateral arrangement between each Canadian Authority and the FSC Mauritius and should not be considered a bilateral agreement between any Canadian Authority.

**5. Scope**

Referral mechanism

- 5.1. The Authorities, through their Innovation Functions, will refer to each other Innovator Businesses that would like to operate in the other's jurisdiction.
- 5.2. Referrals will be made in writing, and shall include information demonstrating that the Innovator Business seeking to operate in the Receiving Authority's jurisdiction meets, or would meet, the Referring Authority's Criteria for Support.
- 5.3. The Criteria for Support should include, but shall not be limited to, the following:
  - 5.3.1. The Innovator Business shall offer innovative financial products or services that benefit the consumer, investor and/or industry; and
  - 5.3.2. The Innovator Business shall demonstrate that they have conducted sufficient background research on the Receiving Authority's Regulations as they might apply to it.
- 5.4. Following referral, and provided the Innovator Business meets the Criteria for Support, the Receiving Authority's Innovation Function may offer support to the Innovator Business in accordance with paragraph 2.4 above.
- 5.5. The Referring Authority acknowledges that when a Receiving Authority provides assistance to an Innovator Business, the Receiving Authority is not expressing an opinion about whether an Innovator Business will ultimately meet the requirements for Authorisation in its jurisdiction.

Information sharing

- 5.6. The Authorities undertake, subject to applicable domestic laws and Regulations, to:
  - 5.6.1. share information about innovations in financial services in their respective markets, where appropriate. This may include, but is not limited to:
    - 5.6.1.1. Emerging trends and developments (including use of new technologies); and
    - 5.6.1.2. Regulatory issues pertaining to innovation in financial services;
  - 5.6.2. share further information on an Innovator Business which has been referred to a Receiving Authority for support through its Innovation Function by a Referring Authority (including the nature of the support to the Innovator Business by the Referring Authority); and
  - 5.6.3. notify each other of any material changes to the other Authority's Criteria for Support.

**6. Confidentiality & Permissible Uses**

- 6.1. Any information disclosed by the FSC Mauritius to a Canadian Authority or by a Canadian Authority to the FSC Mauritius under paragraphs 5.1 to 5.6 should be treated by the other Authority as confidential information.
- 6.2. Information about an Innovator Business included in a referral under paragraphs 5.1 to 5.4 and shared under paragraph 5.6 should be sent to a Receiving Authority only if the Innovator Business consents to that disclosure in writing and provides such consent to both the FSC Mauritius and to the Canadian Authority. Where the Receiving Authority is a Canadian Authority, the said consent should also include consent for the Receiving Authority to share such information with any other Canadian Authority, which may include sharing through the CSA Regulatory Sandbox, provided that such sharing is done only for the same purposes pursuant to which the Referring Authority shared the information with the Receiving Authority. Such consent can be withdrawn by the Innovator Business at any time.
- 6.3. A Receiving Authority should use information disclosed to it by a Referring Authority pursuant to this Co-operation Agreement only for the purpose for which the information was disclosed, unless the Innovator Business and the Referring Authority consents to other uses. For greater clarity, a Receiving Authority may use information about a referred Innovator Business for the purpose of providing support to the referred Innovator Business through the Receiving Authority's Innovation Function and ensuring compliance with the domestic laws and Regulations of the Receiving Authority's jurisdiction.
- 6.4. If any Canadian Authority is required to disclose any information provided to it by the FSC Mauritius or if the FSC Mauritius is required to disclose any information provided to it by any Canadian Authority pursuant to a



requirement of law, such Authority should notify the other Authority prior to complying with such a requirement and should assert all appropriate legal exemptions or privileges with respect to such information as may be available.

**7. Term**

- 7.1. This Co-operation Agreement takes effect from the date of execution for all parties, or on the date determined in accordance with each Authority's applicable legislation.
- 7.2. Each of the FSC Mauritius or any Canadian Authority may terminate this Agreement by giving at least 30 days' written notice of termination to the other Authorities. If this Co-operation Agreement is terminated by one or more than one Canadian Authority, it will continue to have effect only as between the FSC Mauritius and any other remaining Canadian Authority.
- 7.3. In the event of the termination of this Co-operation Agreement, information obtained under this Co-operation Agreement will continue to be treated in the manner set out under paragraphs 6.1 to 6.4.

**8. Amendment**

- 8.1. The Authorities may review the operation of this Co-operation Agreement and update its terms as required. The Authorities acknowledge that review may be required if there is a material change to the support offered by a Receiving Authority's Innovation Function to Innovator Businesses referred by a Referring Authority pursuant to paragraph 5.1 or to the Criteria for Support.
- 8.2. This Co-operation Agreement may be amended if all of the Authorities agree in writing to do so.

**9. Additional Parties to the Agreement**

Any other Canadian securities regulatory authority may become a party to this Co-operation Agreement by executing a counterpart hereof together with the FSC Mauritius and providing notice to the other signatories which are parties to this Co-operation Agreement, pursuant to which their contact details shall be added to Appendix A.

**Executed by the Authorities:**

This Co-operation Agreement will be effective from the date of its signing by the Authorities or on the date determined in accordance with each Authority's applicable legislation.

For the Financial Services Commission, Mauritius

*"Dhanesswurnath Thakoor"*

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Dhanesswurnath Thakoor  
Chief Executive

*June 18, 2021*

---

Date

For the Ontario Securities Commission

*"Grant Vingoe"*

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Grant Vingoe  
Chair and CEO

*June 18, 2021*

---

Date

For the Autorité des marchés financiers (Québec)

*"Louis Morisset"*

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Louis Morisset  
President and CEO

*June 18, 2021*

---

Date

For the British Columbia Securities Commission

*"Brenda Leong"*

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Brenda Leong  
Chair and CEO

*June 17, 2021*

---

Date

For the Financial and Consumer Affairs Authority of  
Saskatchewan

*"Roger Sobotkiewicz"*

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Roger Sobotkiewicz  
Chair and CEO

*June 18, 2021*

---

Date

For the Financial and Consumer Services Commission  
(New Brunswick)

*"Kevin Hoyt"*

---

Kevin Hoyt  
CEO

*June 15, 2021*

---

Date

For the Manitoba Securities Commission

*"David Cheop"*

---

David Cheop  
Chair and CEO

*June 2, 2021*

---

Date

For the Nova Scotia Securities Commission

*"Paul Radford"*

---

Paul Radford  
Chair

*June 18, 2021*

---

Date

**Appendix A: Designated Innovation Functions Contact Persons**

**Financial Services Commission, Mauritius**

Chief Executive  
Financial Services Commission  
FSC House  
54 Cybercity  
Ebene, 72201  
Mauritius

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[rfi@fscmauritius.org](mailto:rfi@fscmauritius.org)

[intrelations@fscmauritius.org](mailto:intrelations@fscmauritius.org)

**Autorité des marchés financiers (Québec)**

Director, FinTech and Innovation  
800, Square-Victoria, 22e étage  
Montréal (Québec) H4Z 1G3  
Email: [fintech@lautorite.qc.ca](mailto:fintech@lautorite.qc.ca)  
With a copy of Notice of termination (paragraph 7.2) to  
Corporate Secretary and Executive Director, Legal Affairs  
Email: [secretariat@lautorite.qc.ca](mailto:secretariat@lautorite.qc.ca)

**Financial and Consumer Affairs Authority of  
Saskatchewan**

Sonne Udemgba  
Director, Legal  
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Fax: 306 787-5899  
Email: [sonne.udemgba@gov.sk.ca](mailto:sonne.udemgba@gov.sk.ca)

**Financial & Consumer Services Commission  
(New Brunswick)**

Deputy Director, Policy, Securities Division  
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Saint John, NB  
E2L 2J2  
Email: [Registration-inscription@fcnb.ca](mailto:Registration-inscription@fcnb.ca)  
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Telephone: (416) 596-4266

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Vancouver (British Columbia) V7Y 1L2  
Tel: 604 899-6854  
Email: [fit@bcsc.bc.ca](mailto:fit@bcsc.bc.ca)  
Copy to: [COMMSEC@bcsc.bc.ca](mailto:COMMSEC@bcsc.bc.ca)

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Chris Besko  
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**Nova Scotia Securities Commission**

Executive Director  
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Email: [nsscexemptions@novascotia.ca](mailto:nsscexemptions@novascotia.ca)

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Bybit Fintech Limited – ss. 127(1), 127.1

FILE NO.: 2021-21

IN THE MATTER OF  
BYBIT FINTECH LIMITED

NOTICE OF HEARING

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

**PROCEEDING TYPE:** Enforcement Proceeding

**HEARING DATE AND TIME:** July 15, 2021 at 10:00 a.m.

**LOCATION:** By Teleconference

**PURPOSE**

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order requested in the Statement of Allegations filed by Staff of the Commission on June 21, 2021.

The hearing set for the date and time indicated above is the first attendance in this proceeding, as described in subsection 5(1) of the Commission's *Practice Guideline*.

**REPRESENTATION**

Any party to the proceeding may be represented by a representative at the hearing.

**FAILURE TO ATTEND**

**IF A PARTY DOES NOT ATTEND, THE HEARING MAY PROCEED IN THE PARTY'S ABSENCE AND THE PARTY WILL NOT BE ENTITLED TO ANY FURTHER NOTICE IN THE PROCEEDING.**

**FRENCH HEARING**

This Notice of Hearing is also available in French on request of a party. Participation may be in either French or English. Participants must notify the Secretary's Office in writing as soon as possible if the participant is requesting a proceeding be conducted wholly or partly in French.

**AVIS EN FRANÇAIS**

L'avis d'audience est disponible en français sur demande d'une partie, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit dès que possible si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 21st day of June 2021.

"Grace Knakowski"  
Secretary to the Commission

**For more information**

Please visit [www.osc.ca](http://www.osc.ca) or contact the Registrar at [registrar@osc.gov.on.ca](mailto:registrar@osc.gov.on.ca).

**IN THE MATTER OF  
BYBIT FINTECH LIMITED**

**STATEMENT OF ALLEGATIONS**

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

**A. OVERVIEW**

1. Staff of the Enforcement Branch of the Commission (**Enforcement Staff**) brings this proceeding to hold Bybit Fintech Limited (**Bybit**) accountable for disregarding Ontario securities law and to signal that crypto asset trading platforms flouting Ontario securities law will face regulatory action.
2. Bybit operates an online crypto asset trading platform (the **Bybit Platform**). The Bybit Platform is available to Ontario residents. Ontario residents have opened accounts on the Bybit Platform and have used the platform to deposit and trade in crypto asset products.
3. Bybit is subject to Ontario securities law because crypto asset products offered on the Bybit Platform are securities and derivatives. Bybit has nonetheless failed to comply with the registration and prospectus requirements under Ontario securities law.
4. Registration and disclosure are cornerstones of Ontario securities law. The registration requirement serves an important gate-keeping function by ensuring that only properly qualified and suitable persons are permitted to engage in the business of trading. Prospectus requirements are fundamental to ensuring investors are provided with full, true and plain disclosure of all material facts relating to the securities being offered.
5. On March 29, 2021, the Ontario Securities Commission (the **Commission**) issued a press release notifying crypto asset trading platforms that currently offer trading in derivatives or securities to persons or companies located in Ontario that they must bring their operations into compliance with Ontario securities law or face potential regulatory action. The press release included a deadline of April 19, 2021 for such platforms to contact Commission staff to start compliance discussions. The press release followed regulatory guidance issued by the Canadian Securities Administrators and the Investment Industry Regulatory Organization of Canada on the application of securities legislation to crypto asset trading platforms.<sup>1</sup>
6. Despite this warning, Bybit did not contact the Commission by April 19, 2021 or at any time to start compliance discussions.
7. A process is in place for crypto asset trading platforms to bring their operations into compliance with Ontario securities law. Entities such as Bybit, which flout this compliance process, expose Ontario investors to unacceptable risks and create an uneven playing field within the crypto asset trading platform sector.

**B. FACTS**

Enforcement Staff makes the following allegations of fact:

**(a) Bybit**

8. Bybit is a corporation incorporated in the British Virgin Islands. Bybit has never been registered with the Commission to engage in the business of trading or obtained an exemption from the registration requirement. Bybit has never filed a prospectus with the Commission or obtained an exemption from the prospectus requirement.

**(b) The Bybit Platform**

9. Investors access the Bybit Platform by first creating an account on the platform using an online application process. After opening an account, an investor may deposit crypto assets into the account. An investor makes a crypto asset deposit by transferring crypto assets to a wallet controlled by Bybit. An investor may also use fiat currency to purchase crypto assets which are then credited to their account.
10. Investors may trade crypto assets credited to their account for a variety of other assets. The crypto assets available on the platform include, among others, Bitcoin and Ether.
11. Bybit maintains custody of crypto assets deposited and traded on the Bybit Platform in wallets Bybit controls. Investors do not have possession or control of crypto assets deposited or traded on the Bybit Platform. Rather, they see a crypto

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<sup>1</sup> This guidance included Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (March 29, 2021), CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (January 16, 2020) and Joint CSA/IIROC Consultation Paper 21-402 *Proposed Framework for Crypto-Asset Trading Platforms* (March 14, 2019).

asset balance displayed in their account on the Bybit Platform. In order to take possession of crypto assets reflected in their Bybit account balance, an investor must request a withdrawal and is dependent on Bybit to satisfy that withdrawal request by delivering crypto assets to an investor-controlled wallet.

12. While Bybit purports to facilitate trading of the crypto assets in its investors' accounts, in practice, Bybit only provides its investors with instruments or contracts involving crypto assets. These instruments or contracts constitute securities and derivatives.
13. The primary focus of the Bybit Platform is facilitating the trading of crypto asset futures contracts. Investors may trade crypto asset futures contracts on the Bybit Platform that constitute securities and derivatives. The Bybit Platform allows investors to engage in leveraged trading of up to 100:1 on various futures contracts.
14. Bybit charges fees for trades made on the Bybit Platform and for crypto asset withdrawals.

**(c) Bybit's Ontario presence**

15. Bybit has opened and operated trading accounts for Ontario residents. Ontario investors have deposited crypto assets into their accounts. They are able to trade, and have traded, the products offered on the Bybit Platform, as described above.
16. Bybit encourages Canadians to use the Bybit Platform. Bybit's website indicates that investors may use Canadian fiat currency to purchase crypto assets on the Bybit Trading Platform. Ontario is also not identified in the list of restricted jurisdictions on Bybit's website.

**C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

Enforcement Staff alleges the following breaches of Ontario securities law and conduct contrary to the public interest:

17. Bybit has engaged in, or held itself out as engaging in, the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Ontario *Securities Act*, RSO 1990, c. S.5, as amended (the **Act**);
18. Bybit has engaged in trading in securities which constitute distributions without complying with the prospectus requirements and without an applicable exemption from the prospectus requirements, contrary to section 53 of the **Act**; and
19. Bybit has engaged in activity that is contrary to the public interest.

**D. ORDER SOUGHT**

Enforcement Staff requests that the Commission make the following orders:

20. that Bybit cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the **Act**;
21. that Bybit be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the **Act**;
22. that any exemptions contained in Ontario securities law not apply to Bybit permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the **Act**;
23. that Bybit be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the **Act**;
24. that Bybit be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the **Act**;
25. that Bybit pay an administrative penalty of not more than \$1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the **Act**;
26. that Bybit disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the **Act**;
27. that Bybit pay the costs of the Commission investigation and the hearing, pursuant to section 127.1 of the **Act**; and
28. such other orders as the Commission considers appropriate in the public interest.

**Notices**

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DATED this 21st day of June, 2021.

ONTARIO SECURITIES COMMISSION  
20 Queen Street West, 22nd Floor  
Toronto, ON M5H 3S8

Katrina Gustafson  
Senior Litigation Counsel  
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Staff of the Ontario Securities Commission

1.4 Notices from the Office of the Secretary

1.4.1 First Global Data Ltd. et al.

**FOR IMMEDIATE RELEASE**  
June 17, 2021

**FIRST GLOBAL DATA LTD.,  
GLOBAL BIOENERGY RESOURCES INC.,  
NAYEEM ALLI,  
MAURICE AZIZ,  
HARISH BAJAJ, AND  
ANDRE ITWARU,  
File No. 2019-22**

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

A copy of the Order dated June 17, 2021 is available at [www.osc.ca](http://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 The Mutual Fund Dealers Association and Omar Enrique Rojas Diaz (also known as Omar Rojas)

**FOR IMMEDIATE RELEASE**  
June 17, 2021

**THE MUTUAL FUND DEALERS ASSOCIATION AND  
OMAR ENRIQUE ROJAS DIAZ  
(ALSO KNOWN AS OMAR ROJAS),  
File No. 2021-7**

**TORONTO** – Take notice that the preliminary attendance in the above named matter scheduled on June 21, 2021 at 9:00 a.m. is vacated.

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



**1.4.3 Polo Digital Assets, Ltd.**

**FOR IMMEDIATE RELEASE  
June 18, 2021**

**POLO DIGITAL ASSETS, LTD.,  
File No. 2021-17**

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

A copy of the Order dated June 18, 2021 is available at [www.osc.ca](http://www.osc.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For Media Inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For General Inquiries:

1-877-785-1555 (Toll Free)

[inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca)

**1.4.4 Bybit Fintech Limited**

**FOR IMMEDIATE RELEASE  
June 21, 2021**

**BYBIT FINTECH LIMITED,  
File No. 2021-21**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing on June 21, 2021 setting the matter down to be heard on July 15, 2021 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated June 21, 2021 and Statement of Allegations dated June 21, 2021 are available at [www.osc.ca](http://www.osc.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For Media Inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For General Inquiries:

1-877-785-1555 (Toll Free)

[inquiries@osc.gov.on.ca](mailto:inquiries@osc.gov.on.ca)

1.4.5 Becksley Capital Inc. and Fabrizio Lucchese

FOR IMMEDIATE RELEASE  
June 22, 2021

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

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

A copy of the Reasons for Decision dated June 21, 2021 is available at [www.osc.ca](http://www.osc.ca)

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For Media Inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For General Inquiries:

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

## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 TD Asset Management Inc.

##### Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from subsection 5.1(a) of NI 81-105 Mutual Fund Sales Practices to allow the investment fund manager to pay to a participating dealer direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information on financial planning matters.

##### Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 5.1(a) and 9.1.

June 15, 2021

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

AND

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

AND

IN THE MATTER OF  
TD ASSET MANAGEMENT INC.  
(the Filer)

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from subsection 5.1(a) of National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) to permit the Filer to pay, to a participating dealer, direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer (each individually referred to as a **Cooperative Marketing Initiative** and collectively as **Cooperative Marketing Initiatives**) if the primary purpose of the Cooperative Marketing Initiative is to promote or provide educational information concerning investing in securities and investment, retirement, tax and estate planning (collectively, **Financial Planning**) matters (the **Exemption Sought**).

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

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

##### Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 81-105 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

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario with its head office in Toronto, Ontario.
2. The Filer is registered in (i) each of the Jurisdictions as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer; (ii) Ontario, Québec, Saskatchewan and Newfoundland and Labrador in the category of investment fund manager; (iii) Ontario in the category of commodity trading manager; and (iv) Québec as a derivatives portfolio manager.
3. The Filer is not in default of the securities legislation of any of the Jurisdictions.

### The Funds

4. The Filer acts, and may in the future act as, an investment fund manager in respect of various mutual funds, including exchange-traded funds, (each a **Fund** and collectively, the **Funds**) governed by National Instrument 81-102 *Investment Funds*.
5. The Filer is, or will be in the future, a "member of the organization" (as that term is defined in NI 81-105) of the Funds, as the Filer is, or will be in the future, the manager of the Funds.
6. Each of the Funds is, or will be, an open-ended mutual fund established under the laws of Canada or a Jurisdiction. The securities of each of the Funds are, or will be, qualified for distribution pursuant to a prospectus that has been, or will be, prepared and filed in accordance with the securities legislation of each applicable Jurisdiction. Each of the Funds is, or will be, a reporting issuer in one or more of the Jurisdictions. Each of the Funds is, or will be, subject to NI 81-105, including Part 5 thereof which governs marketing and educational practices.
7. The Funds are not in default of securities legislation of any of the Jurisdictions.
8. Under subsection 5.1(a) of NI 81-105, the Filer is permitted to pay a participating dealer direct costs incurred by the participating dealer relating to a Cooperative Marketing Initiative if the primary purpose of the Cooperative Marketing Initiative is to promote, or provide educational information concerning a mutual fund, the mutual fund family of which the mutual fund is a member, or mutual funds generally.
9. Subsection 5.1(a) of NI 81-105 prohibits the Filer from paying to a participating dealer the direct costs incurred by the participating dealer relating to a Cooperative Marketing Initiative where the primary purpose is to provide educational information about Financial Planning matters. Consequently, the Filer is not permitted to sponsor the cost of Cooperative Marketing Initiative where the main topics discussed include investment planning, retirement planning, tax planning and estate planning, each of which are aspects of Financial Planning.
10. The Filer and its affiliates have expertise in Financial Planning matters or may retain others with such expertise. In addition to the topics currently permitted under subsection 5.1(a) of NI 81-105, the Filer wishes to sponsor Cooperative Marketing Initiatives where the primary purpose is to provide educational information concerning Financial Planning. The Filer will otherwise comply with subsections 5.1(b) through (e) of NI 81-105 in respect of the Cooperative Marketing Initiatives it sponsors.
11. Mutual funds, including the Funds managed by the Filer, can be used to meet a variety of financial goals and accordingly are regularly used as financial planning tools. The Filer's sponsorship of Cooperative Marketing Initiatives where the primary purpose is to provide educational information about Financial Planning matters may benefit investors as it may facilitate and potentially increase investors' access to educational information on such matters, which may better equip them to make financial decisions that involve mutual funds.
12. Under sections 5.2 and 5.5 of NI 81-105, the Filer is permitted to sponsor the costs incurred by participating dealers in attending or organizing and presenting at conferences where the primary purpose is the provision of educational information on, among other things, Financial Planning.
13. Specifically, under subsection 5.2(a) of NI 81-105, the Filer is permitted to provide a non-monetary benefit to a representative of a participating dealer by allowing him or her to attend a conference or seminar organized and presented by the Filer where the primary purpose is the provision of educational information about, among other things, financial planning, investing in securities or mutual fund industry matters.
14. Similarly, under subsection 5.5(a) of NI 81-105, the Filer is permitted to pay to a participating dealer part of the direct costs the participating dealer incurs in organizing or presenting at a conference or seminar that is not an investor

conference or investor seminar referred to in section 5.1 of NI 81-105, where the primary purpose is the provision of educational information about, among other things, financial planning, investing in securities or mutual fund industry matters.

15. The Filer will not require participating dealers to sell any of its Funds or other financial products to investors as a condition of the Filer's sponsorship of a Cooperative Marketing Initiative.
16. The Filer will pay for its sponsorship of a Cooperative Marketing Initiative out of its normal sources of revenue. Accordingly, the sponsorship cost will not be borne by the 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 Exemption Sought is granted, provided that in respect of a Cooperative Marketing Initiative whose primary purpose is to provide educational information concerning Financial Planning matters:

- (a) the Filer otherwise complies with the requirements of subsections 5.1(b) through (e) of NI 81-105;
- (b) the Filer does not require any participating dealer to sell any of the Funds or other financial products to investors;
- (c) other than as permitted by NI 81-105, the Filer does not provide participating dealers and their representatives with any financial or other incentives for recommending any of its Funds to investors;
- (d) the materials presented in a Cooperative Marketing Initiative concerning Financial Planning matters contain only general educational information about such matters;
- (e) the Filer prepares or approves the content of the general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative it sponsors and selects or approves an appropriately-qualified speaker for each presentation about such matters delivered in a Cooperative Marketing Initiative;
- (f) any general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative contains an express statement that the content presented is for information purposes only, and is not providing advice to the attendees of the investor conference or investor seminar or the recipients of the sales communication, as applicable; and
- (g) any general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative contains an indication of the types of professionals who may generally be qualified to provide advice on the subject matter of the information presented.

"Cecilia Williams"  
Commissioner  
Ontario Securities Commission

"Craig Hayman"  
Commissioner  
Ontario Securities Commission

OSC File #: 2021/0185

**2.1.2 Mackenzie Financial Corporation et al.**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from certain provisions of NI 81-101, NI 81-102 and NI 81-106 to permit new continuing funds to use the past performance, financial data, start date and fund expenses of corresponding terminating funds in their sales communications, simplified prospectus, fund facts document and management reports of fund performance, and use the past performance of the terminating funds to determine their risk level – Relief granted from seed capital requirements of NI 81-102 for new continuing funds – Terminating funds are classes of a mutual fund corporation and are being merged into corresponding new continuing mutual fund trusts – New continuing funds having same investment objectives, strategies and fees as the corresponding terminating funds – Unitholders of terminating funds becoming unitholders of the corresponding new continuing funds further to the merger – Relief subject to conditions.

**Applicable Legislative Provisions**

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1 and 6.1(1).  
National Instrument 81-102 Investment Funds, ss. 3.1, 15.1.1, 15.3(2), 15.6(1)(a)(i)(A), 15.6(1)(b), 15.6(1)(d)(i), 15.8(2)(a), 15.8(3)(a) and 15.9(2), 19.1(1).  
National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 4.4 and 17.1(1).  
Form 81-101F1 Contents of Simplified Prospectus, Items 5(b), 9.1(b) and 13.2 of Part B.  
Form 81-101F3 Contents of Fund Facts Document, Items 2, 3, 4 and 5 of Part I and Item 1.3 of Part II.  
Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance, Items 3.1(1), 3.1(7), 3.1(7.1), 3.1(8), 4.1(1), 4.1(2), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(1)(b) of Part B, and Items 3(1) and 4 of Part C.

**June 16, 2021**

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

**AND**

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

**AND**

**IN THE MATTER OF  
MACKENZIE FINANCIAL CORPORATION  
(the Filer)**

**AND**

**IN THE MATTER OF  
MACKENZIE 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 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 FUND II  
MACKENZIE IVY FOREIGN EQUITY CURRENCY NEUTRAL FUND  
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 FUND**

**MACKENZIE US SMALL-MID CAP GROWTH CURRENCY NEUTRAL FUND  
SYMMETRY BALANCED PORTFOLIO II  
SYMMETRY CONSERVATIVE INCOME PORTFOLIO II  
SYMMETRY CONSERVATIVE PORTFOLIO II  
SYMMETRY EQUITY PORTFOLIO  
SYMMETRY MODERATE GROWTH PORTFOLIO II  
(collectively, the Continuing Funds)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Continuing Funds, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting an exemption from:

- (a) section 3.1 of National Instrument 81-102 *Investment Funds (NI 81-102)* to permit the filing of a simplified prospectus for the Continuing Funds (the **Simplified Prospectus**), notwithstanding that the initial investment required in respect of each of the Continuing Funds (the **Seed Capital Requirement**) will not be provided (the **Seed Capital Relief**);
- (b) section 2.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure (NI 81-101)* for the purposes of the following exemptions sought from Form 81-101F1 *Contents of Simplified Prospectus (Form 81-101F1)* and Form 81-101F3 *Contents of Fund Facts Document (Form 81-101F3)*:
  - (i) Item 5(b) of Part B of Form 81-101F1 to permit the Continuing Funds to disclose the series start dates of the Terminating Funds as its series start dates in the Simplified Prospectus;
  - (ii) Item 9.1(b) of Part B of Form 81-101F1 to permit the Continuing Funds to use the performance history of the Terminating Funds to calculate its investment risk rating in the Simplified Prospectus;
  - (iii) Item 13.2 of Part B of Form 81-101F1 to permit the Continuing Funds to use the financial data of the Terminating Funds in making the calculation required under the subheading “Fund Expenses Indirectly Borne by Investors” in the Simplified Prospectus;
  - (iv) Item 2 of Part I of Form 81-101F3 to permit the Continuing Funds to use the management expense ratio (the **MER**) and the start date of each series of the Terminating Funds in the “Management expense ratio (MER)” and “Date series started” boxes, respectively, of the Quick Facts table in the fund facts documents of each series of the Continuing Funds (the **Fund Facts Documents**);
  - (v) Item 3 of Part I of Form 81-101F3 to permit the Continuing Funds to show the investments of the Terminating Funds in the “Top 10 investments” and “Investment mix” tables in the Continuing Funds’ initial Fund Facts Documents;
  - (vi) Item 4 of Part I of Form 81-101F3 to permit the Continuing Funds to use the performance history of the Terminating Funds to calculate its investment risk rating in the Fund Facts Documents;
  - (vii) Item 5 of Part I of Form 81-101F3 to permit the Continuing Funds to use the performance data of the Terminating Funds in the “Average return”, “Year-by-year returns” and “Best and worst 3-month returns” sections in the Fund Facts Documents; and
  - (viii) Item 1.3 of Part II of Form 81-101F3 to permit the Continuing Funds to use the MER, trading expense ratio (the **TER**) and fund expenses of the Terminating Funds in the “Fund expenses” section of the Fund Facts Documents;
- (c) sections 15.3(2), 15.6(1)(a)(i)(A), 15.6(1)(b), 15.6(1)(d)(i), 15.8(2)(a), 15.8(3)(a) and 15.9(2) of NI 81-102 to permit the Continuing Funds to use the performance data of the Terminating Funds in sales communications and reports to securityholders of the Continuing Fund (collectively, the **Fund Communications Relief**);
- (d) section 15.1.1 of NI 81-102 to permit the Continuing Funds to calculate its investment risk level using the performance history of the Terminating Funds (together with paragraphs (b) and (c) above, the **Past Performance Relief**); and
- (e) section 4.4 of National Instrument 81-106 *Investment Fund Continuous Disclosure* for relief from the requirements of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance (Form 81-106F1)* set out below, to permit each Continuing Fund to include in its annual and interim management

reports of fund performance (**MRFPs**) the performance data and information derived from the financial statements and other financial information (collectively, the **Financial Data**) of the respective Terminating Fund as follows:

- (i) Items 3.1(1), 3.1(7), 3.1(7.1) and 3.1(8) of Part B of Form 81-106F1 to permit each Continuing Fund to use the financial highlights of the corresponding Terminating Fund in its Form 81-106F1;
- (ii) Items 4.1(1), 4.1(2), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(1)(b) of Part B of Form 81-106F1 to permit each Continuing Fund to use the past performance data of the corresponding Terminating Fund in its Form 81-106F1; and
- (iii) Items 3(1) and 4 of Part C of Form 81-106F1 to permit each Continuing Fund to use the financial highlights and past performance data of the corresponding Terminating Fund in its Form 81-106F1 (the **Continuous Disclosure Relief**, and together with the Seed Capital Relief and Past Performance Relief, the **Relief Requested**).

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

### Interpretation

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

In addition, the following terms have the meanings set out below:

**“Hard-Capped Terminating Funds”** means Mackenzie Strategic Income Class, Mackenzie Ivy Foreign Equity Class, Mackenzie Emerging Markets Class, Symmetry Conservative Income Portfolio Class and Symmetry Conservative Portfolio Class.

**“Terminating Funds”** means Mackenzie Canadian Dividend Class, Mackenzie Canadian Growth Balanced Class, Mackenzie Canadian Growth Class, Mackenzie Cundill Value Class, Mackenzie Emerging Markets Class, Mackenzie Global Growth Class, Mackenzie Global Resource Class, Mackenzie Gold Bullion Class, Mackenzie Ivy Canadian Balanced Class, Mackenzie Ivy European Class, Mackenzie Ivy Foreign Equity Class, Mackenzie Ivy Foreign Equity Currency Neutral Class, Mackenzie Ivy Global Balanced Class, Mackenzie Ivy International Class, Mackenzie Maximum Diversification Canada Index Class, Mackenzie Precious Metals Class, Mackenzie Strategic Income Class, Mackenzie US Growth Class, Mackenzie US Small-Mid Cap Growth Class, Mackenzie US Small-Mid Cap Growth Currency Neutral Class, Symmetry Balanced Portfolio Class, Symmetry Conservative Income Portfolio Class, Symmetry Conservative Portfolio Class, Symmetry Equity Portfolio Class and Symmetry Moderate Growth Portfolio Class.

**“Funds”** means the Continuing Funds and the Terminating Funds.

### Representations

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

#### *The Filer, the Funds and the Mergers*

1. The Filer is a corporation amalgamated under the laws of Ontario with its head office in Toronto, Ontario.
2. The Filer is the investment fund manager of the Terminating Funds and is registered as follows: as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador; as a portfolio manager and exempt market dealer in Ontario and the Other Jurisdictions; as an adviser in Manitoba; and as a commodity trading manager in Ontario.
3. The Terminating Funds are classes of Mackenzie Financial Capital Corporation established under the laws of Ontario.
4. Securities of each Terminating Fund, excluding the Hard-Capped Terminating Funds, are currently qualified for sale in each of the Jurisdictions under a simplified prospectus, annual information form and fund facts document each dated September 25, 2020 (collectively, the **Offering Documents**), each of which has been prepared in accordance with NI 81-102.



## Decisions, Orders and Rulings

5. Securities of each Hard-Capped Terminating Fund are no longer qualified for distribution, but are required to file the applicable Continuous Disclosure documents.
6. Each Continuing Fund is expected on its creation to be, an open-ended trust established under the laws of Ontario. The Filer will be the investment fund manager and trustee of each of the Continuing Funds upon creation.
7. The Filer filed a preliminary simplified prospectus, annual information form and fund facts documents in each of the Jurisdictions on May 26, 2021 with respect to the Continuing Funds. The Filer will not begin distributing securities of the Continuing Funds prior to the applicable Merger.
8. Each Continuing Fund is expected to be a reporting issuer under the applicable securities legislation in each of the Jurisdictions and is expected to be subject to NI 81-102.
9. Neither the Filer, nor any of the Terminating Funds, are in default of securities legislation in any of the Jurisdictions.
10. Each Terminating Fund follows, and each Continuing Fund will follow, the standard investment restrictions and practices established under NI 81-102, except pursuant to the terms of any exemption that has been previously obtained.
11. Each Continuing Fund is expected to be a reporting issuer under the applicable securities legislation in each of the Jurisdictions and is expected to be subject to NI 81-102.
12. Each Continuing Fund will offer the same series of units as its respective Terminating Fund.
13. Neither the Filer, nor any of the Terminating Funds, are in default of securities legislation in any of the Jurisdictions.
14. Each Terminating Fund follows, and each Continuing will follow, the standard investment restrictions and practices established under NI 81-102, except pursuant to the terms of any exemption that has been previously obtained.
15. The Filer proposes to merge each Terminating Fund into the corresponding Continuing Fund (the **Mergers**) on a tax-deferred basis after the close of business on or about Friday, July 30, 2021 (the **Merger Date**) as follows:

<b>Terminating Fund</b>	<b>Continuing Fund</b>
Mackenzie Canadian Dividend Class	Mackenzie Canadian Dividend Fund II
Mackenzie Canadian Growth Balanced Class	Mackenzie Canadian Growth Balanced Fund II
Mackenzie Canadian Growth Class	Mackenzie Canadian Growth Fund II
Mackenzie Cundill Value Class	Mackenzie Cundill Value Fund II
Mackenzie Emerging Markets Class	Mackenzie Emerging Markets Fund II
Mackenzie Global Growth Class	Mackenzie Global Growth Fund
Mackenzie Global Resource Class	Mackenzie Global Resource Fund II
Mackenzie Gold Bullion Class	Mackenzie Gold Bullion Fund
Mackenzie Ivy Canadian Balanced Class	Mackenzie Ivy Canadian Balanced Fund II
Mackenzie Ivy European Class	Mackenzie Ivy European Fund
Mackenzie Ivy Foreign Equity Class	Mackenzie Ivy Foreign Equity Fund II
Mackenzie Ivy Foreign Equity Currency Neutral Class	Mackenzie Ivy Foreign Equity Currency Neutral Fund
Mackenzie Ivy Global Balanced Class	Mackenzie Ivy Global Balanced Fund II
Mackenzie Ivy International Class	Mackenzie Ivy International Fund II
Mackenzie Maximum Diversification Canada Index Class	Mackenzie Maximum Diversification Canada Index
Mackenzie Precious Metals Class	Mackenzie Precious Metals Fund
Mackenzie Strategic Income Class	Mackenzie Strategic Income Fund II
Mackenzie US Growth Class	Mackenzie US Growth Fund

Terminating Fund	Continuing Fund
Mackenzie US Small-Mid Cap Growth Class	Mackenzie US Small-Mid Cap Growth Fund
Mackenzie US Small-Mid Cap Growth Currency Neutral Class	Mackenzie US Small-Mid Cap Growth Currency Neutral Fund
Symmetry Balanced Portfolio Class	Symmetry Balanced Portfolio II
Symmetry Conservative Income Portfolio Class	Symmetry Conservative Income Portfolio II
Symmetry Conservative Portfolio Class	Symmetry Conservative Portfolio II
Symmetry Equity Portfolio Class	Symmetry Equity Portfolio
Symmetry Moderate Growth Portfolio Class	Symmetry Moderate Growth Portfolio II

16. The Mergers satisfy the pre-approval criteria set out in s. 5.6 of NI 81-102, and the Independent Review Committee of the Terminating Funds approved the Mergers at a meeting held on May 19, 2021.
17. As the Continuing Funds are new, the funds will not have their own past performance data on the date the Mergers are implemented.

*Seed Capital Relief*

18. The Filer does not intend to subscribe for \$150,000 of units of each Continuing Fund as required by the Seed Capital Requirement because the assets of the corresponding Terminating Fund (which will become the assets of that Continuing Fund in connection with the implementation of the applicable Merger) are significantly in excess of the \$150,000 Seed Capital Requirement. Accordingly, the Filer is of the view that any seed capital injected into a Continuing Fund prior to a Merger will not provide any additional benefit to unitholders.
19. On the relevant Merger Date, unitholders of a Continuing Fund will hold units of that Continuing Fund equal to the same net asset value as they did before as securityholders of the corresponding Terminating Fund, and therefore, the Continuing Funds will each have already received subscriptions in excess of \$150,000.

*Past Performance Relief and Continuous Disclosure Relief*

20. Subject to receipt of the Seed Capital Relief, the Continuing Funds will not have any assets (other than a nominal amount to establish it) or liabilities at the time of the applicable Merger.
21. The assets of the Terminating Funds will be transferred to the equivalent Continuing Funds in connection with the implementation of the Mergers.
22. As the Filer intends to cease distribution of the Terminating Funds at the close of business on the business day prior to the Merger Date, it does not intend to renew the Terminating Funds' simplified prospectus and annual information form after the lapse date.
23. Each Continuing Fund will be a new fund. While each Continuing Fund will have the same assets and liabilities as the corresponding Terminating Fund, as a new fund, it will not have its own Financial Data as at the Merger Date.
24. The Financial Data of the Terminating Funds are significant information which can assist investors in determining whether to purchase securities of the Continuing Funds. In the absence of the Requested Relief, investors will have no historical financial or performance information (such as past performance) on which to base such an investment decision.
25. Without the Requested Relief, the sales communications pertaining to, and the MRFPs of, the Continuing Funds cannot include Financial Data of the Terminating Funds that relate to a period prior to the applicable Merger and the Continuing Funds cannot provide performance data in its sales communications until it has distributed securities under a simplified prospectus for at least 12 months.
26. The Filer proposes to:
  - (a) disclose the series start dates of the Terminating Funds as the series start dates of the Continuing Funds:
    - (i) in the "Fund Details" table in Part B of the Simplified Prospectus; and
    - (ii) under the subheading "Date series started" under the heading "Quick Facts" in the Fund Facts Documents;

- (b) use the performance data of the Terminating Funds to calculate the risk rating of the Continuing Funds in:
    - (i) the Simplified Prospectus; and
    - (ii) the Fund Facts Documents;
  - (c) use the performance data of the Terminating Funds in:
    - (i) the Fund Communications of the Continuing Funds; and
    - (ii) the “Average return”, “Year-by-year returns” and “Best and worst 3-month returns” subsections of the Fund Facts Documents for the Continuing Funds;
  - (d) use the MER of the Terminating Funds for the purposes of calculating the information required under the subheading “Fund Expenses Indirectly Borne by Investors” in Part B of the Simplified Prospectus for the Continuing Funds;
  - (e) show the investments of the Terminating Funds in the “Top 10 investments” and “Investment mix” tables in the initial Fund Facts Documents for the Continuing Funds;
  - (f) use the MER, TER and fund expenses of the Terminating Funds in the “Fund expenses” section of the Fund Facts Documents for the Continuing Funds;
  - (g) incorporate by reference into the Simplified Prospectus the most recent annual financial statements and MRFPs of the Terminating Funds for the period ended March 31, 2021, and the most recent interim financial statements and MRFP of the Terminating Funds for the period ended September 30, 2020 (collectively, the **Terminating Fund Disclosure**), until such Terminating Fund Disclosure is superseded by more current financial statements and MRFPs of the Continuing Funds;
  - (h) prepare annual MRFPs for the Continuing Funds commencing with the year ending March 31, 2022 and interim MRFPs for the Continuing Funds commencing with the period ending September 30, 2021 using the Terminating Funds’ financial highlights and past performance; and
  - (i) prepare comparative annual financial statements for the Continuing Funds commencing with the year ending March 31, 2022 and interim financial statements for the Continuing Funds commencing with the period ending September 30, 2021 using the Terminating Funds’ financial highlights and past performance.
27. The Filer is seeking to make the Mergers as seamless as possible for investors of the Terminating Funds. Accordingly, the Filer submits that treating a Continuing Fund as fungible with the corresponding Terminating Fund for purposes of the starting dates, investment holdings and Financial Data would be beneficial to investors and that to do otherwise would cause unnecessary confusion among investors concerning the difference between the Terminating Funds and the Continuing Funds.
28. The Filer submits that investors will not be misled if the starting dates, investment holdings and Financial Data of a Continuing Fund reflects the starting dates, investment holdings and Financial Data of the corresponding Terminating Fund.

### Decision

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

1. the Seed Capital Relief is granted;
2. the Past Performance Relief is granted, provided that:
  - (a) the Fund Communications include the applicable performance data of the Terminating Funds prepared in accordance with Part 15 of NI 81-102;
  - (b) the Simplified Prospectus:
    - (i) incorporates by reference the Terminating Fund Disclosure, until such Terminating Fund Disclosure is superseded by more current financial statements and MRFPs of the Continuing Fund;
    - (ii) states that the start date for each series of the Continuing Fund is the start date of the corresponding series of the Terminating Fund; and

- (iii) discloses the Merger where the start date for each series of the Continuing Fund is stated;
  - (c) the Fund Facts Document of each series of the Continuing Fund:
    - (i) states that the “Date series started” date is the “Date series started” date of the corresponding series of the Terminating Fund;
    - (ii) includes the performance data of the Terminating Fund prepared in accordance with Part 15 of NI 81-102; and
    - (iii) discloses the Merger where the “Date series started” date is stated; and
  - (d) the Continuing Fund prepares its MRFPs in accordance with the Continuous Disclosure Relief; and
3. the Continuous Disclosure Relief is granted, provided that:
- (a) the MRFPs for the Continuing Funds include the Financial Data of the Terminating Funds pertaining to the corresponding series of the Terminating Funds and disclose the Mergers for the relevant time periods; and
  - (b) the Continuing Funds prepare their simplified prospectus, fund facts documents and other Fund Communications in accordance with the Seed Capital Relief and Past Performance Relief.

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

Application File #: 2021/0319

### 2.1.3 BlackRock Asset Management Canada Limited and iShares Equal Weight Bank & LifeCo ETF

#### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from concentration restrictions in subsection 2.1(1) to permit ETF to purchase securities of an issuer if after the purchase more than 10% of the ETF's net asset value would be in securities of an issuer – ETF holds equal weight positions in the largest Canadian banks and lifecos – subject to conditions.

#### Applicable Legislative Provisions

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

June 10, 2021

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

**AND**

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

**AND**

**IN THE MATTER OF  
BLACKROCK ASSET MANAGEMENT CANADA LIMITED  
(the Filer)**

**AND**

**ISHARES EQUAL WEIGHT BANC & LIFECO ETF  
(The Fund)**

**DECISION**

#### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting relief from subsection 2.1(1) of National Instrument 81-102 *Investment Funds (NI 81-102)* to permit the Fund to purchase and hold securities of an issuer if, immediately after the transaction, more than 10% of the Fund's net asset value (**NAV**) would be invested in securities of any one issuer, with respect to investments in the securities of one or more Canadian banks and/or Canadian life insurance companies (the **Requested Relief**).

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

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

#### Interpretation

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

#### Representations

These decisions are based on the following facts represented by BlackRock Canada:

*The Filer and The Fund*

1. The Filer's head office is located in Toronto, Ontario. The Filer is registered as a portfolio manager, investment fund manager and exempt market dealer in each of the Jurisdictions, as a commodity trading manager in Ontario and as a commodities adviser in Manitoba.
2. The Filer is the trustee, manager and portfolio adviser of the Fund, which is governed by an amended and restated Declaration of Trust made as of April 6, 2018.
3. The Fund is an exchange traded fund that is a reporting issuer in each of the Jurisdictions and is subject to NI 81-102. The Fund's securities are distributed pursuant to a prospectus and ETF Facts both dated June 26, 2020 and prepared in accordance with National Instrument 41-101 *General Prospectus Requirements*. The Fund's units are listed for trading on the Toronto Stock Exchange (the **TSX**).
4. The Fund's investment objective is to provide its unitholders with a diversified, equal-weighted investment in a portfolio of common shares of the largest Canadian banks and Canadian life insurance companies.
5. The Fund employs a passive equal weighting approach that is intended to reduce the risks to investors of increasing exposure to any single investment. Issuers are selected for inclusion in the Fund based on the following criteria: (i) the minimum market capitalization of such an issuer is \$5 billion for banks and \$1.5 billion for life insurance companies; and (ii) the issuer must be a Canadian bank or a Canadian life insurance company.
6. The Fund's portfolio is generally rebalanced: (i) quarterly, to adjust for changes in the market value of investments; and (ii) to reflect the impact of a merger, acquisition or other significant corporate action or event of or affecting one or more of the Canadian banks or life insurance companies held by the Fund (collectively, the **Rebalancing Procedure**).
7. In addition, between the quarterly rebalancing dates, the Fund may sell portfolio securities for working capital purposes. In order to rebalance the portfolio, the Filer will, at the time of rebalancing, calculate the market value of its portfolio, less any amount to be used for working capital purposes, and divide such resultant amount by the number of issuers to be included in the portfolio. Rebalancing transactions will be effected as soon as is reasonably practicable thereafter. As a result of changes in market prices of the shares of the issuers in the portfolio between rebalancing dates, it is not expected that the holdings of the issuers in the Fund will be exactly equally weighted at any given time. The Fund's portfolio may also be rebalanced in the event the Fund issues units.
8. The issuers held in the Fund are available on the iShares Funds' website at [www.blackrock.com/ca](http://www.blackrock.com/ca).
9. Neither the Filer nor the Fund is in default of securities legislation in any of the Jurisdictions.

**Regulatory Considerations**

10. In order to achieve its investment objectives, the Fund may at times be required to invest more than 10% of its NAV in the common shares of a single Canadian bank or a single Canadian life insurance company.
11. Absent the Requested Relief, the Fund would not be permitted to purchase securities of one or more of those issuers if, immediately after the transaction more than 10% of its NAV would be invested in securities of such issuer pursuant to subsection 2.1(1) of NI 81-102.

**Generally**

12. The common shares of the Canadian banks and Canadian life insurance companies that the Fund holds are listed on the TSX or another recognized Canadian exchange. The common shares of these large capitalization Canadian banks and Canadian life insurance companies are currently among the most liquid publicly-listed Canadian equity securities and are less likely to be subject to liquidity concerns than the securities of other issuers.
13. If required to facilitate distributions or pay the Fund's expenses, a portion of the Fund's holdings will typically be liquidated to fund such requirements.
14. Future subscriptions for the Fund's units will be used to acquire securities of each Canadian bank and Canadian life insurance company held in the Fund, typically in the same weights as they are currently held in the Fund's portfolio, based on their relative market values at the time of such subscription.
15. In the absence of: (i) new subscriptions for the Fund's units (ii) sales or delivery of common shares of issuers that are held by the Fund to facilitate distributions, exchanges, redemptions or to pay the Fund's expenses, or (iii) corporate actions of the issuers held by the Fund or reinvestment of cash dividends, it is expected that the number of common shares of each issuer in the Fund's portfolio will generally not change. The Fund's portfolio will not be actively managed

by the Filer and as noted above is generally rebalanced on a quarterly basis in order to maintain the approximate equal weightings.

16. The Fund's investment objective and strategies, as well as the risk factors associated therewith, are disclosed in the Fund's prospectus, and the issuers held in the Fund's portfolio are publicly available on the Filer's website. The Fund's investors have full disclosure of the Fund's holdings, and the risks involved in buying and holding the Fund's units.
17. The Requested Relief will enhance the Fund's ability to pursue and achieve its investment objective in a cost-effective manner and will provide greater flexibility with respect to implementing its investment strategies.

**Decision**

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

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

- (a) an investment in Canadian banks and Canadian life insurance companies is made in accordance with the Fund's investment objectives and investment strategies as described in the prospectus;
- (b) the prospectus discloses in the investment strategies that the Fund's portfolio will generally be rebalanced in accordance with the Rebalancing Procedure;
- (c) the Fund will not purchase securities of a Canadian bank or a Canadian life insurance company if immediately after the transaction, more than 15% of the Fund's NAV would be invested, directly or indirectly, in securities of that Canadian bank or Canadian life insurance company; and
- (d) the Fund includes in its next prospectus and each renewal thereafter (a) disclosure regarding this decision under the heading "Exemptions and Approvals" and (b) a risk factor regarding the concentration of the Fund's portfolio in Canadian banks and Canadian life insurance companies, and the risks associated therewith.

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

Application File #: 2021/0132

## 2.1.4 Fidelity Investments Canada ULC

### Headnote

National Policy 11- 203 Process for Exemptive Relief Application in Multiple Jurisdictions – Relief granted from the self-dealing provision in subsection 4.2(1) of NI 81-102 Investment Funds to permit inter-fund trades in debt securities between investment funds subject to NI 81-102 and Canadian pooled funds, and between investment funds subject to NI 81-102 and U.S. mutual funds and U.S. pooled funds, managed by the same or affiliated managers – subject to conditions – Relief to expire three years after decision date.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from subparagraphs 13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades between Canadian mutual funds, Canadian pooled funds, Canadian managed accounts, U.S. mutual funds and U.S. pooled funds all managed by the same or affiliated fund managers – Trades involving exchange-traded securities permitted to occur at last sale price as defined in the Universal Market Integrity Rules – Trades where at least one counterparty has a Canadian portfolio manager or sub-advisor may be printed via a third-party IIROC registered dealer in satisfaction of market integrity requirement conditions – Trades where both counterparties have a U.S. portfolio manager or sub-advisor, and no Canadian portfolio manager or sub-advisor (but excluding trades involving only U.S. mutual funds or U.S. pooled funds), may be printed via a third-party IIROC registered dealer or via a third-party U.S.-registered broker-dealer provided certain conditions met, in satisfaction of market integrity requirement conditions – subject to additional conditions – Relief to expire three years after decision date.

### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2(1), 4.3(1), 4.3(2), 19.2.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5 and 15.1.

National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

May 18, 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  
FIDELITY INVESTMENTS CANADA ULC  
(FIC)**

**DECISION**

### **Background**

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

- (a) for an exemption from the prohibition in subsection 4.2(1) of National Instrument 81-102 *Investment Funds (NI 81-102)* to permit the NI 81-102 Funds (as hereinafter defined) to purchase debt securities from, or sell debt securities to, a Canadian Pooled Fund (as hereinafter defined) or a U.S. Fund (as hereinafter defined) (the **Section 4.2(1) Relief**);
- (b) for an exemption from the prohibitions in subparagraphs 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of an associate of a responsible person or an investment fund for which a responsible person acts as an adviser, in order to permit:



- (i) a Canadian Fund (as hereinafter defined) to purchase securities from or sell securities to another Canadian Fund (as hereinafter defined);
- (ii) a Canadian Client Account (as hereinafter defined) to purchase securities from or sell securities to a Canadian Fund (as hereinafter defined);
- (iii) a Canadian Fund (as hereinafter defined) to purchase securities from or sell securities to a U.S. Fund (as hereinafter defined);
- (iv) a Canadian Client Account (as hereinafter defined) to purchase securities from or sell securities to a U.S. Fund (as hereinafter defined);
- (v) the transactions listed in (i) to (ii) (each, a **Canadian Inter-Fund Trade**) and (iii) and (iv) (each, a **Cross-Border Inter-Fund Trade**) to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of "current market price of the security" in subparagraph 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds (NI 81-107)* on that trading day where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities);
- (vi) for an Inter-Fund Trade (as hereinafter defined) in a Canadian-Listed Security (as hereinafter defined) or Inter-Listed Security (as hereinafter defined), the requirements in paragraph 6.1(2)(f) of NI 81-107 may be satisfied as follows:
  - (A) where at least one party to the trade is a Canadian-Advised Fund (as hereinafter defined) or Canadian-Advised Canadian Client Account (as hereinafter defined), the Filer uses a Third-Party IIROC Registered Dealer (as hereinafter defined) to execute the Inter-Fund Trade (as hereinafter defined) on behalf of the Canadian Advised Fund (as hereinafter defined) or Canadian-Advised Canadian Client Account (as hereinafter defined); and
  - (B) where one party to the trade is a U.S.-Advised Fund (as hereinafter defined), U.S. Fund (as hereinafter defined) or U.S.-Advised Canadian Client Account (as hereinafter defined), and the other party to the trade is a U.S.-Advised Fund (as hereinafter defined) or U.S.-Advised Canadian Client Account (as hereinafter defined), the Filer uses either a Third-Party IIROC Registered Dealer (as hereinafter defined) or, provided certain conditions are met, a Third-Party U.S. Broker-Dealer (as hereinafter defined) to execute the Inter-Fund Trade (as hereinafter defined) on behalf of the U.S.-Advised Fund (as hereinafter defined), U.S. Fund (as hereinafter defined) or U.S.-Advised Canadian Client Account (as hereinafter defined);

((b)(i), (b)(ii), (b)(iii), (b)(iv), (b)(v) and (b)(vi) above are collectively referred to herein as the **Inter-Fund Trading Relief**). The Section 4.2(1) Relief and the Inter-Fund Trading Relief are collectively referred to herein as the **Relief Sought**.

Under National Policy 11-203 *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) FIC has 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 Filer (as hereinafter defined) in each jurisdiction of Canada outside of Ontario (together with Ontario, the **Jurisdictions**).

### Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NI 81-102, NI 31-103 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following terms have the following meanings:

- (a) **33 Act** means the U.S. *Securities Act of 1933*, as amended
- (b) **40 Act** means the U.S. *Investment Company Act of 1940*, as amended;
- (c) **40 Act Funds** means, collectively, the Existing 40 Act Funds (as hereinafter defined) and the Future 40 Act Funds (as hereinafter defined);
- (d) **Applicable Inter-Fund Trading Policies** has the meaning given to it in Representation 27;

- (e) **Canadian-Advised Canadian Client Account** means a Canadian Client Account (as hereinafter defined) that has at least one of the following:
  - (i) a Canada-domiciled portfolio manager; or
  - (ii) a Canada-domiciled portfolio sub-adviser;
- (f) **Canadian-Advised Fund** means a Canadian Fund (as hereinafter defined) that has at least one of the following:
  - (i) a Canada-domiciled portfolio manager; or
  - (ii) a Canada-domiciled portfolio sub-adviser;
- (g) **Canadian Client Account** means an account managed by the Filer (as hereinafter defined) that is beneficially owned by a client that is resident or domiciled in Canada and is not a responsible person, and over which the Filer (as hereinafter defined) has discretionary authority;
- (h) **Canadian Clients** means, collectively, the NI 81-102 Funds (as hereinafter defined), the Canadian Pooled Funds (as hereinafter defined) and the Canadian Client Accounts;
- (i) **Canadian Funds** means, collectively, the NI 81-102 Funds (as hereinafter defined) and the Canadian Pooled Funds (as hereinafter defined);
- (j) **Canadian-Listed Security** means a security listed only on a Marketplace (as hereinafter defined);
- (k) **Canadian Pooled Funds** means, collectively, the Existing Canadian Pooled Funds (as hereinafter defined) and the Future Canadian Pooled Funds (as hereinafter defined);
- (l) **Existing 40 Act Fund** means each existing investment fund registered under the 40 Act and the 33 Act, for which a FIC Sub-adviser (as hereinafter defined) or an affiliate of a FIC Sub-adviser (as hereinafter defined) acts as manager and/or portfolio manager;
- (m) **Existing Canadian Pooled Fund** means each investment fund domiciled in Canada that is not a reporting issuer, and to which NI 81-102 and NI 81-107 do not apply, for which FIC acts as the investment fund manager and the Filer (as hereinafter defined) acts as portfolio manager;
- (n) **Existing NI 81-102 Fund** means each existing investment fund that is a reporting issuer, and to which NI 81-102 and NI 81-107 apply, for which FIC acts as the investment fund manager and the Filer (as hereinafter defined) acts as portfolio manager;
- (o) **Existing U.S. Pooled Fund** means each investment fund domiciled in the United States that is exempt from registration under the 40 Act and the 33 Act, for which a FIC Sub-adviser (as hereinafter defined) or an affiliate of a FIC Sub-adviser (as hereinafter defined) acts as manager and/or portfolio manager;
- (p) **FIC Sub-adviser** means those entities within the larger Fidelity enterprise which provide advice with respect to all or a portion of the investments of the Canadian Clients and **FIC Sub-adviser** shall mean any one of them;
- (q) **Filer** means FIC and any affiliate of FIC that is registered as an adviser (portfolio manager) in any Jurisdiction;
- (r) **Funds** means, collectively, the Canadian Funds and the U.S. Funds (as hereinafter defined and each, a **Fund**);
- (s) **Future 40 Act Fund** means each investment fund, to be established in the future, and registered under the 40 Act and the 33 Act, for which a FIC Sub-adviser or an affiliate of a FIC Sub-adviser acts as manager and/or portfolio manager;
- (t) **Future Canadian Pooled Fund** means each investment fund, to be established in the future, that will be domiciled in Canada that will not be a reporting issuer, and to which NI 81-102 and NI 81-107 will not apply, for which FIC will act as the investment fund manager and the Filer will act as portfolio manager;
- (u) **Future NI 81-102 Fund** means each investment fund to be established in the future, that will be a reporting issuer, and to which NI 81-102 and NI 81-107 will apply, for which FIC will act as the investment fund manager and the Filer will act as portfolio manager;
- (v) **Future U.S. Pooled Fund** means each investment fund, to be established in the future, that will be domiciled in the United States and is exempt from registration under the 40 Act and the 33 Act, for which a FIC Sub-adviser or an affiliate of a FIC Sub-adviser acts as manager and/or portfolio manager;

- (w) **Inter-Fund Trades** means, collectively, Canadian Inter-Fund Trades, Cross-Border Inter-Fund Trades and, where applicable, all trades made pursuant to the Section 4.2(1) Relief;
- (x) **Inter-Listed Security** has the same meaning as in section 6.6.1 of National Instrument 23-101 *Trading Rules*;
- (y) **IRC** means the independent review committee of the Canadian Funds, and for greater certainty includes the Pooled Fund IRC (as hereinafter defined);
- (z) **Marketplace** has the same meaning as in section 1.1 of National Instrument 21-101 *Marketplace Operation*, and for greater certainty refers to a venue in Canada;
- (aa) **NI 81-102 Funds** means, collectively, the Existing NI 81-102 Funds and the Future NI 81-102 Funds;
- (bb) **Pooled Fund IRC** means the IRC to be established for the Canadian Pooled Funds as contemplated in Representation 30;
- (cc) **Third-Party IIROC Registered Dealer** means a dealer that is not the Filer, and registered with the Investment Industry Regulatory Organization of Canada;
- (dd) **Third-Party U.S. Broker-Dealer** means a broker or dealer that is not the Filer, domiciled in the U.S., and registered with the appropriate U.S. securities regulatory authorities;
- (ee) **U.S.-Advised Canadian Client Account** means a Canadian Client Account that:
  - (i) is not a Canadian-Advised Canadian Client Account; and
  - (ii) has at least one of the following:
    - (A) a U.S.-domiciled portfolio manager; or
    - (B) a U.S.-domiciled portfolio sub-adviser;
- (ff) **U.S.-Advised Fund** means a Canadian Fund that:
  - (i) is not a Canadian-Advised Fund; and
  - (ii) has at least one of the following:
    - (A) a U.S.-domiciled portfolio manager; or
    - (B) a U.S.-domiciled portfolio sub-adviser;
- (gg) **U.S. Funds** means, collectively, the 40 Act Funds and the U.S. Pooled Funds (as hereinafter defined);
- (hh) **U.S. Inter-Fund Trading Rules** means Rule 17a-7 under the 40 Act and other applicable laws governing inter-fund trading in the United States; and
  - (ii) **U.S. Pooled Funds** means, collectively, the Existing U.S. Pooled Funds and the Future U.S. Pooled Funds.

### **Representations**

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

#### *The Filer*

1. FIC is a corporation amalgamated under the laws of Alberta, with its head office in Toronto, Ontario. FIC is registered as an adviser in the category of portfolio manager and mutual fund dealer in each of the Jurisdictions and is registered under the *Commodity Futures Act* (Ontario) (**CFA**) in the category of commodity trading manager. FIC is registered as an investment fund manager under the relevant securities legislation of the provinces of Ontario, Quebec and Newfoundland and Labrador.
2. FIC acts or will act as investment fund manager of each of the Canadian Funds.
3. FIC is or will be the portfolio manager for the Canadian Clients. FIC has entered into sub-advisory agreements with the FIC Sub-advisers, to provide advice with respect to all or a portion of the investments of the Canadian Clients. The FIC Sub-advisers may change from time to time.

4. The Filer and each of the Canadian Funds are not in default of the securities legislation of any Jurisdiction.

*The Canadian Clients*

5. Each NI 81-102 Fund is or will be an open-end investment fund trust created under the laws of Ontario or a class of shares of a corporation incorporated under the laws of the Province of Alberta.
6. The securities of each of the NI 81-102 Funds are or will be qualified for distribution in some or all of the Jurisdictions pursuant to prospectuses prepared in accordance with applicable securities legislation and filed with and received by the securities regulators in each of the applicable Jurisdictions.
7. Each of the NI 81-102 Funds is or will be a reporting issuer in one or more of the Jurisdictions.
8. FIC has established the IRC in respect of the NI 81-102 Funds in accordance with NI 81-107. Any Future NI 81-102 Fund will also be within the mandate of the IRC.
9. Each Canadian Pooled Fund is or will be an open-end investment fund trust created under the laws of Ontario.
10. The securities of each of the Canadian Pooled Funds are distributed by way of an applicable prospectus exemption as permitted by National Instrument 45-106 *Prospectus Exemptions*.
11. FIC offers discretionary investment management services to institutional investors in Canada through the Canadian Client Accounts.
12. Each Canadian client wishing to receive discretionary investment management services from FIC, has entered into, or will enter into, a written agreement whereby the client appoints FIC, to act as portfolio manager in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Canadian Client Account without obtaining the specific consent of the client to execute the trade.

*The U.S. Funds*

13. Each 40 Act Fund is, or will be, established under the laws of a U.S. jurisdiction and registered under the 40 Act and the 33 Act for distribution of its shares to the public.
14. Each U.S. Pooled Fund is, or will be, established under the laws of a U.S. jurisdiction, and exempt from registration under the 40 Act. Shares of U.S. Pooled Funds are, or will be, distributed on a private placement basis pursuant to available exemptions from the registration requirements of the 33 Act.

*The Inter-fund Trades*

15. The Filer wishes to be able to permit any Canadian Client to engage in Inter-Fund Trades of portfolio securities with a Fund.
16. NI 31-103, NI 81-102 and NI 81-107 restrict inter-fund trading. Absent the Relief Sought, none of the Canadian Clients, nor the Filer on their behalf, will be permitted to engage in Inter-Fund Trades as contemplated in this decision.
17. The Filer is a responsible person for the purpose of paragraph 13.5(2)(b) of NI 31-103 and, absent exemptive relief, is prohibited from effecting any Inter-Fund Trades between Canadian Clients or other Funds (as investment funds for which the Filer, or other responsible person, acts as an adviser).
18. Each FIC Sub-adviser which is an affiliate of the Filer and has access to, or participates in, formulating, an investment decision made on behalf of the Canadian Clients is a responsible person for the purpose of paragraph 13.5(2)(b) of NI 31-103. As responsible persons, absent the Relief Sought, each such FIC Sub-adviser is prohibited from effecting any Inter-Fund Trades between Canadian Clients or other Funds (as investment funds for which the Filer, or other responsible person, acts as an adviser).
19. Absent exemptive relief, each NI 81-102 Fund is prohibited under subsection 4.2(1) of NI 81-102 from purchasing a security from or selling a security to a Fund (if the Fund is an associate or an affiliate of the Filer).
20. The exception in section 4.3(1) of NI 81-102 which permits certain inter-fund trades of securities subject to public quotations is not available for any Inter-Fund Trades of debt securities because debt securities are typically not subject to public quotations.
21. The exception in section 4.3(2) which permits certain inter-fund trades of debt securities is not available for any Inter-Fund Trades of debt securities between: (i) NI 81-102 Funds and Canadian Pooled Funds; and (ii) NI 81-102 Funds and U.S. Funds. In both instances, that exemption only applies where funds on both sides of the inter-fund trade are

investment funds subject to NI 81-107. The Canadian Pooled Funds and U.S. Funds will not be subject to NI 81-107.

22. Where a FIC Sub-adviser is a responsible person of the Canadian Clients and also acts as an adviser to a U.S. Fund, any Cross-Border Inter-Fund Trades between the Canadian Clients and the U.S. Funds would be prohibited under subparagraphs 13.5(2)(b)(ii) or (iii) of NI 31-103. Other Fidelity entities within the Fidelity enterprise are not affiliates of the Filer and, although they may be FIC Sub-advisers and although their activities are overseen by FIC, they are not responsible persons of the Canadian Clients as contemplated by paragraph 13.5(1)(c) of NI 31-103 as they are not adviser to the Canadian Clients. When these entities act as an adviser to a U.S. Fund, FIC has not, to date, permitted any Cross-Border Inter-Fund Trades between the Canadian Clients and the U.S. Funds, even though these Cross-Border Inter-Fund Trades are not prohibited under the applicable provisions of NI 31-103.
23. Overall, the trading conducted within the Fidelity enterprise on its various trading desks is in respect of approximately U.S. \$3.9 trillion of managed assets (as of March 31, 2021), of which trading for the Canadian Clients is a smaller part, being approximately CDN \$182 billion as of that date. FIC wishes to institute a program allowing for Inter-Fund Trades, so as to optimize the trading that is conducted on the various trading desks and to allow for efficiencies in carrying out this trading, all of which FIC considers to be in the best interests of the Canadian Clients.
24. The traders employed as traders for each Fidelity trading desk carry out sophisticated trading for the entire Fidelity enterprise, including the Canadian Clients, and the U.S. Funds. Trading on each trading desk is carried out, when appropriate, on an aggregated and bunched (blocked) basis for all trades involving the Fidelity enterprise. Upon trade execution, allocations are automatically performed through the systematic application of rules which are derived in accordance with established Fidelity enterprise trading policies. Within the Fidelity enterprise, portfolio management and trading functions are separated to enhance the overall control environment to ensure that trade allocation policies and procedures are consistently and fairly applied. Traders on each trading desk seek to ensure that all trades for the Fidelity enterprise are carried out whenever possible in a systematic and consistent manner.
25. Trading on each trading desk complies with all applicable laws, including those of Canada, and inter-fund trades or broker crosses are not permitted if such trading is not permitted by the laws applying to the accounts being traded through the trading desk.
26. Each Inter-Fund Trade will be consistent with the investment objectives of the Fund or Canadian Client Account, as applicable.
27. The Filer and each FIC Sub-adviser is subject to cross trade and transfer-in-kind policies (the **Applicable Inter-Fund Trading Policies**). Such Applicable Inter-Fund Trading Policies include a Canadian specific policy which ensures that Canadian Inter-Fund Trades are conducted in accordance with the requirements of applicable securities legislation, including NI 81-102 and NI 81-107.
28. At the time of an Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Canadian Clients to engage in the Inter-Fund Trades.
29. Inter-Fund Trades involving an NI 81-102 Fund will be referred to and approved by the IRC of the NI 81-102 Fund under subsection 5.2(1) of NI 81-107 and FIC, as investment fund manager of an NI 81-102 Fund, and the IRC of the NI 81-102 Fund, will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade. The IRC of the NI 81-102 Funds will not approve an Inter-Fund Trade involving an NI 81-102 Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.
30. FIC, as investment fund manager of the Canadian Pooled Funds, will establish an IRC (which may also be the IRC in respect of the NI 81-102 Funds) in respect of each Canadian Pooled Fund (the **Pooled Fund IRC**). The sole mandate of the Pooled Fund IRC will be considering and, if appropriate, approving the Inter-Fund Trades made by the Canadian Pooled Funds in reliance upon the Relief Sought. Such approvals may be made by way of standing instruction in the same way as permitted under NI 81-107 for the NI 81-102 Funds.
31. The Pooled Fund IRC will be composed by FIC, as manager of a Canadian Pooled Fund, in accordance with section 3.7 of NI 81-107 and the IRC will comply with the standard of care set out in section 3.9 of NI 81-107. Further, the Pooled Fund IRC will not approve Inter-Fund Trades unless it has made the determination set out in subsection 5.2(2) of NI 81-107.
32. The investment management agreement or other documentation in respect of a Canadian Client Account will contain the authorization of the client on behalf of the Canadian Client Account to engage in Inter-Fund Trades.
33. When the Filer engages in an Inter-Fund Trade of securities between Funds or between a Canadian Client Account and a Fund, including Cross-Border Inter-Fund Trades, each will comply with the following procedures:

## Decisions, Orders and Rulings

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- (a) the portfolio manager of one Client (Client A) will deliver the trade instructions in respect of a purchase or a sale of a security by Client A to a trader on the trading desk of the Filer or one of the FIC Sub-advisers;
  - (b) the portfolio manager of the other Client (Client B) will deliver the trade instructions in respect of a purchase or a sale of a security by Client B to a trader on the trading desk of the Filer or one of the FIC Sub-advisers (this may be the same trading desk or a different trading desk than is handling the order for Client A);
  - (c) the traders on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade between Client A and Client B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for exchange-traded securities, the Inter-Fund Trade may be executed at the Last Sale Price of the security, determined at the time the decision to execute the trade as an Inter-Fund Trade is made, prior to the execution of the trade;
  - (d) the policies applicable to the trading desks will require that: (i) all orders are to be executed on a timely basis, (ii) orders will be executed for no consideration other than cash payment against prompt delivery of a security, (iii) the transaction is consistent with the investment policies of each Fund participating in the transaction as recited in its registration statement or offering documents, and (iv) the transaction complies with all other requirements of applicable law; and
  - (e) the trader on each trading desk will advise the portfolio managers of Client A and Client B of the price at which the Inter-Fund Trade occurs.
34. Where an Inter-Fund Trade is executed by the Filer without the use of a Third-Party IIROC Registered Dealer or Third-Party U.S. Broker-Dealer, the Filer will comply with the market integrity requirements as set out in paragraph 6.1(1)(b) of NI 81-107.
35. If the IRC of a Canadian Fund becomes aware of an instance where FIC did not comply with the terms of any decision document issued in connection with the Inter-Fund Trades, including any Cross-Border Inter-Fund Trades, or a condition imposed by securities legislation or by the IRC in its approval, the IRC of the Canadian Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator which is the Canadian Fund's principal regulator.

### *Benefits of the Relief Sought*

36. The Filer considers that it would be in the best interests of the Canadian Clients to receive the Relief Sought as making Canadian Clients subject to the same set of rules governing the execution of the transactions will result in:
- (a) cost, potentially pricing and timing efficiencies in respect of the execution of transactions for the Canadian Clients; and
  - (b) less complicated and more reliable compliance procedures, as well as simplified and more efficient monitoring thereof, for the Filer, in connection with the execution of transactions on behalf of the Canadian Clients and the U.S. Funds.
37. U.S. Funds currently conduct inter-fund trading pursuant to the Applicable Inter-Fund Trading Policies, which complies with U.S. Inter-Fund Trading Rules. From a procedural perspective, inter-fund trades involving 40 Act Funds are subject to oversight by the applicable U.S. fund board. In addition, in order to comply with SEC rules governing inter-fund trades and the Applicable Inter-Fund Trading Policies as noted above, it is explicitly required that no brokerage commission, fee (except for customary transfer fees) or other remuneration be paid by the accounts in connection with the transaction. Cross-Border Inter-Fund Trades would be conducted on FIC's portfolio management system, which is monitored by an integrated compliance group including representatives of FIC and its related Fidelity enterprise entities.
38. FIC has determined that similar regulatory requirements applicable to inter-fund trading in Canada and the United States, together with FIC's compliance systems, creates a framework for conducting Cross-Border Inter-Fund Trades in a manner which minimizes conflicts of interest and promotes fairness and transparency for all Clients.

### **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:

1. the Section 4.2(1) Relief is granted provided that the following conditions are satisfied:
  - (a) the Inter-Fund Trade is consistent with the investment objectives of each of the Funds involved in the trade;

- (b) FIC, as the investment fund manager of an NI 81-102 Fund, refers the Inter-Fund Trade involving such NI 81-102 Fund to the IRC of that NI 81-102 Fund in the manner contemplated by section 5.1 of NI 81-107, and FIC and the IRC of the NI 81-102 Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;
  - (c) the IRC of the Canadian Fund involved in the trade has approved the transaction in respect of that Canadian Fund in accordance with the terms of section 5.2 of NI 81-107;
  - (d) the fund board of the U.S. Fund, or the trust committee or equivalent of the entity acting as trustee or equivalent of the U.S. Fund, involved as a counterparty to the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with U.S. Inter-fund Trading Rules; and
  - (e) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;
2. the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:
- (a) the Inter-Fund Trade is consistent with the investment objectives of each of the Canadian Clients involved in the trade;
  - (b) FIC, as the investment fund manager of a Canadian Fund, refers the Inter-Fund Trade involving such Canadian Fund to the IRC of that Canadian Fund in the manner contemplated by section 5.1 of NI 81-107, and FIC and the IRC of the Canadian Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;
  - (c) in the case of an Inter-Fund Trade between Canadian Funds:
    - (i) the IRC of each Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and
    - (ii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:
      - (A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;
      - (B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where at least one party is a Canadian-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of a Canadian-Advised Fund; and
      - (C) for an Inter-Fund Trade where each party is a U.S.-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Funds:
        - (I) a Third Party IIROC Registered Dealer; or
        - (II) a Third-Party U.S. Broker-Dealer, provided that:
          - (a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;
          - (b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and
          - (c) an Inter-Fund Trade in an Inter-Listed Security is printed:
            - (i) on a Marketplace; or
            - (ii) in accordance with any applicable U.S. market transparency obligations;
  - (d) in the case of an Inter-Fund Trade between a Canadian Client Account and a Canadian Fund:
    - (i) the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;
    - (ii) the investment management agreement or other documentation in respect of the Canadian Client

- Account authorizes the Inter-Fund Trade; and
- (iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:
    - (A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;
    - (B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where at least one party is a Canadian-Advised Fund or Canadian-Advised Canadian Client Account, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of the Canadian-Advised Fund or Canadian-Advised Canadian Client Account; and
    - (C) for an Inter-Fund Trade where one party is a U.S.-Advised Canadian Client Account and the other party is a U.S.-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Canadian Client Account or U.S.-Advised Fund:
      - (I) a Third-Party IIROC Registered Dealer; or
      - (II) a Third-Party U.S. Broker-Dealer, provided that:
        - (a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;
        - (b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and
        - (c) an Inter-Fund Trade in an Inter-Listed Security is printed:
          - (i) on a Marketplace; or
          - (ii) in accordance with any applicable U.S. market transparency obligations;
  - (e) in the case of an Inter-Fund Trade between a Canadian Fund and a U.S. Fund:
    - (i) the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;
    - (ii) the fund board of the U.S. Fund, or the trust committee or equivalent of the entity acting as trustee or equivalent of the U.S. Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with the U.S. Inter-Fund Trading Rules;
    - (iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:
      - (A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;
      - (B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where one party is a Canadian-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of the Canadian-Advised Fund; and
      - (C) for an Inter-Fund Trade where one party is a U.S.-Advised Fund and the other party is a U.S. Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Fund or U.S. Fund:
        - (I) a Third-Party IIROC Registered Dealer; or
        - (II) a Third-Party U.S. Broker-Dealer, provided that:
          - (a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;



- (b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and
    - (c) an Inter-Fund Trade in an Inter-Listed Security is printed:
      - (i) on a Marketplace; or
      - (ii) in accordance with any applicable U.S. market transparency obligations;
  - (f) in the case of an Inter-Fund Trade between a Canadian Client Account and a U.S. Fund:
    - (i) the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade;
    - (ii) the fund board of the U.S. Fund, or the trust committee or equivalent of the entity acting as trustee or equivalent of the U.S. Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with the U.S. Inter-Fund Trading Rules;
    - (iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:
      - (A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;
      - (B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where one party is a Canadian-Advised Canadian Client Account, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of the Canadian-Advised Canadian Client Account; and
      - (C) for an Inter-Fund Trade where one party is a U.S.-Advised Canadian Client Account and the other party is a U.S. Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Canadian Client Account or U.S. Fund:
        - (I) a Third-Party IIROC Registered Dealer; or
        - (II) a Third-Party U.S. Broker-Dealer, provided that:
          - (a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;
          - (b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and
          - (c) an Inter-Fund Trade in an Inter-Listed Security is printed:
            - (i) on a Marketplace; or
            - (ii) in accordance with any applicable U.S. market transparency obligations;
- 3. from the date of this decision until June 30, 2021, and for each complete six-month period that follows until this decision ceases to be operative (each a **Reporting Period**), FIC:
  - (a) prepares a report (the **Report**) containing the following information for the Reporting Period:
    - (i) the total value traded in Canadian-Listed Securities and, separately, the total value traded in Inter-Listed Securities, for each of the following:
      - (A) U.S.-Advised Funds;
      - (B) Canadian-Advised Funds;
      - (C) Canadian-Advised Canadian Client Accounts; and
      - (D) U.S.-Advised Canadian Client Accounts;

- (ii) the total value of Inter-Fund Trades in Canadian-Listed Securities and, separately, the total value of Inter-Fund Trades in Inter-Listed Securities, between each of the following:
    - (A) Canadian-Advised Funds and Canadian-Advised Funds;
    - (B) Canadian-Advised Funds and U.S.-Advised Funds;
    - (C) Canadian-Advised Funds and U.S. Funds;
    - (D) U.S.-Advised Funds and U.S.-Advised Funds;
    - (E) U.S.-Advised Funds and U.S. Funds;
    - (F) Canadian-Advised Canadian Client Accounts and Canadian-Advised Funds;
    - (G) Canadian-Advised Canadian Client Accounts and U.S.-Advised Funds;
    - (H) Canadian-Advised Canadian Client Accounts and U.S. Funds;
    - (I) U.S.-Advised Canadian Client Accounts and Canadian-Advised Funds;
    - (J) U.S.-Advised Canadian Client Accounts and U.S.-Advised Funds;
    - (K) U.S.-Advised Canadian Client Accounts and U.S. Funds; and
  - (iii) the total value of Inter-Fund Trades in Inter-Listed Securities printed on a Marketplace, and separately, the total value of Inter-Fund Trades in Inter-Listed Securities printed in the U.S., between each of the following:
    - (A) U.S.-Advised Funds and U.S.-Advised Funds;
    - (B) U.S.-Advised Funds and U.S. Funds;
    - (C) U.S.-Advised Canadian Client Accounts and U.S.-Advised Funds; and
    - (D) U.S.-Advised Canadian Client Accounts and U.S. Funds; and
- (b) sends the Report, within 10 business days from the last calendar day of the Reporting Period, to:
- (i) the Director of the Investment Funds and Structured Products Branch of the Ontario Securities Commission by e-mail at [IFSPDirector@osc.gov.on.ca](mailto:IFSPDirector@osc.gov.on.ca); and
  - (ii) the Director of the Market Regulation Branch of the Ontario Securities Commission by e-mail at [marketregulation@osc.gov.on.ca](mailto:marketregulation@osc.gov.on.ca); and

4. this decision ceases to be operative three years from the date of such decision.

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

Application File #: 2018/0692

## 2.1.5 TriSummit Utilities Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the restriction on the issuance of convertible securities pursuant to the qualification criteria of Section 2.3 of National Instrument 44-101 Short Form Prospectus Distributions and Section 2.3 of National Instrument 44-102 Shelf Distributions – Unlisted Filer seeking to issue preferred shares or debt securities which are convertible into other securities of the Filer – Securities issuable upon conversion would possess a designated rating as defined in National Instrument 44-101 Short Form Prospectus Distributions and Section 2.3 of National Instrument 44-102 Shelf Distributions – Relief granted subject to conditions.

### Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, s. 2.3.  
National Instrument 44-102 Shelf Distributions, s. 2.3.

**Citation:** *Re TriSummit Utilities Inc.*, 2021 ABASC 74

May 17, 2021

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

**AND**

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

**AND**

**IN THE MATTER OF  
TRISUMMIT UTILITIES INC.  
(the Filer)**

**DECISION**

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the restriction of the qualification criteria set forth in each of Section 2.3 of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) and Section 2.3 of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) to distributions of non-convertible securities (the **Exemption Sought**).

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

- (a) the Alberta 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 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut; and
- (c) this 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*, MI 11-102 and NI 44-101 have the same meanings if used in this decision, unless otherwise defined herein.

### Representations

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

## Decisions, Orders and Rulings

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1. The Filer is a corporation organized under the *Canada Business Corporations Act* (the **CBCA**).
2. The head and registered office of the Filer is located in Calgary, Alberta.
3. The Filer's authorized share capital consists of an unlimited number of common shares (the **Common Shares**) and such number of preferred shares issuable in series at any time as have aggregate voting rights either directly or on conversion or exchange that in the aggregate represent less than 50 percent of the voting rights attaching to the then issued and outstanding Common Shares (the **Preferred Shares**).
4. As of May 10, 2021, there were 30,000,000 Common Shares and no Preferred Shares issued and outstanding.
5. On October 18, 2018, the Filer filed and obtained a receipt from the securities regulatory authority or regulator in each of the provinces and territories of Canada (the **Reporting Jurisdictions**) for a long form prospectus pursuant to which it became a reporting issuer in the Reporting Jurisdictions (the **IPO**). In connection with the closing of the IPO, the Common Shares were listed and posted for trading on the Toronto Stock Exchange (the **TSX**).
6. Pursuant to three distributions, an aggregate of \$650 million aggregate principal amount of medium-term notes (the **Notes**) were issued by the Filer under a short form base shelf prospectus dated November 14, 2018, as supplemented by a prospectus supplement dated November 15, 2018 and respective pricing supplements.
7. On March 31, 2020, the Public Sector Pension Investment Board and the Alberta Teachers' Retirement Fund Board completed the indirect acquisition of, among other things, all of the issued and outstanding Common Shares in an all-cash transaction pursuant to a plan of arrangement under the CBCA (the **Arrangement**). In connection with the closing of the Arrangement, the Common Shares were delisted from the TSX.
8. Following the Arrangement, the Filer remained a reporting issuer in each of the Reporting Jurisdictions as the Notes remain widely held.
9. On November 16, 2020, the Filer filed and obtained a receipt from the securities regulatory authority or regulator in each of the Reporting Jurisdictions for a short form base shelf prospectus (the **Base Shelf Prospectus**) providing for the distribution from time to time of Preferred Shares and debt securities of the Filer.
10. The Filer was qualified to file the Base Shelf Prospectus based on the alternative qualification criteria in Section 2.3 of NI 44-101. The Filer does not satisfy the qualification criteria of Section 2.2 of NI 44-101 and Section 2.2 of NI 44-102 because the Filer has no equity securities listed and posted for trading on a short form eligible exchange.
11. Effective December 2, 2020, DBRS Morningstar affirmed the Filer's corporate rating and Notes rating of BBB (high) with a Stable trend. Accordingly, the Filer and the Notes have a designated rating.
12. The Filer proposes to issue convertible securities (the **Proposed Convertible Securities**) under the Base Shelf Prospectus that would be convertible into other securities of the Filer (the **Proposed Underlying Securities**).
13. Absent the Exemption Sought, the Filer is not permitted to distribute the Proposed Convertible Securities pursuant to the Base Shelf Prospectus because the alternative qualification criteria in Section 2.3 of NI 44-101 do not permit the distribution of convertible securities.
14. The Proposed Convertible Securities will have a designated rating on a provisional basis and the Filer will satisfy the other ratings requirements as set out in Section 2.3(e) of NI 44-101 and Section 2.3 of NI 44-102 (the **Designated Ratings Requirements**). The Proposed Underlying Securities, if issued directly (rather than upon conversion), would also satisfy the Designated Ratings Requirements.
15. The Filer is not in default of any requirements under the securities legislation of any Reporting Jurisdiction.
16. The Filer is not in default of any of the periodic and timely disclosure requirements under National Instrument 51-102 *Continuous Disclosure Obligations*.

### Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that at the time of distribution of the Proposed Convertible Securities:

- (a) the Proposed Convertible Securities to be distributed:

## Decisions, Orders and Rulings

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- (i) have received a designated rating on a provisional basis;
  - (ii) are not the subject of an announcement by a designated rating organization or its DRO affiliate, of which the Filer is or ought reasonably to be aware, that the designated rating given by the organization may be down-graded to a rating category that would not be a designated rating; and
  - (iii) have not received a provisional or final rating lower than a designated rating from any designated rating organization or its DRO affiliate; and
- (b) the Filer has reasonable grounds for believing that the Proposed Underlying Securities, if distributed at the time of distribution of the related Proposed Convertible Securities, would satisfy the criteria in (a)(i) through (a)(iii) immediately above.

“Timothy Robson”  
Manager, Legal  
Corporate Finance  
Alberta Securities Commission

## 2.1.6 Wealthsimple Digital Assets Inc.

### Headnote

Application for time-limited relief from certain registrant obligations, prospectus requirement and trade reporting requirements – suitability relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits for Crypto Contracts not based on bitcoin, ether, bitcoin cash or litecoin, account appropriateness, disclosure and reporting requirements – investment limits may be amended or removed for other crypto assets as they become more widely traded in regulated markets – relief is time-limited and will expire upon the earlier of two (2) years or the date the filer transitions the platform to its IIROC affiliate – relief granted based on the particular facts and circumstances of the application with the objective of fostering capital raising by innovative businesses in Canada – decision should not be viewed as precedent for other filers in the jurisdictions of Canada.

### Statute Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 53, and 74.

### Instrument, Rule or Policy Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.

National Instrument 21-101 Marketplace Operation, s. 1.1.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 12.1, 13.3.

OSC Rule 91-506 Derivatives: Product Determination, ss. 2 and 4.

OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting, Part 3.

June 18, 2021

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO  
(the Jurisdiction)  
AND  
ALBERTA,  
BRITISH COLUMBIA,  
MANITOBA,  
NEW BRUNSWICK,  
NEWFOUNDLAND AND LABRADOR,  
NORTHWEST TERRITORIES,  
NOVA SCOTIA,  
NUNAVUT,  
PRINCE EDWARD ISLAND,  
QUÉBEC,  
SASKATCHEWAN, AND  
YUKON  
  
AND  
  
IN THE MATTER OF  
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS  
IN MULTIPLE JURISDICTIONS  
  
AND  
  
IN THE MATTER OF  
WEALTHSIMPLE DIGITAL ASSETS INC.  
(the Filer)  
  
DECISION**

### Background

As set out in CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets (CSA SN 21-327)*, if crypto assets that are securities and/or derivatives are traded on a platform, such platform would be subject to securities legislation. In addition, securities and/or derivatives legislation may apply to platforms that facilitate

the buying and selling of crypto assets, including crypto assets that are commodities, because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the CSA has considered an interim, time-limited registration framework that would allow crypto asset platforms to operate within a regulated environment, with regulatory requirements tailored to the crypto asset platform's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer is currently registered in all provinces. The Filer previously applied for and received exemptive relief in decisions dated August 7, 2020 (the **Prior Decisions**) on terms substantially similar to this Decision. Under the terms of the Prior Decisions, the Filer operates, on an interim basis, a platform that permits clients resident in Canada to enter into Crypto Contracts to purchase, hold and sell Bitcoin and Ether through the Filer. The Filer wishes to ultimately carry on this activity through its affiliated entity, which is registered as an investment dealer and a member of the Investment Industry Regulatory Organization of Canada (**IIROC**). While the Filer is engaged in discussions with IIROC on a regulatory approach for its affiliated entity to carry on this activity, the Filer has commenced operations.

The Filer has submitted an application to expand the types of crypto assets that clients may purchase, hold and sell through the Filer, to amend the annual deposit limit, and to change its business model to permit clients to transfer into their account with the Filer, crypto assets they have purchased outside the Filer's platform and withdraw from their account with the Filer, crypto assets they have purchased pursuant to their Crypto Contracts with the Filer. This Decision has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Applicable Jurisdictions (as defined below) will not consider this Decision as constituting a precedent for other filers.

### Relief Requested

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

- a) the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with clients to purchase, hold and sell Crypto Assets (as defined below) (the **Prospectus Relief**); and
- b) the requirement in subsection 12.10(2) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to deliver annual audited financial statements to the regulator and the requirement in section 13.3 of NI 31-103 to take reasonable steps to ensure that, before it makes a recommendation to or accepts instructions from a client to buy or sell a security, the purchase or sale is suitable for the client (collectively, the **Registrant Obligations Relief**).

The securities regulatory authority or regulator in the Jurisdiction and each of the other jurisdictions referred to in **Appendix A** (the **Coordinated Review Decision Makers**) have received an application from the Filer (collectively with the Passport Application, the **Application**) for a decision under the securities legislation of those jurisdictions exempting the Filer from certain reporting requirements under the Local Trade Reporting Rules (as defined in Appendix A) (the **Trade Reporting Relief**, and together with the Prospectus Relief and Registrant Obligations Relief, the **Requested Relief**).

The Filer has applied for the revocation of the exemptive relief in a decision dated August 7, 2020 (the **Prior CSA Decision**) effective as of the date of this Decision (the **Repeal and Replacement Relief Sought**).

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

- a) the Ontario Securities Commission is the principal regulator for this Application (the **Principal Regulator**),
- b) in respect of the Prospectus Relief and Registrant Obligations Relief, the Filer has provided notice that, in the jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non- Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**), and
- c) the decision in respect of the Trade Reporting Relief is the decision of the Principal Regulator and evidences the decision of each Coordinated Review Decision Maker.

### Interpretation

For the purposes of this Decision, "Specified Crypto Asset" means the crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix B to this Decision.

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

### **Representations**

This decision (the **Decision**) is based on the following facts represented by the Filer:

#### *The Filer*

1. The Filer is a corporation incorporated under the federal laws of Canada with its principal office in Toronto, Ontario.
2. The Filer is a wholly owned subsidiary of Wealthsimple Financial Corp. (**WFC**), a holding company that owns 100% of the issued and outstanding securities of several operating companies that are registered under applicable securities legislation in each of the provinces and territories of Canada, including Wealthsimple Inc., a registered adviser in the category of portfolio manager, and Canadian ShareOwner Investments Inc. (**ShareOwner**), a registered dealer in the category of investment dealer and member of IIROC.
3. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada. However, a majority of the voting securities of WFC are controlled by subsidiaries and entities affiliated with Power Corporation. Power Corporation is a reporting issuer under the legislation of the Applicable Jurisdictions and its securities are listed for trading on the Toronto Stock Exchange.
4. The Filer is or will be registered as a dealer in the category of restricted dealer with the Applicable Jurisdictions. In Québec, the Filer has received exemptions from certain requirements on similar terms as the Prior CSA Decision (the **Prior Québec Decision**). The Filer has applied for the revocation of the Prior Québec Decision effective as of the date of this Decision.
5. The Filer's books and records, financial controls and compliance systems (including its policies and procedures) are designed to closely resemble in all material respects, except as necessary to address operational differences, those in place today at ShareOwner. The ultimate designated person (**UDP**) and chief compliance officer (**CCO**) of the Filer are the same individuals who are also the UDP and CCO of ShareOwner.
6. The Filer's personnel consists, and will consist, of software engineers, compliance professionals and finance professionals who each have deep experience operating in a regulated financial services environment and expertise in blockchain technology. All of the Filer's personnel have passed and new personnel will have passed criminal records and credit checks. The Filer does not have any dealing representatives, but may add dealing representatives in the future after it has transitioned to ShareOwner.
7. Except as set out in representation 8 below, neither the Filer nor ShareOwner is in default of securities legislation of any of the Applicable Jurisdictions.
8. Between August 7, 2020 and the date of this Decision, the Filer permitted a number of clients to exceed the fiat deposit limit of \$30,000 prescribed by condition XIX of the Prior CSA Decision and condition xviii of the Prior Québec Decision. The Filer has stopped allowing additional clients to exceed the fiat deposit limit of the Prior CSA Decision. Where in some cases, clients were able to exceed the fiat deposit limit due to systems failures, the Filer has implemented additional controls to prevent such occurrences. The Filer has made changes to its practices and systems that will prevent clients from exceeding the investor limits set out in the terms and conditions of this Decision.

#### *Wealthsimple Crypto*

9. The Filer operates under the business name of "Wealthsimple Crypto". The Filer was established to operate, on an interim basis, a proprietary and fully automated internet-based platform (the **Platform**) that enables clients to facilitate the buying, selling, holding, deposit and withdrawal of crypto assets such as bitcoin, ether, and anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token that are not themselves securities or derivatives (the **Crypto Assets**) through the Filer.
10. The Filer's role under Crypto Contracts is to buy or sell Crypto Assets and to manage the custody of all purchased Crypto Assets.
11. The Filer's trading of Crypto Contracts is consistent with activities described in CSA SN 21-327 and constitutes the trading of securities and/or derivatives.
12. The Filer and ShareOwner would like the Platform to be operated by ShareOwner. The Filer and ShareOwner are working with IIROC on a regulatory approach to transition the Platform to ShareOwner in the future. The Filer and ShareOwner



will continue to work actively and diligently with IIROC to transition the operation of the Platform from the Filer to ShareOwner.

13. The Filer does not and will not hold any proprietary positions in Crypto Assets for itself; it will not take a long or short position in a Crypto Asset with any party, including clients.
14. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not manage any discretionary accounts.
15. The Filer is not a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets custodied do not qualify for CIPF coverage. The Risk Statement (defined below) includes disclosure that there is no CIPF coverage for the Crypto Assets and clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.
16. The preparation of audited financial statements for a registered dealer in Canada that trades Crypto Contracts and holds Crypto Assets in trust at a third-party custodian is novel. In consultation with its external auditors and external legal counsel, the Filer has worked diligently, for a sustained period of time, to establish a suitable framework for preparing audited financial statements. The Filer anticipates that it will be able to obtain audited financial statements for the Filer's 2021 financial year end.
17. During the period of this relief:
  - a) the Filer will work closely with its auditors to be able to file annual audited financial statements in accordance with subsection 12.10(2) of NI 31-103, and
  - b) the financial statements of the Filer will be consolidated with the annual audited financial statements of its parent, WFC, and until such time as the Filer can deliver annual audited financial statements, the Filer will file both annual unaudited financial statements and the annual audited financial statements of WFC with the Principal Regulator.

*Crypto Assets Made Available through the Platform*

18. The Filer has established and applies policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy and sell the Crypto Asset on its Platform. Such review includes, but is not limited to, publicly-available information concerning:
  - a) The creation, governance, usage and design of the Crypto Asset, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;
  - b) The supply, demand, maturity, utility and liquidity of the Crypto Asset;
  - c) Material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and
  - d) Legal and regulatory risks associated with the Crypto Asset, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Asset.
19. The Filer only offers and only allows clients to enter into Crypto Contracts to buy and sell Crypto Assets that are not each themselves a security and/or a derivative.
20. The Filer does not allow clients to enter into a Crypto Contract to buy and sell Crypto Assets unless the Filer has taken steps to
  - a) assess the relevant aspects of the Crypto Asset, including the information specified in paragraph 18, to determine whether it is appropriate for its clients,
  - b) approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to clients, and
  - c) monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.
21. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset or affiliates or associates of such persons.

22. The Filer has established and applies policies and procedures to determine whether a Crypto Asset available to be bought and sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:
- a) Consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in IOSCO-member jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and
  - b) If the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.
23. The Filer monitors ongoing developments related to Crypto Assets available on its Platform that may cause a Crypto Asset's legal status or the assessment conducted by the Filer described in paragraphs 18 and 22 above to change.
24. The Filer acknowledges that any determination made by the Filer as set out in paragraphs 18 to 22 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a client may enter into a Crypto Contract to buy and sell is a security and/or derivative.
25. The Filer has established and applies policies and procedures to promptly stop the trading of any Crypto Asset available on its Platform and to allow clients to liquidate their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

*Account Opening*

26. The Platform is available to any individual who is resident in Canada, who has reached the age of majority in the jurisdiction in which they are resident, and who has the legal capacity to open a securities brokerage account.
27. Clients of the Filer open a Wealthsimple Crypto account using the Wealthsimple Trade mobile app (the **App**) or website, which is owned by Wealthsimple Technologies Inc., a wholly-owned subsidiary of WFC. Clients use their Wealthsimple Crypto accounts to trade in Crypto Contracts.
28. Clients also use the App or website to open accounts with ShareOwner. Clients' cash is held in these accounts with ShareOwner. ShareOwner does not take orders from clients to buy or sell Crypto Assets. ShareOwner's role is limited to processing debits and credits into and out of a client's cash brokerage account, based on instructions received from a client or from the Filer acting with the client's authorization. Clients' cash is only sent from their account with ShareOwner to the Filer and from the Filer to their account with ShareOwner, unless the client wishes to withdraw their cash from ShareOwner.
29. The Filer complies with the applicable "know your client" account opening requirements under applicable legislation and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* and its regulations.
30. In order for a prospective client to open and operate a Wealthsimple Crypto account, the Filer determines, prior to opening the account, whether it would be appropriate for the prospective client to use the Platform to enter into a Crypto Contract in order to buy and sell Crypto Assets.
31. As part of the account opening process:
- a) the Filer collects know-your-client information to verify the identity of the client;
  - b) the Filer will provide a prospective client with a separate statement of risks (the **Risk Statement**) that clearly explains the following in plain language:
    - (i) the Crypto Contracts;
    - (ii) the risks associated with the Crypto Contracts;
    - (iii) a prominent statement that no securities regulatory authority has expressed an opinion about the Crypto Contracts or any of the Crypto Assets made available through the Platform, including an opinion that the Crypto Assets are not themselves securities and/or derivatives;
    - (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant

- connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;
- (v) that the Filer has prepared a plain language description of each Crypto Asset made available through the Platform, with instructions as to where on the Platform the client may obtain the descriptions (each, a **Crypto Asset Statement**);
  - (vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients;
  - (vii) the location and manner in which Crypto Assets are held for the client, the risks and benefits to the client of the Crypto Assets being held in that manner,
  - (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner;
  - (ix) the Filer is not a member of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection; and
  - (x) a statement that the statutory rights in section 130.1 of the *Securities Act* (Ontario) (the **Act**), and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision.
32. In order for a prospective client to open and operate an account with the Filer, the Filer will obtain an electronic acknowledgement from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.
33. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.
34. The Filer has policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Crypto Assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing clients of the Filer will be notified through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.
35. For clients with pre-existing accounts with the Filer at the time of this Decision, the Filer will deliver to the client a revised Risk Statement from the version the client acknowledged having received, read and understood under the Prior Decisions and will require the client to provide electronic acknowledgement of having received, read and understood the revised Risk Statement at the earlier of (i) before placing their next trade or deposit of Crypto Assets and (ii) the next time they log in to their account with the Filer. The Risk Statement must be prominent and separate from other disclosures given to the client at that time, and the acknowledgement must be separate from other acknowledgements by the client at that time.
36. Before a client enters an order to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Filer's website or App.
37. Each Crypto Asset Statement will include:
- a) a prominent statement that no securities regulatory authority in Canada has expressed an opinion about the Crypto Contracts or any of the Crypto Assets made available through the Platform, including an opinion that the Crypto Assets are not themselves securities and/or derivatives,
  - b) a description of the Crypto Asset, including the background of the team that first created the Crypto Asset, if applicable,
  - c) a description of the due diligence performed by the Filer with respect to the Crypto Asset,
  - d) any risks specific to the Crypto Asset,

- e) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the Platform,
  - f) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision, and
  - g) the date on which the information was last updated.
38. The Filer also prepares and makes available to its clients, on an ongoing basis and in response to emerging issues in Crypto Assets, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets. To do so, the Filer builds upon the existing communication channels and techniques used by affiliates in the WFC group of companies.

*Platform Operations*

39. All Crypto Contracts entered into by clients to buy and sell Crypto Assets are placed with the Filer through the App or website. Clients are able to submit market and limit buy and sell orders, either in units of the applicable Crypto Asset or in Canadian dollars, 24 hours a day, 7 days a week.
40. The Filer does not provide recommendations or advice to clients or conduct a trade-by-trade suitability determination for clients, but rather performs account and product assessments, taking into account a client's experience and knowledge in investing in Crypto Assets, a client's experience in using order execution only online brokerages, a client's financial assets and income, a client's risk tolerance and the Crypto Assets approved to be made available, by entering into Crypto Contracts, on the Platform.
41. The Filer will adopt policies and procedures to conduct an assessment to establish appropriate limits on the losses that a client can incur and what net realized loss limits will apply to such client. After completion of the assessment, the Filer will implement controls to monitor and apply such limits.
42. The factors mentioned in paragraph 40 are used by the Filer to evaluate whether entering into Crypto Contracts with the Filer is appropriate for a prospective client before the opening of an account. After completion of the assessments, a prospective client receives appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the client, will include prominent messaging to the client that this is the case.
43. The Filer monitors the account after opening to identify activity inconsistent with the client's account and product assessment. If warranted, the client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity. The Filer will also monitor compliance with the net realized loss limits established in paragraph 41.
44. The Filer relies upon multiple crypto asset trading firms (**Liquidity Providers**) to act as sellers of Crypto Assets that may be purchased by the Filer for its clients. Liquidity Providers also buy any Crypto Assets from the Filer that a client has purchased using the Platform and wishes to sell.
45. The Filer evaluates the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks to provide fair and reasonable pricing to its clients.
46. The Filer has verified that each Liquidity Provider is appropriately registered and/or licensed to trade in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in the Applicable Jurisdictions.
47. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.
48. A Crypto Contract is a bilateral contract between a client and the Filer. Accordingly, the Filer is the counterparty to each buy or sell transaction initiated by a client. For each client transaction, the Filer is also a counterparty to a corresponding Crypto Assets buy or sell transaction with a Liquidity Provider. The Filer trades as a riskless principal, in that the Filer does not take any proprietary positions when trading with clients or with a Liquidity Provider.
49. After the order has been placed by a client, the Platform obtains a price for the Crypto Asset from a Liquidity Provider, after which the Platform incorporates a 'spread' to compensate the Filer, and presents this adjusted price to the client as the price at which the Filer is willing to transact against the client.
50. If the client finds the price agreeable, the client accepts the price and agrees to the trade.

## Decisions, Orders and Rulings

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51. In a buy transaction under a Crypto Contract, this results in the client instructing the Filer to request cash from the client's account with ShareOwner in order to fund the purchase. In a sell transaction under a Crypto Contract, cash proceeds are transferred by the Filer to the client's account with ShareOwner.
52. The Filer does not and will not extend margin or otherwise offer leverage to clients.
53. The Filer confirms the transaction with the Liquidity Providers.
54. The Filer records in its books and records the particulars of each trade.
55. The Filer promptly, and no later than two days after the trade, settles transactions with the Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets, the Filer arranges for the cash to be transferred to the Liquidity Providers and Crypto Assets to be sent by the Liquidity Providers to the Filer's custodian. Where there are net sales of Crypto Assets, the Filer arranges for Crypto Assets to be sent from the Filer's custodian to the Liquidity Providers in exchange for cash received by the Filer from the Liquidity Providers.
56. Clients receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their account with the Filer.
57. The Filer is compensated by the spread on trades. It does not currently charge any account opening or maintenance fees, commissions, or other charges of any kind.
58. In addition to the Risk Statement, Crypto Asset Statement and ongoing education initiatives described in paragraphs 31 to 38 above, and the account and product assessments described in paragraphs 30, 40 and 42 above, and the net realized loss limits described in paragraphs 41 to 43 above, the Filer also monitors client activity, and contacts clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required. The outcome of this engagement with a client may result, in some cases, in a decision by the Filer to close a client's account.

### *Custody of Crypto Assets and Cash*

59. The Filer will maintain its own hot wallets to hold limited amounts of Crypto Assets that will be used to facilitate client deposit and withdrawal requests. However, the majority of Crypto Assets is and will be held with Gemini Trust Company, LLC (**Gemini**) and/or other regulated financial entities that are "qualified custodians" (as defined in section 1.1 of NI 31-103). Gemini is a licensed digital asset exchange and a New York trust company regulated by the New York State Department of Financial Services. Gemini is a "qualified custodian" and has completed a SOC 2 Type 2 examination. The Filer has conducted due diligence on Gemini, including a review of the SOC 2 Type 2 examination report, and has not identified any material concerns.
60. Gemini operates a custody account for the Filer to use for the purpose of holding clients' Crypto Assets. The Filer is not permitted to pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients in the course of its business.
61. Gemini holds all Crypto Assets in trust for clients of the Filer in an omnibus account in the name of the Filer and separate and distinct from the assets of the Filer, the Filer's affiliates, and all of Gemini's other clients.
62. Gemini has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
63. The Filer has assessed the risks and benefits of using Gemini and, has determined that in comparison to a Canadian custodian (as that term is defined in NI 31-103) it is more beneficial to use Gemini, a U.S. custodian, to hold client assets than using a Canadian custodian.
64. A client can maintain their Crypto Contract with the Filer indefinitely.
65. Neither the Filer nor Gemini hold client cash. As set out in paragraph 28 above, each client of the Filer opens a non-registered cash brokerage account with ShareOwner for the sole purpose of holding cash that the client may use to engage in transactions on the Platform.
66. Gemini currently maintains \$200 million *in specie* coverage for digital assets, including the Crypto Assets owned by clients of the Filer, held in Gemini's cold storage system. Gemini also maintains separate commercial crime insurance coverage for any digital assets that may be temporarily custodied in its "hot wallet", including the Crypto Assets owned by clients of the Filer.

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67. Clients will be permitted to transfer into their account with the Filer, Crypto Assets they purchased outside the Platform or withdraw from their account with the Filer Crypto Assets they have purchased pursuant to their Crypto Contracts with the Filer. The Filer will promptly deliver possession and/or control of the Crypto Assets purchased under a Crypto Contract to a blockchain address specified by the client, subject to first satisfying all applicable legal and regulatory requirements, including anti-money laundering requirements.
68. The Filer has expertise in and has developed anti-fraud and anti-money laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.
69. Where the Filer holds Crypto Assets for operational purposes outside of cold storage, it holds the Crypto Assets separate and distinct from the assets of the Filer.
70. The Filer is proficient and experienced in holding Crypto Assets and has established and applied policies and procedures that manage and mitigate custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer also maintains appropriate policies and procedures related to IT security, cyber-resilience, disaster recovery capabilities, and business continuity plans.
71. The insurance obtained by the Filer includes coverage for loss or theft of the Crypto Assets, in accordance with the terms of the Filer's insurance policy.

### *Marketplace and Clearing Agency*

72. The Filer does not and will not operate a "marketplace" as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the Act.
73. The Filer does not and will not operate a "clearing agency" or a "clearing house" as the terms are defined or referred to in securities legislation. Any clearing or settlement activity conducted by the Filer is incidental to the Filer engaging in the business of a Crypto Asset dealer. Any activities of the Filer that may be considered the activities of a clearing agency or clearing house are related to the Filer arranging or providing for settlement of obligations resulting from agreements entered into on a bilateral basis and without a central counterparty.

### **Decision**

The Principal Regulator is satisfied that the Decision satisfies the test set out in the Legislation for the Principal Regulator to make the Decision and each Coordinated Review Decision Maker is satisfied that the Decision in respect of the Trade Reporting Relief satisfies the test set out in the securities legislation of its jurisdiction for the Coordinated Review Decision Maker to make the Decision in respect of the Trade Reporting Relief.

The Decision of the Principal Regulator under the Legislation is that the Prior CSA Decision is revoked and the Requested Relief is granted, and the Decision of each Coordinated Review Decision Maker under the securities legislation in its jurisdiction is that the Trade Reporting Relief is granted, provided that:

- A. Unless otherwise exempted by a further decision of the Principal Regulator, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.
- B. The Filer is registered as a restricted dealer in the Jurisdiction and the jurisdiction in which the client is resident.
- C. The Filer will work actively and diligently with IIROC to transition the operation of the Platform from the Filer to ShareOwner.
- D. The Filer, and any representatives of the Filer, will not provide recommendations or advice to any client or prospective client on the Platform.
- E. The Filer will only engage in the business of trading Crypto Contracts in relation to Crypto Assets, and performing its obligations under those contracts. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation.
- F. The Filer will not operate a "marketplace" as the term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, in subsection 1(1) of the Act or a "clearing agency" or "clearing house" as the terms are defined or referred to in securities legislation.

## Decisions, Orders and Rulings

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- G. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of clients with a custodian that meets the definition of a “qualified custodian” under NI 31-103, unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with a “qualified custodian”.
- H. Before the Filer holds Crypto Assets with a custodian referred to in condition G, the Filer will take reasonable steps to verify that the custodian:
- has appropriate insurance to cover the loss of Crypto Assets held at the custodian,
  - has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian,
  - has obtained a SOC 2 Type 2 report within the last 12 months, unless the Filer has obtained the prior written approval of the Principal Regulator to alternatively verify that the custodian has obtained a SOC 1 Type 1 or Type 2 report within the last 12 months.
- I. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, or the New York State Department of Financial Services makes a determination that the Filer’s custodian is not permitted by that regulatory authority to hold client Crypto Assets.
- J. For the Crypto Assets held by the Filer, the Filer:
- Will hold the Crypto Assets for its clients separate and distinct from the assets of the Filer;
  - Will ensure there is appropriate insurance for the loss of Crypto Assets held by the Filer; and
  - Will have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.
- K. The Filer will only use a Liquidity Provider that it has verified is registered and/or licensed, to the extent required in its home jurisdiction, to execute trades in the Crypto Assets and is not in default of securities legislation in any of the Applicable Jurisdictions, and will promptly stop using a Liquidity Provider if (i) the Filer is made aware that the Liquidity Provider is, or (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada has determined it to be, not in compliance with securities legislation.
- L. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will provide fair and reasonable prices to its clients.
- M. Before each prospective client opens an account, the Filer will deliver to the client a Risk Statement, and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.
- N. The disclosure in condition M will be prominent and separate from other disclosures given to the client as part of the account opening process, and the acknowledgement will be separate from other acknowledgements by the client as part of the account opening process.
- O. For each client with a pre-existing account at the date of this Decision, the Filer will deliver to the client a revised Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the revised Risk Statement at the earlier of (a) before placing their next trade or deposit of Crypto Assets on the Platform and (b) the next time they log in to their account with the Filer.
- P. The disclosure in condition O will be prominent and separate from other disclosures given to the client at that time, and the acknowledgement will be separate from other acknowledgements by the client at that time.
- Q. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client’s other statements in the App or on the website.
- R. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Filer’s website and includes the information set out in paragraph 37.
- S. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts and/or Crypto Assets and,

## Decisions, Orders and Rulings

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- a) in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement, and
  - b) in the event of any update to a Crypto Asset Statement, will promptly notify clients through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.
- T. Prior to the Filer delivering a Risk Statement to a client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the client to the Principal Regulator.
- U. For each client, the Filer will perform an appropriateness assessment as described in paragraphs 40 to 43 prior to opening an account, on an ongoing basis and at least annually.
- V. The Filer will monitor client activity, and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.
- W. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that an individual client, except those individual clients resident in Alberta, British Columbia, Manitoba and Québec, may enter into Crypto Contracts to purchase and sell on the Platform (calculated on a net basis and is an amount not less than \$0) in the preceding 12 months does not exceed a net acquisition cost of \$30,000.
- X. The Filer will establish, apply and monitor limits on the losses a client can incur as set out in paragraphs 40 to 43.
- Y. In the jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that jurisdiction.
- Z. The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any:
- a) change of or use of a new custodian; and
  - b) material changes to the Filer's ownership, its business operations, including its systems, or its business model.
- AA. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of its or its custodian's system of controls or supervision, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.
- BB. The Filer will only trade Crypto Contracts based on Crypto Assets that are not in and of themselves securities or derivatives.
- CC. The Filer will evaluate Crypto Assets as set out in paragraphs 18 to 23.
- DD. The Filer will not trade Crypto Contracts based on crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix C to this Decision.
- EE. Except to allow clients to liquidate their positions in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the client, the Filer will promptly stop trading Crypto Contracts where the underlying is a Crypto Asset if (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, a security and/or derivative.

### *Data Reporting*

- FF. The Filer will provide the following information to the Principal Regulator, and to the securities regulatory authority or regulator in each of the Non-Principal Jurisdictions with respect to clients in those jurisdictions individually, within 30 days of the end of each March, June, September and December:
- a) aggregate reporting of activity conducted pursuant to Crypto Contracts that will include the following:
    - 1. number of client accounts opened each month in the quarter;
    - 2. number of client accounts closed each month in the quarter;
    - 3. number of trades in each month of the quarter;
    - 4. average value of the trades in each month of the quarter;



5. number of client accounts with a net acquisition cost greater than \$30,000 of Crypto Assets at the end of each month in the quarter;
  6. number of client accounts with no trades during the quarter;
  7. number of client accounts that have not been funded at the end of each month in the quarter; and
  8. number of client accounts that hold a positive amount of Crypto Assets at the end of each month in the quarter;
- b) the details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;
- c) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and
- d) the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.
- GG. The Filer will deliver to the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority, a report that includes the following anonymized account-level data for activity conducted pursuant to a Crypto Contract for each client within 30 days of the end of each March, June, September and December:
- a) unique account number and unique client identifier, as applicable;
  - b) jurisdiction where the client is located;
  - c) the date the account was opened;
  - d) the amount of fiat held with ShareOwner at the beginning of the reporting period and at the end of the reporting period;
  - e) cumulative realized gains/losses since account opening in CAD;
  - f) unrealized gains/losses as of the report end date in CAD;
  - g) quantity traded, deposited and withdrawn by Crypto Asset during the quarter in number of units;
  - h) Crypto Asset traded by the client;
  - i) quantity held of each Crypto Asset by the client as of the report end date in units;
  - j) CAD equivalent aggregate value for each Crypto Asset traded by the client, calculated as the amount in (i) multiplied by the market price of the asset in (h) as of the report end date;
  - k) age of account in months;
  - l) the net realized loss limit imposed by the Filer on each account.
- HH. Within 7 calendar days from the end of each month, the Filer will deliver to the regulator or securities regulatory authority in each of the Applicable Jurisdictions, a report of all accounts for which the limits established pursuant to paragraph 41 were exceeded during that month.
- II. Until such time as the Filer can deliver annual audited financial statements in accordance with subsection 12.10(2) of NI 31-103, the Filer will deliver annual unaudited financial statements of the Filer and the annual audited financial statements of WFC for each financial year to the Principal Regulator as soon as they are available.
- JJ. The Filer will deliver to the Principal Regulator (i) with the quarterly reporting referred to in condition FF and GG for the quarter in which the Filer first allowed clients to deposit or withdraw Crypto Assets, its policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfers into and out of the wallets, and authorizations to access the wallets) and (ii) within 30 days of the end of each March, June, September and December, either (A) blackline copies of changes made to the policies and procedures on the operations of its wallets that were previously delivered to the Principal Regulator or (B) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.

## Decisions, Orders and Rulings

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- KK. In addition to any other reporting required by Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's custodian(s) and the Crypto Assets held by the Filer's custodian(s), that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.
- LL. Upon request, the Filer will provide the Principal Regulator and the regulators or securities regulatory authorities of each of the Non-Principal Jurisdictions with aggregated and/or anonymized data concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading crypto assets.
- MM. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.
- NN. This Decision shall expire upon the earlier of:
- a) two years from the date of this Decision; or
  - b) the date of the transition of the Platform to ShareOwner.
- OO. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

In respect of the Prospectus Relief:

"Wendy Berman"	"Tim Moseley"
Vice Chair	Vice Chair
Ontario Securities Commission	Ontario Securities Commission

In respect of the Requested Relief other than the Prospectus Relief:

"Debra Foubert"  
Director, Compliance and Registrant Regulation  
Ontario Securities Commission

### Appendix A - Local Trade Reporting Rules

In this Decision the “Local Trade Reporting Rules” collectively means each of the following:

- a. Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**);
- b. Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**);
- c. Part 3, Data Reporting of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**).

**Appendix B – List of Specified Crypto Assets**

- Bitcoin
- Ether
- Bitcoin cash
- Litecoin

Appendix C – Prohibited Crypto Assets

- Tether

**2.1.7 Lysander Funds Limited and Canso Credit Income Fund**

**Headnote**

National Policy 11-203 – Process for Exemptive Relief applications in Multiple Jurisdictions – relief granted from short selling restrictions in National Instrument 81-102 Investment Funds to permit a non-redeemable investment fund to short sell “government securities” up to 300% of net asset value in connection with the fund’s investment strategies – relief subject to conditions – relief also granted to a non-redeemable investment fund to permit the fund to deposit with a prime broker, excluding the value of the proceeds from short sales held as collateral, additional collateral subject to 25% of the fund’s net asset value – relief subject to conditions.

**Applicable Legislative Provisions**

National Instrument 81-102 Investment Funds, ss. 2.6.1(1)(c)(v), 2.6.2, 6.1(1), and 19.1.

June 10, 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  
LYSANDER FUNDS LIMITED  
(the Filer)**

**AND**

**CANSO CREDIT INCOME FUND  
(the Fund)**

**DECISION**

**Background**

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

1. the Fund from the following provisions (the **Short Selling Limits**) of National Instrument 81-102 *Investment Funds (NI 81-102)* in order to permit the Fund to short sell “government securities” (as defined in NI 81-102) up to a maximum of 300% of the Fund’s net asset value (**NAV**):
  - (a) subparagraph 2.6.1(1)(c)(v) of NI 81-102, which restricts the Fund from selling a

security short if, at the time, the aggregate market value of the securities sold short by the Fund exceeds 50% of the Fund’s NAV; and

- (b) section 2.6.2 of NI 81-102, which states that the Fund may not borrow cash or sell securities short if, immediately after entering into a cash borrowing or short selling transaction, the aggregate value of cash borrowed combined with the aggregate market value of the securities sold short by the Fund would exceed 50% of the Fund’s NAV

(collectively, the **Short Selling Relief**); and

2. the Fund from the requirement set out in subsection 6.1(1) of NI 81-102 that provides that, except as provided in section 6.8, 6.8.1 and 6.9, all portfolio assets of an investment fund must be held under the custodianship of one custodian that satisfies the requirements of section 6.2 (the **Custodial Restriction**) in order to permit the Fund to deposit portfolio assets with a borrowing agent that is not the Fund’s custodian or sub-custodian as security in connection with a short sale of securities, provided that the aggregate market value of the portfolio assets held by the borrowing agent after such deposit, excluding the aggregate market value of the proceeds from outstanding short sales of securities held by the borrowing agent, does not exceed 25% of the NAV of the Fund at the time of deposit (the **Custodial Relief**)

(together with the Short Selling Relief, the **Exemption Sought**).

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

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

**Interpretation**

In this decision, unless expressly defined herein, terms in this decision have the respective meanings given to them in MI 11-102, National Instrument 15-101 *Definitions* and NI 81-102.

**Representations**

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

**The Filer**

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office located in Toronto, Ontario.
2. The Filer is registered as an investment fund manager in Ontario, Quebec, and Newfoundland and Labrador, as a portfolio manager in Ontario and as an exempt market dealer in Ontario.
3. The Filer is the investment fund manager of the Fund.
4. Neither the Filer nor the Fund is in default of securities legislation in any of the Canadian Jurisdictions.

**The Fund**

5. The Fund is a non-redeemable investment fund (**NRIF**) as defined in NI 81-102, established under the laws of Ontario by way of a declaration of trust dated as of June 28, 2010, as amended and restated as of June 24, 2015 and as the same may be further amended and/or restated from time to time. The Fund currently has Class A units and Class F units issued and outstanding. Class A units of the fund trade on the Toronto Stock Exchange under the symbol PB.Y.UN. Class F units of the Fund are designed for fee-based and/or institutional accounts and are not listed on a stock exchange, but are convertible into Class A units on a monthly basis. Class A and Class F units of the Fund were first issued in connection with the initial public offering of the Fund on July 16, 2010.
6. The investment objectives of the Fund are to maximize total returns for unitholders while reducing risk, and to provide unitholders with monthly cash distributions by taking long and short positions primarily in corporate bonds and other income securities.
7. The Fund's portfolio holdings are not restricted by credit ratings. In addition, the portfolio manager engages in short selling of securities primarily to hedge credit and interest rate risk. This allows the Fund's portfolio to be positioned more defensively in both rising interest rate environments and credit downturns.
8. The Fund is not considered to be a mutual fund under the securities legislation of the Canadian Jurisdictions. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation. The Fund is governed by certain other requirements and restrictions contained in applicable securities laws, such as NI 81-102, subject to any relief granted therefrom by the Canadian securities regulatory authorities.
9. The Fund intends to file a preliminary base shelf prospectus in accordance with National Instrument

44-102 *Shelf Distributions* in order to provide the Fund with flexibility to offer additional units (including additional classes of units) of the Fund by way of a supplement to the base shelf prospectus. Although the Short Selling Limits do not currently apply to the Fund due to section 1.2(5) of NI 81-102, they will apply once a receipt for the base shelf prospectus is issued.

**The Short Selling Relief**

10. An important investment strategy expected to be used by the Fund will be to enter into long positions in corporate bonds while hedging the interest rate risk of those bonds by taking short positions in government bonds (the **Short Hedging Strategy**). The Short Hedging Strategy is effective because there is a high degree of correlation between the movement of government and corporate fixed income securities caused by changes in interest rates, creating a hedge against losses in the value of the long corporate position. This relationship is a fundamental part of the fixed-income market such that dealers quote the price of corporate bond based on the incremental yield of the corporate bonds over an equivalent term government bond.
11. The Short Selling Limits would restrict the the Fund to short selling government securities to no more than 50% of the Fund's NAV.
12. The only securities proposed to be sold short by the Fund in excess of 50% of the Fund's NAV will be "government securities" as such term is defined in NI 81-102. The Fund will otherwise comply with the provisions governing short selling by a NRIF under sections 2.6.1 and 2.6.2 of NI 81-102.
13. NI 81-102 otherwise permits the Fund to obtain the additional leveraged short exposure through the use of specified derivatives, up to an aggregate exposure of 300% of the Fund's NAV.
14. The Filer is of the view that it would be in the Fund's best interest to permit the Fund to physically short sell government securities up to 300% of the Fund's NAV, instead of being limited to achieving the same degree of leverage through either specified derivatives alone, or a combination of physical short selling and specified derivatives, for the following reasons:
  - (a) While derivatives can be used to create similar investment exposure as the Short Hedging Strategy up to 300% of the Fund's NAV, the use of derivatives is less effective, is more complex, and is riskier than the Short Hedging Strategy. Derivatives typically provide credit exposure that is less targeted than the Short Hedging Strategy with a longer duration that increases risk, often without commensurately higher returns. In addition, implementing derivatives

strategies necessitates incremental transactional steps. These steps increase both operational risk and counterparty risk, as well as cost.

- (b) The risk of covering short government securities positions in a rising market is largely mitigated by several factors: (i) the strong correlation between the government security sold short and the corporate fixed income security held long by the Fund which provides a hedge against short cover risk; (ii) government securities are highly liquid and more than one issuance of government securities can be used to hedge interest rate risk; (iii) government securities have markedly lower price volatility than equity securities; (iv) unlike equity securities, government securities have an effective upper value limit; and (v) financial institutions that facilitate short selling are regulated and implement effective risk controls on short sellers.
15. The Fund's aggregate exposure to short selling, cash borrowing and specified derivatives transactions will not exceed 300% of the Fund's NAV, in compliance with subsection 2.9.1 of NI 81-102 (the **Aggregate Exposure Limit**).
16. The Fund will implement the following controls when conducting a short sale:
- (a) the Fund will assume the obligation to return to the borrowing agent (as defined in NI 81-102) the securities borrowed to effect the short sale;
  - (b) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
  - (c) the Filer will cause the portfolio manager of the Fund to monitor the short positions of the Fund at least as frequently as daily and the Filer, as investment fund manager, will monitor the short positions of the Fund at least as frequently as monthly;
  - (d) the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect a short sale transaction is made in accordance with section 6.8.1 of NI 81-102 and will otherwise be made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transaction;
  - (e) the Fund will maintain appropriate internal controls regarding short sales, including

written policies and procedures for the conduct of short sales, risk management controls and proper books and records; and

- (f) the Filer will cause the portfolio manager of the Fund, on behalf of the Fund, to keep proper books and records of short sales and all of the Fund's assets deposited with borrowing agents (as defined in NI 81-102) as security and the Filer, on behalf of the Fund, will have access to such books and records.
17. The Fund's prospectus will contain adequate disclosure of the Fund's short selling activities, including material terms of the Short Selling Limits.

***The Custodial Relief***

18. In connection with, among other things, the short sale of securities that the Fund will or may engage in, the Fund is permitted to grant a security interest in favour of, and deposit pledged portfolio assets with, the entity that acts as, among other things, a borrowing agent (the **Prime Broker**) to it. If the Fund engages as its Prime Broker an entity that is not its custodian or sub-custodian, then it may, under section 6.8.1 of NI 81-102, only deliver to its Prime Broker portfolio assets having a market value, in the aggregate, of not more than 25% of the NAV of the Fund at the time of deposit.
19. A Prime Broker may not wish to act as borrowing agent for the Fund that wants to sell short securities having an aggregate market value of up to 300% if the Prime Broker is only permitted to hold, as security for such transactions, portfolio assets, including the proceeds from the short sale, having an aggregate market value that is not in excess of 25% of the NAV of the Fund.
20. Effective as of January 3, 2019, NI 81-102 was amended to permit alternative mutual funds and NRIFs to have aggregate exposure to cash borrowing, short selling and specified derivatives up to 300% of the fund's NAV. The ability of these funds to borrow cash and to sell short securities more extensively than other investment funds governed by NI 81-102 has led to the increased involvement of Prime Brokers in the operations of alternative mutual funds and NRIFs. While the prime brokerage model works well in the exempt investment fund space, the prime brokerage community and investment fund managers are experiencing greater difficulties in applying that model to alternative mutual funds and NRIFs under NI 81-102.
21. The prime brokerage operational and pricing models in the context of short selling are premised on the ability of the Prime Broker to retain, as collateral for the obligations of the Fund, the proceeds from the short sales, whether such



proceeds are cash or are used by the Fund to purchase other portfolio assets. These models are also based on the ability of the Prime Broker to hold additional assets of the Fund as collateral for those obligations.

22. Given the collateral requirements that Prime Brokers impose on their customers that engage in the short sale of securities, if the 25% of NAV limitation set out in section 6.8.1 of NI 81-102 applies, then the Fund will need to retain two, or more, Prime Brokers in order to sell short securities to the extent permitted under section 2.6.1 of NI 81-102. This would result in inefficiencies for the Fund and would increase its costs of operations.

### Decision

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

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

1. In the case of the Short Selling Relief:
  - (a) the only securities which the Fund will sell short in an amount that exceeds 50% of the Fund's NAV will be securities that meet the definition of a "government security" as such term is defined in NI 81-102;
  - (b) each short sale by the Fund will otherwise comply with all of the short sale requirements applicable to NRIFs in sections 2.6.1 and 2.6.2 of NI 81-102;
  - (c) the Fund's aggregate exposure to short selling, cash borrowing and specified derivatives will not exceed the Aggregate Exposure Limit;
  - (d) each short sale will be made consistent with the Fund's investment objectives and investment strategies; and
  - (e) the Fund's prospectus will disclose that the Fund is able to short sell "government securities" (as defined in NI 81-102) in an amount up to 300% of the Fund's NAV, including the material terms of this decision.
2. In the case of the Custodial Relief, the Fund otherwise complies with subsections 6.8.1(2) and (3) of NI 81-102.

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

Application File #: 2021/0300

## 2.1.8 Fidelity Investments Canada ULC

### Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – relief granted to permit investment funds subject to National Instrument 81-102 Investment Funds that are "qualified institutional buyers" under the United States Securities Act of 1933 to invest in unregistered fixed income securities that are traded on mature and liquid markets purchased pursuant to Rule 144A of the United States Securities Act of 1933 in excess of the illiquid asset restrictions – relief subject to conditions.

### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 1.1, 2.4(1), 2.4(2), 2.4(3) and .19.1.

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  
FIDELITY INVESTMENTS CANADA ULC  
(the Filer)**

**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of all current and future mutual funds, exchange-traded funds and alternative mutual funds that are, or will be, managed by the Filer or an affiliate of the Filer and to which NI 81-102 (as defined below) applies (collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that grants exemptive relief to the Funds that:

- a) the purchases by a Fund that is a Qualified Institutional Buyer (as defined below) at the time of purchase, of those fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the *Securities Act of 1933*, as amended (the **US Securities Act**), as set out in Rule 144A of the US Securities Act (**Rule 144A**) for resales of certain fixed income securities (**144A Securities**) to "qualified institutional buyers" (as defined in the US Securities

- Act) are exempt from part (b) of the section 1.1 definition of an “illiquid asset” in National Instrument 81-102 *Investment Funds (NI 81-102)*; and
- b) a Fund’s holdings of 144A Securities purchased as a Qualified Institutional Buyer are excluded from consideration as an “illiquid asset” for the purposes of subsections 2.4(1), 2.4(2) and 2.4(3) of NI 81-102 (collectively, the **Exemption Sought**).

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

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

### Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meaning if used in this decision, unless otherwise defined. In addition to the defined terms used in this decision, capitalized terms used in this decision have the following meanings:

**IRC** means the independent review committee of the Funds.

**Qualified Institutional Buyers** has the same meaning as is given to such term in §230.144A of the US Securities Act.

**Registered Securities** means securities that have been registered with the United States Securities and Exchange Commission.

**Rule 144** means Rule 144 of the US Securities Act.

### Representations

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

#### *The Filer*

1. The Filer is a corporation amalgamated under the laws of the Province of Alberta with its head office located in Toronto, Ontario.
2. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, as a portfolio manager in each of the Canadian Jurisdictions, as a commodity trading

manager in Ontario and as a mutual fund dealer in each of the Canadian Jurisdictions.

3. The Filer is, or will be, the investment fund manager of the Funds and the Filer, an affiliate of the Filer or a third-party portfolio manager retained by the Filer is, or will be, the portfolio manager of the Funds.
4. The Filer is not in default of securities legislation in any of the Canadian Jurisdictions.

#### *The Funds*

5. Each Fund is, or will be, an open-ended mutual fund or a class of a mutual fund corporation, including an exchange-traded fund or an alternative mutual fund, organized and governed by the laws of a Canadian Jurisdiction or the laws of Canada.
6. Each Fund is, or will be, governed by the provisions of NI 81-102, subject to any exemption therefrom that has been, or may be, granted by the securities regulatory authorities.
7. No existing Fund is in default of securities legislation in any of the Canadian Jurisdictions.

#### *Definition of Illiquid Assets in NI 81-102 and 144A Securities*

8. Pursuant to section 1.1 of NI 81-102, an “illiquid asset” is defined as:
- (a) a portfolio asset that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximates the amount at which the portfolio asset is valued in calculating the net asset value per security of the investment fund; or
- (b) a restricted security held by an investment fund.
9. Rule 144A provides an exemption from the registration requirements of the US Securities Act for resales of unregistered securities by and to Qualified Institutional Buyers. Rule 144A also requires that there must be adequate current public information about the issuing company before the sale can be made.
10. The definition of a Qualified Institutional Buyer under §230.144A of the US Securities Act includes several types of entities, but in general, such entities must, in the aggregate, own and invest on a discretionary basis at least USD\$100 million in securities of issuers that are not affiliated with such entity.
11. While issuers themselves cannot rely on Rule 144A, as Rule 144A provides an exemption for resales of unregistered securities, the existence of Rule 144A allows financial intermediaries to purchase unregistered securities from issuers and

- resell them to Qualified Institutional Buyers in transactions that comply with Rule 144A without registering such securities.
12. Pursuant to the terms of the US Securities Act, public resales of 144A Securities to non-Qualified Institutional Buyers are subject to certain holding periods which range from a minimum of six months to a minimum of one year depending on the issuer of the securities.
  13. Though public resales of 144A Securities are subject to certain holding periods, 144A Securities may be traded among Qualified Institutional Buyers in accordance with Rule 144A without regard to any holding periods. 144A Securities may also be sold to and purchased by non-Qualified Institutional Buyers after registration of the securities, or pursuant to another exemption from registration under the US Securities Act, if any exemption is available at that time.
  14. Because public resales of 144A Securities are subject to certain holding periods notwithstanding that Qualified Institutional Buyers may purchase 144A Securities in accordance with Rule 144A which does not require a holding period, they may be considered to be restricted securities for the purposes of the section 1.1 definition of an "illiquid asset" under NI 81-102, and each Fund's holdings of 144A Securities would be subject to the limits on holdings of illiquid assets in subsections 2.4(1), 2.4(2) and 2.4(3) in NI 81-102 (the **Illiquid Asset Restrictions**).
- Reasons for the Exemption Sought*
15. The Filer is of the view that certain 144A Securities provide an attractive investment opportunity for the Funds. Due to the definition of an "illiquid asset" under section 1.1 of NI 81-102, the Funds may be unable to pursue these investment opportunities without risking a breach of the Illiquid Asset Restrictions.
  16. The ability of Qualified Institutional Buyers to freely trade 144A Securities pursuant to Rule 144A has substantially reduced the discounts and illiquidity that were present in unregistered offerings historically. The market for 144A Securities consists of a very deep pool of Qualified Institutional Buyers.
  17. The most liquid 144A Securities have traded with comparable volumes to the most liquid corporate debt Registered Securities over the past few years. The segment of the U.S. investment grade corporate bond market that is made up of 144A Securities has grown substantially over the past 15 years. The segment of the U.S. high-yield corporate bond market that is made up of 144A Securities has also grown significantly over the past decade.
  18. Daily market quotations are obtained in the same way through fixed income market platforms for 144A Securities as they are for Registered Securities. Real-time price quotes and market trade data are available for 144A Securities. Many fixed income trades including 144A Securities, are reported within minutes into the Trade Reporting and Compliance Engine, a program initially developed by the National Association of Securities Dealers, Inc. (now the Financial Industry Regulatory Authority, Inc.) that provides for the reporting of over-the-counter transactions pertaining to eligible fixed income securities, including 144A Securities, thus meeting market integrity requirements.
  19. A Fund that qualifies as a Qualified Institutional Buyer at the time it purchases 144A Securities may trade those 144A Securities to another Qualified Institutional Buyer without further restriction. Typically, a Fund would sell 144A Securities to other brokers or dealers that are Qualified Institutional Buyers themselves, who would then on-sell the securities to other Qualified Institutional Buyers.
  20. In addition to 144A Securities being freely tradable among Qualified Institutional Buyers immediately, 144A Securities may be sold to and purchased by retail investors under other available exemptions, such as Rule 144. Rule 144 allows a seller to sell 144A Securities to a purchaser who does not qualify as a Qualified Institutional Buyer after a prescribed period of time (ranging from six months to one year after issuance), if certain other reporting requirements of the issuer are satisfied.
  21. A Fund is not required to maintain its Qualified Institutional Buyer status in order to be able to resell its holdings of 144A Securities to another Qualified Institutional Buyer at any time.
  22. In the course of determining the potential liquidity of a security, the Filer uses a consistent list of factors. These factors include market volatility, trending credit quality, current valuation, maturity, size of the tranche or offering, the applicable underwriters, the status of well-covered credit or first-time issuer, index eligibility, and in the case of 144A Securities, whether the security falls under "144A for life" status.
  23. The Filer is of the view that it has the tools, resources and expertise necessary to assess issuances of 144A Securities and to evaluate the creditworthiness of corporations on a per issuance basis. The Filer has the ability to conduct sufficient analysis and should have the opportunity to invest in 144A Securities as if they were deemed liquid investments and are not "restricted securities" under part (b) of the section 1.1 definition of an "illiquid asset" under NI 81-102.

24. The purpose of the Illiquid Asset Restrictions is to govern a core mutual fund principle: investors should be able to redeem mutual fund securities on demand. Considering that 144A Securities trade in an active institutional market, the Filer is of the view that 144A Securities can be liquid relative to a Fund's need to satisfy redemptions. The result of the current definition of an "illiquid asset" in NI 81-102 is that all 144A Securities may be rendered illiquid under the definition, whereas 144A Securities may be more liquid than securities that meet the liquidity criteria set out in NI 81-102.
25. Exempting 144A Securities from the section 1.1, part (b) definition of an "illiquid asset" in NI 81-102 will not result in a Fund being unable to satisfy redemption requests. Investing in 144A Securities may actually be more beneficial to the Funds than various other securities in which the Funds may invest, and the liquidity determination regarding any such 144A Securities should be made on the actual trading liquidity of the security and not simply based on the manner in which the security was offered into the market.
26. The Filer maintains investor protection policies and procedures that address liquidity risk, and uses a combination of risk management tools, including (i) IRC approved governance policies that have been adopted to protect investors in the Funds, (ii) internal portfolio manager notification requirements of significant cash flows into the Funds, (iii) ongoing liquidity monitoring of each Fund's portfolio, (iv) real time cash projection reporting for the Funds, and (v) the consideration of factors in order to assess the potential liquidity of a security, including, but not limited to, trending credit quality, current valuation, maturity and index eligibility.
27. If a Fund no longer meets the requirements for qualifying as a Qualified Institutional Buyer, then the Filer's compliance department will immediately restrict any further purchases of 144A Securities until such time as the Fund regains its status as a Qualified Institutional Buyer.
28. It would not be prejudicial to the public interest to grant the Exemption Sought to the Funds. The Filer is of the view that by prohibiting the Funds from accessing and investing in 144A Securities, the Funds and their investors are losing out on potential investment opportunities in the fixed income space. Given the expectation for long-term depressed interest rates compared to historical levels, the Filer is of the view that every basis point counts towards the total return opportunity of fixed income investors and investors would benefit from an expanded investment universe.

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

- (a) a Fund that purchases 144A Securities is a Qualified Institutional Buyer at the time of purchase;
- (b) the 144A Securities purchased pursuant to the Exemption Sought are not illiquid assets under part (a) of the section 1.1 definition of an "illiquid asset" in NI 81-102;
- (c) the 144A Securities purchased pursuant to the Exemption Sought are traded on a mature and liquid market; and
- (d) the prospectus of each Fund relying on the Exemption Sought discloses, or will disclose in the next renewal of its prospectus following the date of this decision, the fact that the Fund has obtained the Exemption Sought.

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

Application File #: 2020/0474

### 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.

2.2 Orders

2.2.1 Powerband Solutions Inc. – s. 1(11)(b)

Headnote

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

Statutes Cited

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

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

**AND**

**IN THE MATTER OF  
POWERBAND SOLUTIONS INC.  
(the Applicant)**

**ORDER  
(Paragraph 1(11)(b))**

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

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

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

1. The Applicant is a company incorporated under the *Business Corporations Act* (British Columbia), with its head office located at 3385 Harvester Road, Suite 225 Burlington, ON L7N 3N2.
2. The authorized share capital of the Applicant consists of an unlimited number of common shares (the "**Common Shares**"), of which 166,801,880 Common Shares are issued and outstanding as of the date hereof.
3. The Applicant has been a reporting issuer under the *Securities Act* (British Columbia) (the "**BC Act**") and a reporting issuer under the *Securities Act* (Alberta) (the "**AB Act**") since January 10, 2013.
4. The Applicant is subject to the continuous disclosure requirements of the BC Act and the AB Act.
5. The Applicant is not currently a reporting issuer in any jurisdiction other than British Columbia and Alberta. The Applicant's principal regulator is the British Columbia Securities Commission.
6. The Commission will be the principal regulator of the Applicant once the Applicant has obtained reporting issuer status in Ontario. Upon granting of this Order, the Applicant will amend its profile SEDAR to indicate that the Commission is its principal regulator.
7. The Applicant is not on the lists of defaulting reporting issuers maintained pursuant to the BC Act or the AB Act, and is not in default of any requirement of either the BC Act or the AB Act or the rules and regulations made thereunder.
8. The continuous disclosure requirements of the BC Act and the AB Act are substantially the same as the continuous disclosure requirements under the Act.
9. The continuous disclosure documents filed by the Applicant under the BC Act and the AB Act are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"). The Applicant's first electronic filing on SEDAR occurred on July 30, 2010.
10. The Applicant was initially listed on the TSX Venture Exchange (the "**TSX-V**") in 2013 as a Capital Pool Company (as such term is defined in the policies of the TSX-V) called Marquis Ventures Inc. The Applicant selected the British Columbia Securities Commission as its principal regulator at that time due to the fact that all of its directors, its head office, and the head office of its agent, were located in the Province of British Columbia. In February 2018, the Applicant completed its Qualifying Transaction, was renamed PowerBand Solutions Inc., and commenced trading on the TSX-V under the symbol "PBX". The Common Shares also trade on the OTCQB in the United States under the symbol "PWVBF". The Common Shares are not traded on any other stock exchange or trading or quotation system.
11. The Applicant is not in default of any of the rules, regulations or policies of the TSXV and the OTCQB (the "**Exchanges**").
12. Pursuant to section 18 of Policy 3.1 of the TSX Venture Exchange Corporate Finance Manual (the "**TSXV Manual**"), a listed-issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a "significant connection to Ontario" (as defined in Policy 1.1 of the TSXV Manual) and, upon becoming aware that it has a significant connection to Ontario, promptly make a bona fide application to the Commission to be designated as a reporting issuer in Ontario.

13. The Applicant has determined that it has a significant connection to Ontario in accordance with the policies of the TSXV. Specifically: (a) the Applicant's head office is located in Burlington, Ontario; (b) all of its senior management and four-fifths of its directors are residents of Ontario; and (c) the bulk of its Canadian operations occur in Ontario. Further, the Applicant's transfer agent is located in Ontario, and its Canadian counsel is located in Toronto.

14. The Applicant submits that due to Applicant's strong nexus to Ontario that the Ontario Securities Commission is the appropriate body to serve as the Applicant's principal regulator pursuant to Section 3.4(7) and 3.5(2) of National Instrument 11-202.

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

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;
- (b) entered into a settlement agreement with a Canadian securities regulatory authority; or
- (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

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

- (a) any known ongoing or concluded investigations by a Canadian securities regulatory authority, or a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or
- (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver manager or trustee, within the preceding 10 years.

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

- (a) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period more than 30 consecutive days, within the preceding 10 years; or
- (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

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

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

**DATED** at Toronto, Ontario on this 31<sup>st</sup> day of May 2021.

"Winnie Sanjoto"  
Manager  
Ontario Securities Commission

2.2.2 Hamilton Lane (Canada) LLC and the Top Funds

Headnote

National Instrument 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Mutual funds that are not reporting issuers granted 90-day extension of the annual financial statement filing and delivery deadlines under NI 81-106 – Funds invest a material portion of their assets in independently managed underlying funds that are domiciled in international jurisdictions and governed by laws that require the financial statements to be filed within 120 days of the financial year end of the underlying funds – Funds not able to obtain the financial statements of the underlying funds sooner than the March 31 deadline for delivering the financial statements of the fund – Relief granted subject to conditions, including that no less than 25% of the total assets of a fund, at the time the fund makes the initial investment decision in the foreign underlying funds, are invested in entities that have financial reporting periods that end on December 31 of each year and are subject to laws of their jurisdiction that require their annual financial statements to be delivered within 120 days of their financial year end, that notification of the relief is given to the fund securityholders, and that the offering memorandum of the top fund discloses the extended delivery deadline.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 2.2, 5.1(2)(a) and 17.1.

June 16, 2021

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
ONTARIO

AND

IN THE MATTER OF  
HAMILTON LANE (CANADA) LLC

AND

THE TOP FUNDS  
(as defined below)

ORDER

Background

The Ontario Securities Commission (the **Commission**) has received an application from Hamilton Lane (Canada) LLC (the **Filer**), as investment fund manager of Hamilton Lane Global Private Assets Canada (Feeder) Fund, (the **Initial Top Fund**) and any other existing or future mutual fund that is not and will not be, a reporting issuer, and that is, or will be, managed by the Filer and invests in underlying funds as part of its investment strategy (the **Future Top Funds**), and together with the Initial Top Fund, the **Top Funds**) for an order pursuant to section 17.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) exempting the Filer and the Top Funds from:

1. the requirement in section 2.2 of NI 81-106 that the Top Funds file their audited annual financial statements and auditor’s report on or before the 90th day after the Top Funds’ most recently completed financial year (the **Annual Filing Deadline**); and
2. the requirement in paragraph 5.1(2)(a) of NI 81-106 that the Top Funds deliver their audited financial statements by the Annual Filing Deadline (the **Annual Delivery Requirement**)

(collectively, relief from the Annual Filing Deadline and the Annual Delivery Requirement, the **Requested Relief**).

Representations

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

A. The Filer

1. The Filer is a limited liability company formed under the laws of State of Delaware with its head office in the State of Pennsylvania.
2. The Filer is registered as a portfolio manager in Ontario, an investment fund manager in each of Ontario, Québec, and Newfoundland and Labrador, and an exempt market dealer in each province and territory of Canada except Nunavut.
3. The Filer is not a reporting issuer in any jurisdiction and is not in default of securities legislation of any jurisdiction of Canada.
4. The Filer is the investment fund manager and portfolio manager of the Initial Top Fund. The Filer is, or will be, the investment fund manager and portfolio manager of each Top Fund. The Filer or a third party will act as trustee of each Top Fund.

B. The Top Funds

5. The Initial Top Fund is a trust organized under the laws of Ontario pursuant to an amended and restated declaration of trust dated October 16, 2020. Each Future Top Fund will be organized as a pooled fund trust or limited partnership under the laws of Ontario or another jurisdiction of Canada.
6. Each Top Fund will be a “mutual fund” for the purposes of the Legislation.
7. Securities of each Top Fund will only be offered for sale on a continuous basis to qualified investors in all provinces and territories in Canada except Nunavut pursuant to an exemption from the prospectus requirements under the Securities Act (Ontario) (**OSA**) or National Instrument 45-106 Prospectus Exemptions (**NI 45-106**).

8. Units of each Top Fund will only be distributed in Canada pursuant to exemptions from the prospectus requirement in accordance with the OSA or NI 45-106.
9. None of the Top Funds is, or will be, a reporting issuer in any province or territory of Canada.
10. Each Top Fund will have a financial year-end of December 31.
11. Each Top Fund will invest in units of one or more underlying funds (each, an “**Underlying Fund**”), either directly or through an Underlying Fund (an “**HL Master Fund**”) managed by the Filer or an affiliate of the Filer (the Filer, together with its affiliates, “**Hamilton Lane**”).
12. The investment objective of each Top Fund is, or will be, to obtain capital appreciation over a specified term and/or income. The investment strategy of each Top Fund is to invest the Top Fund’s investable assets in Underlying Funds.
13. The Top Fund, directly or through an HL Master Fund, will generally invest through a number of different approaches, including without limitation, (i) direct investments in the equity or debt of a company, (ii) primary subscriptions to private funds, including without limitation funds-of-funds, (iii) secondary purchases of interests in private funds, (iv) investments in listed private equity companies, funds or other vehicles, or (v) programmatic investment relationships with asset managers outside of their commingled private funds.
14. Hamilton Lane believes that investing in the Underlying Funds offers benefits not available through a direct investment in the companies, other issuers or assets held by the Underlying Funds.
15. Hamilton Lane engages in an extensive due diligence process when selecting Underlying Funds.
16. Securities of the HL Master Funds are typically redeemable at various intervals, but securities of other Underlying Funds are not redeemable until the termination of such Underlying Funds. As each Top Fund has a medium- to long-term investment horizon, each Top Fund is able to manage its own liquidity requirements taking into consideration the frequency at which the securities of the Underlying Funds may be redeemed.
17. The net asset value of each Top Fund (“**NAV**”) is calculated on a monthly basis, as of the last day of each calendar month (the “**Valuation Date**”). Investors of each Top Fund are provided with the NAV on a monthly basis.
18. Certain holdings of each Top Fund in securities of the Underlying Funds may be disclosed in the financial statements.

## Financial Statements

19. Generally, section 2.2 and subsection 5.1(2)(a) of NI 81-106 require a Top Fund to file and deliver its annual audited financial statements by the Annual Filing Deadline. As each Top Fund’s financial year-end is December 31, they each have a filing and delivery deadline of March 31.
20. Section 2.11 of NI 81-106 provides an exemption (the “**Filing Exemption**”) from the Annual Filing Deadline if, among other things, an investment fund delivers its annual financial statements in accordance with part 5 of NI 81-106 by the Annual Filing Deadline.
21. In order to formulate an opinion on the financial statements on each Top Fund, the Top Fund’s auditor or the HL Master Fund’s auditor requires audited financial statements of the respective Underlying Funds in order to audit the information contained in the Top Fund’s financial statements. The auditors of the Top Funds have advised the Filer that they will be unable to complete the audit of each Top Fund’s annual financial statements until the audited financial statements of a certain percentage of the Underlying Funds are completed and available to the respective Top Fund and/or HL Master Fund.
22. The Underlying Funds may be domiciled in Canada, the United States or other international jurisdictions.
23. The Underlying Funds will be managed by independent managers, except for HL Master Funds which will be managed by Hamilton Lane and will invest in Underlying Funds managed by independent managers.
24. The Underlying Funds may have varying financial year-ends and may be subject to a variety of financial reporting deadlines. For example, a material amount of the assets of the Top Funds invested in Underlying Funds will be in Underlying Funds that are governed by laws that require the financial statements to be filed within 120 days of the financial year end of the Underlying Fund.
25. In most cases, the Top Funds and/or the HL Master Funds will not be able to obtain the financial statements of the Underlying Funds sooner than the deadline for filing the financial statements of the Underlying Funds and, in all cases, no sooner than other unitholders of the Underlying Funds receive the financial statements of the Underlying Funds.
26. The offering memorandum of each Top Fund that will be provided to investors will disclose or investors will be otherwise notified that annual audited financial statements for the Top Fund will be filed and delivered within 180 days of financial year end, subject to regulatory approval.



27. The Filer will notify unitholders in the Top Funds that it has received and intends to rely on relief from the Annual Filing Deadline and Annual Delivery Requirement.
28. The Filer does not anticipate it will be able to rely on the Filing Exemption since it is unable to prepare and deliver the audited annual financial statements and auditor's report within ninety (90) days after the Top Fund's most recently completed financial year.
29. It is expected that each Top Fund will not be able to file the annual audited financial statements of the Top Fund by the Annual Filing Deadline. As a result, the Top Fund will not be able to meet the Annual Delivery Requirement. The Filer expects this timing delay in the completion of its annual audited financial statements to occur every year for the foreseeable future.
30. Each Top Fund therefore seeks an extension of the Annual Filing Deadline and Annual Delivery Requirement to June 30 of each year, to enable the Top Fund's auditors to first receive the audited financial statements of the Underlying Funds so as to be able to prepare the Top Fund's annual audited financial statements.

**Order**

The Director is satisfied that this order meets the test set out in the securities legislation of Ontario for the Commission to make the order.

The order of the Director under section 17.1 of NI 81-106 is that the Requested Relief is granted to a Top Fund so long as:

1. The Top Fund has a financial year ended December 31.
2. The Top Fund's investment strategy is to invest the Top Fund's investable assets in Underlying Funds which share the Top Fund's investment objective.
3. The Top Fund invests the majority of its assets in Underlying Funds.
4. No less than 25% of the total assets of the Top Fund at the time the Top Fund makes the initial investment decision in the Underlying Fund(s), are invested in investment entities that have financial reporting periods that end on December 31 of each year and are subject to laws of their jurisdictions that require their financial statements to be delivered within 120 days of their financial year ends.
5. The offering memorandum provided to unitholders regarding the Top Fund discloses that annual audited financial statements for the Top Fund will be filed and delivered within 180 days of financial year end, subject to regulatory approval.

6. The Top Fund notifies its unitholders that the Top Fund has received and intends to rely on relief from the filing and delivery requirements under section 2.2 and paragraph 5.1(2)(a) of NI 81-106.
7. The Top Fund is not a reporting issuer and the Filer is a limited liability company formed under the laws of the State of Delaware with its head office in the State of Pennsylvania and has the necessary registrations to carry out its operations in each jurisdiction of Canada in which it operates.
8.
  - (a) The audited annual financial statements of the Top Fund are filed on or before the 180th day after the Top Fund's most recently completed financial year; or
  - (b) the conditions in section 2.11 of NI 81-106 are met, except for subsection 2.11(b), and the annual audited financial statements are delivered to unitholders in accordance with Part 5 of NI 81-106 on or before the 180th day after the Top Fund's most recently completed financial year.
9. This order terminates within one year of the coming into force of any amendment to NI 81-106 or other rule that modifies how the Annual Filing Requirement or Annual Delivery Requirement applies in connection with mutual funds.

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

Application File #: 2021/0180

2.2.3 First Global Data Ltd. et al.

File No. 2019-22

IN THE MATTER OF  
FIRST GLOBAL DATA LTD.,  
GLOBAL BIOENERGY RESOURCES INC.,  
NAYEEM ALLI,  
MAURICE AZIZ,  
HARISH BAJAJ, AND  
ANDRE ITWARU

Timothy Moseley, Vice-Chair and Chair of the Panel  
Lawrence P. Haber, Commissioner  
Mary Anne De Monte-Whelan, Commissioner

June 17, 2021

**ORDER**

**WHEREAS** the Ontario Securities Commission held a hearing in writing to consider a request from Maurice Aziz to extend the deadline for the Respondents' filing of written closing submissions for the merits hearing in this proceeding, previously set by order of the Commission dated April 14, 2021;

**ON READING** the submissions of the representatives for Aziz and Staff of the Commission (**Staff**), no one participating on behalf of First Global Data Ltd., Global Bioenergy Resources Inc., Nayeem Alli, Harish Bajaj and Andre Itwaru;

**IT IS ORDERED THAT:**

1. the Respondents shall file their written closing submissions, if any, by no later than 4:30 p.m. on June 28, 2021; and
2. Staff shall file its written reply closing submissions, if any, by no later than 4:30 p.m. on August 10, 2021.

"Timothy Moseley"

"Lawrence P. Haber"

"Mary Anne De Monte-Whelan"

**2.2.4 Ontario Instrument 31-514 – Transitional Relief Related to the Elimination of the Deferred Sales Charge Option in respect of Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations**

**ONTARIO SECURITIES COMMISSION**

**ONTARIO INSTRUMENT 31-514**

**TRANSITIONAL RELIEF RELATED TO  
THE DEFERRED SALES CHARGE OPTION IN RESPECT OF  
CLIENT FOCUSED REFORMS ENHANCED CONFLICTS OF  
INTEREST AND CLIENT FIRST SUITABILITY PROVISIONS OF  
NATIONAL INSTRUMENT 31-103**

***REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS***

The Ontario Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that effective on June 30, 2021 Ontario Instrument 31-514 entitled “Transitional Relief Related to the Elimination of the Deferred Sales Charge Option in respect of Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*” is made, to provide relief to registrants from certain requirements contained in Part 13 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* in respect of a trade in a security of an investment fund that results in the payment of an upfront sales commission and is subject to a deferred sales charge.

June 22, 2021

“Grant Vingoe”  
Chair & CEO

“Tim Moseley”  
Vice-Chair

Authority under which the order is made:

Act and section: *Securities Act*, subsection 143.11(2)

Ontario Securities Commission

Ontario Instrument 31-514

**Transitional Relief Related to the Elimination of the Deferred Sales Charge Option in respect of Client Focused Reforms Enhanced Conflicts of Interest and Client First Suitability Provisions of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations***

**Definitions**

1. Terms defined in any of the following have the same meaning in this Instrument:
  - a. the *Securities Act* (Ontario) (**OSA**);
  - b. National Instrument 14-101 *Definitions*;
  - c. National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**);
  - d. National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**);
  - e. Ontario Instrument 31-511 *Relief in respect of Client Focused Reforms Conflict of Interest Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**Ontario Instrument 31-511**); and
  - f. Amendments to NI 31-103 published on October 3, 2019 (**Amending Instrument**).

**Exemptive relief**

2. On October 3, 2019, the Canadian Securities Administrators (the **CSA**) adopted amendments to NI 31-103 to implement reforms to enhance the client-registrant relationship (the **Client Focused Reforms**) which affect all registrants. The CSA provided for a phased transition period, with reforms relating to conflicts of interest and relationship disclosure information provisions taking effect on December 31, 2020, and the remaining reforms taking effect on December 31, 2021.
3. On April 15, 2020, the Ontario Securities Commission (the **Commission**), pursuant to Ontario Instrument 31-511, extended the date for implementation of the conflicts of interest provisions in the Client Focused Reforms from December 31, 2020 to June 30, 2021, subject to certain conditions.
4. On May 25, 2021, amendments to NI 81-105 were approved by the Commission, which prohibit (the **DSC ban**) the payment by fund organizations of upfront sales commissions to dealers, which will result in the discontinuation of all forms of a compensation model referred to as the deferred sales charge option, including low-load options (collectively, the **DSC option**). In order to give dealers time to transition away from the DSC option, the DSC ban will not be effective until June 1, 2022 (the **DSC transition period**).
5. The overlapping periods between the implementation of the enhanced conflicts of interest and “client first” suitability requirements of the CFRs and the implementation of the DSC ban will present operational challenges for registrants using the DSC option during the DSC transition period in respect of sales of DSC products and the Commission is of the view that relief is appropriate in the circumstances.
6. Under subsection 143.11(2) of the OSA, if the Commission considers that it would not be prejudicial to the public interest to do so, the Commission may, on application by an interested person or company or on its own initiative, make an order exempting a class of persons or companies, trades, intended trades, or securities from any requirement of Ontario securities law on such terms or conditions as may be set out in the order, effective for a period of no longer than 18 months after the day on which it comes into force unless extended pursuant to paragraph (b) of subsection 143.11(3) of the OSA.

**Order**

7. Consequently, this order provides a registrant, in respect of a trade in a security of an investment fund that results in the payment of an upfront sales commission and is subject to a deferred sales charge, with an exemption from the requirements set out in
  - a. sections 13.4 and 13.4.1 of NI 31-103 (the **enhanced conflicts requirements**) that the registrant is required to comply with as of June 30, 2021, pursuant to paragraph 35(1)(a) of the Amending Instrument, as amended by Ontario Instrument 31-511, and

## Decisions, Orders and Rulings

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- b. paragraph 13.3(1)(b) of NI 31-103 (the **client first suitability requirement**) that the registrant is required to comply with as of December 31, 2021, pursuant to section 35(2) of the Amending Instrument.
8. The exemptions provided to a registrant by this order are conditional on the registrant complying with
- a. the amendments to Part 13 of NI 31-103 that the registrant is required to comply with as of June 30, 2021, pursuant to paragraph 35(1)(a) of the Amending Instrument, as amended by Ontario Instrument 31-511, except for the enhanced conflicts requirements, which are not required to be complied with until the exemptions provided by this order expire,
  - b. the amendments to NI 31-103 that the registrant is required to implement as of December 31, 2021, pursuant to section 35(2) of the Amending Instrument, except for the client first suitability requirement, when those amendments become effective (and, for greater certainty, other than the enhanced conflicts requirements exempted under paragraph (a)), and
  - c. section 13.4 of NI 31-103 as it read on December 30, 2020.

### Effective date and term

9. This order comes into effect on June 30, 2021 and expires on June 1, 2022.

2.2.5 Polo Digital Assets, Ltd.

File No. 2021-17

IN THE MATTER OF  
POLO DIGITAL ASSETS, LTD.

Wendy Berman, Vice-Chair and Chair of the Panel

June 18, 2021

ORDER

**WHEREAS** the Ontario Securities Commission held a hearing in writing;

**ON READING** the correspondence from Staff of the Commission (**Staff**) and Polo Digital Assets, Ltd. (the **Respondent**) dated June 17, 2021 setting out that the parties' consent to the schedule set out below;

**IT IS ORDERED THAT:**

1. pursuant to section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22 and Rule 23(3) of the *Commission's Rules of Procedures and Forms* (2019) 42 OSCB 9714 the first attendance scheduled for June 18, 2021 is held in writing;
2. Staff shall disclose to the Respondent non-privileged relevant documents and things in the possession or control of Staff, by 4:30 p.m. on July 16, 2021;
3. the Respondent shall serve and file a motion, if any, regarding Staff's disclosure or seeking disclosure of additional documents, by 4:30 p.m. on October 5, 2021;
4. Staff shall serve and file a witness list, and serve a summary of each witness' anticipated evidence on the Respondent, 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 October 8, 2021; and
5. a further attendance in this matter is scheduled for October 15, 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.

"Wendy Berman"

## Chapter 3

# Reasons: Decisions, Orders and Rulings

### 3.1 OSC Decisions

#### 3.1.1 Becksley Capital Inc. and Fabrizio Lucchese – rule 29 of the OSC Rules of Procedure and Forms

Citation: *Becksley Capital Inc. (Re)*, 2021 ONSEC 16

Date: 2021-06-21

File No. 2020-41

**IN THE MATTER OF  
BECKSLEY CAPITAL INC. AND  
FABRIZIO LUCCHESE**

**REASONS FOR DECISION**

**(Rule 29 of the Ontario Securities Commission *Rules of Procedure and Forms* (2019) 42 OSCB 9714)**

<b>Hearing:</b>	May 21, 2021	
<b>Decision:</b>	June 21, 2021	
<b>Panel:</b>	M. Cecilia Williams	Commissioner and Chair of the Panel
<b>Appearances:</b>	Mark Skuce	For Staff of the Commission
	Fabrizio Lucchese	For himself and Becksley Capital Inc.

**REASONS FOR DECISION**

#### I. OVERVIEW

- [1] Becksley Capital Inc. (**Becksley**) and Fabrizio Lucchese (**Lucchese**) (Becksley and Lucchese together, **the Applicants**), the registered Ultimate Designated Person for Becksley, seek a hearing and review of a Director's decision (the **Application**) under Rule 14 of the Commission's *Rules of Procedure and Forms* (**Rules**).<sup>1</sup> At an attendance on March 8, 2021 I ordered a schedule for the exchange of materials by the parties, a further attendance to be held on May 21, 2021 and set June 29, 2021 as the date for the hearing of the Application.
- [2] On May 20, 2021, Lucchese advised the Registrar that the Applicants were seeking an adjournment of the hearing of the Application for 90 days for the purpose of engaging in settlement discussions with the Commission (**Adjournment**). Staff consented to the request for an adjournment.
- [3] At the attendance on May 21, 2021 I heard oral submissions about the Adjournment. After considering the parties' submissions, I issued an order granting the Adjournment and vacating the remaining dates from the March 8, 2021 order, for reasons to follow. These are my reasons.

#### II. ANALYSIS

- [4] Rule 29(1) provides that every hearing of an application shall proceed on the scheduled date unless the party requesting an adjournment "satisfies the Panel that there are exceptional circumstances requiring an adjournment."
- [5] The issue I must decide is whether the circumstances underlying this request for an adjournment constitute exceptional circumstances justifying a delay of the hearing of the Application.
- [6] The Commission has ruled that the standard set out in Rule 29(1) is a "high bar"<sup>2</sup> that reflects the important objective set out in Rule 1, that Commission proceedings be conducted in a "just, expeditious and cost-effective manner". This objective must be balanced against parties' ability to participate meaningfully in the Application and to present their case.<sup>3</sup>

<sup>1</sup> (2019) 42 OSCB 9714

<sup>2</sup> *Pro-Financial Asset Management (Re)*, 2018 ONSEC 18, (2018) 41 OSCB 3512 at para 28

<sup>3</sup> *Money Gate Mortgage Investment Corporation (Re)*, 2019 ONSEC 40, (2020) 43 OSCB 35 (**Money Gate**) at para 54

- [7] The balancing of these objectives is necessarily fact-based and includes consideration of the circumstances of the parties and the manner in which they have conducted themselves in the proceeding.<sup>4</sup>
- [8] The fact that parties have consented to an adjournment of a hearing does not relieve the panel from its obligation to determine whether there are “exceptional circumstances” warranting a delay in the proceeding.<sup>5</sup>
- [9] Staff submits that the Applicants’ request for the Adjournment does raise “exceptional circumstances” because:
- a. the delay is for the purpose of settlement discussions;
  - b. if successful, those discussions will entirely dispose of the proceeding;
  - c. the Applicants’ registrations are currently suspended by virtue of the Director’s decision that is the subject of the Application;
  - d. the Adjournment only serves to delay any relief that the Applicants may have obtained following the determination of the Application; and
  - e. the request for the Adjournment is timely as the hearing of the Application is still over a month away.
- [10] Staff also submits that the Commission has in the past granted adjournments to facilitate settlement discussions, including in the case of a review of a Director’s decision.<sup>6</sup> As Staff points out, each of these orders were issued prior to the introduction of Rule 29(1).
- [11] The Applicants requested the Adjournment well in advance of the date for the hearing of the Application and, therefore, have not disrupted any existing plans or caused the unnecessary consumption of resources.<sup>7</sup>
- [12] The Commission encourages settlement discussions, where appropriate, as they resolve matters promptly, efficiently and with certainty and avoid the expenditure of Commission resources associated with contested hearings. If the Applicants’ settlement discussions are successful, the Application will not be necessary.
- [13] There is no immediate risk to investors from a delay of the Application, as the Applicants’ registrations remain suspended by virtue of the Director’s decision that is the subject of the Application .
- [14] Lastly, should the settlement discussions not succeed the Adjournment will have only directly affected the Applicants who, by seeking the Adjournment, have delayed any relief they may have obtained from the Application.
- [15] I conclude that, taken together, these factors are consistent with the objective of conducting proceedings in a just, expeditious and cost-effective manner and amount to exceptional circumstances under Rule 29(1) warranting the Adjournment.

### **III. CONCLUSION**

- [16] For the reasons above, on May 21, 2021 I ordered that:
- a. the Adjournment is granted;
  - b. the following dates are vacated:
    - i. the date for the hearing of the Application scheduled for June 29, 2021; and
    - ii. the date for Staff and the Applicants to file and serve their hearing brief and written submissions; and
  - c. a further attendance in this proceeding is scheduled for August 19, 2021 at 11:00 am 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.

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

“M. Cecilia Williams”

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<sup>4</sup> *Money Gate* at para 54

<sup>5</sup> *Kitmitto (Re)*, 2020 ONSC 22, (2020) 43 OSCB 6723 (*Kitmitto*) at paras 17-22

<sup>6</sup> *Wealth Stewards Portfolio Management Inc. (Re)*, (2014) 37 OSCB 9940; *Illidge (Re)*, (2008) 31 OSCB 5218; *Ciccione (Re)*, (2012) 35 OSCB 8412

<sup>7</sup> *Kitmitto* at para 27



3.2 Director's Decisions

3.2.1 Michelle Kamerman

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

AND

IN THE MATTER OF  
THE APPLICATION FOR REGISTRATION OF  
MICHELLE KAMERMAN

DECISION OF THE DIRECTOR

Having reviewed and considered the agreed statement of facts, the admissions by Michelle Kamerman (**Kamerman**), and the joint recommendation to the Director by Kamerman and staff of the Ontario Securities Commission (**Staff**) contained in the settlement agreement signed by Kamerman on May 19, 2021, and by Staff on May 24, 2021 (the **Settlement Agreement**), a copy of which is attached as Appendix "A" to this Decision, and on the basis of those agreed facts and admissions, I, Debra Foubert, in my capacity as Director under the *Securities Act*, R.S.O. 1990, c. S.5, accept the joint recommendation of the parties, and make the following decision:

1. Kamerman shall withdraw the Application immediately, and will not reapply for registration for a period of at least six months from May 28, 2021, the date this Settlement Agreement was submitted to the Director.
2. Before reapplying for registration, Kamerman shall provide Staff with proof that she has successfully completed both the Canadian Investment Funds Course and the Ethics and Professional Conduct Course offered by the IFSE Institute.
3. If Kamerman complies with paragraph 1 and 2 above, then upon Kamerman reapplying for registration in the future with a registered mutual fund dealer, Staff will not recommend to the Director that her application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning Kamerman's suitability for registration or rendering her registration otherwise objectionable, provided Kamerman meets all other applicable criteria for registration at the time she applies for registration.
4. In the event Kamerman's registration is reactivated, it shall be subject to the terms and conditions set out in Schedule "A" to this Decision.
5. This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.

June 14, 2021

"Debra Foubert"

## SCHEDULE A

The registration of Michelle Kamerman (the **Registrant**) under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**) is subject to the following terms and conditions, which were imposed by the Director pursuant to s. 27 of the Act:

### Close Supervision

1. The Registrant is subject to close supervision by her sponsoring firm for a minimum period of six months from the effective date of these terms and conditions, after which time she may apply to have this term and condition removed from her registration. Monthly Close Supervision Reports (in the form specified in Schedule A to CSA Staff Notice 31-349 *Change to Standard Form Reports for Close Supervision and Strict Supervision Terms and Conditions*) are to be completed on the Registrant's sales activities and dealings with clients. The supervision reports are to be retained by the sponsoring firm and must be made available for review upon request or as required by the Close Supervision Report.

### Business Conduct

2. For a minimum period of two years from the effective date of these terms and conditions, the Registrant shall have no involvement of any kind with the business activities of John Doe<sup>1</sup>, after which time she may apply to have this term and condition removed from her registration.
3. The Registrant shall not permit John Doe or anyone acting on his behalf to have any involvement of any kind with the Registrant's mutual fund practice, including, without limitation, by taking reasonable steps to prevent John Doe or anyone acting on his behalf from entering the Registrant's office or any other place where she conducts securities-related business, taking reasonable steps to prevent John Doe or anyone acting on his behalf from accessing the Registrant's client files, and refraining from discussing her clients' mutual fund investments with John Doe or anyone acting on his behalf.
4. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, before providing securities-related services to any client, the Registrant must provide the client with a clearly-worded written notice informing the client that the Registrant, and not John Doe, is the individual providing them with securities-related services, and that John Doe is not registered and is therefore not able to provide the client with securities-related services, including without limitation, advice regarding mutual funds. This written notice must be in a form acceptable to staff of the Ontario Securities Commission.
5. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, the Registrant's sponsoring firm must perform at least two inspections of her practice per year to ensure compliance with these terms and conditions, and must provide Staff with a written report of their findings from each such inspection within one week of the inspection.

*These terms and conditions of registration constitute Ontario securities law, and a failure by the Registrant to comply with these terms and conditions may result in further regulatory action against her, including a suspension of her registration.*

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<sup>1</sup> For privacy reasons and for the purpose of the publication of this Director's Decision, this individual is referred to as "John Doe" to protect their identity.

Appendix A

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

- and -

IN THE MATTER OF  
THE APPLICATION FOR REGISTRATION OF  
MICHELLE KAMERMAN

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the **Settlement Agreement**) between staff of the Ontario Securities Commission (**Staff**) and Michelle Kamerman (**Kamerman**) relates to an application submitted by Kamerman for registration as a mutual fund dealing representative under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**).
2. As more particularly described in this Settlement Agreement, Kamerman failed to comply with Ontario securities law and to conduct herself with the integrity required of a registrant by facilitating another registrant's personal financial dealings with his clients and failing to report those dealings or take other steps to stop them.

II. AGREED STATEMENT OF FACTS

3. Staff and Kamerman agree as to the following facts.

A. Kamerman

4. Kamerman has been in the financial services industry since 1997. For the entirety of her career in the financial services industry, Kamerman worked for John Doe.
5. John Doe, who was previously registered under the Act as a mutual fund salesperson and dealing representative, owned Firm X<sup>1</sup>, a registered mutual fund dealer. In 2013, John Doe sold Firm X and moved his practice to GP Wealth Management Corporation (**GP Wealth**).
6. Kamerman was registered as mutual fund salesperson and dealing representative with Firm X from 1999 to 2013, and was registered as its chief compliance officer from 2009 to 2013. Kamerman was also Firm X's branch manager from 2005 to 2013.
7. Kamerman became registered as a mutual fund dealing representative with GP Wealth in 2013 after John Doe sold Firm X and moved to GP Wealth. As more particularly described below, Kamerman resigned from GP Wealth in March 2020, and has not been registered under the Act since then.
8. Kamerman has never maintained her own client base. Instead, Kamerman's role has been to service John Doe's clients.

B. GP Wealth Discovers Personal Financial Dealings by John Doe with his Clients

9. Personal financial dealings by a registered dealing or advising representative with their clients (*i.e.*, borrowing from, or lending to, clients by the registrant) creates a conflict of interest between the registrant and their client and is contrary to the registrant's obligation under s. 2.1(2) of OSC Rule 31-505 *Conditions of Registration* (**OSC Rule 31-505**) to deal with their clients fairly, honestly, and in good faith.
10. Registered individuals are also required to conduct themselves with integrity in order to demonstrate their suitability for ongoing registration under the Act. Engaging in personal financial dealings with clients is inconsistent with the integrity required of registrants.
11. In the case of a mutual fund dealing representative, personal financial dealing with a client is also contrary to the Rules of the Mutual Fund Dealers Association of Canada (the **MFDA**), including without limitation, Rules 2.1.1 and 2.1.4, and guidance issued by the MFDA, including without limitation, MSN-0047 *Personal Financial Dealings with Clients*, and MSN-0054 *Conflicts of Interest – MFDA Rule 2.1.4*.

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<sup>1</sup> For privacy reasons and for the purpose of the publication of this Director's Decision, this firm is referred to as "Firm X" to protect the identity of the individual referred to as "John Doe".

12. In September 2019, GP Wealth discovered evidence that John Doe had borrowed money from a client. The matter was escalated to an internal review by GP Wealth and then to an investigation by the MFDA.

**C. Resignation and Application for Reregistration**

13. On March 26, 2020, while the MFDA investigation was ongoing, John Doe and Kamerman resigned from GP Wealth.
14. On May 14, 2020, John Doe and Kamerman applied to reactivate their registration under the Act with a new sponsor firm, IPC Investment Corporation (**IPC**).

**D. Investigation Findings Regarding Personal Financial Dealings**

15. In light of the registration applications submitted by John Doe and Kamerman, Staff joined the MFDA's ongoing investigation into John Doe's personal financial dealings with clients. This investigation remains ongoing by the MFDA. Staff's findings from its review of the registration applications include the following:

- (a) While he was registered as a mutual fund dealing representative, John Doe received three different loans from a client with a principal totalling \$110,000, at a 5% annual interest rate. These loans began in 2012 when the lender was not yet a client of John Doe and when John Doe was at Firm X, and they continued while he was at GP Wealth. These loans were documented in a series of nine promissory notes, and John Doe's signatures on these promissory notes were witnessed by Kamerman. John Doe repaid these loans in full.
- (b) While he was registered as a mutual fund dealing representative, John Doe made the investment loan interest payments for four clients (two mutual fund clients and two segregated fund clients) who were struggling to keep up with their payments. These payments totalled \$124,191.04, began at Firm X, and carried over to GP Wealth. Kamerman was generally aware that John Doe was making these payments to clients.
- (c) John Doe made 10 loans to nine different clients in amounts totalling \$189,200 for sundry personal expenses. All of these loans were made while John Doe was at GP Wealth. Kamerman was generally aware that John Doe was making these loans to clients.
- (d) Kamerman was aware that personal financial dealings were prohibited by Firm X's policies, GP Wealth's policies, and by the rules and guidance of the MFDA. In addition, as Firm X's chief compliance officer and branch manager, Kamerman had supervisory obligations under MFDA Rule 2.5.3(b) and 2.5.5(f), respectively. Nevertheless, Kamerman did not raise any objections to John Doe about the propriety of his conduct.
- (e) None of John Doe's personal financial dealings were disclosed to GP Wealth by John Doe or Kamerman.
- (f) In September 2019, GP Wealth sent letters to John Doe's clients to inquire as to whether they had any personal financial dealings with him. Two clients reported to GP Wealth that Kamerman had made statements to them about the letters which tended to diminish the importance of GP Wealth's internal review.

**E. Staff Recommends Kamerman's Application be Refused**

16. On March 19, 2021, Staff sent a letter to Kamerman informing her that a recommendation had been made to the Director that Kamerman's application for registration with IPC submitted on May 14, 2020 (the **Application**) be refused (the **Staff Letter**).
17. The Staff Letter alleged that Kamerman had engaged in the conduct described in paragraph 15 above, and that such conduct indicated that she lacked the requisite integrity for registration and that her registration would be objectionable.
18. On April 6, 2021, Kamerman requested an opportunity to be heard under s. 31 of the Act regarding Staff's recommendation to the Director that the Application be refused (the **OTBH**).

**III. ADMISSIONS BY KAMERMAN**

19. Kamerman admits that by engaging in the conduct described in paragraph 15 above, she failed to act fairly, honestly, and in good faith with her clients (*i.e.*, clients of John Doe who she was servicing) contrary to s. 2.1(2) of OSC Rule 31-505, and failed to conduct herself with the integrity required of a registered dealing representative under the Act.

**IV. JOINT RECOMMENDATION**

20. To settle the OTBH, Staff and Kamerman make the following joint recommendation to the Director regarding the Application:

- (a) Kamerman shall withdraw the Application immediately, and will not reapply for registration for a period of at least six months from the date this Settlement Agreement is submitted to the Director.
  - (b) Before reapplying for registration, Kamerman shall provide Staff with proof that she has successfully completed both the Canadian Investment Funds Course and the Ethics and Professional Conduct Course offered by the IFSE Institute.
  - (c) If Kamerman complies with paragraph 20(a) and (b) above, then upon Kamerman reapplying for registration in the future with a registered mutual fund dealer, Staff will not recommend to the Director that her application be refused unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning Kamerman's suitability for registration or rendering her registration otherwise objectionable, provided Kamerman meets all other applicable criteria for registration at the time she applies for registration.
  - (d) In the event Kamerman's registration is reactivated, it shall be subject to the terms and conditions set out in Schedule "A" to this Settlement Agreement.
  - (e) This Settlement Agreement will be published on the website of the Ontario Securities Commission and in the OSC Bulletin.
21. The parties submit that their joint recommendation to the Director is reasonable, having regard to the following factors:
- (a) Staff is unaware of any evidence of any client suffering financial loss as a direct result of Kamerman's actions.
  - (b) Kamerman has recognized and acknowledged her misconduct.
  - (c) The additional minimum period of time that Kamerman is to be without registration is commensurate with the gravity of her misconduct.
  - (d) The terms and conditions proposed by the Settlement Agreement provide a means to prevent Kamerman from being subject to further improper influence by John Doe.
  - (e) By agreeing to this Settlement Agreement, Kamerman has saved Staff and the Director the time and resources that would have been required for the OTBH.
22. The parties acknowledge that if the Director does not accept this joint recommendation:
- (a) This joint recommendation and all discussions and negotiations between Staff and Kamerman in relation to this matter shall be without prejudice to the parties.
  - (b) Kamerman will be entitled to an OTBH in accordance with section 31 of the Act in respect of a recommendation that may be made by Staff regarding her registration status.

"Elizabeth King"  
Deputy Director, Registrant Conduct  
Compliance and Registrant Regulation  
May 24, 2021

"Michelle Kamerman"  
  
May 19, 2021

### Schedule A

The registration of Michelle Kamerman (the **Registrant**) under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Act**) is subject to the following terms and conditions, which were imposed by the Director pursuant to s. 27 of the Act:

#### Close Supervision

1. The Registrant is subject to close supervision by her sponsoring firm for a minimum period of six months from the effective date of these terms and conditions, after which time she may apply to have this term and condition removed from her registration. Monthly Close Supervision Reports (in the form specified in Schedule A to CSA Staff Notice 31-349 *Change to Standard Form Reports for Close Supervision and Strict Supervision Terms and Conditions*) are to be completed on the Registrant's sales activities and dealings with clients. The supervision reports are to be retained by the sponsoring firm and must be made available for review upon request or as required by the Close Supervision Report.

#### Business Conduct

2. For a minimum period of two years from the effective date of these terms and conditions, the Registrant shall have no involvement of any kind with the business activities of John Doe, after which time she may apply to have this term and condition removed from her registration.
3. The Registrant shall not permit John Doe or anyone acting on his behalf to have any involvement of any kind with the Registrant's mutual fund practice, including, without limitation, by taking reasonable steps to prevent John Doe or anyone acting on his behalf from entering the Registrant's office or any other place where she conducts securities-related business, taking reasonable steps to prevent John Doe or anyone acting on his behalf from accessing the Registrant's client files, and refraining from discussing her clients' mutual fund investments with John Doe or anyone acting on his behalf.
4. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, before providing securities-related services to any client, the Registrant must provide the client with a clearly-worded written notice informing the client that the Registrant, and not John Doe, is the individual providing them with securities-related services, and that John Doe is not registered and is therefore not able to provide the client with securities-related services, including without limitation, advice regarding mutual funds. This written notice must be in a form acceptable to staff of the Ontario Securities Commission.
5. For so long as the Registrant shares a business premises with John Doe, but for a period of not less than two years from the effective date of these terms and conditions, the Registrant's sponsoring firm must perform at least two inspections of her practice per year to ensure compliance with these terms and conditions, and must provide Staff with a written report of their findings from each such inspection within one week of the inspection.

*These terms and conditions of registration constitute Ontario securities law, and a failure by the Registrant to comply with these terms and conditions may result in further regulatory action against her, including a suspension of her registration.*

## 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
Pushfor Investments Inc.	April 20, 2021	June 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	
Bhang Inc.	May 3, 2021	
Flower One 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	
Ionic Brands Corp.	June 3, 2021	

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## Chapter 7

# Insider Reporting

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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](http://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](http://www.sedi.ca)).



## Chapter 11

# IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

North Growth Canadian Equity Fund  
North Growth U.S. Equity Advisor Fund  
Principal Regulator – British Columbia

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated Jun 15, 2021  
NP 11-202 Final Receipt dated Jun 15, 2021

**Offering Price and Description:**

Series F Units and Series D Units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3225341**

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**Issuer Name:**

Purpose Bitcoin ETF  
Purpose Ether ETF  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated Jun 15, 2021  
NP 11-202 Preliminary Receipt dated Jun 17, 2021

**Offering Price and Description:**

CAD ETF Non Currency Hedged Units, Class A units,  
Class I units, Class F non-currency hedged units, ETF Non-  
Currency Hedged Units, Class A non-currency hedged  
units, USD ETF Non-Currency Hedged Units, ETF units,  
Class F units and Class I non-currency hedged units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3238469**

**Issuer Name:**

IPC Canadian Equity  
IPC Global Income & Growth Portfolio  
IPC Private Wealth Visio Balanced Income Pool  
IPC Private Wealth Visio North American Equity High  
Income  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated Jun 16, 2021  
NP 11-202 Final Receipt dated Jun 18, 2021

**Offering Price and Description:**

Series F, Series I, Series A, Series T, Series FT, Series O  
and Series IT

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3207446**

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**Issuer Name:**

Arrow Canadian Advantage Alternative Class (formerly,  
Exemplar Canadian Focus Portfolio)  
Arrow EC Income Advantage Alternative Fund  
Arrow Global Advantage Alternative Class  
Wavefront Global Diversified Investment Class (formerly,  
Exemplar Diversified Portfolio)  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated Jun 15, 2021  
NP 11-202 Final Receipt dated Jun 16, 2021

**Offering Price and Description:**

Series I Units, Series G Units, Series F Units, Series L  
Shares, Series AD Units, Series I Shares, Series A Units,  
Series G Shares, Series U Units, Series F Shares, Series A  
Shares, Series ETF Units, Series U Shares, Series FD  
Units and Series R Shares

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3217157**

**Issuer Name:**

CI Mosaic ESG Balanced ETF Portfolio  
CI Mosaic ESG Balanced Growth ETF Portfolio  
CI Mosaic ESG Balanced Income ETF Portfolio  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated Jun 11, 2021  
NP 11-202 Preliminary Receipt dated Jun 15, 2021

**Offering Price and Description:**

Series I units, Series A units, Series FT5 units, Series AT5  
units, Series P units, Series PT5 units and Series F units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3237602**

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**Issuer Name:**

Meritage American Equity Portfolio  
Meritage Balanced Income Portfolio  
Meritage Balanced Portfolio  
Meritage Canadian Equity Class Portfolio  
Meritage Canadian Equity Portfolio  
Meritage Conservative Income Portfolio  
Meritage Conservative Portfolio  
Meritage Diversified Fixed Income Portfolio  
Meritage Global Balanced Portfolio  
Meritage Global Conservative Portfolio  
Meritage Global Equity Class Portfolio  
Meritage Global Equity Portfolio  
Meritage Global Growth Class Portfolio  
Meritage Global Growth Plus Class Portfolio  
Meritage Global Growth Plus Portfolio  
Meritage Global Growth Portfolio  
Meritage Global Moderate Portfolio  
Meritage Growth Class Portfolio  
Meritage Growth Income Portfolio  
Meritage Growth Plus Class Portfolio  
Meritage Growth Plus Income Portfolio  
Meritage Growth Plus Portfolio  
Meritage Growth Portfolio  
Meritage International Equity Portfolio  
Meritage Moderate Income Portfolio  
Meritage Moderate Portfolio  
Meritage Tactical ETF Balanced Portfolio  
Meritage Tactical ETF Equity Portfolio  
Meritage Tactical ETF Fixed Income Portfolio  
Meritage Tactical ETF Growth Portfolio  
Meritage Tactical ETF Moderate Portfolio  
National Bank Balanced Diversified Fund  
National Bank Conservative Diversified Fund  
National Bank Growth Diversified Fund  
National Bank Moderate Diversified Fund  
National Bank Secure Diversified Fund  
NBI Balanced Portfolio  
NBI Bond Fund  
NBI Canadian All Cap Equity Fund  
NBI Canadian Bond Index Fund  
NBI Canadian Bond Private Portfolio  
NBI Canadian Diversified Bond Private Portfolio  
NBI Canadian Equity Fund  
NBI Canadian Equity Growth Fund  
NBI Canadian Equity Index Fund  
NBI Canadian Equity Private Portfolio  
NBI Canadian High Conviction Equity Private Portfolio  
NBI Canadian Index Fund  
NBI Canadian Preferred Equity Private Portfolio  
NBI Canadian Small Cap Equity Private Portfolio  
NBI Conservative Portfolio  
NBI Corporate Bond Fund  
NBI Corporate Bond Private Portfolio  
NBI Diversified Emerging Markets Equity Fund (formerly,  
NBI Emerging Markets Equity Private Portfolio)  
NBI Dividend Fund  
NBI Emerging Markets Fund (formerly, NBI Westwood  
Emerging Markets Fund)  
NBI Equity Income Private Portfolio  
NBI Equity Portfolio  
NBI Floating Rate Income Fund  
NBI Global Balanced Growth Fund

**IPOs, New Issues and Secondary Financings**

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NBI Global Bond Fund  
NBI Global Diversified Equity Fund (formerly, National Bank  
Global Diversified Equity Fund)  
NBI Global Equity Fund  
NBI Global Real Assets Income Fund  
NBI Global Tactical Bond Fund  
NBI Growth Portfolio  
NBI High Yield Bond Fund  
NBI High Yield Bond Private Portfolio  
NBI Income Fund  
NBI International Currency Neutral Index Fund  
NBI International Equity Index Fund  
NBI International Equity Private Portfolio  
NBI International High Conviction Equity Private Portfolio  
NBI International Index Fund  
NBI Jarislowsky Fraser Select Balanced Fund  
NBI Jarislowsky Fraser Select Canadian Equity Fund  
NBI Jarislowsky Fraser Select Income Fund  
NBI Moderate Portfolio  
NBI Money Market Fund  
NBI Multiple Asset Class Private Portfolio  
NBI Municipal Bond Plus Private Portfolio  
NBI Non-Traditional Capital Appreciation Private Portfolio  
NBI Non-Traditional Fixed Income Private Portfolio  
NBI North American Dividend Private Portfolio  
NBI Precious Metals Fund  
NBI Preferred Equity Fund  
NBI Preferred Equity Income Fund  
NBI Presumed Sound Investments Fund  
NBI Quebec Growth Fund  
NBI Real Assets Private Portfolio  
NBI Resource Fund  
NBI Science and Technology Fund  
NBI Secure Portfolio  
NBI Small Cap Fund  
NBI SmartBeta Canadian Equity Fund  
NBI SmartBeta Global Equity Fund  
NBI SmartData International Equity Fund  
NBI SmartData U.S. Equity Fund  
NBI Strategic U.S. Income and Growth Fund  
NBI Sustainable Canadian Bond Fund  
NBI Sustainable Canadian Equity Fund  
NBI Sustainable Global Equity Fund  
NBI Tactical Asset Allocation Fund  
NBI Tactical Equity Private Portfolio  
NBI Tactical Mortgage & Income Fund  
NBI U.S. Bond Private Portfolio  
NBI U.S. Currency Neutral Index Fund  
NBI U.S. Dividend Fund  
NBI U.S. Equity Fund  
NBI U.S. Equity Index Fund  
NBI U.S. Equity Private Portfolio  
NBI U.S. High Conviction Equity Private Portfolio  
NBI U.S. Index Fund  
NBI Unconstrained Fixed Income Fund  
Principal Regulator – Quebec

N/A  
**Promoter(s):**  
N/A  
**Project #**3199459

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**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated Jun 17, 2021

NP 11-202 Final Receipt dated Jun 18, 2021

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

**Issuer Name:**

Horizons Global Hydrogen Index ETF  
Horizons Global Lithium Producers Index ETF  
Horizons Global Semiconductor Index ETF  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated Jun 15, 2021  
NP 11-202 Final Receipt dated Jun 16, 2021

**Offering Price and Description:**

Class A units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3224510**

---

**Issuer Name:**

DAMI Corporate Bond Fund  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated Jun 15, 2021  
NP 11-202 Final Receipt dated Jun 16, 2021

**Offering Price and Description:**

Series I Units, Series F Units and Series A Units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3178485**

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**Issuer Name:**

Algonquin Fixed Income 2.0 Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 to Final Annual Information Form dated  
June 15, 2021

NP 11-202 Final Receipt dated Jun 21, 2021

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3132450**

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**Issuer Name:**

Canadian Banc Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus (NI 44-102) dated June 16,  
2021

NP 11-202 Preliminary Receipt dated June 16, 2021

**Offering Price and Description:**

Maximum Offerings: \$100,000,000 Preferred Shares and  
Class A Shares

Price: \$10.70 per Preferred Shares and \$12.22 per Class A  
Shares

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #3238792**

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NON-INVESTMENT FUNDS

**Issuer Name:**

Bastion Square Partners Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary CPC Prospectus dated June 16, 2021  
NP 11-202 Preliminary Receipt dated June 17, 2021

**Offering Price and Description:**

\$5,000,000 (50,000,000 Common Shares)  
Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.

**Promoter(s):**

-

**Project #3238926**

**Issuer Name:**

Bee Vectoring Technologies International Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 18, 2021  
NP 11-202 Preliminary Receipt dated June 21, 2021

**Offering Price and Description:**

\$15,000,000.00  
COMMON SHARES  
PREFERRED SHARES  
DEBT SECURITIES  
SUBSCRIPTION RECEIPTS  
WARRANTS  
UNITS

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #3239822**

**Issuer Name:**

Cabral Gold Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 14, 2021  
NP 11-202 Preliminary Receipt dated June 15, 2021

**Offering Price and Description:**

\$10,000,800.00  
18,520,000 Units  
Price: \$0.54 per Unit

**Underwriter(s) or Distributor(s):**

CORMARK SECURITIES INC.  
STIFEL NICOLAUS CANADA INC.  
PARADIGM CAPITAL INC.  
RESEARCH CAPITAL CORPORATION

**Promoter(s):**

-

**Project #3236511**

**Issuer Name:**

Canadian Banc Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 16, 2021  
NP 11-202 Preliminary Receipt dated June 16, 2021

**Offering Price and Description:**

Maximum Offerings: \$100,000,000.00  
Preferred Shares and Class A Shares  
Price: \$10.70 per Preferred Shares and \$12.22 per Class A Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #3238792**

**Issuer Name:**

Canadian North Resources Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated June 16, 2021  
NP 11-202 Preliminary Receipt dated June 17, 2021

**Offering Price and Description:**

2,223,698 Common Shares on deemed exercise of  
2,223,698 Special Warrants

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Lee Q. Shim  
**Project #3238901**

**Issuer Name:**

Canadian Pacific Railway Company  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Shelf Prospectus dated June 21, 2021  
NP 11-202 Preliminary Receipt dated June 21, 2021

**Offering Price and Description:**

US\$8,500,000,000.00  
Canadian Debt Securities  
U.S. Debt Securities

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #3240048**

**Issuer Name:**

Enerplus Corporation  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Shelf Prospectus dated June 15, 2021  
NP 11-202 Preliminary Receipt dated June 15, 2021

**Offering Price and Description:**

\$2,000,000,000.00

Common Shares  
Preferred Shares  
Warrants  
Subscription Receipts  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #3238504**

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**Issuer Name:**

LifeSpeak Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amendment dated June 16, 2021 to Preliminary Long Form  
Prospectus dated June 14, 2021  
NP 11-202 Preliminary Receipt dated June 16, 2021

**Offering Price and Description:**

\$125,000,000.00

\* Common Shares

Price: \$\* per Offered Share

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
CANACCORD GENUITY CORP.  
SCOTIA CAPITAL INC.  
CIBC WORLD MARKETS INC.  
TD SECURITIES INC.  
ROTH CANADA, ULC  
DESJARDINS SECURITIES INC.  
STIFEL NICOLAUS CANADA INC.

**Promoter(s):**

-

**Project #3237897**

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**Issuer Name:**

Minaurum Gold Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 16, 2021  
NP 11-202 Preliminary Receipt dated June 16, 2021

**Offering Price and Description:**

\$8,000,000.00

20,000,000 Units

Price: \$0.40 per Unit

**Underwriter(s) or Distributor(s):**

Red Cloud Securities Inc.

**Promoter(s):**

-

**Project #3238913**

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**Issuer Name:**

MineHub Technologies Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated June 11, 2021  
NP 11-202 Preliminary Receipt dated June 17, 2021

**Offering Price and Description:**

10,119,350 Common Shares issuable upon the conversion  
of 10,119,350 outstanding Subscription Receipts

**Underwriter(s) or Distributor(s):**

HAYWOOD SECURITIES INC.  
BMO NESBITT BURNS INC.  
EVENTUS CAPITAL CORP.  
CANACCORD GENUITY CORP.  
RED CLOUD SECURITIES INC.

**Promoter(s):**

Vince Sorace

**Project #3238941**

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**Issuer Name:**

Muzhu Mining Ltd.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated June 15, 2021  
NP 11-202 Preliminary Receipt dated June 16, 2021

**Offering Price and Description:**

0.00

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #3238604**

---

**Issuer Name:**

Organto Foods Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Shelf Prospectus dated June 14, 2021  
NP 11-202 Preliminary Receipt dated June 15, 2021

**Offering Price and Description:**

C\$50,000,000.00

Common Shares

Debt Securities

Convertible Securities

Warrants

Subscription Receipts

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #3238171**

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**Issuer Name:**

PC 1 Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary CPC Prospectus dated June 17, 2021  
NP 11-202 Preliminary Receipt dated June 21, 2021

**Offering Price and Description:**

Minimum Offering: \$200,000.00 or 2,000,000 Common Shares  
Maximum Offering: \$500,000.00 or 5,000,000 Common Shares

Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Research Capital Corporation

**Promoter(s):**

-

**Project #3239318**

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**Issuer Name:**

The Very Good Food Company Inc. (formerly The Very Good Butchers Inc.)

Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 18, 2021  
NP 11-202 Preliminary Receipt dated June 18, 2021

**Offering Price and Description:**

\$18,000,500.00  
4,865,000 Units  
Price: \$3.70 per Unit

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.

**Promoter(s):**

Mitchell Scott  
James Davison

**Project #3238645**

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**Issuer Name:**

Troilus Gold Corp.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 15, 2021  
NP 11-202 Preliminary Receipt dated June 15, 2021

**Offering Price and Description:**

\$42,522,143.00  
7,905,200 Units  
6,211,200 Traditional Flow-Through Units  
13,513,600 National Flow-Through Units  
3,174,700 Québec Flow-Through Units

**Underwriter(s) or Distributor(s):**

CORMARK SECURITIES INC.  
STIFEL NICOLAUS CANADA INC.  
HAYWOOD SECURITIES INC.  
LAURENTIAN BANK SECURITIES INC.  
CANACCORD GENUITY CORP.  
BMO NESBITT BURNS INC.

**Promoter(s):**

-

**Project #3236674**

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**Issuer Name:**

VALEO PHARMA INC.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 14, 2021  
NP 11-202 Preliminary Receipt dated June 15, 2021

**Offering Price and Description:**

\$10,000,000.00  
10,000,000 Units  
Price: \$1.00 per Unit

**Underwriter(s) or Distributor(s):**

RESEARCH CAPITAL CORP.  
PARADIGM CAPITAL INC.  
DESJARDINS SECURITIES INC.

**Promoter(s):**

-

**Project #3236286**

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**Issuer Name:**

Wildpack Beverage Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 15, 2021  
NP 11-202 Preliminary Receipt dated June 15, 2021

**Offering Price and Description:**

\$17,390,000.00  
8% Unsecured Convertible Debenture Units  
PRICE: \$1,000.00 per Convertible Debenture Unit

**Underwriter(s) or Distributor(s):**

STIFEL NICOLAUS CANADA INC.

**Promoter(s):**

-

**Project #3238476**

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**Issuer Name:**

A-Labs Capital V Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final CPC Prospectus dated June 11, 2021  
NP 11-202 Receipt dated June 15, 2021

**Offering Price and Description:**

Minimum Offering: \$200,000 or 2,000,000 Common Shares  
Maximum Offering: \$500,000 or 5,000,000 Common Shares

Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.

**Promoter(s):**

Rita Alter and A-Labs Finance and Advisory Ltd.

**Project #3218686**

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**Issuer Name:**

Anaergia Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 18, 2021  
NP 11-202 Receipt dated June 18, 2021

**Offering Price and Description:**

\$175,000,000.00  
12,500,000 Subordinate Voting Shares  
Price: \$14.00 per Subordinate Voting Share

**Underwriter(s) or Distributor(s):**

TD SECURITIES INC.  
BARCLAYS CAPITAL CANADA INC.  
CIBC WORLD MARKETS INC.  
SCOTIA CAPITAL INC.  
NATIONAL BANK FINANCIAL INC.  
RAYMOND JAMES LTD.  
ROTH CANADA, ULC  
CANACCORD GENUITY CORP.

**Promoter(s):**

-

**Project #**3235888

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**Issuer Name:**

Brookfield Asset Management Inc.  
Brookfield Asset Management Reinsurance Partners Ltd.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 16, 2021  
NP 11-202 Receipt dated June 16, 2021

**Offering Price and Description:**

10,900,000 Class A Exchangeable Limited Voting Shares  
of Brookfield Asset Management Reinsurance Partners Ltd.  
Up to 10,900,000 Class A Limited Voting Shares of  
Brookfield Asset Management Inc.

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

BROOKFIELD ASSET MANAGEMENT INC.  
**Project #**3199942

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**Issuer Name:**

Brookfield Asset Management Reinsurance Partners Ltd.  
Brookfield Asset Management Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 16, 2021  
NP 11-202 Receipt dated June 16, 2021

**Offering Price and Description:**

10,900,000 Class A Exchangeable Limited Voting Shares  
of Brookfield Asset Management Reinsurance Partners Ltd.  
Up to 10,900,000 Class A Limited Voting Shares of  
Brookfield Asset Management Inc.

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Brookfield Asset Management Inc.  
**Project #**3199950

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**Issuer Name:**

Emerge Commerce Ltd.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated June 18, 2021  
NP 11-202 Receipt dated June 18, 2021

**Offering Price and Description:**

\$12,106,598.00  
8,647,570 Special Warrant Shares Issuable Upon Exercise  
or Deemed Exercise of 8,647,570 Special Warrants  
432,379 CF Fee Shares Issuable Upon Exercise or  
Deemed Exercise of 432,379 CF Fee Warrants  
Price: \$1.40 per Special Warrant

**Underwriter(s) or Distributor(s):**

CANACCORD GENUITY CORP  
GRAVITAS SECURITIES INC.  
RAYMOND JAMES LTD.  
STIFEL NICOLAUS CANADA INC.

**Promoter(s):**

-

**Project #**3216816

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**Issuer Name:**

Juva Life Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated June 18, 2021  
NP 11-202 Receipt dated June 18, 2021

**Offering Price and Description:**

\$10,005,006.00  
9,528,578 Units Issuable upon Exercise of 9,528,578  
Special Warrants  
\$1.05 per Special Warrant

**Underwriter(s) or Distributor(s):**

RESEARCH CAPITAL CORPORATION

**Promoter(s):**

Douglas Chloupek

**Project #**3225856

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**Issuer Name:**

Northland Power Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated June 16, 2021  
NP 11-202 Receipt dated June 17, 2021

**Offering Price and Description:**

\$2,000,000,000.00  
Common Shares  
Preferred Shares  
Warrants  
Debentures (unsecured)  
Subscription Receipts  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #**3234072

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**Issuer Name:**

Northstar Clean Technologies Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Long Form Prospectus dated June 18, 2021  
NP 11-202 Receipt dated June 21, 2021

**Offering Price and Description:**

No securities are being offered pursuant to this Prospectus.

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Neil Currie  
Project #3205512

---

**Issuer Name:**

RE Royalties Ltd. (formerly Baetis Ventures Ltd.)  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated June 17, 2021  
NP 11-202 Receipt dated June 18, 2021

**Offering Price and Description:**

\$100,000,000.00  
Common Shares  
Warrants  
Subscription Receipts  
Debt Securities  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #3235402

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**Issuer Name:**

ReGen III Corp. (formerly "Gen III Oil Corporation")  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated June 17, 2021  
NP 11-202 Receipt dated June 17, 2021

**Offering Price and Description:**

8,000,000 Common Shares  
\$10,000,000.00

**Underwriter(s) or Distributor(s):**

PARADIGM CAPITAL INC.  
CANACCORD GENUITY CORP.  
HAYWOOD SECURITIES INC.  
CORMARK SECURITIES INC.

**Promoter(s):**

-

Project #3229095

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**Issuer Name:**

Summit Industrial Income REIT  
Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated June 21, 2021  
NP 11-202 Receipt dated June 21, 2021

**Offering Price and Description:**

\$2,250,000,000.00  
Units

Debt Securities

Subscription Receipts

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #3233940

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**Issuer Name:**

Uranium Royalty Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Final Shelf Prospectus dated June 16, 2021  
NP 11-202 Receipt dated June 16, 2021

**Offering Price and Description:**

\$130,000,000.00  
Common Shares  
Preferred Shares  
Warrants  
Subscription Receipts  
Units

Debt Securities

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #3235299

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Altavia Capital Corp.	Exempt Market Dealer	June 17, 2021
Amalgamation	Lakeshore Securities Inc. and Lyons Asset Management Inc.  To form: Lakeshore Securities Inc.	Investment Dealer	June 18, 2021
New Registration	Blue Couch Fund Administration Inc.	Exempt Market Dealer	June 22, 2021

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