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1.1 Notices

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CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA POSITION PAPER 25-404 – *NEW SELF-REGULATORY ORGANIZATION FRAMEWORK*

August 3, 2021

1. Introduction

In December 2019, a Canadian Securities Administrators (**CSA**) working group (the **Working Group**[1]) was formed to conduct an in-depth review of the current framework for the two Self-Regulatory Organizations (**SRO**s) – the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**).[2] Since then, as part of this SRO Framework Review Project (the **SRO Project**), the Working Group has completed extensive stakeholder consultations, collected data and conducted research relevant to the assessment of the current regulatory framework, and developed and executed a methodology to identify, evaluate and rank the options for addressing the issues identified within the current SRO framework. To date, all of the Working Group's activities have been completed in accordance with its project timeline, including the publication of this CSA Position Paper (the **Position Paper**).

Below, is a detailed breakdown of key steps in the SRO Project to date:

- On December 12, 2019, the CSA issued a news release announcing its comprehensive review of the regulatory framework for IIROC and the MFDA.
- In late 2019 and early 2020, the Working Group completed informal consultations with a wide variety of stakeholder groups to solicit views regarding the current SRO regulatory framework.
- On June 25, 2020, the CSA Consultation Paper 25-402 *Consultation on the Self-Regulatory Organization Framework* (the **Consultation Paper**) was published for a 120-day public comment period. The Consultation Paper sought public input on seven key issues identified.
- A total of 67 letters were submitted from a broad range of respondents which included diverse comments on the specific issues raised in the Consultation Paper. These comments were reviewed and are summarized in Appendix A of this Position Paper.
- In addition to the public consultations, the Working Group compiled substantial additional information and conducted research to inform its work, which is described further in section 2 of this Position Paper.
- On February 22, 2021, the CSA published a news release to update the public on the progress of the SRO Project and to confirm the intention to publish the Position Paper in the summer of 2021.

Guiding Principles were developed to inform the Working Group's research and analysis, and to ensure that the solutions to address the issues identified in the Consultation Paper were consistent with the CSA targeted outcomes from the Consultation Paper. Each Guiding Principle was adopted with the objective to support the development of a regulatory framework that has a clear public interest mandate and fosters capital markets that are fair and efficient. As a result, the regulatory framework will be structured to focus on investor protection to promote public confidence and to accommodate innovation and change.

[1] The Working Group consists of staff of the following CSA regulators: the Alberta Securities Commission, the Autorité des marchés financiers, the British Columbia Securities Commission, the Financial and Consumer Affairs Authority of Saskatchewan, the Financial and Consumer Services Commission of New Brunswick, the Manitoba Securities Commission, the Nova Scotia Securities Commission and the Ontario Securities Commission.

[2] The work also included the SRO's respective protection funds - the Canadian Investor Protection Fund (**CIPF**) and the MFDA Investor Protection Corporation (**MFDA IPC**).

Accordingly, the Working Group focused on identifying solutions that:

1. enhance governance and accountability to all stakeholders to (i) reflect a clear public interest mandate and (ii) foster public confidence in the regulatory framework, while preventing regulatory capture;

2. promote the development, interpretation and application of consistent regulatory requirements;

3. include formal investor advocacy mechanisms to ensure that investor perspectives are factored into the development and implementation of regulatory policies;

4. contain mechanisms to improve the robustness of enforcement and compliance processes and the provision of public information about meaningful, timely, coordinated and responsive enforcement and compliance actions;

5. ensure regulatory alignment with the CSA through appropriate oversight mechanisms;

6. increase regulatory efficiencies, accommodate innovation, and deliver effective and efficient regulation by minimizing redundancies and complexities, and ensuring flexibility and responsiveness to the future needs of the evolving capital markets;

7. do not impose barriers to registrants providing access to advice and products for investors of different demographics, including less affluent or rural investors;

8. develop, interpret and apply securities regulation in cooperation with the CSA;

9. provide risk-based regulation that is proportionate to different types and sizes of registrants and business models, as well as facilitating holistic and "one-stop-shop" business models for the benefit of investors;

10. are easily understood by public and industry stakeholders, and responsive to their concerns;

11. facilitate meaningful consultation and input from all types of registrants, including smaller and independent firms, without undue barriers to entry;

12. recognize and incorporate regional considerations and interests from across Canada;

13. foster efficient, effective cooperation and coordination with statutory regulators, for example, timely access to market data with processes in place to promote collaboration to ensure that the statutory regulators collectively obtain appropriate outcomes; and

14. are able to provide an effective market surveillance function.

As outlined below, the CSA's position is that the objective will be best addressed by establishing a new single enhanced SRO (**New SRO**)[3], and separately, consolidating the two current investor protection funds (**IPFs**)[4] into a single protection fund which will be independent from the New SRO. This structure represents the best solution to address the issues that have been identified and to provide a framework for efficient and effective regulation in the public interest at this point in time and, as the capital markets continue to evolve, into the foreseeable future. This New SRO is described further in section 3 of this Position Paper.

At the same time, the CSA recognizes the critical importance of existing SRO and IPF staff expertise and the continuation of their work during the transition to a new framework. The CSA will oversee that the existing SROs and IPFs remain committed to maintaining the functional resources and personnel necessary to achieve a successful transition.

The remainder of this Position Paper follows the below structure:

- Section 2 – Methodology
- Section 3 – New SRO Framework
- Section 4 – Specific Solutions to Support the New SRO
- Section 5 – Consideration of Written Representations and Next Steps
- Addendum – Recognition of the New SRO in Québec
- Appendix A – Summary of Public Comments
- Appendix B – Other Options Considered

[3] Specific considerations regarding the framework currently applicable in Québec are further addressed in the Addendum.

[4] Currently, CIPF is providing protection on a discretionary basis within prescribed limits to eligible customers suffering losses as a result of an insolvency of an IIROC dealer member. The MFDA IPC provides analogous protection to eligible customers of MFDA members.

- Appendix C – Enabling Changes
- Appendix D – Table of References

2. Methodology

The Working Group adopted a systematic approach in order to determine the most appropriate option for enhancing the current SRO framework in Canada. As such, a comprehensive methodology was developed in order to:

1. assess, validate and rank the seven issues (and sub-issues) identified in the Consultation Paper;

2. identify and consider numerous potential solutions to address those issues and related sub-issues; and

3. select the most appropriate solutions to best address the identified issues and sub-issues. As noted above, guiding principles were developed to ensure that the selected solutions were consistent with the targeted outcomes as described in the Consultation Paper.

The following is a detailed description of the Working Group's methodology:

Review and analysis of public comments and additional work undertaken

In response to the Consultation Paper, 67 public comment letters were submitted, reviewed, and summarized. In addition, the Working Group carried out supplementary independent research and analysis to evaluate the issues and sub-issues, as well as to identify additional areas that needed to be accounted for to inform the Working Group's assessment regarding potential solutions. The additional work included a review of:

- relevant additional information and data from IIROC and the MFDA;
- enrolment data from the Canadian Securities Institute;
- survey data from CIPF regarding investor awareness of the protection fund;
- more than 25 relevant publications, including academic research;
- various public and internal reports;
- research on corporate governance matters;
- consultations with relevant internal CSA stakeholders;
- relevant comment letters from the Ontario Capital Markets Modernization Taskforce consultation; and
- existing legislation and other research by a sub-group established to determine if a harmonized regulatory approach related to directed commissions could be achieved across Canada.

Issue validation

The Working Group used the aforementioned research and analysis to validate the vast majority of the issues and the respective sub-issues identified in the Consultation Paper. In cases where there was no substantial evidence to validate certain issues and sub-issues, the Working Group made recommendations to strengthen existing control mechanisms and identify opportunities for enhanced information sharing and other procedural changes.

Consideration of multiple options for the enhanced SRO framework

Concurrent with the issue and sub-issue validation process, the Working Group identified and defined six possible options (the **Options**) to restructure the SRO framework in the context of the SRO Project for further consideration and detailed analysis.

The Working Group developed and applied a comprehensive decision-making methodology to evaluate all the Options. In particular, the Working Group identified, for each Option, specific solutions pertaining to each issue and sub-issue and evaluated how well each Option would address or resolve the identified issues and sub-issues to achieve the CSA targeted outcomes of the SRO Project.

The Working Group then constructed and applied quantitative analysis to derive comparative numerical total scores and rankings for each of the Options. These rankings were based on how identified solutions for particular issues and sub-issues were scored within each Option. Various additional factors were also assessed, scored and factored into the overall evaluation to determine the best Option for the enhanced regulatory framework in Canada. These factors included timing, resourcing, investor concerns and regulatory burden considerations.

3. New SRO Framework

As described in section 2, the Working Group applied a fact and data-based approach to the assessment of the Options, and after careful consideration and analysis, the CSA has decided to move forward to implement the New SRO, which includes consolidation of the IPFs into a single legal entity that is independent from the New SRO (**New IPF**). Other Options evaluated are described in Appendix B.

The New SRO will have an enhanced governance structure, relative to the current governance structure of IIROC and the MFDA, and will initially include investment dealer and mutual fund dealer registration categories as well as marketplace members. The potential to incorporate other registration categories currently overseen directly by members of the CSA will be considered as part of a separate phase. The proposed framework includes specific solutions to best achieve the CSA targeted outcomes identified in the Consultation Paper by:

- eliminating duplicative costs and minimizing regulatory inefficiencies;
- promoting access to advice for all investors;
- reducing investor confusion;
- enhancing structural flexibility;
- acknowledging proportionate regulation;
- establishing a graduated proficiency model;
- streamlining the complaint process;
- increasing controls and improving transparency of enforcement mechanisms; and
- enhancing market surveillance.

The CSA has determined that the New SRO and the specific solutions (including the New IPF), as detailed in section 4 below, is the best option to address the issues identified by stakeholders in an equitable and balanced way, and to achieve the CSA targeted outcomes. The new framework will allow the CSA to make timely, meaningful and impactful change that is in the public interest. Additionally, it will continue to provide the industry with the inherent benefits of self-regulation by maintaining a self-regulatory model. Furthermore, the New SRO provides for a harmonized CSA position that will ultimately be of benefit to all Canadians.

New SRO Implementation Process

The process to establish and operationalize the New SRO will have two phases. Phase 1 will focus on the design of the New SRO and the New IPF, the integration of the existing SROs and IPFs under the new framework and the adoption of the issue-specific solutions detailed in section 4 of this Position Paper. Phase 2 will consider whether it is appropriate to incorporate into the New SRO other registration categories, including Portfolio Managers (**PMs**), Exempt Market Dealers (**EMDs**), and Scholarship Plan Dealers (**SPDs**), which are currently overseen by the statutory regulators. Possible modifications to the New IPF (e.g., extending coverage to other registration categories) will also be considered.

All issue-specific solutions outlined in section 4 of this Position Paper will be addressed through these two phases.

Phase 1

An Integrated Working Committee (**IWC**) will be established under a separate CSA approved mandate to determine the appropriate corporate structure for the New SRO and define and oversee the execution of the implementation strategy to integrate the existing SROs and consolidate the two IPFs into the New IPF. Under Phase 1, the IWC will also facilitate the adoption by the New SRO of enhanced governance mechanisms outlined in section 4 of this Position Paper. Upon finalizing the appropriate corporate structure, a public communiqué will be made to include an implementation timeline.

The IWC will be led by CSA staff, and will be responsible to coordinate and work with external advisors and different subject matter experts from within the CSA. The IWC will engage and consult with existing SRO and IPF staff, as well as other stakeholders (including industry and advocacy representatives), as required. Each stakeholder group's active participation and cooperation will be important for a successful implementation. Decisions within the IWC with respect to the implementation of the New SRO will reside with the CSA.

The work of the IWC in Phase 1 will focus on:

- **Integration**: The IWC will identify the appropriate corporate structure for the New SRO and implement a CSA plan to integrate the existing organizations into the New SRO, including required member approvals, and consolidate the IPFs into the New IPF. This will be accomplished through appropriate legal and corporate transaction management in order to optimize outcomes, minimize impact and manage execution risk.

- **Harmonization**: The IWC will oversee and coordinate harmonization of SRO rules, policies, compliance and enforcement processes, and fee models. In developing the New SRO rule book, a policy initiative

will focus on the review of current IIROC and MFDA rules in order to identify differences and, if appropriate, propose changes to harmonize rules, policies and related processes.[5]

- **Governance**: Many of the governance enhancements for the New SRO will be incorporated into the new Recognition Orders (**ROs**) to be approved by each statutory regulator. In regard to CSA oversight, necessary approvals will also be coordinated to implement a new Memorandum of Understanding (**MOU**) among the recognizing regulators setting out a strengthened CSA oversight framework for the New SRO reflecting effective oversight by all recognizing regulators. Similarly, the New IPF will require new approval orders and a new MOU among the statutory regulators.

As part of this process, the appropriate oversight relationship management structure between CSA members and the New SRO will be carefully considered and agreed upon amongst all the recognizing regulators, given that the New SRO will conduct activities requiring CSA member coordination currently fulfilled by two principal regulators (British Columbia Securities Commission for the MFDA, Ontario Securities Commission for IIROC). This consideration is necessary in order to ensure effective, meaningful and coordinated oversight of the New SRO by all recognizing regulators on significant matters and to enhance administrative efficiencies.

Lastly, the IWC will oversee the review and approval of the by-laws for the New SRO to ensure that the new governance structure, pursuant to the terms and conditions of recognition, is properly reflected.

As work in Phase 1 progresses, some initiatives may be implemented by sub-groups of the IWC or by other committees formed by the CSA.

Phase 2

Following Phase 1, a formal consultation with extensive stakeholder engagement will be initiated by the CSA through the formation of a distinct **CSA SRO Working Group,** which will coordinate with the CSA Registration Steering Committee to consider incorporating other registration categories (e.g., PMs, EMDs, SPDs) into the New SRO, including a review to assess the merits of proficiency-based registration categories and a consideration to extend IPF coverage to these other registration categories.

The continuation of harmonization efforts with relevant insurance regulatory bodies, building on current projects such as the joint CSA / Canadian Council of Insurance Regulators project on Total Cost Reporting, will be contemplated in this phase as well.

Appendix C describes other areas where steps will have to be taken in order to facilitate implementation of the solutions outlined in the Position Paper.

4. Specific Solutions to Support the New SRO

Introduction

This section details specific solutions to support the New SRO and to address each of the seven issues and their respective sub-issues identified in the Consultation Paper. As many of the solutions applied to multiple issues and sub-issues, for improved readability, the solutions are characterized into the categories below.

a) Improving Governance
b) Strengthening Proficiency
c) Enhancing Investor Education
d) Increasing Access to Advice
e) Reducing Industry Costs
f) Fostering Harmonization / Efficiencies
g) Harmonizing Directed Commissions
h) Maintaining Strong Market Surveillance
i) Leveraging Ongoing Related Projects

a) Improving Governance

Introduction

In response to the issues identified in the Consultation Paper regarding a possible lack of public confidence in the current SRO regulatory framework, many stakeholders expressed concern that the current SRO corporate governance structure does not adequately support or promote the SROs' public interest mandate. In particular, comments were made that the current SRO corporate governance structure is too closely aligned to the interests of industry participants at the expense of the interests of other stakeholders, including investors. Commenters raised concerns that the composition of the SROs' boards of directors is

[5] The work will include coordination with the appropriate CSA committees (e.g., Registration Steering Committee) regarding applicable changes to securities regulation (e.g., National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*).

weighted in favour of current and former industry participants. To address these concerns, commenters suggested several possible solutions, including requiring a majority of independent directors on an SRO's board, appropriate cooling-off periods for independent directors, and formal mechanisms within the SRO to facilitate investor consultation. These requirements would better align an SRO's corporate governance structure with its public interest mandate and mitigate the risk of regulatory capture.

Through its review of these issues and related research pertaining to governance models and best practices, the Working Group validated that the SROs' current corporate governance structure could be improved to optimally support and promote the SROs' public interest mandate. The CSA identified a number of opportunities for improvement to the corporate governance structure for the New SRO, including clear communication of the New SRO's public interest mandate, greater diversity in the composition of the New SRO's board of directors, objective criteria to determine the independence of directors, formalized mechanisms for the consideration of investor feedback, and enhancements to the CSA's involvement in and oversight of matters relating to the SRO's activities and corporate governance structure. The CSA further identified opportunities to improve the corporate governance structure to address issues of investor confusion regarding the current regulatory structure which would address perceptions that governance shortcomings could be responsible for perceived weaknesses in SRO enforcement mechanisms.

Solutions

Clear communication of public interest mandate

The New SRO will clearly convey how the public interest informs the New SRO's regulatory actions and responsibilities, specifically by:

- Emphasizing the public interest mandate in the ROs, by-laws, and other applicable constating documents of the New SRO.
- Requiring the New SRO to inform stakeholders of its public interest mandate and corporate governance structure, rulemaking processes and enforcement processes.
- Requiring training to directors, board committee members, senior management, and staff in interpreting its public interest mandate, to ensure alignment of the public interest between the New SRO, statutory regulators, and governments.
- Requiring the New SRO to describe the public interest impact of rule proposals, guidance and policies published for comment.
- Requiring the compensation structure for New SRO executives to be linked to the delivery of the New SRO's public interest mandate.

New SRO board composition

The CSA's solutions in respect of the composition of the New SRO's board of directors are intended to address the perception that the current SRO corporate governance structure underrepresents the concerns of investors and other stakeholders to the benefit of industry, and therefore, the majority of directors will be independent and the CSA will have a role in the consideration of independent directors.

Specifically, solutions include:

- Requiring a majority of the New SRO's directors to be independent.
- Requiring that the Chair of the New SRO board be an independent director and that the roles of Chief Executive Officer (**CEO**) and Chair be occupied by separate persons.
- Requiring that the Governance / Nominating committee of the board be composed entirely of independent directors and requiring that the Chairs of other committees such as Audit, Human Resources, etc. be independent.
- Requiring that a reasonable proportion of New SRO directors have relevant experience regarding investor protection issues (as has already been implemented by IIROC).
- Providing a CSA non-objection process grounded in principles-based considerations for all independent directors, including:
    - a mechanism for the New SRO to undertake due diligence and other governance best-practices such as the use of evergreen lists and development of board skills matrices that would take into account the attributes or backgrounds needed for a balanced board,

including considering board diversity in terms of (i) director-type and (ii) geographic board representation, which will ensure an equitable balance of interests;

- a mechanism for the CSA to review the initial matrices and any subsequent changes to them, including a reporting requirement in the RO for material change to the matrices; and
- considering whether board composition requirements should form part of the by-laws or part of the RO.

- Requiring that appropriate cooling-off periods commensurate with governance best-practices for CSA regulators be considered for any independent director positions.
- Maintaining a workable board size for the New SRO of not more than 15 directors (including the CEO), subject to change with CSA approval.
- Maintaining appropriate term limits[6] for the New SRO board members and extending these term limits to the CEO.
- Requiring the New SRO to develop diversity and inclusion policies aimed at increasing underrepresented groups on the board.

Independence criteria for independent directors

The CSA's solutions respecting the criteria to determine the independence of directors are intended to strengthen the definition of independence and address the perception that even independent directors could be too closely tied to industry. Specifically, solutions focus on:

- Requiring the New SRO to create, in consultation with the CSA, criteria to assess the independence of directors annually (e.g., affiliations with industry associations).
- Ensuring that independence requirements for New SRO directors are at least comparable to those for directors of public companies (as provided for in National Instrument 52-110 *Audit Committees* (**NI 52-110**), with necessary adaptations), including appropriate cooling-off periods. It is recognized that the context of NI 52-110 is different from the SRO context and that other prerequisites will be considered in determining the appropriate independence requirements for the directors of the New SRO.
- Exploring a definition of 'independent director' that excludes those associated with a New SRO member affiliate.

Formal investor advocacy mechanisms

The CSA's solutions in respect of formal investor advocacy mechanisms are intended to facilitate and formalize the New SRO's consideration of investor concerns in support of the New SRO's effective fulfillment of its public interest mandate. Specifically, solutions include:

- Requiring the New SRO to establish an investor advisory panel to provide independent research or input to regulatory and/or public interest matters (potentially financed through a restricted fund[7]). The Working Group acknowledges that IIROC has made public statements of their intention to establish a similar expert investor issues panel.
- Requiring the New SRO to create a mechanism to formally engage directly with investor groups (on an advisory basis) to obtain broader input on the design and implementation of applicable policy proposals and rulemaking.
- Requiring regulatory policy advisory committees to include a reasonable proportion of investor / independent / public representatives.

6 The current director term limits are set out within the IIROC and MFDA by-laws.

7 A fund comprised of fines collected by SROs and payments made under settlement agreements with SROs. The use of this fund is limited by the ROs to: expenditures necessary to address emerging regulatory issues related to protecting investors or the integrity of capital markets; education and research relevant to the investment industry and benefiting the public or capital markets; contributions to non-profit organizations dedicated to investor protection; and other purposes as approved by the statutory regulators.

CSA involvement in New SRO corporate governance

The CSA's solutions in respect of the CSA's involvement in the New SRO's corporate governance are intended to bolster the New SRO's accountability to the CSA. Specifically, solutions focus on:

- Requiring the New SRO to engage with the CSA regarding the appropriateness of the nominees for independent directors and providing for a CSA non-objection to such nominees, selected through a fit and proper assessment process.
- Providing for a CSA non-objection process for the appointment of the CEO, including a requirement for the New SRO to develop a sub-matrix of appropriate criteria to inform the non-objection process.
- Clarifying existing authority in an appropriate governing document, as applicable for each CSA jurisdiction, to direct the New SRO to enact, amend, or repeal, either in whole or in part, any by-law, rule, regulation, policy, prescribed form, procedure, interpretation or practice.
- Enabling a specific by-law provision for the New SRO requiring that a director of the board be terminated from that position if the director no longer meets the relevant fit and proper criteria (e.g., Code of Ethics) as established by the New SRO and approved by the recognizing regulators.

During implementation of the New SRO, the CSA will need to amend the existing form of the ROs and the MOU (including the Joint Rule Review Protocol (**JRRP**)). The agreements between members and the New SRO will also need to be amended in order to ensure that the recognizing regulators can efficiently exercise the oversight powers described above.

CSA oversight

The following solutions are intended to promote the New SRO's accountability to the CSA, alignment of the New SRO's business planning processes with CSA priorities and transparency to the public by enhancing certain aspects of the CSA's program of ongoing SRO oversight. Specifically, solutions include:

- Enabling CSA review / non-objection process for member exemptions brought to the board of the New SRO.
- CSA publication of an annual activities report on the CSA's oversight of the New SRO and New IPF.
- Consideration of annual meetings between the CSA Chairs and the Chair of the New SRO as well as the Chairs of the New SRO's board committees.
- Ensuring that the New SRO's RO includes appropriate general requirements regarding the adequacy and location of New SRO staff / executives / board directors.
- A specific reporting requirement in the RO to refer escalated complaints about the New SRO by members or others under its jurisdiction to the CSA.
- Codifying within the new RO a requirement that the New SRO solicits CSA comments and input on annual priorities, strategic plans and business plans (including budget); and that the CSA maintains a non-objection mechanism, including over significant future publications and communications.

Other solutions

The CSA will implement the following additional solutions for the New SRO's corporate governance structure to adequately support and promote the New SRO's public interest mandate and to manage the risk of regulatory capture, as well as to address member concerns regarding access to the board. Specifically, solutions include:

- Transferring all current IIROC District Council regulatory decision-making functions to the board and staff of the New SRO. IIROC District Councils and MFDA Regional Councils will retain their advisory role with respect to regional issues, as well as the provision of regional perspective on national issues. This would involve ensuring an escalation mechanism within the New SRO as applicable.
- Requiring that all directors of the New SRO receive mandatory annual training on industry, governance, and investor protection issues, including training on their specific role and responsibilities within the corporate governance structure in support of the public interest mandate and the management of conflicts of interest.

- Requiring independent directors of the New SRO to have a separate "in camera" session at board meetings.

- Requiring the board of the New SRO to meet with the proposed investor advisory panel at least annually in addition to meeting with executives.

- Consideration of a mechanism giving members better access to the New SRO's board of directors (e.g., require the Chair and a majority of the Chairs of board committees to attend the Annual General Meeting to hear and discuss member concerns, possibly by way of a separate session).

b) Strengthening Proficiency

Introduction

Commenters expressed overall support for enhanced and harmonized proficiency standards for investment and mutual fund dealers, as differing registration categories currently result in uneven regulatory standards by virtue of differing individual proficiency requirements. As an example, IIROC has a well-established Continuing Education framework, and the MFDA is moving forward with developing such a framework for mutual fund dealers.

Furthermore, certain commenters confirmed that some investment dealers feel limited in their ability to grow their business by attracting mutual fund dealer representatives due to the IIROC proficiency upgrade requirement, which requires mutual fund dealer representatives transitioning to the IIROC platform to qualify as IIROC representatives within 270 days of approval. Generally, the industry views the 270-day requirement as an arbitrary and burdensome barrier which acts as a disincentive to transitioning to the IIROC platform, thus encumbering clients of mutual fund dealer representatives from more easily accessing certain products and services.

Through independent research, the Working Group identified that the current IIROC proficiency upgrade requirement is likely no longer fulfilling the initial policy objectives. However, once the New SRO is established, the immediate need to amend or repeal the requirement is likely lessened as the New SRO will enable separate mutual fund and investment dealer businesses within one member entity and thus investors will no longer encounter the aforementioned barriers to seeking a broader product offering. Therefore, the following solutions aim to balance practical industry needs and investor preferences while keeping the public interest as a guiding principle.

Solutions

- Consider proposing more nuanced proficiency-based registration categories to ensure consistent quality of standards for clients.

- Leverage ongoing and future work on proficiency standards, titles and designations that is part of the broader CSA Client Focused Reforms project.

- The New SRO to continue to promote the merits of additional credentials for individual registrants (e.g., so that they are better equipped to provide more holistic advice to their clients on financial concepts, planning for financial goals, budgeting or debt management, tax and estate planning).

- Implement a streamlined Continuing Education program for all dealer members that is fair, consistent and proportionate. As noted above, the MFDA will be establishing a Continuing Education framework for mutual fund dealers, and IIROC is currently assessing possible changes to its existing Continuing Education program for investment dealers. The New SRO will leverage these programs and initiatives as a starting point for the New SRO's Continuing Education program.

c) Enhancing Investor Education

Introduction

Investor education is a central pillar to achieving investor protection. Many stakeholder comments emphasized the importance of improving investor education. Relatedly, the Working Group's research validated that expanding outreach and other communication tools should improve investor protection by reducing investor confusion about (i) how the regulatory system works, (ii) the availability and coverage of the IPFs, and (iii) how to access the system and submit a complaint or seek redress.

Solutions

- The establishment of a separate investor office within the New SRO that is prominently positioned and supports policy development and is easily identifiable and accessible to investors.

- Funding the aforementioned investor education or outreach activities through a new requirement in the New SRO budget or a specific part of the restricted fund.

- Adding specific terms and conditions to the RO to require, to the extent possible, public transparency in enforcement notices in respect of processes for assessing firm supervision and reasons for disciplinary decisions.

- Reviewing the New SRO sanction guidelines / policies on the public disclosure of credit for cooperation, specifically for the inclusion and consideration of compensation to clients harmed by misconduct as a mitigating factor (or an aggravating factor if inadequate compensation was provided[8]) in assessing appropriate sanctions.

Once the new investor office has been established, the New SRO will implement the following:

- Raising public awareness on how the regulatory framework operates, including information regarding multiple registration categories, the role of the New SRO, New IPF and its coverage policy, the CSA and the Ombudsman for Banking Services and Investments (**OBSI**).

- Providing investor education and outreach on complaint filing options and how to file a complaint including what information or documents need to be submitted.

- Enhancing public understanding of processes member firms may use in relation to remediation of client complaints.

- Supporting member firms or individual registrants on how best to assist clients encountering issues in accessing and completing a member firm's complaint resolution process.

- Improving the awareness of SRO sanction guidelines / policies.

- Coordinating with CSA Investor Education / Communication groups on joint efforts to expand the reach and impact of investor education in promoting investor protection.

d) Increasing Access to Advice

Introduction

Many new investors start as clients of mutual fund dealers. The Working Group validated that investors are largely unaware of which products advisors are licensed to recommend or sell and, specifically, that mutual fund dealers are limited primarily to the sale of mutual funds. Often, as investors' net worth and investment knowledge grows, many investors want to progress to investing in exchange traded funds (**ETFs**) and other products, and it is confusing and dissatisfying for these clients to be advised that they are unable to easily purchase such other products from their mutual fund advisor. If the investor is a client of a dual platform dealer, it is even more difficult to understand why moving an account from a mutual fund dealer to the related investment dealer, often at the same location, involves the tedium of repapering and essentially opening a brand new account.

More broadly, when a client wants to change firms, the transfer of an account between unaffiliated firms will also result in transition and repapering costs, acting as a deterrent to move to gain better access to products that an investor may need. Additionally, in facilitating a transfer, many delivering dealers do not automatically provide the transactional history of a client account to the new receiving firm, resulting in the loss of information to support the adjusted cost base and historical data.

The Working Group also confirmed that many advisors in smaller geographic centres and rural communities offer or facilitate other financial services (e.g., preparing tax returns, insurance and mortgages) and thus, many of those individuals act as advisors only on a part-time basis through their SRO regulated firm. By contrast, investment dealer advisors are often required by their firms to operate in this capacity on a full-time basis and are thus more prevalent in large urban areas where there is greater demand for their services. The data has shown that mutual fund advisors are generally more prevalent in rural or smaller geographic communities operating in many different capacities and as a result, investors in these communities are less likely to have access to a broad range of investment-specific products and services (e.g., publicly listed equities, options and margin accounts). As such investors may be underserved relative to urban centres which raises a regulatory concern.

Facilitating easier and more cost-effective access to a broader range of permissible investment products, including ETFs[9] which mutual fund dealers are currently allowed to distribute, may now be considered an essential part of any investment portfolio.

[8] If applicable, inadequate compensation could also justify proceeding with a separate enforcement case.

[9] In order to ensure adequate proficiency of mutual fund dealers selling ETFs, the MFDA implemented Policy No. 8 – Proficiency Standard for Approved Persons Selling Exchange Traded Funds ("ETFs"), setting out additional proficiency and training requirements currently in effect.

Solutions

Based on the foregoing, the CSA specifies the following solutions in relation to access, which are to be considered in part with the need for enhanced proficiency requirements as detailed in sub-section 4 e) *Reducing Industry Costs* of this Position Paper:

- Allowing introducing / carrying broker arrangements[10] between mutual fund dealers and investment dealers. Under such arrangements, which are currently not permitted, a mutual fund dealer contracts out elements of its operations to an investment dealer in order to access the back-office and clearing systems at the investment dealer. This type of introducing / carrying broker arrangement will:
  - Provide mutual fund advisors with flexibility through different business models to access a broader range of currently permissible products, such as ETFs and permissible bonds;
  - Enable mutual fund advisors, through an alternate access model, the ability to offer a broader permissible product shelf than what is currently available to potentially facilitate their transition to an advisor at a full-service investment dealer; and
  - Provide clients with a broader range of permissible products through their existing mutual fund dealer to retain their relationship with a trusted advisor.
- Enable a dual platform dealer to include its mutual fund dealer and investment dealer businesses within one legal entity and integrate similar back-office functionalities. The client can then access more investment products and services through a single dealer, rather than dealing with multiple firms. Relatedly, if dual platform dealers choose to maintain their mutual fund dealers and investment dealers as separate legal entities, require affiliated firms to cross guarantee each other's liabilities and obligations.
- Taking into account privacy and security considerations, perform an assessment and propose a rule enabling dealers to centrally gather standard client information (such as name, address, social insurance number, driver's license) and consistent know your client information in digital format to use across multiple accounts to minimize transition and repapering costs. If advisors or clients are transferring between unaffiliated firms, member firms will be required to share information, upon request, on a bulk basis to streamline the process.
- Perform an assessment and propose a rule to require the transfer of historical data, upon request by the receiving dealer, for client securities and accounts transferred within a dual platform dealer or between unaffiliated firms, to allow investors to move more seamlessly between firms.
- Consider a rule or provide explicit guidance that would enable more part-time advisors in all dealer platforms, provided that all applicable regulatory approvals are obtained, the firm consents and enters into an agreement with the advisor to continue proper supervision and compliance, and all obligations to the client are retained.
- Consider including a requirement in the New SRO's RO that promotes the servicing of clients in different geographic zones (i.e., urban and rural).

e) Reducing Industry Costs

Introduction

A key point in the previous discussion on the ability to fairly access products and services is that, increasingly, clients of mutual fund dealers want access to a broader range of products, such as ETFs and permissible bonds. The Working Group validated that though progress is being made, many mutual fund dealers cannot easily distribute ETFs directly to their clients because of the cost and complexity to integrate back-office systems between dealers and, accordingly, have been forced to use cumbersome workarounds to service clients (including referring the investor to another dealer, entering into a service arrangement with an IIROC dealer, or advising the client to purchase an investment fund that wraps ETFs). These alternatives, however, result in higher costs for mutual fund dealers which, in many cases, are ultimately passed on to their clients.

Other significant costs to the industry are specific to dual platform dealers that pay duplicate fees to the two existing SROs and two related protection funds and maintain separate compliance functions and information technology (**IT**) systems to handle two sets of distinct rule books. Although the issue of duplicate costs borne by dual platform dealers was initially identified in the Consultation Paper, it was determined that anticipated cost savings may be less than expected if dual platform dealers choose

[10] Under the current respective IIROC and MFDA rules, members of each respective SRO may enter into arrangements with other members of the same SRO pursuant to which the accounts of one member (the "introducing broker / dealer") are carried by the other member (the "carrying broker / dealer") provided that prescribed terms and conditions are satisfied.

not to consolidate their administrative functions immediately. Consolidation of these functions is more likely once the existing rule books are consolidated. Lastly, the Working Group notes that certain industry stakeholders also assert that high operating costs borne by dealers are tied to regulations that impede them from enhancing innovation in the delivery of products and services.

Solutions

- Allow introducing / carrying broker arrangements between mutual fund dealers and investment dealers to avoid the workarounds currently required for many mutual fund dealers to access certain products, such as ETFs.

- The New SRO to permit Chief Financial Officers (CFOs), Chief Compliance Officers (CCOs) and other compliance staff to serve multiple firms simultaneously when appropriate risk controls are in place, subject to applicable regulatory approvals. Currently, IIROC rules permit part-time CFOs for both affiliated and non-affiliate firms,[11] and similar guidance relating to shared CCOs for all registrant categories (including those at IIROC and MFDA dealers) has been published by the CSA.[12] This could reduce industry costs and better enable dealers to determine appropriate staffing levels and structure based on operational needs and demands.

- Review the current SRO fee models used to set fees paid by members, and take the steps below respecting New SRO fees:

  - Ensure that fees in the New SRO are proportionate to registrants' activities and do not carry over any duplications currently experienced by dual platform dealers;

  - Until any proposed changes to fee models are approved, enable a moratorium on an increase in fees, particularly for non-dual platform dealers without CSA authorization. The CSA will monitor the collection of member fees against SRO benchmarks; and

  - More broadly, consider the impact of the New SRO on the profitability of smaller and independent dealers, both from the perspective of whether the new rules could have a detrimental impact on revenue earned and fees paid.

- Add terms and conditions in the New SRO RO that enable a transparent and accessible means by which members can develop and employ the use of technological advancements to achieve greater efficiencies and productivity, while considering the risks and benefits to the public interest. A related reporting obligation would keep the statutory regulators apprised of such work.

- Specific to mutual fund dealers, allow those dealers to continue using their existing front / mid / back office systems, as appropriate. This should primarily benefit smaller dealers whose existing business models would not warrant the cost outlay for new systems.

- Specific to dual platform dealers:

  - Enable a dual platform dealer to include its mutual fund dealer and investment dealer businesses within one legal entity, and integrate similar functions relating to compliance, back-office and administration (e.g., legal services and human resources), to realize economies of scale. Relatedly, if dual platform firms choose to maintain their mutual fund dealers and investment dealers as separate legal entities, require affiliated firms to cross guarantee each other's liabilities and obligations; and

  - Harmonize applicable policies and rules into a consolidated rule book to eliminate the need for separate compliance departments or IT systems, thereby reducing operating costs.

f) Fostering Harmonization / Efficiencies

Introduction

In response to the issues noted in the Consultation Paper, many stakeholders communicated the need to address existing differences in rules between each SRO, and between the SROs and the CSA, including differences in the interpretation and application of rules, respecting regulation of similar products and services across registration categories. Some stakeholders also pointed out that the regulation of similar products distributed within the securities and insurance industries (e.g., segregated funds) is not harmonized.

[11] IIROC DMR 38.6 https://www.iiroc.ca/rules-and-enforcement/dealer-member-rules
[12] https://www.albertasecurities.com/-/media/ASC-Documents-part-1/Regulatory-Instruments/2020/07/5817162- -CSA-Staff-Notice-31-358.ashx

Furthermore, the Working Group validated that investors are generally confused: (i) by the overlap of the current regulatory structure, (ii) about accessing and understanding multiple complaint resolution processes (as well as being frustrated over the effectiveness of the processes), and (iii) about the availability, scope and coverage of investor protection funds.

Solutions

- As outlined in section 3 of this Position Paper, the IWC will oversee a policy review of the existing IIROC and MFDA rule books / guidance to increase harmonization of similar rules, as well as their interpretation and application. The focus will be to identify differences in the rules / guidance, arbitrage opportunities and overlaps, and propose either (i) to maintain necessary differences, or (ii) seek appropriate amendments to harmonize or eliminate regulatory gaps.

  As part of this policy initiative, the IWC will consider the following:

  - harmonized interpretation of rules with securities legislation (e.g., Client Focused Reforms);
  - guidance that clearly articulates the intended outcomes for rules;
  - rules that are scalable or proportionate to the different types and sizes of member firms and their respective business models;
  - assessment of the economic impact of proposed rule changes to affected stakeholders;
  - harmonization of rules that individually may require unnecessary technological systems or processes; and
  - identifying improvements to internal processes (e.g., for SRO examination reports, as applicable, to reference guidance to assist firms in improving outcomes).

- To foster harmonization between the New SRO and the CSA, require the New SRO to solicit CSA comment and input on annual priorities and business plan (including budget); and furthermore, the CSA to maintain a non-objection mechanism, including over significant future publications and communications.

- To assist investors in effectively navigating the complaint resolution processes, review existing regulatory processes across channels with the intent to:

  - centralize the complaint reporting process and explore the merits of creating a single complaint filing portal for the New SRO through which investors could use a standard complaint form to file all types of complaints which the portal would then consolidate, filter and route to the appropriate organization (e.g., the registered firm, internally within the New SRO, appropriate CSA member, OBSI);
  - apply a consistent complaint handling process to review and investigate all types of complaints;
  - develop and apply service standards for complaint resolution; and
  - consider the merits or feasibility of allowing client / victim impact statements for consideration by a hearing panel during the sanction proceedings.

  In the longer term, consideration will be given to expanding the process to include a single complaint filing portal for all registration categories, integrating current CSA processes.

- Given the similarities in coverage for the IPFs, to alleviate investor confusion and to facilitate an improved understanding of the role of investor protection funds, consolidate CIPF and the MFDA IPC into a single protection fund that is independent from the New SRO. An appropriate governance structure for this New IPF will be considered as well.

  The New IPF will review and propose changes to its policies related to disclosure, coverage and claims, focusing on improving plain language disclosure. Furthermore, until any proposed changes are approved, the New IPF would be required to maintain separate coverage pools for investment and mutual fund dealers. Initially maintaining separate coverage pools will enable the consolidated protection fund to conduct a proper assessment of insolvency risks for the different types of dealers. Until the assessment is complete, a moratorium on any change to the methodology, applied to fees or assessments that would result in a material increase in applicable IPF fees without CSA authorization, will apply.

In the second phase, when consideration is given to assessing the feasibility of incorporating other registration categories within the one SRO framework, consideration will also be given to the possibility of providing coverage to clients of the other registration categories and harmonizing the consolidated protection fund with the *Fonds d'indemnisation des services financiers* in Québec.

g) Harmonizing Directed Commissions

Introduction

A directed commission arrangement generally refers to an arrangement whereby a dealing representative or other registered individual requests their sponsoring firm to pay part or all of the commissions or fees earned by the individual to a personal corporation owned by the individual and / or the individual's family members. This is different from an incorporated salesperson model, which is the ability of an individual to carry on registrable activities through a corporation that itself is registered under securities legislation.

As noted in the Consultation Paper, the MFDA and IIROC currently take different approaches to directed commissions arrangements. In short, the MFDA rules permit these arrangements except in Alberta. IIROC rules do not permit these arrangements. Directed commission arrangements are generally not permitted for other registrant categories, such as exempt market dealers, except in Manitoba and Saskatchewan. However, CSA staff continue to see directed commission arrangements being used by other registrant categories in the context of compliance reviews. Registered individuals generally seek to adopt directed commission arrangements to enable a more tax-efficient structure to manage business flow and disbursements.

MFDA Rule 2.4.1 currently allows individuals to direct commissions to personal corporations provided specific conditions are met. These conditions include the personal corporation being incorporated under the laws of Canada or a province or territory of Canada. Furthermore, the sponsoring firm, registered individual and the personal corporation must have entered into an agreement, in a form prescribed by the MFDA, the terms of which provide that the sponsoring firm and the registered individual remain liable to third parties, including clients, and payment to an unregistered corporation does not in any way limit or affect the duties, obligations or liability of the firm or individual. The terms also require supervision of the arrangement by the sponsoring firm and appropriate access to books and records of the registered individual and personal corporation.

In practice, there is some uncertainty as to when and in what circumstances activities being conducted through a personal corporation require registration, and some jurisdictions appear to take the view that the payment of fees or commissions is registerable activity. Accordingly, several jurisdictions[13] in Canada have adopted local registration exemptions (the **local registration exemptions**) to allow registered dealing representatives of mutual fund dealers (and in Manitoba, any type of dealer) to make use of directed commission arrangements.

The tax status of individual registrants who use a directed commission arrangement is unclear. A corporation that does not carry on the business for which commissions are paid, and merely acts as a conduit to receive commissions, may not be able to achieve the desired outcome for tax purposes.

An incorporated salesperson model allows a registered individual to carry on registrable activities through a corporation that itself is registered under securities legislation. As a registrant, the corporation would be subject to registration requirements. Because the corporation itself would be registered and, therefore, able to engage in the registerable activities that would *earn* the commissions, this model would not seem problematic from a tax perspective. This model has been adopted and utilized by other professionals, such as physicians, lawyers and accountants. Although this model would likely alleviate the issue of tax uncertainty, it would require legislative amendments, which would take considerable time to implement. Legislative amendments that would allow for incorporated salespersons have been made to the securities legislation of Alberta and Saskatchewan, but they have not been proclaimed.

Solutions

The topic of directed commission arrangements is a complex matter with many considerations. Further work will need to be completed, including consultations with other CSA stakeholders, to reach definitive conclusions on the appropriate treatment under the New SRO model. This additional work should be completed as part of the rulemaking process for the New SRO.

Therefore, a CSA working group comprising appropriate CSA stakeholders will be formed (the **Directed Commissions WG**) to continue working on this analysis. In the interim, the Working Group has compiled some preliminary views based on its analysis that could provide assistance and help inform the additional work required during the next steps of the SRO implementation process:

1. The Directed Commissions WG should consider the tax status of registered individuals and whether there are any regulatory concerns with permitting directed commission arrangements, at least as an interim step while other options, such as adopting a true incorporated salesperson regime are studied.

[13] British Columbia, Manitoba, New Brunswick and Newfoundland and Labrador.

2. Following further consideration of the tax issue and appropriate consultation with stakeholders in conjunction with the IWC's efforts to harmonize rules, the Directed Commissions WG should complete the necessary work to consider, and if applicable, propose a rule and prescribed form of agreement that provide the appropriate protections. This rule would permit directed commission arrangements for registered individuals sponsored by any type of dealer member of the New SRO.

3. The Directed Commissions WG should consider whether a consequential amendment to Part 8 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* modelled on the existing local registration exemptions is the appropriate approach under the New SRO model. This registration exemption could be available to registered individuals sponsored by any type of registrant firm (both dealers and advisers) on appropriate terms and conditions.

4. Depending on the outcome of the additional analysis, the Directed Commissions WG could consider whether any other options, such as adopting a true incorporated salesperson regime as a long-term solution, is warranted.

h) Maintaining Strong Market Surveillance

Introduction

In addition to member regulation functions, IIROC currently regulates marketplace members and conducts real-time surveillance of the trading activity on Canadian equity marketplaces as well as timely surveillance of all fixed-income trading conducted by its dealer members, together with the supervision of member compliance with the Universal Market Integrity Rules. IIROC also provides trading-related information to securities regulators in support of the CSA's oversight of marketplaces carrying on business in Canada, including enforcement activities regarding possible market misconduct. IIROC also promotes transparency in Canada's fixed-income markets as the Information Processor for Canadian corporate and government debt securities.

Specific stakeholders expressed general concerns about the potential for inefficiencies and information gaps as a result of the separation of market surveillance from statutory regulators, including possible impacts on CSA enforcement processes as well as the CSA's ability to monitor for systemic risk in Canada's capital markets. After extensive research and analysis, the Working Group concluded that the specific issues raised in the Consultation Paper were not validated and that the surveillance of Canadian equity and debt marketplaces should remain with the New SRO. However, as a result of internal discussions, the Working Group has concluded that there may be opportunities for improvement in the sharing of relevant information across regulators arising from the market surveillance function.

Consequently, the CSA will review current processes with the view to enhancing the processes for the sharing of trading-related data between the New SRO and the CSA. The goal of this review will be to identify any gaps or inefficiencies in current processes that may impact the CSA's enforcement function, its policy functions, or its ability to effectively monitor for systemic risk. To the extent that gaps or inefficiencies are identified, solutions will be implemented to establish appropriate practices for the sharing of trading-related information between the CSA and the New SRO with the New SRO's continued responsibility for carrying out market surveillance.

Solutions

- To improve collaboration and the sharing of information between the CSA and the New SRO, a new CSA working group (**CSA Market Information Coordinating Working Group**) will be established to review differences in jurisdictional enforcement processes and engage with the New SRO regarding the supervision of market related data and sharing like information in order to:
    - adopt optimal practices and procedures for a collaborative approach to market surveillance; and
    - identify and resolve gaps or inefficiencies in information sharing that may impact, as noted, the CSA's enforcement processes, its policy functions or the CSA's ability to effectively monitor systemic risk in the Canadian capital markets.
- The composition of the CSA Market Information Coordinating Working Group will be determined at a later stage, but will be composed of CSA staff with experience in the market surveillance function, including staff involved in Enforcement, Market Regulation, SRO Oversight and Systemic Risk as appropriate. Staff of the New SRO will be expected to contribute to the CSA Market Information Coordinating Working Group's review and assist in optimizing information sharing processes.
- The CSA Market Information Coordinating Working Group will be expected to identify and recommend opportunities for improvement to existing processes within a timeline to be established once the working group is constituted.

i) Leveraging Ongoing Related Projects

Introduction

The CSA recognizes that existing CSA or SRO related projects will assist or lead to the resolution of certain sub-issues identified in the Consultation Paper. Specific targeted suggestions are being made for consideration by the respective working groups involved in these ongoing projects. Examples of these ongoing projects and working groups are:

Complaint resolution

- The CSA OBSI Working Group's continuing efforts to make OBSI decisions binding and to assess the need for an appeal or review mechanism.
- The role of the CSA OBSI Joint Regulator Committee (**JRC**). As part of its oversight role for OBSI, the CSA encourages the JRC to review:
  - the merits of (i) restricting the scope of matters the member firm's internal ombudsperson can address, as well as (ii) educating investors on their ability to access OBSI's services without using an internal member firm ombudsperson; and
  - OBSI complaint data to assess if the New SRO should include "complaint handling" as a separate category in the New SRO's complaint reporting system to better identify when clients are dissatisfied with a member firm's complaint handling process.
- An ongoing project on complaint resolutions in Québec, which is expected to be published in the form of a local instrument in Fall 2021.
- IIROC's ongoing assessment of its current arbitration program with the intent to enhance its usefulness as a means of recourse for investors.
- CSA staff's review of complaints and other enforcement data, and information provided as required by the existing ROs to determine if complaints reported to the SROs are appropriately assessed and investigated.
- The CSA Committee on Vulnerable Investors ongoing assessment of securities legislation to enhance protection of older and vulnerable adults.

Consolidation of databases and harmonization with insurance regulators

- The CSA SEDAR+ project which will improve the CSA's national consolidated database and enhance public disclosure of registered firms and individuals in one portal, including historical disciplinary information of active or former registrants. Regulatory staff involved in the project should consider the merits of including public disclosure and easy access to information pertaining to registrants similar to that contained in the SEC's Form ADV, or the current IIROC Advisor Report.
- The CSA initiative with the Canadian Council of Insurance Regulators on full cost disclosure and performance reports.

SRO enforcement practices

- IIROC's ongoing efforts to obtain enhanced legislative enforcement powers directly from jurisdictional governments (i.e., statutory immunity, ability to collect fines, compel witnesses, collect and present evidence).
- IIROC's ongoing project to conduct an assessment regarding enabling the disgorgement of profits and direct compensation back to victims for losses in cases decided by hearing panels and cases resolved by a settlement agreement.

Registration

- The CSA proposed targeted changes to enable a more efficient registration and oversight process by providing registered firms and individuals with greater clarity on what information is required as part of the registration process, while also improving the quality of information received by regulators.

5. Consideration of Written Representations and Next Steps

The Working Group will consider written representations submitted in hard copy or electronic form received within 60 days of publication of the Position Paper. At the same time, the CSA will be moving forward to establish and lead the IWC to begin the work to implement the New SRO.

Please submit your written representations in writing on or before **October 4, 2021**. If you are not sending your written representations by email, please send us an electronic file containing submissions provided (in Microsoft Word format).

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Please send your written representations only to the addresses below. Your written representations will be forwarded to the other CSA member jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West 22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar 2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax : 514- 864-638
Email: consultation-en-cours@lautorite.qc.ca

Certain CSA jurisdictions require publication of the written representations received during the comment period. All written representations received will be posted on the websites of each of the ASC at www.albertasecurities.com, the AMF at www.lautorite.qc.ca and the OSC at www.osc.gov.on.ca. Please do not include personal information directly in written representations to be published and state on whose behalf you are making the submission.

Questions

If you have any comments or questions, please contact any of the CSA staff listed below.

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Addendum – Recognition of the New SRO in Québec

Background

Mutual Fund dealers

Firms pursuing activities as mutual fund dealers in Québec are required to register with the AMF. Firms also pursuing such activities in other Canadian provinces or territories are required to be members of the MFDA under the regulations applicable outside Québec.

Natural persons registered with the AMF in the category of mutual fund dealer representative are required to be members of the CSF, a self-regulatory organization established by the *Act respecting the distribution of financial products and services*, whose mission is to ensure the protection of the public by maintaining discipline among and supervising the compulsory professional development and ethics of its members. This obligation also applies to mutual fund dealer representatives registered in other provinces or territories when they pursue activities in Québec.

As at May 31, 2021, 71 firms were registered as mutual fund dealers with the AMF, and 22,076 natural persons were registered in the category of mutual fund dealer representative. Of those 71 firms, 20 were operating in Québec only, and 748 representatives were acting on their behalf. The remaining 51 firms were MFDA members and accounted for 21,329 representatives. The AMF is the principal regulator for 31 of these 71 firms.

Investment dealers

In Québec, as in all other Canadian provinces and territories, firms registered as investment dealers are required to be members of IIROC.

As at May 31, 2021, 145 firms were registered as investment dealers with the AMF and were members of IIROC, and 12,409 natural persons were registered in the category of investment dealer representative. Of these 145 firms, 140 were registered in at least one other province or territory in Canada, and 12,398 representatives were acting on their behalf. In addition, five investment dealers were registered as such in Québec only, and 11 representatives were acting on their behalf. The AMF is the principal regulator for 22 of these 145 firms.

The AMF's position

The AMF agrees with the CSA that a new, single SRO, consolidating the activities of IIROC and the MFDA and with an enhanced governance structure, is in the best interests of investors and the financial industry. In addition to the many benefits associated with the CSA's position, greater harmonization of the SRO framework applicable in Québec with that of other Canadian jurisdictions will reduce complexity and confusion for investors, who will then benefit from comparable protections, regardless of their place of residence.

Also, for financial groups including a firm registered as a mutual funds dealer and a firm registered as an investment dealer and operating in Québec and elsewhere in Canada, a simplified framework will reduce their compliance burden, which will translate in particular into lower costs.

Accordingly, the AMF will recognize the New SRO in the same way as the other CSA members to ensure harmonized oversight of firms registered as investment dealers and mutual fund dealers as well as natural persons registered in the categories of investment dealer representative and mutual fund dealer representative acting on their behalf.[1] This recognition of the New SRO will not affect the mandate, functions and powers of the CSF.

The New SRO will ensure compliance with its operating rules, which will be harmonized with securities regulations, including *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations* (in other CSA jurisdictions, National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*). Through its power to approve the rules of the New SRO, the AMF will be able to ensure that those rules do not have duplicative effects where equivalent provisions apply to representatives of mutual fund dealers under Québec regulations.

Upon its recognition, and in accordance with any such transitional provisions as may be adopted by the AMF, investment dealers and their representatives will be required to become members of the New SRO and comply with its rules. This requirement will also apply to mutual fund dealers and their representatives registered in Québec.

[1] If necessary, the AMF could, on the conditions that it determines, delegate to the New SRO the exercise of some of its functions, subject to the approval of the Government as set out in section 61 of the *Act respecting the regulation of the financial sector*.

Stakeholder representations

Stakeholders in the Québec financial sector are invited to make representations, in accordance with the instructions in Section 5 of this document, regarding the AMF's desire to recognize the New SRO, whose mandate will include overseeing investment dealers and mutual fund dealers in Québec.

Appendix A -- Summary of Public Comments

Background

As noted in the Introduction section to this Position Paper, in late 2019 and early 2020, the Working Group completed informal consultations with key stakeholder groups regarding the current SRO regulatory framework.

On June 25, 2020, the CSA published the Consultation Paper for a 120-day public comment period. The Consultation Paper sought public input on the following seven key issues identified as a result of the informal consultations:

1. Duplicative operating costs for dual platform dealers
2. Product-based regulation
3. Regulatory inefficiencies
4. Structural inflexibility
5. Investor confusion
6. Public confidence in the regulatory framework
7. Separation of market surveillance from statutory regulators

The comment period ended on October 23, 2020. In response to the Consultation Paper, 67 public comment letters were submitted. This Appendix summarizes the written public comments, and includes the section - *Other issues related to Québec* - for comments received that address the specific regulatory framework in Québec.

Commenters are listed below along with statistical information relating to the number of stakeholders in each category commenting on specific issues. We thank everyone who took the time to prepare and submit comment letters.

Summary of comments received in response to the Consultation Paper

Issue 1 – Duplicative operating costs for dual platform dealers

A large proportion of commenters, including industry associations along with IIROC dealers, MFDA dealers and dual-platform dealers confirmed that the current structure results in duplicative costs. Key comments are noted below:

- There seems to be no economic basis to continue having two SROs for Canada's investment industry, particularly given the decline in MFDA membership. In 2002, the MFDA had 220 dealer members; today, the number of dealer firms has dropped to 90, 25 of which are dual platform (IIROC and MFDA). This leaves only 65 firms that deal exclusively in mutual funds.
- Commenters pointed to the need to maintain separate compliance and supervisory functions in respect of each SRO, leading to increased costs in legal, regulatory, tax, operations, compliance and technology matters. These costs ultimately affect service to investors as they hamper economies of scale and innovation in the delivery of products.
- Commenters pointed to IIROC's cost analysis to assert that a single regulatory structure will lead to cost savings.
- Other commenters noted that some of the duplicative operating costs cannot be attributed to the regulatory framework but rather are the result of business decisions taken by the firms.
- The savings as a result of consolidation could be reinvested in some innovation field and client service.
- Consolidation, through merger or another approach, may provide efficiencies, at a minimum through the elimination of duplication of overhead.
- The revised SRO model in Canada should bring increased efficiencies, increased consistency, increased transparency, reduced costs and an enhanced member experience, and should be able to address the specific needs of smaller dealers, while maintaining or enhancing integrity, oversight and investor protection.

Investor advocates, mutual fund only dealers and other commenters also noted the following key elements regarding this issue**:**

- An investor advocate warned that this consultation should not be an industry-driven initiative to reduce the "burden" of regulation; the new framework should be designed to improve outcomes for both industry and investors.
- Potential operational cost savings should not be a major factor in the development and implementation of a new SRO framework and should not prejudice investor protection or effective compliance or enforcement.
- The client lens is far more important in measuring the potential benefits of changes to the regulatory framework than the impact of lessening regulatory fragmentation on firm costs and profits.
- The Deloitte cost-saving estimates presents limits, since only the largest dealers would benefit from the bulk of estimated savings and the savings are not substantial.
- There might be material membership fee decreases for large and medium-size MFDA dealers; there could also be material membership fee increases for small MFDA dealers absent specific action to address this.

- There should be a level playing field between mutual fund dealers and investment dealers to the extent that existing mutual fund firms would not be pushed out of the investment industry due to an increase in cost or regulatory burden. Changes should not create additional regulatory burden or require unnecessary operational and infrastructure costs for MFDA-only firms.
- There is a need to ensure that a new consolidated SRO encourages new entrants, stimulates innovation and is fair to all members.
- Those who choose to operate under multiple platforms / registration categories should embrace the relevant costs and constraints. Small adjustments to the current framework (e.g., IT gateway, passport system, mutual recognition, exemptions, better alignment of requirements among SROs) rather than a major structural overhaul should be favored.
- More significant savings would be achieved if advice-based trailing commissions are rebated or banned outright.

Issue 2 – Product-based regulation

A vast majority of commenters, including industry associations, investor advocates, and industry stakeholders agree that the current framework and the structure around products need to be redesigned and that similar products and services should be regulated in a consistent manner, preferably under a single SRO. Key comments were:

- Product-based regulation is becoming anachronistic in an industry that is slowly shifting away from a transactional, "selling" model to one that favors advice that is appropriately targeted to the needs of clients.
- The framework should regulate across the continuum of products and type of advice rather than be structured and separated based on the product. Expectations on key principles such as know your client, suitability, etc. should be the same across products.
- Having a single SRO is likely the only way to avoid inconsistent approaches to the distribution of similar products. Examples of different treatment between registrant categories when accessing similar products include how a security is registered (nominee v. client name), availability of fee-based or commission-based accounts, and investor protection fund services available.
- There should be as much harmonization as possible in terms of product and distribution standards across various types of registered firms.
- If there is some type of merger, investment dealers should be allowed to provide a mutual fund-only offering in their legal entity without requiring a separate dealer on the MFDA platform.

Several commenters, including industry associations, investor advocates, and industry stakeholders agreed that regulatory arbitrage exists and can be an issue. The common theme that emerged is that a single national regulator is a means by which to minimize regulatory arbitrage opportunities. Key comments provided were:

- A single national SRO regulator will create a regulatory framework that minimizes opportunities for regulatory arbitrage, including the consistent development and application of rules.
- Consolidating registration categories under a single SRO will facilitate a consumer-focused approach that would reduce regulatory arbitrage, limit investor confusion and better reflect how Canadians seek financial advice and make product-purchasing decisions.
- Regulatory standards should be applied uniformly across the CSA and the SROs, both to firms and individual registrants to address arbitrage opportunities. Standards should be harmonized to the extent possible.
- The differences in registration between IIROC and the MFDA, with the applicable provincial regulator overseeing MFDA registration can lead to "regulator shopping". A consolidated SRO should be responsible for registering individual representatives.

Both investor advocates and industry stakeholders commented on converging registration categories:

- The new regulatory framework should provide flexibility in registration categories to allow innovation and variety in business models to better meet the current and future needs of customers. Mutual fund-only registered individuals should be allowed to work for an investment dealer and indefinitely provide mutual fund-only account services to their clients.
- The new regulatory framework should provide flexibility in registration categories to allow innovation and various business models to better meet the current and future needs of customers.
- Currently, registrants in different registration categories are permitted to provide advice on identical products, which is sufficient to raise questions about product-based regulation.
- It is appropriate to require additional proficiencies for registrants related to variations in complexities of products. However, differing registration categories based on proficiency should still be within a single registrant category to ensure consistent treatment of clients.

- With investor protection and business efficiency as objectives, the primary determination should be what level of protection and regulatory standards are appropriate for the different products/services offered to investors, regardless of the registration category title.
- Minimum requirements should be focused on skills, competency, and professionalism, with less regard to the specific scope of products sold by a given registrant.

A few commenters expressed concern about regulatory arbitrage between the securities industry and the insurance and banking industries, with products such as segregated funds, GICs and term deposits. Key comments were:

- Regulation governing the distribution of segregated funds differs significantly from investment funds and enhances the possibility of regulatory arbitrage.
- Since the formation of the MFDA in the 1990s, there has been a slow consistent migration from mutual funds to segregated funds, with many advisors giving up their mutual fund registration.
- Products such as mutual funds, exchange traded funds and segregated funds are very similar; it is crucial to have consistent regulatory oversight of all such products to minimize opportunities for regulatory arbitrage.
- Potential regulatory arbitrage may arise between investment dealers and the insurance industry with the CSA's Client Focused Reforms and deferred sales commission prohibition / restrictions on mutual funds.

Several investor advocates and industry stakeholders expressed concerns about the current regulatory framework's impact on consumers access to financial advice and products, the services rendered, and investor protection. Key comments provided were:

- A single, consolidated SRO, with a single set of rules and guidance would provide clarity and consistency to firms and SRO staff and would ultimately benefit consumers.
- Regulatory projects should start from the client's point of view and offer a holistic and inclusive approach guaranteeing the same degree of protection and oversight, regardless of the product or the registration category.
- Existing regulation focuses on products, at the expense of proper regulatory oversight of the critical relationship between financial advisors and clients.
- Investors should have confidence that their needs are being served with consistent regulatory expectations, regardless of the product or service that is recommended or sold.
- A new SRO should focus on governance and regulation of personalized financial advice rather than sales transactions related to certain investment products.
- The level of protection and regulatory standards should be similar for registrants in different registration categories but engaged in similar conduct and offering similar products / services. The regulatory framework should be designed and implemented to ensure such protections and standards are applied consistently, minimize the gaps in protections and efficiency, and meet the desired regulatory objective.

Issue 3 – Regulatory inefficiencies

A majority of commenters, including investor advocates, industry associations, and IIROC and MFDA dealers expressed their concerns that the current framework results in limitations on product access by investors. The following key comments were articulated by stakeholders:

- Concern that mutual fund dealers are not able to access ETFs efficiently due to operational issues and costs involved. Change is needed to allow mutual fund dealers to use investment dealers back-office systems for ETF transactions via IIROC / MFDA introduction arrangements.
- IIROC / MFDA introducing arrangements would also require the harmonization of IIROC / MFDA proficiency and continuing education requirements.
- Barriers to distributing ETFs are business barriers, not regulatory barriers.
- The new framework should aim to address uneven regulatory requirements for similar products / services depending on which regulatory platform the products / services are offered. Similar regulatory standards should apply to similar products.
- Investors should have efficient access to a wide range of products / services, provided investor protection is not compromised.
- Investors want holistic advice. A modern SRO should concentrate on transaction-based regulation and the regulation of financial advice as a service, rather than product-based regulation.

Several commenters, mostly from the industry, noted that the current framework leads to inefficiencies that do not provide regulatory value:

- For dealers, two SROs lead to duplicative costs to: interpret and apply un-harmonized rules, maintain different accounting and compliance systems that cater to each set of rules, and maintain two sets of policies and procedures.

- Different approaches taken by IIROC and MFDA with regard to, amongst other things, ETFs, managing product risk, enforcing sales practice rules, differing approaches to audits and compliance matters results in increased cost for dealers, regulatory arbitrage, and an uneven playing field between industry participants.
- Having multiple SROs results in higher CSA oversight costs; duplicative costs relating to overhead / non-regulatory functions (e.g., accounting, HR, office services and IT) and higher costs in terms of rule development and interpretation among multiple regulators.

Finally, some commenters expressed the following other key elements:

- MFDA members feel that the ability to incorporate professional corporations for the purpose of directing commissions is an important tool for business needs / corporate structure.
- A single SRO would help unify the 13 provincial / territorial regulators.
- There are also obstacles faced by investors in navigating a confusing and unnecessarily difficult complaints process, with limited access to receiving compensation for losses caused by industry misconduct.
- When a mutual fund dealing representative wants to transfer to an investment dealer, course providers charge the full price for a course already taken by a mutual fund dealing representative.

Issue 4 – Structural inflexibility

The vast majority of industry stakeholders expressed concerns that the current dual SRO structure is inflexible. Investor advocates were also generally supportive of changes to the existing structure. The common theme that emerged is that the current regulatory framework inhibits the efficient evolution of business, limits dealers' ability to leverage technological advancements and from an investor standpoint results in a negative impact on investors, particularly retail investors who would prefer a simpler system where most products and investment services are available through a single source. Key comments provided were:

- There is a need for simplification to enable dealers to avoid having to become dual platforms.
- Registrants are currently disincentivized from switching back and forth between platforms due to associated costs with this practice (e.g., cost of renewing proficiency courses) and the differing approaches in what is allowable compensation and tax planning structures.
- Any move to a single SRO entity must preserve flexibility in recognition of the various business models such as small independent mutual fund dealers and investment dealer registrants.
- Dual platforms result in in a cumbersome and confusing client experience, as a result of being forced to switch back and forth between platforms. A single SRO entity would also result in less administrative complexity, and reduced time and cost burden for both investors and registrants.
- There are structural limitations in a dual platform environment when accessing products. SRO consolidation will eliminate duplication and will encourage development of back-end office solutions and client-facing tools for advisors.
- There should be equal treatment going forward to provide SRO members the same options (e.g., directed commissions).
- A consolidated SRO can better facilitate innovation and encourage the development of back-end office solutions and client-facing tools for advisors. More specifically, FinTech entities would benefit from a consolidated structure that allows for timely and cost-effective innovation, as the reduced costs would encourage re-investment and advancement in this area.
- Access to advice for rural and underserved investors needs to be preserved with any change to the existing SRO structure.
- The IIROC upgrade rule (270-day requirement) curtails the desire to grow investment dealer firms, which limits the ability of all investment dealers of all sizes to efficiently service their clients.

Issue 5 – Investor confusion

Both industry stakeholders and public commenters agree that the current regulatory framework leads to investor confusion. Key comments provided were:

- The current regulatory framework is fragmented and complex, which leads to client confusion.
- Investors are confused and dissatisfied about the different products that are available and that are subject to different regulatory regimes.
- Investors are confused by the multiple registration categories and plethora of titles in use in the industry.
- Investors are generally confused by the complaint handling process within the current SRO structure and the role that each SRO plays with respect to complaint resolution and enforcement. The current complaint resolution process is difficult to navigate.
- Several commenters support a single point of contact for all consumer complaints regarding financial advisors, regardless of product sector.

- The role and scope of protection offered by the existing investor protection funds is not well understood by the investing public. Most commenters supported changes to the current investor protection fund coverage model. Investor advocates don't feel that this is an area of confusion; however, expressed support for a consolidation on terms that provide a uniform level playing field to investors.

Issue 6 – Public confidence in the regulatory framework

Several investor advocates and some industry stakeholders expressed concern that the current SRO corporate governance structure does not adequately support or promote the SROs' public interest mandate and is too closely aligned with the interests of industry participants at the expense of the interests of other stakeholders. Key comments provided were:

- Public interest mandate is paramount to maintaining consumer confidence in the SRO model.
- An MFDA research report suggests that the public lacks confidence in the current regulatory framework as less than half trust the investment industry to make decisions that are in the public interest; 76% of people think conflicts of interest among SRO board members happen frequently and are not declared or eliminated before making important decisions, and 60% believe the current regulation model of the investment industry is not working and think the government securities regulators need to be more directly involved.
- A single SRO may better enhance public confidence in the regulation of investment dealers and mutual fund dealers.
- Existence of multiple regulators (provincial or SROs) has had a negative impact on the exercise of powers to sanction in the public interest.
- Formal investor advocacy mechanisms and more robust CSA oversight of the SROs is needed to improve adherence to public interest mandates and increase public confidence.
- The CSA should consider defining what "public interest" means in the context of an SRO and identifying key factors of the public interest to be met by the SRO. The CSA needs to ensure that any new SRO framework responds to the public interest and manages the inherent conflicts of self-regulation, as well as potential concerns around the growing hegemony of, and reliance on, the SRO structure within Canada.

There is a perception amongst the public that the SROs executives and Board do not adequately consider the concerns of investors and other stakeholders, in favor of industry concerns. Many commenters, including both investor advocates and industry stakeholders proposed addressing this by requiring that the majority of directors of the new SRO be independent, and that the CSA have a role (and be seen to have a role) in choosing the independent directors. Key comments provided were:

- IIROC has made significant strides in governance recently – e.g., revising its Director qualifications to include consumer protection experience and announcing the creation of an investor advisory panel.
- There may be room for improvement regarding the rules and procedures on the composition of the SRO's board of directors, committees and councils, cooling off periods and the definition of independent directors.
- The SRO needs a governance structure which contemplates a majority of independent directors, members with experience with investor protection issues and better public reporting requirements.
- The SROs' governance and accountability frameworks should be significantly enhanced to address the lack of transparency and the potential for conflicts of interest. The independent directors should not be from industry, even after a cooling-off period. Both independent directors and industry directors should be provided with mandatory industry and governance education.
- SRO officers and directors must be held to at least the same ethical and conduct standards (including those related to conflicts of interest) applicable to CSA Members (Commissioners).
- SROs' Nominations Committees should be comprised of, and chaired by, an independent director.
- SRO committees and district / regional councils should be required to have independent members.
- A recommendation is made that at least one Board position be reserved for a "retail investor" and that all SRO Board policy committees be chaired by an independent director.
- The SRO should have an investor advisory panel, which should be financed by the SRO and should include a budget for seeking independent research as required.
- The formation of a committee focused on investor issues should be considered, and the inclusion of independent board members with demonstrated expertise and knowledge in investor advocacy and protection should be encouraged.
- All SRO regulatory policy advisory committees should include independent representatives.
- The CSA's current risk-based oversight methodology is too narrow / technical and needs to be broadened, with a focus on higher-level issues such as the quality of governance and independence of directors, overall operational effectiveness and outcomes that promote the public interest, the level of public transparency provided by the SRO, and both enforcement and investor engagement.
- The CSA should obtain veto power over "significant" SRO publications (e.g., guidance and rule interpretations).

- An oversight program should be created for assessing overall performance of the SRO based on its mandate and responsibilities. It should include onsite and offsite review processes.
- There should be firm term limits for directors (e.g., 8-year term limit).
- Conflicts of interest and codes of conduct should be independently audited.
- A single SRO should have one set of rules and one approach which will benefit investors, as it will be simpler to administer, be more cost effective and easier to oversee from a compliance perspective.

Issue 7 – Separation of market surveillance from statutory regulators (CSA)

Most commenters supported the inclusion of market surveillance within the new SRO's mandate, a few suggested patriating this function to the CSA. Key comments provided were:

- There is no evidence of any concerns with the current surveillance framework. IIROC has responsibly and effectively discharged their surveillance responsibilities to date, as evidenced by their performance during recent market volatility.
- IIROC remains uniquely positioned in the current Canadian regulatory framework to continue to discharge its market regulation and surveillance mandate on a national basis. As an entity recognized across Canada, IIROC speaks with one voice internationally, enabling it to focus on continual improvements to surveillance systems.
- IIROC has state of the art surveillance systems and completed the implementation of a new, leading-edge surveillance IT platform that significantly improved its ability to supervise markets.
- Permitting IIROC, or a consolidated SRO, to continue to perform market surveillance does not compromise regulators in managing systemic risk. IIROC is complementary to statutory regulators, and shares information and data efficiently with regulators.
- One SRO stakeholder suggested that market regulation has systemic risk implications and such risk is more properly the responsibility of government agencies, including the CSA. The Australian model is an example whereby the statutory regulatory authority is responsible for direct conduct of market regulation for elimination of conflict of interest and management of overall systemic risks.
- One investor advocate stakeholder noted that there might be a merit in the CSA taking over the market surveillance function, either directly or through a new single purpose market surveillance entity, in order to eliminate concerns about information gaps and transparency.
- However, several industry stakeholders expressed serious concerns with transferring the market surveillance function to the CSA due to the current fragmentation of the statutory regulators, the potential disruptions to the industry, and the CSA's limited role in managing systemic risk and the costs associated with such transition.

Other issues related to Québec

One SRO expressed concern that the unique nature of the securities regulatory framework in Québec needs to be considered in determining a new SRO regulatory framework. Since the MFDA has never been formally recognized as an SRO by the AMF, in the event of SRO consolidation, mutual fund firms registered by the AMF with activities outside of Québec will still be regulated by multiple authorities.

An industry stakeholder submitted that the Québec framework is also distinct by the presence of the Chambre de la sécurité financière (CSF), which poses major challenges and prevents meeting the stated objectives of regulatory simplification and harmonization of the supervision of the mutual fund sector. However, the consolidation of SROs remains desirable for Québec firms doing business across Canada and it was recommended that:

- A consolidated SRO should include a strong office in Québec that can guarantee expertise in the French language, combined with significant representation on its board of directors and in its decision-making process. This would make it possible to maintain the proximity necessary for healthy competition and innovation for both the Québec and Canadian markets, in a regulatory environment that meets the needs of investors and the industry.

Other commenters from the industry also support the need for a proximity regulator with a wide scope ensuring investor protection by encompassing all firms and professionals who work in Québec's financial sector and a single window for investor complaints.

While aware of the limitations and weaknesses of the current model in Québec, other industry stakeholders, including small dealers and Québec-based advisors, suggested that the current regulatory framework should not be dismissed completely. Key comments provided are:

- The existence of the CSF in Québec is an interesting model, and the possibility of extending its responsibilities to brokers should be considered.

- The CSF is relevant for a single organization to exercise supervisory and sanctioning powers over individuals, regardless of their registration category.
- The current Québec model empowers the professional advisor who must primarily serve the interest of the client as customers must be able to trust their advisor due to the complexity of the field and the impacts on their financial health.

Industry stakeholders from Québec, mainly registered mutual fund representatives and Québec only registered mutual fund dealers, pointed out that the creation of a single SRO with authority throughout Canada would negate the specificities of Québec and its expertise and decision-making power in matters of securities regulation. Some commenters strongly believe that on the regulatory front, Québec would suffer from a substantial loss of influence. They submitted that Québec must ensure that its provincial jurisdiction in matters of securities is respected and must oppose any threat to the skills and professional autonomy of the securities industry participants.

Statistical information about stakeholders who provided written comments

i) Number of stakeholders by category

Stakeholders by Category	#
Other Industry Participants[1]	14
Industry Associations	13
Other IIROC Dealers	9
Dual Platform Dealers	8
Investor Advocates	7
SRO-related[2]	5
Other MFDA Dealers	5
Individuals / Other	5
Investor Protection Fund	1
Total Comment Letters	**67**

ii) Detailed list of stakeholders

Industry Associations

- Advocis
- Alternative Investment Management Association Canada
- Association professionnelle des conseillers en services financiers
- Canadian ETF Association
- CFA Societies Canada
- Federation of Mutual Fund Dealers
- FP Canada
- Independent Financial Brokers of Canada
- Investment Funds Institute of Canada
- Investment Industry Association of Canada
- Portfolio Management Association of Canada
- Private Capital Markets Association
- Registered Deposit Brokers Association

SROs and Investor Protection Funds

- Canadian Investor Protection Fund
- Investment Industry Regulatory Organization of Canada
- Mutual Fund Dealers Association of Canada
- National Advisory Committee - IIROC
- Ontario District Council - IIROC
- Quebec District Council - IIROC

[1] Québec-based advisors, TMX Group, Horizons ETFs, etc.
[2] MFDA, IIROC and 3 IIROC district councils / advisory committees.

Industry Stakeholders (individual and corporate)

- Angiletta, Michael
- ATB Securities Inc.
- Aviso Wealth
- Ayotte, Réjean
- Bergeron, Stephane
- Charest, Réal
- CI Assante Wealth Management
- Citadel Securities Canada
- CTI Capital Group
- D.W. Investment Co. Ltd.
- Fidelity
- Fugère, Michel
- GF Securities (Canada) Company Ltd.
- Groupe Cloutier Investissements
- Groupe Financier Multi Courtage Inc.
- Groupe Planifax Inc.
- Horizons ETFs Management (Canada) Inc.
- IA Financial Group
- Independent Trading Group
- Labbé, Jean-François G.
- Leede Jones Gable Inc.
- Madore, Michel
- Manulife Securities
- Merici Services Financiers
- Mouvement Desjardins
- Paquette, Serge
- Paradigm Capital
- PEAK Financial Group
- PFSL Investments Canada Ltd.
- Portfolio Strategies Corporation
- Spencer, Suzanne
- Sun Life Financial Investment Services (Canada) Inc.
- TD Bank Group
- TMX Group Ltd.
- Wellington West-Altus Private Wealth Inc.
- Worldsource Wealth Management Inc.

Investor Advocates

- FAIR Canada
- Groupe recherche en droit des services financiers, Université Laval
- Kenmar Associates
- OSC Investor Advisory Panel
- Osgoode Investor Protection Clinic
- Royal Roads University
- University of Toronto Investor Protection Clinic
- Whitehouse, Peter

Individual / Other Stakeholders

- Blanes, Alan
- Kennedy, Bev
- Learnedly
- Macguire, Philip

iii) Stakeholder Comments on specific issues

The below tables briefly describe the issues identified in the Consultation Paper and provide the number of stakeholders who commented on those issues.

Issue 1: Duplicative Operating Costs for Dual Platform Dealers

Issue Description	Stakeholder Category	# of Stakeholders Commented
Dual platform dealers face increased operating costs in having separate compliance functions, information technology systems, non-regulatory costs and multiple fees.	Industry Associations	9
	Dual Platform Dealers	6
	Other IIROC Dealers	6
	Investor Advocates	5
	SRO-related	3
	Other MFDA Dealers	2
	Other Industry Participants	3
	Individual / Other	1
	Total Comment Letters	**35**

Issue 2: Product-Based Regulation

Issue Description	Stakeholder Category	# of Stakeholders Commented
Registration categories are converging but different rules between each SRO, and between the SROs in general and the CSA with respect to similar products and services, might result in regulatory arbitrage.	Industry Associations	9
	Dual Platform Dealers	5
	Other IIROC Dealers	5
	Investor Advocates	5
	SRO-related	3
	Other MFDA Dealers	2
	Other Industry Participants	3
	Individual / Other	1
	Total Comment Letters	**33**

Issue 3: Regulatory Inefficiencies

Issue Description	Stakeholder Category	# of Stakeholders Commented
Inefficient access to certain products and services for certain registration categories; as well as inefficiencies and duplicative costs for the CSA in overseeing two SROs, and duplicative fixed costs and overhead for the SROs.	Industry Associations	9
	Other IIROC Dealers	4
	Investor Advocates	4
	SRO-related	3
	Other Industry Participants	3
	Dual Platform Dealers	2
	Individual / Other	2
	Other MFDA Dealer	1
	Investor Protection Fund	1
	Total Comment Letters	**29**

Issue 4: Structural Inflexibility

Issue Description	Stakeholder Category	# of Stakeholders Commented
Evolving business models are limited by the current regulatory framework; structural inflexibility is creating challenges for dealers to accommodate changing investor preferences, as well as limiting investor access to a broader range of products and services from a single registrant; and the current regulatory framework limits opportunities for registrant professional advancement.	Industry Associations	10
	Dual Platform Dealers	7
	Other Industry Participants	6
	Investor Advocates	6
	Other IIROC Dealers	5
	SRO-related	2
	Other MFDA Dealers	2
	Individual / Other	1
	Total Comment Letters	**39**

Issue 5: Investor Confusion

Issue Description	Stakeholder Category	# of Stakeholders Commented
Investors are generally confused by the current regulatory structure; specifically, the inability to access similar investment products and services from a single source, the complaint process, investor protection fund coverage, and multiple registration categories and titles.	Industry Associations	8
	Investor Advocates	7
	Other IIROC Dealers	6
	Dual Platform Dealers	4
	SRO-related	3
	Other MFDA Dealers	2
	Other Industry Participants	2
	Investor Protection Fund	1
	Individual / Other	1
	Total Comment Letters	**34**

Issue 6: Public Confidence in the Regulatory Framework

Issue Description	Stakeholder Category	# of Stakeholders Commented
Possible lack of public confidence in the current SRO regulatory framework; the SRO governance structure does not adequately support the SROs' public interest mandate due to an industry-focused board of directors and lack of a formal mechanism to incorporate investor feedback; concerns regarding regulatory capture and ineffective SRO compliance and enforcement practices contributing to the erosion of public confidence in the SROs' ability to deliver on their public interest mandates.	Industry Associations	10
	Investor Advocates	7
	Other Industry Participants	7
	Individual / Other	3
	SRO-related	2
	Other IIROC Dealers	2
	Other MFDA Dealers	1
	Investor Protection Fund	1
	Total Comment Letters	**33**

Issue 7: Market Surveillance

Issue Description	Stakeholder Category	# of Stakeholders Commented
Possible information gaps and fragmented market visibility resulting from market surveillance functions being separated from the statutory regulators.	Industry Associations	6
	Other IIROC Dealers	3
	Investor Advocates	3
	Dual Platform Dealers	2
	Other Industry Participants	2
	SRO-related	2
	Other MFDA Dealers	1
	Individual / Other	1
	Total Comment Letters	**20**

Appendix B – Other Options Considered

As described in Section 2 of this Position Paper, the Working Group also identified and defined five other possible Options to restructure the current SRO framework (including the IPFs) for further consideration and detailed analysis. The other Options were:

- Straight merger between IIROC and the MFDA
- Two SROs / enhanced status quo
- No SRO / 13 individual statutory regulators
- CSA-led regulatory organization
- Multiple SROs

After considerable review and analysis[1], it was determined that the other Options outlined below would not address the specific issues and sub-issues or deliver on the CSA targeted outcomes identified in the Consultation Paper, as effectively as the New SRO and New IPF described in Section 3 - New SRO Framework.

Straight merger between IIROC and the MFDA

An immediate merger of IIROC and the MFDA would have occurred following CSA approval. In the short term, separate rule books would have been maintained, along with separate compliance structures, enforcement processes, and fee structures. The harmonization of these elements as well as possible governance related changes would not have been be prioritized.

In the longer term, the merged SRO would have harmonized the MFDA and IIROC rules, consolidated other aspects of their respective organizations, and would have considered whether other registration categories should have been consolidated under the new SRO; although, there would have been no set plans to do so.

Consolidation of the two IPFs into one independent entity could have occurred in either the short or longer term.

Implementing this Option would have been led by the SROs and IPFs, with the CSA overseeing the consolidation process, as opposed to the CSA leading the process.

Two SROs / enhanced status quo

Both SROs and IPFs would have continued to operate independently under existing rules, by-laws, and fee structures. However, enhancements to applicable SRO and IPFs structures, governance, rules and processes would have been adopted. The existing CSA Principal Regulator coordinated oversight model for each entity would have remained unchanged. There would have been no consolidation of any aspects of their respective organizations or of any other registration categories. Implementation of the enhancements would have been directed by the CSA.

No SRO / 13 individual statutory regulators

IIROC and the MFDA would have ceased to exist and their respective regulatory functions would have been transferred to the statutory regulators, which would have performed the primary oversight of all registrants, with the possibility of coordination of regulatory initiatives on a cross-Canada basis through the CSA. The role of the IPFs providing coverage to eligible investors would have been the responsibility of the statutory regulators. The inherent challenges associated with the multi-jurisdictional securities regulation in Canada would not have been resolved under this Option.

CSA-led regulatory organization

This Option would have involved the creation of a new regulatory organization controlled directly and exclusively by the CSA. Each of the CSA's recognizing regulators would have been a member of the regulatory organization with exclusive voting rights over the by-laws of the organization and the appointment of the organization's board of directors, among other things.

Under this Option, IIROC and MFDA would have been integrated within the new CSA regulatory organization and their members would have become non-voting members of the new regulatory organization. The rule books for IIROC and the MFDA would have been consolidated into a single rule book and overseen by the regulatory organization. The regulatory organization would have also overseen the consolidation of compliance and enforcement processes for investment dealers and mutual fund dealers. The CSA would have considered the merits of consolidating other registration categories under the new regulatory organization during a later phase. Lastly, CIPF and the MFDA IPC would have been integrated into a similar CSA independent investor protection fund created to provide coverage to eligible investors.

[1] For details on the methodology used, refer to section 2 of the Position Paper.

As this Option would not fit within the existing legislative framework of the statutory regulators, amendments to numerous securities legislations across the country would have been required, in addition to the resolution of numerous uncertainties as to how the Option could be effectively operationalized in practice. Significant changes to numerous existing securities legislation would have been required.

Multiple SROs

Other applicable registration categories currently overseen directly by the statutory regulators would have been incorporated into a multiple SRO framework. The design and scope of such a framework could have included:

- one SRO for Investment Dealers (**ID**s) and Mutual Fund Dealers (**MFD**s); and separate SROs for each of the other categories;
- one SRO for IDs, MFDs, EMDs and SPDs; and a separate SRO for PMs and/or IFMs; or
- a separate SRO for each registration category.

The number of IPFs and scope of coverage would have been driven by the design and scope of the multiple SRO framework. Any changes would have occurred after extensive consultation with key stakeholders to minimize duplicative costs, reduce fragmentation of product-based regulation, and limit other inefficiencies noted from the current structure.

Appendix C – Enabling Changes

This Appendix provides a description of various areas where steps will have to be taken in order to facilitate the implementation of the proposed solutions outlined in the Position Paper. These steps will involve some regulatory changes as well as the formation of various committees / working groups for the implementation strategy that will lead or assist with further consultations, transition and implementation of the specific solutions denoted in this section.

Regulatory Changes

Most of the regulatory changes necessary for implementation will be addressed through the ROs for the New SRO. Currently, both IIROC and the MFDA are subject to their respective ROs, which lay out various terms and conditions, the governance structure and reporting requirements. Similarly, the two current IPFs are subject to their respective Approval Orders (**AOs**). Both ROs and AOs are largely harmonized across all CSA jurisdictions as well as between IIROC and the MFDA and between the IPFs respectively, as a result of a recently completed CSA initiative.

CSA oversight staff will also need to draft a new single MOU, including the new JRRP, among the recognizing regulators setting out a strengthened CSA oversight framework over the New SRO. A new single MOU regarding the oversight of the new IPF will also be drafted. Similar to the ROs and AOs, the current SRO and IPF MOUs have been recently updated and harmonized.

The agreements between members and the New SRO will need to be amended.

Finally, the National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* will need to be adjusted to appropriately reference the New SRO.

While the above-noted documents are being developed / updated, it will be important to ensure that both the CSA oversight staff and the SROs continue to efficiently exercise their respective responsibilities.

Committees / Working Groups

The following is a list of committees and working groups that will need to be established or engaged as part of the implementation strategy to ensure the success of the New SRO and implement the various solutions.

As already described in Section 3 – New SRO Framework, after receiving necessary approvals including a CSA mandate, the IWC will be formed to oversee an agreed upon implementation strategy, and to act as a steering committee to provide direction and coordination. In addition, through specialized committees and working groups, the following areas will be considered:

- **Directed Commissions:** After appropriate stakeholder consultations, in conjunction with the IWC's efforts to harmonize the rules, a distinct **Directed Commissions WG** will complete the necessary work, such as: (i) considering any tax-related or other regulatory concerns with permitting directed commissions arrangements; (ii) following the completion of consideration of tax-related or other regulatory concerns and in consultation with appropriate stakeholders if applicable, proposing a rule and a prescribed form of agreement that provides the appropriate protections; (iii) assessing a possible consequential amendment to Part 8 of NI 31-103 modelled on the existing CSA local registration exemptions; and (iv) considering whether a long-term solution, such as a true incorporated salesperson regime, is warranted.

- **OBSI:** There will be engagement with the **CSA OBSI Working Group** to consider assessing the need for an appeal or review mechanism regarding continuing efforts to make OBSI decisions binding; and the **Joint Regulator Committee** assessing (i) the scope of matters an SRO firm's internal ombudsperson can address, and (ii) OBSI complaint data for complaint handling trends.

- **Education:** There will be coordination with **CSA Communications / Education groups** on joint efforts to expand the reach and impact of investor education, as specified in the solutions.

- **SEDAR+ Project:** There will be engagement with **CSA regulatory staff** involved in the project to consider the merits of including public disclosure and easy access to information pertaining to member firms of the New SRO, including consideration of information disclosure similar to that contained in the SEC's Form ADV, and, in cases of individual registrants, the current IIROC Advisor Report.

- **Market Surveillance:** A new distinct **CSA Market Information Coordinating Working Group,** composed of staff with market surveillance knowledge or experience (Enforcement, Market Regulation, SRO Oversight, Systemic Risk), in collaboration with the relevant New SRO staff, will work to identify and recommend improvements to existing processes relating to the supervision of market data.

Following Phase 1, a distinct **CSA SRO Working Group**, in coordination with the CSA Registration Steering Committee, will assess and consult on the merits of consolidating, based on proficiency, some registration categories regulated directly by the CSA (e.g., PMs, EMDs, SPDs). Further, it will consider the merits of (i) integrating some or all of these registration categories into the New SRO, (ii) allocating registration functions as between CSA members and the New SRO and any necessary resulting changes to the governance structure, (iii) assessing adequacy of advocacy mechanisms considering the allocation of registration functions, and (iv) extending fit-for-purpose IPF coverage to the other registration categories.

Finally, work will be considered to harmonize certain securities regulation with that of the insurance regulators. This will be conducted through the **Joint Forum of Financial Market Regulators** and more specifically the joint CSA / Canadian Council of Insurance Regulators project on Total Cost Reporting.

Appendix D – Table of References

This Table of References provides a comprehensive list of materials the Working Group reviewed and considered in the development of the Position Paper. The documents were identified and sourced directly by the Working Group or highlighted by stakeholders. The degree to which any document listed below was reviewed and analyzed varied and depended on the relevance of its underlying content to the issues identified, and the solutions set out in the Position Paper. Inclusion of third-party publications in this Table of References does not connote the Working Group's endorsement or agreement with the opinions expressed, or the information contained therein. All below electronic links were confirmed to be functional as of July 12, 2021.

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1.1.2 Notice of Ministerial Approval of Co-operation Agreement concerning Innovative Fintech Businesses with the Financial Services Commission, Mauritius

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

On July 28, 2021, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the Co-operation Agreement (“the Agreement”) entered into between the Ontario Securities Commission (and certain other provincial securities regulators) and 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 came into effect on July 28, 2021. The Agreement was published in the Bulletin on June 24, 2021 at (2021), 44 OSCB 5375.

Questions may be referred to:

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1.1.3 CSA Staff Notice 31-361 – OBSI Joint Regulators Committee Annual Report for 2020

Canadian Securities Administrators / Autorités canadiennes en valeurs mobilières

CSA STAFF NOTICE 31-361
OBSI JOINT REGULATORS COMMITTEE ANNUAL REPORT FOR 2020

August 5, 2021

Introduction

This notice is being published jointly by the Canadian Securities Administrators (**CSA**), the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**) to serve as the Annual Report of the Joint Regulators Committee (**JRC**) of the Ombudsman for Banking Services and Investments (**OBSI**).

Members of the JRC are representatives from the CSA (in 2020, CSA designated representatives were from British Columbia, Alberta, Ontario and Québec) and the two self-regulatory organizations (**SROs**), IIROC and MFDA.

The JRC believes that a fair and effective independent dispute resolution service is important for investor protection in Canada and is vital to the integrity and confidence of the capital markets. The JRC supports a fair, accessible and effective OBSI dispute resolution process. The JRC meets regularly with OBSI to discuss governance and operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

The purpose of this notice is to provide an overview of the JRC and to highlight the major activities conducted by the JRC in 2020.

Background to Establishment of the JRC

In May 2014, amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the **Amendments**) came into force requiring all registered dealers and advisers to make OBSI available to their clients as their dispute resolution service, except in Québec where the dispute resolution services administered by the Autorité des marchés financiers (**AMF**) would continue to apply. In Québec, the AMF provides dispute resolution services to those clients of all registered dealers and advisers who reside in Québec. The Québec regime remains unchanged and firms registered in Québec have to inform clients residing in Québec of the availability of the AMF's dispute resolution services. Investors in Québec are nevertheless entitled to use the services of OBSI for disputes that fall within OBSI's mandate, in lieu of the dispute resolution services provided by the AMF.

Memorandum of Understanding / Amendments: In conjunction with the passing of the Amendments, the CSA and OBSI signed a Memorandum of Understanding (**MOU**) which provides an oversight framework intended to ensure that OBSI continues to meet the standards set by the CSA.[1] The MOU also provides a framework for the CSA members and OBSI to cooperate and communicate constructively.

In 2015, the MOU was amended to include the AMF as a signatory,[2] with it joining all other CSA members. The amended MOU also clarifies certain provisions, including those relating to information sharing and the requirement for an independent evaluation of OBSI.[3]

JRC Mandate: The CSA jurisdictions and OBSI agreed with the SROs to form the JRC with a mandate to:

- facilitate a holistic approach to information sharing and monitor the dispute resolution process with an overall view to promoting investor protection and confidence in the external dispute resolution system;
- support fairness, accessibility and effectiveness of the dispute resolution process; and
- facilitate regular communication and consultation among JRC members and OBSI.

1 The MOU sets out the standards that OBSI is expected to meet on: governance, independence and standard of fairness, processes to perform functions on a timely and fair basis, fees and costs, resources, accessibility, systems and controls, core methodologies, information sharing, and transparency.
2 The AMF became a party to the MOU effective as of December 1, 2015.
3 For a copy of the MOU, please see the Amended and Restated Memorandum of Understanding concerning oversight of the Ombudsman for Banking Services and Investments among the Canadian Securities Administrators and OBSI.

Overview of JRC Activities in 2020

In 2020, four regularly scheduled meetings were held in March, June, September and December. The JRC also held a meeting with OBSI's Board of Directors (the **OBSI Board**), and engaged with OBSI on an *ad hoc* basis. These meetings provided OBSI with an opportunity to update the JRC on specific matters as contemplated by the MOU.

The following matters were considered and advanced by the JRC:

1. **Impact of COVID-19:** The JRC worked with OBSI to monitor the impact of the COVID-19 pandemic on complaint volumes. The SROs and OBSI reported a significant increase in complaints earlier in the pandemic. By the second quarter of 2020, the MFDA observed a return to normal (pre-pandemic) level of complaints. By the last quarter of 2020, IIROC observed a return to normal level of complaints, although IIROC's complaints started to rise again at the end of 2020 and in early 2021, particularly with respect to the order execution only dealers, commonly referred to as discount brokers. Please see below under "Overview of OBSI Activities" for more information on OBSI's pandemic response.

2. **Continuous monitoring of OBSI quarterly reports, compensation refusals and settling for lower amounts than recommended by OBSI:** The JRC continues to monitor data on investment-related complaints, including compensation refusals and settlements below OBSI's recommendations, through the review of OBSI's quarterly reports. The JRC considers patterns and issues raised by the data.

   In 2020, there were two compensation refusals, resulting from two firms who refused to follow OBSI's recommendations and did not compensate clients for an aggregate of $83,865. Both firms are no longer registered under securities laws.

   According to OBSI statistics for its fiscal years 2018 to 2020, out of 456 cases that ended with monetary compensation, there were 31 cases (approximately 7%) that were settled below OBSI recommendations involving 18 firms. About 58% of these cases involved recommendations over $50,000 with an average settlement rate at about 62%. Of the 18 firms, nine firms settled below OBSI's recommended amount more than once. Overall, since its fiscal year 2018, clients received approximately $1.3 million less than what OBSI recommended. This continues to be an area of concern for the JRC.

   The JRC recognizes the impact on complainants when firms refuse to compensate clients consistent with OBSI recommendations, or settle for lower amounts than recommended by OBSI, especially in the midst of the COVID-19 pandemic. Complainants rely on OBSI to help achieve a fair resolution to their complaint through a dispute resolution process that requires both time and patience from the parties involved. When a firm refuses to settle or makes a lower settlement offer, complainants may feel they are unable to pursue the matter further due to the time and cost involved, including to obtain legal representation and initiate a civil action against the firm. Settlement refusals and low settlements erode confidence in the fairness and effectiveness of the dispute resolution process for investors.

   The JRC continues to monitor for complaint trends and patterns, including refusals to compensate clients consistent with OBSI recommendations, or repeatedly settling for lower amounts than recommended by OBSI. The JRC believes this data can sometimes provide risk-based indications of potential problems with a firm's complaint handling practices, or raise questions about whether the firm is participating in OBSI's services in good faith or consistently with the applicable standard of care. Further, such patterns could suggest the possibility that the firm may not have implemented and maintained effective complaint handling procedures. As set out in Joint CSA Staff Notice 31-351, IIROC Notice 17-0229, MFDA Bulletin #0736-M *Complying with requirements regarding the Ombudsman for Banking Services and Investments (OBSI)*, the CSA or SROs may conclude that enquiries are appropriate if a firm shows a pattern of either refusing to compensate clients after recommendations by OBSI or settling for lower amounts than recommended by OBSI. Where patterns are detected, this may lead to regulatory responses where warranted.

3. **Systemic issues:** Under the MOU, the Chair of the OBSI Board is to inform the CSA Designates of any issues that appear likely to have significant regulatory implications, including issues that appear to affect multiple clients of one or more firms (referred to as **Systemic Issues**). In 2015, the JRC finalized with OBSI a protocol to define potential Systemic Issues and to set out a regulatory approach to address these issues when reported by OBSI under the MOU. In 2020, no Systemic Issues were reported to the JRC by OBSI or by the Chair of the OBSI Board. Please see OBSI and JRC Protocol for Handling Systemic Issues for further information.

4. **CSA's project to strengthen OBSI:** In 2020, the CSA renewed its focus on strengthening OBSI as an independent dispute resolution service, in order to secure fair, efficient and conclusive redress for investor losses where warranted. The CSA project is currently underway, and the JRC has been receiving quarterly updates on the progress.

5. **Review of firms' websites on complaint handling process:** In 2020, staff of the OSC and the SROs jointly conducted a review of a sample of registered firms' websites to assess whether their complaint escalation processes and timelines for accessing the services of OBSI were presented in a manner consistent with National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and applicable SRO rules. Staff focused primarily on firms that have an internal ombudsman. During the review, staff identified a number of issues, including a failure to clearly set out a client's right to immediately access OBSI if they are not satisfied with the firm's response. Instead, clients were

directed to the firms' internal ombudsmen.[4] Staff found this practice to be problematic as it may mislead clients to believe that they are required to contact an internal ombudsman before escalating their complaints to OBSI. As well, staff observed that the availability of OBSI services was not given at least equal prominence to the information about the firm's internal ombudsman, which could significantly affect a client's ability to access OBSI services in a timely manner.

Following the review, staff of the OSC and SROs issued a joint letter to the firms and requested that their disclosure relating to the internal ombudsman be revised to ensure compliance with securities laws. The JRC understands that the firms have provided their responses and are taking corrective action. The OSC and SROs will continue to monitor firms' complaint handling practices, specifically on those firms who offer the services of an internal ombudsman, to ensure that the presentation of information is clear, fair and not misleading.

6. **OBSI's 2021 independent evaluation:** The MOU requires that an independent review of OBSI's operations and practices on the investment side of OBSI's mandate commence every five years. Since the last independent evaluation took place in 2016, OBSI has been preparing for a subsequent review that will take place in its fiscal year 2021.

   In 2020, OBSI sought the JRC's feedback on the draft request for proposals and terms of reference. Overall, the JRC noted that the documents were substantively similar to the request for proposals and terms of reference used for the 2016 independent evaluation.

7. **Financial Consumer Agency of Canada (FCAC) review of OBSI**: In February 2020, FCAC released its review of bank complaint handling procedures and of the operations of external complaints bodies, which included OBSI. The JRC discussed the findings of this report, including how these findings could apply to OBSI's investment mandate. The JRC also discussed the Financial Consumer Protection Framework, which will require banks to ensure their consumer complaints procedures are satisfactory to the FCAC Commissioner, and how that may also apply to OBSI's investment mandate.

8. **Monitoring of general inquiries and complaints:** The JRC continues to monitor and respond to general inquiries and complaints relating to OBSI received by the JRC members or through the JRC email address.

Overview of OBSI's Activities

The following are a few of the initiatives that OBSI updated the JRC on:

1. **COVID-19 pandemic response:** 2020 was characterized by higher than normal case volumes and the adaptation to work-from-home routines for OBSI's workforce and the key stakeholders. Despite the higher case volumes and new work environments, OBSI reported that its service delivery and productivity exceeded pre-crisis levels. As case volumes are expected to remain elevated, OBSI has developed a number of controls to address the increase in active files and they do not anticipate a backlog at this time.

2. **Appointment of Consumer Interest Director:** In May 2020, the OBSI Board approved changes to OBSI's by-laws to require at least one director to be designated a Consumer Interest Director, who would have a particular interest in, access to, and experience representing the interests of the types of consumers OBSI serves. In September 2020, the OBSI Board announced the appointment of Wanda Morris to the OBSI Board as its first director to be designated a Consumer Interest Director. In accepting this role, Ms. Morris has resigned as Chair of the Consumer and Investor Advisory Council (**CIAC**).

3. **New Chair of the CIAC:** In October 2020, the Board announced the appointment of Harold Geller as the new Chair of the CIAC. The CIAC provides the OBSI Board with the perspective of consumers and investors, complementing the input OBSI receives from industry stakeholders, community and consumer organizations, and regulatory and government organizations.

4. **Consumer Portal:** In November 2020, OBSI launched a new Consumer Portal that provides consumers with web-based access to a broad range of features and services.

5. **Report on Income and Canadian Financial Consumer Complaints:** In October 2020, OBSI published its Report on Income and Canadian Financial Consumer Complaints. The Report explored the relevance of household income to OBSI's case data, providing a breakdown of complaints by income group. The report includes case studies and observations by OBSI.

JRC Meeting with OBSI's Board of Directors

As required by the MOU, an annual meeting of the JRC with the OBSI Board was held on September 23, 2020. The meeting included discussions on operating and governance issues and the effectiveness of OBSI's processes.

[4] See Joint CSA Staff notice 31-351 *Complying with requirements regarding the OBSI*

OBSI Annual Report

For additional information on OBSI, readers may wish to review OBSI's Annual Report for its fiscal year ending October 31, 2020.

Comments

We appreciate the feedback received on previous annual reports from various stakeholders and welcome comments on this annual report and any matter relating to the JRC's oversight of OBSI. Please send your comments to ContactJRC-CMOR@acvm-csa.ca.

Questions

Please refer your questions regarding this CSA Staff Notice to any of the following CSA staff:

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1.1.4 Notice of Ministerial Approval of Memorandum of Understanding Respecting the Oversight of Designated Benchmarks and Designated Benchmark Administrators

Notice of Ministerial Approval of
Memorandum of Understanding Respecting the Oversight of Designated Benchmarks and
Designated Benchmark Administrators

August 5, 2021

The Minister of Finance has approved, pursuant to section 143.10 of the *Securities Act* (Ontario), a Memorandum of Understanding Respecting the Oversight of Designated Benchmarks and Designated Benchmark Administrators between the Ontario Securities Commission and the Alberta Securities Commission, Autorité des marchés financiers, British Columbia Securities Commission, Financial and Consumer Affairs Authority of Saskatchewan, Financial and Consumer Services Commission (New Brunswick) and Nova Scotia Securities Commission (the **MOU**).

The MOU outlines the manner in which the jurisdictions will cooperate and coordinate their efforts to oversee designated benchmarks, designated benchmark administrators and, if applicable, benchmark contributors, in order to achieve consistency, efficiency and effectiveness in the overall oversight approach, as well as the efficient and effective processing of applications for designation.

The MOU came into effect on July 27, 2021. The MOU was published in the Bulletin on May 27, 2021 at (2021), 44 OSCB 4495.

Questions may be referred to:

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1.2 Notices of Hearing

1.2.1 Trevor Rosborough et al. – ss. 127, 127.1

FILE NO.: 2020-33

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

NOTICE OF HEARING
Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: August 25, 2021 at 10:00 a.m.

LOCATION: By Videoconference

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated July 28, 2021, between Staff of the Commission and Trevor Rosborough in respect of the Amended Statement of Allegations filed by Staff of the Commission dated January 22, 2021.

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 30th day of July, 2021.

"Grace Knakowski"
Secretary to the Commission

For more information

Please visit www.osc.ca or contact the Registrar at registrar@osc.gov.on.ca.

1.4 Notices from the Office of the Secretary

1.4.1 Krystal Jean Vanlandschoot

FOR IMMEDIATE RELEASE
July 29, 2021

KRYSTAL JEAN VANLANDSCHOOT,
File No. 2021-6

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on August 24 and 25, 2021 will not proceed as scheduled.

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 Trevor Rosborough et al.

FOR IMMEDIATE RELEASE
July 30, 2021

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

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a Settlement Agreement entered into by Staff of the Commission and Trevor Rosborough in the above named matter.

A copy of the Notice of Hearing dated July 30, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.3 Alvin Jones

FOR IMMEDIATE RELEASE
July 30, 2021

ALVIN JONES,
File No. 2021-5

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

A copy of the Order dated July 30, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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1.4.4 Alvin Jones

FOR IMMEDIATE RELEASE
July 30, 2021

ALVIN JONES,
File No. 2021-5

TORONTO – The Applicant, Alvin Jones filed an Amended Application dated July 16, 2021.

A copy of the Amended Application dated July 16, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 I-80 Gold Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the requirement to file a BAR for an acquisition that is not significant to the Filer from a practical, commercial, business, or financial perspective.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4 and 13.1.

June 25, 2021

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

AND

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

AND

IN THE MATTER OF
I-80 GOLD CORP.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") exempting the Filer from the requirement in Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") that a business acquisition report (a "**BAR**") be prepared and filed with the applicable Canadian securities regulatory authorities in connection with the acquisition (the "**Acquisition**") of Osgood Mining Company, LLC ("**Osgood**") by the Filer (the "**Requested Exemptive Relief**").

Under National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* ("**NP 11-203**"):

(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 the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Newfoundland, Prince Edward Island and Newfoundland and Labrador.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 or NI 51-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation governed by the *Business Corporations Act* (British Columbia) (the "**BCBCA**") and was incorporated on November 10, 2020.

2. The financial year-end of the Filer is December 31.

3. The Filer is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (the "**Jurisdictions**") and is not in default of the securities legislation thereof.

4. The Filer's head office is located at 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2. Its registered office is located at Suite 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6B 2X8.

5. The common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange under the symbol "IAU".

6. The Filer is a mining company engaged in the exploration, development and production of gold and silver mineral deposits in the United States, with a particular focus on the State of Nevada.

7. On December 16, 2020, Premier Gold Mines Limited ("**Premier**"), Equinox Gold Corp. ("**Equinox Gold**") and the Filer entered into a definitive arrangement agreement (the "**Arrangement Agreement**") whereby Equinox Gold agreed to acquire all of the outstanding shares of Premier by way of a plan of arrangement (the "**Arrangement**").

8. As part of the Arrangement, Premier transferred its ownership interest in its 100% wholly-owned subsidiary Premier USA to the Filer in consideration for common shares of the Filer, so that the Filer would become the indirect owner of the U.S. gold projects then owned by Premier through Premier USA (the "**Premier USA Ownership Interests**").

9. The Arrangement was completed on April 7, 2021. Pursuant to the Arrangement, Equinox Gold acquired all of the issued and outstanding common shares of Premier and Premier transferred the Premier USA Ownership Interests to the Filer. Under the terms of the Arrangement, Premier shareholders received for each Premier share: (i) 0.1967 of a common share of Equinox Gold, plus (ii) 0.4 of a common share of the Filer. In connection with the Arrangement, Premier distributed 70% of the issued and outstanding common shares of the Filer to Premier shareholders, while Equinox Gold (through its 100% ownership in Premier) held approximately 30% of the issued and outstanding common shares of the Filer upon the completion of the Arrangement.

10. The principal mineral projects comprising the Premier USA Ownership Interests included: (i) a 40% interest in South Arturo mine located in Elko County, Nevada, and (ii) a 100% interest in the McCoy-Cove gold properties located on the Eureka-Battle Mountain Trend in Nevada. As of March 31, 2021, the Premier USA Ownership Interests have a total asset value of approximately US$161 million.

11. The Filer became a reporting issuer in the Jurisdictions on April 7, 2021, as a result of the Arrangement.

12. On August 10, 2020, Premier and Premier USA entered into a definitive purchase agreement (the "**Getchell Agreement**") with affiliates of Waterton Global Resource Management ("**Waterton**") for the acquisition of all of the outstanding membership interests of Osgood, the 100% owner of the Getchell project located in the Getchell gold belt near Winnemucca, Nevada (the "**Getchell Project**"). The Getchell Agreement was amended on December 15, 2020 to, among other things, include the Filer as a party following its incorporation. The Acquisition was completed by the Filer and Premier USA on April 14, 2021, following which Osgood became an indirect, wholly-owned subsidiary of the Filer through Premier USA.

13. The possibility of the Acquisition was contemplated at the time a management information circular of Premier dated as of January 25, 2021, was prepared and filed on SEDAR in connection with the Arrangement (the "**Arrangement Circular**"). As such, historical audited annual financial statements and unaudited interim financial statements and a pro forma financial statement as detailed in paragraph 15 contemplating the Acquisition were included in the Arrangement Circular.

14. As at the date of the Acquisition, the following are the relevant financial statements relating to the Filer and Premier USA (reflecting the value of the Premier USA Ownership Interests):

    (a) the audited financial statements of the Filer for the 52 day period from incorporation (November 10, 2020) to December 31, 2020 (the "**i-80 2020 Annual FS**");

(b) the audited financial statements of Premier USA for the year ended December 31, 2020 (the "**Premier USA 2020 Annual FS**")

(c) the condensed interim financial statements of the Filer for the three-months ended March 31, 2021 (the "**i-80 Q1 2021 Interim FS**"); and

(d) the condensed consolidated interim financial statements of Premier USA for the three months ended March 31, 2021 (the "**Premier USA Q1 2021 Interim FS**").

15. In connection with the Acquisition, the Arrangement Circular included the following financial statements of Osgood along with certain pro forma financial statements, which reflect the pro forma financial position of the Filer after giving effect to: (i) the contribution and transfer of the Premier USA Ownership Interests, and (ii) the Acquisition, on the basis that the Getchell Project would be considered a material part of the business of the Filer following the Arrangement:

(a) the audited financial statements of Osgood for the years ended December 31, 2019, 2018 and 2017 (the "**Osgood 2019 Annual FS**");

(b) the unaudited interim financial statements of Osgood for the three months ended September 30, 2020 (the "**Osgood Q3 2020 Interim FS**"). and

(c) the pro forma financial statements of the Filer, after giving effect to the transfer of the Premier USA Ownership Interest, assuming the Acquisition is completed, which includes pro forma adjustments for the Acquisition: (i) consolidated statements of loss for the year ended December 31, 2019; (ii) consolidated statements of financial position as at September 30, 2020; and (iii) consolidated statements of income for the nine-months ended September 30 2020 (the "**Consolidated Pro Forma**").

16. Premier was a reporting issuer in each of the provinces of Canada. On May 4, 2021, Premier ceased to be a reporting issuer in all jurisdictions of Canada in which it was a reporting issuer.

Significance Tests

17. A summary of the application of the required significance tests prescribed by Section 8.3(2) of NI 51-102 to the Acquisition is outlined below.

(a) **Standalone basis:** Based on the standalone nominal i-80 2020 Annual FS and the unaudited financial statements of Osgood for the year ended December 31, 2020, the Acquisition would constitute a "significant acquisition" based on the "asset test", "investment test" and "profit or loss test" pursuant to subsection 8.3(2) of NI 51-102, given that the i-80 2020 Annual FS demonstrated $1 in asset and nil profit or loss.

Given that the Filer is a newly incorporated entity, existing only for 52 days prior to the most recent year-end and was established for the purposes of the Arrangement and at no time during that period was the Filer a reporting issuer, the application of the significance test leads to an anomalous result in that the significance of the Acquisition is exaggerated out of proportion to its significance on an objective and substantive basis.

As at the date of the Acquisition, April 14, 2021, the Filer had received or held, among other things, the Premier USA Ownership Interests as part of its assets and operations. As the Arrangement was completed after March 31, 2021, the i-80 Q1 2021 Interim FS and the Premier USA Q1 2021 Interim FS were filed on a standalone basis. However, the Filer reports on a consolidated basis with Premier USA, as will be reflected in the unaudited interim financial statements of the Filer for the three and six months ended June 30, 2021. Accordingly, in order to accurately reflect the financial position of the Filer upon becoming a reporting issuer subsequent to the Arrangement and prior the Acquisition, the combined financial statements of the Filer and Premier USA should be utilized for the application of the significance tests, as this will be more reflective of the impact of the Acquisition from a practical, commercial, business or financial perspective.

(b) **Combined Basis:** Based on the combined i-80 2020 Annual FS and Premier USA 2020 Annual FS, which is a wholly-owned subsidiary of the Filer as at the date of the Acquisition, the Acquisition would constitute a "significant acquisition" based on the "investment test", representing 45.42% of the reporting issuer's assets (on a combined basis), and "profit or loss test", representing 57.06% of the reporting issuer's net loss (on a combined basis), pursuant to subsection 8.3(2) of NI 51-102. It would not constitute a "significant acquisition" based on the "asset test" as the Acquisition represents only 13.64% of the reporting issuer's assets (on a combined basis).

18. Pursuant to subsection 8.3(3) of NI 51-102, despite subsection 8.3(1) of NI 51-102, if an acquisition of a business or related business is significant based on the significance tests in subsection 8.3(2) of NI 51-102, a reporting issuer that is

not a venture issuer may re-calculate the significance using the optional significance tests in subsection 8.3(4) of NI 51-102.

19. On the basis of a consolidation of the Filer and Premier USA, which had occurred at the time of the Acquisition but had not yet been reflected in any financial statements, the Acquisition would not constitute a "significant acquisition" pursuant to subsection 8.3(4) of NI 51-102 under two or more of the optional significance tests. The Acquisition is not a "significant acquisition" for the purposes of subsection 8.3(1) of NI 51-102, on a combined basis.

20. The combined approach correlates much more closely to the actual significance of the Acquisition to the Filer from a business, operational and financial perspective.

21. The Filer is of the view that the Acquisition is not a significant acquisition to it from a practical, commercial, business or financial perspective.

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 Exemptive Relief is granted.

“Marie-France Bourret”
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2021/0328

2.1.2 Manulife Investment Management Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from conflict of interest provisions in 111 of the Securities Act (Ontario), and section 13.5 of NI 31-103 to permit investments by private investment funds in related underlying investments that are not reporting issuers – relief also granted from related party transaction reporting requirements in section 117 of the Securities Act (Ontario) – relief subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as amended, ss. 111(2)(b) and (c), 111(4), 113 and 117.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(a) and 15.1.

July 29, 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
MANULIFE INVESTMENT MANAGEMENT LIMITED
(MIML)

AND

IN THE TOP FUNDS
(AS DEFINED BELOW)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from MIML and its affiliates (collectively, the **Filer**) and on behalf of Manulife Real Asset Fund (**MRAF** or the **Initial Top Fund**), and each investment fund that is or will be established in the future, that will not be a reporting issuer and that will not be subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) or National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) and for which the Filer acts as investment fund manager (the **Future Top Funds** and together with the Initial Top Fund, the **Top Funds**), for an order exempting the Top Funds and the Filer from

1. the restriction in the Legislation which prohibits:

    (a) an investment fund from knowingly making an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder; and

    (b) an investment fund from knowingly making an investment in an issuer in which:

        (i) any officer or director of the investment fund, its management company or distribution company or an associate of any of them, or

        (ii) any person or company who is a substantial security holder of the investment fund, its management company or its distribution company, has a significant interest; and

(c) an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) or (b) above

(collectively, the **Related Issuer Relief**);

2. the requirement to prepare a report in accordance with the requirements of the Legislation of every transaction of purchase of securities from or sale of securities to any related person or company (the **Reporting Relief**); and

3. the restrictions in section 13.5(2)(a) of National Instrument 31-103 R*egistration 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 adviser, to invest in securities of any issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless the fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase (the **Consent Requirement Relief**, together with the Related Issuer Relief and the Reporting Relief, the **Requested Relief**);

to permit the Top Funds to invest, directly or indirectly, in Hancock U.S. Real Estate REIT I, LLC (the **US REIT** or the **Initial Underlying Investment**) and in any other future collective investment scheme that is, or will be, managed by the Filer, and that has, or will have, similar non-traditional investment strategies as the Initial Underlying Investment (the **Future Underlying Investments** and, together with the Initial Underlying Investment, the **Underlying Investments**).

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;

(b) the Filer has provided notice that subsection 4.7(2) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) that:

(i) the Related Issuer Relief and the Reporting Relief is to be relied upon in Alberta; and

(ii) the Consent Requirement Relief is to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Terms defined in the Legislation, MI 11-102 and National Instrument 14-101 – *Definitions* have the same meanings 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 Canada, with its registered head office located in Toronto, Ontario.

2. The Filer is currently registered as: (i) a commodity trading manager in Ontario; (ii) a portfolio manager in each province and territory of Canada; (iii) a derivatives portfolio manager in Québec; and (iv) an investment fund manager in each of Ontario, Québec, and Newfoundland and Labrador.

3. The Filer is the general partner, investment fund manager and portfolio manager of MRAF.

4. The Filer is, or will be, the investment fund manager and portfolio manager of the other Top Funds. The Filer or a third party, is, or will be, the trustee of each Top Fund structured as a trust.

5. The Filer is, or will be, the portfolio manager of the Underlying Investments. The Filer or a third party, is, or will be, the trustee of each Underlying Investment structured as a trust.

6. As the Filer is, or will be, the portfolio manager of the Top Funds and the Underlying Investments, the Filer would be considered to be a “responsible person” of the Top Funds and the Underlying Investments, as that term is defined in NI 31-103.

7. An officer and/or director of the Filer may have a significant interest in an Underlying Investment from time to time. A person or company who is a substantial securityholder of a Top Fund or the Filer may also have a significant interest in an Underlying Investment from time to time.

8. The Filer is not a reporting issuer in any Jurisdiction.

9. The Filer is not currently in default of securities legislation in any Jurisdiction, except for breaches that occurred when MRAF invested, indirectly, in the US REIT, resulting in the inadvertent non-compliance with sections 111(2)(b), 111(2)(c), 111(3) and 111(4) of the Ontario Act and paragraph 13.5(2)(a) of NI 31-103 (collectively, the **MRAF Breach**). Upon issuance of this decision, the Filer will not be in default of securities legislation of any jurisdiction of Canada.

The Top Funds

10. MRAF is a limited partnership that was formed under the laws of the Province of Ontario on October 21, 2015. MRAF's investment objective is to achieve long term growth of capital. MRAF seeks positive returns over the Canadian Consumer Price Index (CPI) by investing in direct real assets and liquid assets globally. MRAF's exposure to real assets (such as real estate, timberland and farmland and infrastructure) and other private market asset classes (such as private debt) is obtained by investing in securities of underlying direct real asset funds/vehicles, including the US REIT.

11. Each Future Top Fund will be structured as a limited partnership, trust or class of shares of a corporation under the laws of Ontario, another jurisdiction of Canada, or a foreign jurisdiction.

12. Each Top Fund is, or will be, a "mutual fund" for the purposes of the Legislation.

13. No Top Fund is, or has current plans to become, a reporting issuer in any province or territory of Canada.

14. Securities of the Top Funds are, or will be, distributed solely to investors pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 Prospectus Exemptions (**NI 45-106**) and the Legislation. Each Top Fund has, or will have, an offering memorandum or statement of investment policies and guidelines, which is provided or made available to investors. Each investor is, or will be, responsible for making its own investment decisions regarding its purchases and/or redemptions of securities of a Top Fund.

15. Each Top Fund may wish to invest in securities of one or more Underlying Investments, which investment or investments will be consistent with the Top Fund's investment objectives and strategies.

16. MRAF currently invests, indirectly, through a Blocker (as defined below), in securities of the US REIT and, as a result, may inadvertently not be in compliance with paragraphs 111(2)(b) and 111 (2)(c) and subsections 111(3) and 111(4) of the Ontario Act and paragraph 13.5(2)(a) of NI 31-103.

17. Except for MRAF in respect of the MRAF Breach, the Top Funds are not in default of securities legislation of any jurisdiction of Canada. Upon issuance of this decision, the Top Funds will not be in default of securities legislation of any jurisdiction of Canada.

Underlying Investments

18. Each Underlying Investment is, or will be, structured as a limited partnership, trust or a class of shares of a corporation under the laws of Ontario, another jurisdiction of Canada or a foreign jurisdiction.

19. No Underlying Investment is, or has current plans to become a, reporting issuer in any of the Jurisdictions. Securities of the Initial Underlying Investments are, and any Future Underlying Investment will be, distributed in the Jurisdictions solely to investors pursuant to exemptions from the prospectus requirements in accordance with NI 45-106 and the Legislation. Each Underlying Investment has, or will have, an offering memorandum or statement of investment policies and guidelines which is provided or made available to investors. Any such investor is, or will be, responsible for making its own investment decisions regarding its purchases and/or redemptions of securities of an Underlying Investment.

20. Each Underlying Investment provides, or will provide, exposure to non-traditional asset classes, such as real estate, real assets, timberland, farmland, infrastructure, private credit, private equity and venture capital.

21. The US REIT is a Delaware limited liability corporation. The administrator and the investment manager of the US REIT is Manulife Investment Management Private Markets (US) LLC (**MIMPMUS**), an investment adviser registered with the U.S. Securities and Exchange Commission. MIMPMUS and the Filer are affiliates.

22. The US REIT has been formed to invest primarily in income-producing core-plus and core real estate properties in select markets located in the United States. Specifically, the US REIT will invest in core-plus and core assets and will target a total net return, including income and capital appreciation, of 9-12%. In structuring its portfolio, the US REIT will target an allocation of 60% core-plus assets (including up to 10% in ground-up development assets) and 40% core investments, in each case based upon the gross asset value of the US REIT's portfolio at the time of investment.

23. The underlying portfolio assets of the US REIT will be valued annually, with quarterly updates. Such valuations will be performed by one or more nationally, independent, accredited appraisal and/or accounting firms and will be verified as to the properties' fair market value quarterly by one or more independent firms. The US REIT will also be subject to the oversight of a valuation committee. The valuation committee (the **Committee**) is responsible for overseeing the independent valuation process of the US REIT's assets. The Committee is chaired by the Filer's finance function. Members of the US REIT's portfolio management team are not members of the Committee. The Committee meets at least quarterly to review MIM Private Markets' valuation activities. The Committee oversight responsibilities include ensuring that valuation policies and processes are followed and continue to be reasonably designed to ensure the fair valuation of real estate assets. The valuation of the portfolio assets of each other Underlying Investment is, or will be, conducted in a substantially similar manner.

24. The Underlying Investments are not, or will not be, investment funds as such term is defined under Canadian securities legislation. Nevertheless, the Underlying Investments are, or will be, operated in a manner similar to how the Filer operates its investment funds. The Underlying Investments are, or will be, administered by the Filer as manager, and their assets are, or will be, managed by the Filer as portfolio manager. A net asset value (NAV) of each Underlying Investment is, or will be, calculated and which is, or will be, used for the purposes of determining the purchase and redemption price of the securities of the Underlying Investment.

25. Each Underlying Investment produces, or will produce, audited financial statements on an annual basis, in accordance with generally accepted accounting principles with a qualified auditing firm as the auditor of those financial statements. The Filer will have access to audited financial statements prepared in respect of each underlying asset that is invested in by the Underlying Investments.

26. No Underlying Investment is in default of the securities legislation of any Jurisdiction.

27. No Top Fund will actively participate in the business or operations of an Underlying Investment.

Fund-on-Investment Structure

28. An investment by a Top Fund, directly or indirectly, in an Underlying Investment will only be made if the investment is compatible with the investment objective of the Top Fund. Such an investment will allow the Top Fund (and its investors) to obtain indirect exposure to the investment portfolio of the Underlying Investment and its investment strategies and asset classes (in which the Top Fund may otherwise directly invest) through direct investments by the Top Funds in securities of the Underlying Investments (the **Fund-on-Investment Structure**).

29. If an investment by a Top Fund in an Underlying Investment is made indirectly, such investment may be made through a legal entity formed for tax purposes by the Filer (a **Blocker**). A Blocker is not, or will not be, considered to be an investment fund.

30. The Filer believes that the investment by a Top Fund in an Underlying Investment, whether directly or indirectly, will provide the Top Fund with an efficient and cost-effective manner of pursuing portfolio diversification and asset diversification instead of purchasing securities, or the underlying assets of each Underlying Investment, directly. The Top Fund will gain access to the investment expertise of the portfolio manager to the underlying assets of each Underlying Investment, as well as to their investment strategies and asset classes.

31. The Fund-on-Investment Structure therefore provides economies of scale, allows the Top Funds to achieve their investment objectives in a cost-efficient manner and is not detrimental to the interest of other securityholders of an Underlying Investment.

32. An investment in an Underlying Investment, whether directly or indirectly, by a Top Fund is, or will be, effected at an objective price. An objective price, for this purpose, will be the NAV per security of the applicable class or series of the Underlying Investment.

Top Funds Liquidity

33. MRAF is valued every day except if that day falls on a Saturday, Sunday, a statutory holiday in Toronto, Ontario or another day on which the Toronto Stock Exchange is not open for trading. Investors may submit a notice of redemption

on each valuation day, however, redemptions of units with a NAV of under $100 million require that written notice must be delivered at least 12 months prior to the applicable redemption day. Redemptions of units with a NAV of $100 million or more require that written notice must be delivered at least 24 months prior to the applicable redemption day. The NAV utilized for redemption purposes will be (i) based on valuations of the US REIT that have been conducted no more than one quarter prior to a redemption day and (ii) subject to daily updates by the Filer in accordance with its fair value pricing process.

34. In all cases, the Filer manages, or will manage, the liquidity of each Top Fund having regard to the redemption features of the corresponding Underlying Investment(s) to ensure that it can meet redemption requests from investors of the Top Funds.

Underlying Investment Liquidity

35. The investments of the Underlying Investments, which, as noted, consist primarily of real estate/real assets, private equity, venture capital and private credit, have limited liquidity.

36. Securities of the US REIT may be redeemed on a quarterly basis. Investors are required to provide 60 days' notice of a redemption.

37. Each Underlying Investment has, or may have, other investors in addition to a Top Fund.

Generally

38. The amount invested from time to time, directly or indirectly, in an Underlying Investment by a Top Fund, either alone or together with one or more other "related investment funds" (as such term is defined in section 106(1) of the Ontario Act) may exceed 20% of the outstanding voting securities of the Underlying Investment. As a result, each Top Fund could, either alone or together with one or more other Top Funds and other "related investment funds", become a "substantial security holder" of an Underlying Investment within the meaning of section 110 of the Ontario Act and contrary to section 111(2)(b). As noted, MRAF is currently a substantial securityholder of the US REIT.

39. The Filer does not anticipate that any fees or sales charges would be incurred, directly or indirectly, by a Top Fund with respect to an investment in an Underlying Investment that, to a reasonable person, would duplicate a fee payable to the Filer by the Top Fund or its investors.

40. The Fund-on-Investment Structure may result in a Top Fund, directly or indirectly, investing in an Underlying Investment: (i) in which an officer or director of the Top Fund, of the Filer or of any associate of them, has a significant interest; and/or (ii) where a person or company who is a substantial securityholder of the Top Fund or the Filer, has a significant interest.

41. Currently, there is no officer or director of any Top Fund, such Top Fund's management company, or its distribution company, or any associate of them, who has a significant interest in an Underlying Investment, however, there may be circumstances in the future which may cause them to have a significant interest.

42. Since the Top Funds and the Underlying Investments are not reporting issuers and, in the case of the Underlying Investments, are not "investment funds" pursuant to Canadian securities legislation, they are not subject to NI 81-102 and therefore the Top Funds are unable to rely upon the exemption codified under subsection 2.5(7) of NI 81-102 for investments by investment funds subject to NI 81-102 in other investment funds.

43. In the absence of the Related Issuer Relief, the Top Funds would be constrained by the investment restrictions in Canadian securities legislation in terms of the degree to which they could implement a Fund-on-Investment Structure. Specifically, the Top Funds would be prohibited from: (i) becoming substantial securityholders of the Underlying Investments, either alone or together with related investment funds; and (ii) investing in an Underlying Investment in which an officer or director of the Top Fund's management company has a significant interest and/or investing in an Underlying Investment in which a person or company who is a substantial securityholder of the Top Fund or the Top Fund's management company, has a significant interest.

44. In the absence of the Consent Requirement Relief, each Top Fund would be precluded from investing, directly or indirectly, in one or more Underlying Investments unless the specific fact is disclosed to securityholders of the Top Fund and the written consent of the securityholders of the Top Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, who may be considered a "responsible person" (as per section 13.5 of NI 31-103) or an associate of a responsible person may also be a partner, officer and/or director of the applicable Underlying Investment. The Top Funds may have a number of existing investors and, as a result, obtaining the consent of each such investor is not practical. In addition, the Filer expects that many Top Fund investors may be clients for which the Filer provides discretionary management services. As such, investment decisions are made by the individual portfolio manager

consistent with the investment policies for each client, and client consent is not required for trades. The Filer submits that such consent is impractical and is therefore seeking the Consent Requirement Relief.

45. According to the Legislation, every management company shall, in respect of each investment fund to which it provides services or advice, file a report of every transaction of purchase or sale of securities between the investment fund and any related person or company within 30 days after the end of the month in which it occurs.

46. In the absence of the Reporting Relief, the Filer acting as the management company (as defined in the Legislation) of the Top Funds would be required to file a report of every purchase and sale of securities of the Underlying Investments by the Top Funds or every purchase or sale effected by the Top Funds through any related person or company with respect to which the related person or company received a fee either from the Top Funds or from the other party to the transaction or from both within 30 days after the end of the month in which such purchase or sale occurs (the **Reporting Requirement**).

47. It would be costly and time-consuming for the Top Funds to comply with the Reporting Requirement, the costs of which will ultimately be borne by the investors. In addition, the disclosure provided in a Top Fund's offering document along with the disclosure of portfolio holdings provided in a Top Fund's ongoing continuous disclosure documents such as annual and interim financial statements, will inform investors of any meaningful investments held by a Top Fund in an Underlying Investment.

48. The Fund-on-Investment Structure represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the investors in the Top 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 Requested Relief is granted provided that:

(a) securities of a Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirement under applicable securities legislation;

(b) the investment by a Top Fund in an Underlying Investment is compatible with the fundamental investment objectives of the Top Fund;

(c) an investment by a Top Fund in an Underlying Investment will be effected at an objective price;

(d) no Top Fund will purchase or hold a security of an Underlying Investment unless at the time of purchasing securities of the Underlying Investment, the Underlying Investment holds no more than 10% of its NAV in securities of investment funds or the Underlying Investment:

(i) has adopted a fundamental investment objective to track the performance of an investment fund or similar investment product;

(ii) purchases or holds securities of a "money market fund" (as defined in NI 81-102); or

(iii) purchases or holds securities that are "index participation units" (as defined in NI 81-102) issued by an investment fund;

(e) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Investment for the same service;

(f) no sales fees or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Investment that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund, unless the Top Fund redeems its securities of an Underlying Investment during a lock-up period, in which case an early redemption fee may be payable by the Top Fund;

(g) the Filer does not cause the securities of an Underlying Investment held by a Top Fund to be voted at any meeting of the holders of such securities, except that the Filer may arrange for the securities the Top Fund holds of an Underlying Investment to be voted by the beneficial owners of the securities of the Top Fund who are not the Filer or an officer, director or substantial securityholder of the Filer;

(h) when purchasing and/or redeeming securities of an Underlying Investment, the Filer shall as manager of the applicable Top Fund and Underlying Investment, act honestly, in good faith and in the best interests of the Top Fund and the Underlying Investment, respectively, and shall exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances;

(i) a disclosure document, including an offering memorandum where available, of a Top Fund shall be provided to each new investor in a Top Fund prior to the time of investment, and will disclose:

(i) that a Top Fund may purchase securities of one or more applicable Underlying Investments;

(ii) that the Filer is the manager and portfolio manager of both the Top Fund and the Underlying Investments;

(iii) that the Top Fund may invest all, or substantially all, of its assets in securities of Underlying Investments;

(iv) the fees, expenses and any performance or special incentive distributions payable by the Underlying Investments in which a Top Fund invests;

(v) the process or criteria used to select the Underlying Investments, if applicable;

(vi) for each officer, director and/or substantial securityholder of the Filer or of a Top Fund, that has a significant interest in an applicable Underlying Investment, and for the officers and directors and substantial securityholders who together in aggregate hold a significant interest in an applicable Underlying Investment, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the applicable Underlying Investment's NAV, and the potential conflicts of interest which may arise from such relationship;

(vii) that investors are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of the Underlying Investments, if available; and

(viii) that investors are entitled to receive from the Filer, on request and free of charge, the annual audited financial statements and interim financial reports relating to the Underlying Investments in which the Top Fund invests;

(j) the Filer shall annually inform investors in a Top Fund of their right to receive from the Filer on request and free of charge, a copy of the disclosure document of each Underlying Investment, if available, and the annual audited financial statements and interim financial reports relating to each Underlying Investment in which the Top Fund invests;

(k) where an investment is made by a Top Fund in an Underlying Investment, the records of portfolio transactions maintained by the Top Fund include, separately for every portfolio transaction effected by a Top Fund by the Filer, the name of the related person in which an investment is made, being an Underlying Investment;

(l) a Top Fund will invest in, and redeem, each Underlying Investment at the NAV of the applicable securities of the Underlying Investment, which will be based on the valuation of the applicable portfolio assets to which the Underlying Investment has exposure, independently determined by an arm’s length third party; and

(m) a Top Fund will invest, directly or indirectly, in a Future Underlying Investment only where it is structured in similar ways to the Existing Underlying Investments, including investing in other collective investment schemes that are managed by entities that are arm's length third parties to the Filer, the NAV of the Future Underlying Investment is based on the valuation of those other collective investment schemes that are independently determined by the arm's length third party and provide the Future Underlying Investment with audited annual financial statements.

The Consent Requirement Relief

"Darren McKall"

Manager, Investment Funds and Structured Products Branch

Ontario Securities Commission

The Related Issuer Relief and the Reporting Relief

"Lawrence Haber"

Commissioner
Ontario Securities Commission

"Mary Anne De Monte-Whelan"

Commissioner
Ontario Securities Commission

Application File #: 2021/0225

2.1.3 CI Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from 15.3(2), 15.3(4)(c), 15.6(1)(a)(i), 15.6(1)(d), 15.8(2)(a.1), and 15.8(3)(a.1) of National Instrument 81-102 Investment Funds to permit an alternative mutual fund, that has not distributed securities under a simplified prospectus in a jurisdiction for 12 consecutive months, to include in their sales communications performance data for the period when the fund was not a reporting issuer – relief granted from section 15.1.1 of NI 81-102 to permit a mutual fund to use performance data from periods prior the fund being a reporting issuer in calculating fund's investment risk level in accordance with Appendix F Investment Risk Classification Methodology to NI 81-102 and to disclose the risk level in the fund facts and ETF Facts – relief granted from section 2.1 of National Instrument 81-101 Mutual Fund Prospectus Disclosure for the purposes of relief requested from (i) Item 4 and Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document, to permit the mutual fund disclose in its fund facts the risk level calculated in accordance with the relief granted from NI 81-102 and to include in its fund facts the past performance data for the periods when the fund was not a reporting issuer and (ii) Item 9.1 of Part B of Form 81-101 Contents of Simplified Prospectus to permit the mutual fund to disclose the risk level methodology used in accordance with relief from NI 81-102 – Relief granted from sections 3B.2 and 3B.3 of National Instrument 41-101 General Prospectus Requirements for the purposes of relief from Item 4 of Form 41-101F4 Information Required in an ETF Facts Document to disclose the fund's risk level calculated in accordance with relief from NI 81-102 in the ETF Facts.

Relief granted from section 4.4 of National Instrument 81-106 Investment Fund Continuous Disclosure for the purposes of the relief requested from Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance, items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1, and Items 3(1) and 4 of Part C of Form 81-106F1, to permit mutual fund to include in annual and interim management reports of fund performance the financial highlights and past performance of the fund that are derived from the fund's annual financial statements that pertain to time periods when the fund was not a reporting issuer – subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 15.3(2), 15.3(4)(c), 15.6(1)(a)(i), 15.6(1)(d), 15.8(2)(a.1), 15.8(3)(a.1), 15.1.1 and 19.1.
National Instrument 81-101 Investment Fund Prospectus Disclosure, ss. 2.1 and 6.1.
Item 9.1(b) of Part B of Form 81-101F1 Contents of Simplified Prospectus.
Item 4 and Item 5 of Part I of Form 81-101F3 Contents of Fund Facts Document.
National Instrument 41-101 General Prospectus Requirements, ss. 3B.2, 3B.3 and 19.1.
Item 4 of Part 1 of Form 41-101F4 Information Required in an ETF Facts Document.
National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 4.4 and 17.1.
Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B and Items 3(1) and 4 of Part C of Form 81-0106F1 Contents of Annual and Interim Management Report of Fund Performance.

July 26, 2021

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

AND

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

AND

IN THE MATTER OF
CI INVESTMENTS INC.
(the Filer)

AND

MARRET DIVERSIFIED OPPORTUNITIES FUND
(TO BE RENAMED CI ALTERNATIVE DIVERSIFIED OPPORTUNITIES FUND)
(the Fund)

DECISION

Background

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

(a) Subsection 15.3(2), paragraph 15.3(4)(c), subparagraph 15.6(1)(a)(i), and paragraphs 15.6(1)(d), 15.8(2)(a.1) and 15.8(3)(a.1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the Fund to include performance data in sales communications notwithstanding that the performance data will relate to a period prior to the Fund offering its existing series of units, being series F and USD-F (to be redesignated as series Y and YH) units (collectively, the **Units**) under a simplified prospectus;

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

(c) Subsection 15.1.1(b) of NI 81-102 and Item 4(2)(a) and Instruction (1) of Item 4 of Part I of Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**) to permit the Fund to disclose its investment risk level in its fund facts documents as determined by including its past performance data in accordance with Appendix F, as amended by the requested exemptive relief;

(d) Subsection 15.1.1(b) of NI 81-102 and Item 4(2)(a) and the Instruction of Item 4 of Part I of Form 41-101F4 *Information Required in an ETF Facts Document* (**Form 41-101F4**) to permit the Fund to disclose its investment risk level in its ETF facts documents as determined by including its past performance data in accordance with Appendix F, as amended by the requested exemptive relief;

(e) Item 9.1(b) of Part B of Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) to permit the Fund to disclose in its simplified prospectus the reference index it uses to determine its investment risk level in accordance with Appendix F, as amended by the requested relief;

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

(g) Instruction (3) of Item 2 of Part I, Items 1.3(2), 1.3(3) and 1.3(4) of Part II, and Instructions (3), (5) and (7.1) of Item 1.3 of Part II of Form 81-101F3 to permit the Fund to include in its fund facts documents certain financial data, including the management expense ratio and trading expense ratio, for the Units notwithstanding that the Fund has not yet filed a management report of fund performance (**MRFP**);

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

(i) Sections 3B.2 and 3B.3 of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) for the purposes of the relief requested herein from Form 41-101F4

(paragraphs (a), (b), (c), (d), (e), (f), (g), (h) and (i) above, the **NI 41-101, NI 81-101 and NI 81-102 Relief**);

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

(k) Items 3.1(7), 4.1(1) in respect of the requirement to comply with subsection 15.3(2) and paragraph 15.3(4)(c) of NI 81-102, Items 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1 to permit the Fund to include in its annual and interim MRFPs the past performance and financial data of the Fund notwithstanding that such data relates to a period prior to the Fund offering its securities under a simplified prospectus

(paragraphs (j) and (k) above, the **NI 81-106 Relief** and, together with the NI 41-101, NI 81-101 and NI 81-102 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 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 **Canadian Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NI 41-101, NI 81-101, NI 81-102 and NI 81-106 have the same meanings if used in this decision, unless otherwise defined.

Representations

The Filer

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

2. The Filer is registered as follows:

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

   (b) as a portfolio manager and exempt market dealer under the securities legislation of each of the Canadian Jurisdictions; and

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

3. The Filer will be the trustee and manager of the Fund once the Fund becomes a reporting issuer. Currently, Marret Asset Management Inc., an affiliate of the Filer, is the trustee and manager of the Fund. Concurrently with the Fund becoming a reporting issuer, the Filer will become the trustee and manager of the Fund. Marret Asset Management Inc. will remain as the portfolio adviser of the Fund under a sub-advisory agreement with the Filer.

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

The Fund

5. The Fund is an open-end mutual fund trust created on May 9, 2018 under the laws of the Province of Ontario and governed by an amended and restated declaration of trust dated October 31, 2014, as amended.

6. The Fund intends to become a reporting issuer in the Canadian Jurisdictions.

7. The investment objective of the Fund is to is to achieve capital appreciation and provide unitholders with attractive risk adjusted returns over an investment cycle.

8. To achieve its investment objective, the Fund invests across a variety of asset classes including, but not limited to, government bonds (nominal and inflation-linked), corporate bonds (investment grade and non-investment grade), equities, commodities and currencies, in both domestic and foreign markets.

9. Since the inception of the Fund, the Units have only been distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) in the Canadian Jurisdictions.

10. The Filer filed a preliminary simplified prospectus, annual information form, fund facts documents and ETF facts documents prepared and filed in accordance with NI 81-101 and Form 41-101F4. Once the final simplified prospectus, annual information form, fund facts documents and ETF documents are filed, the Fund will become a reporting issuer and will distribute its units to the public. Accordingly, the Fund will be a reporting issuer under securities legislation and will be subject to the requirements of NI 81-102 that apply to alternative mutual funds and to the requirements of NI 81-106 that apply to investment funds that are reporting issuers.

11. Since its inception, the Fund, as a “mutual fund in Ontario”, has prepared and sent audited annual and interim financial statements to all holders of its securities in accordance with NI 81-106.

12. Since its inception, the Fund has complied with the investment restrictions and practices contained in NI 81-102 that apply to alternative mutual funds in all material respects.

13. Marret Asset Management Inc., as the current trustee and manager has sent a notice to all current unitholders of the Fund explaining the changes in the Fund described herein, including the change in manager and trustee of the Fund from Marret Asset Management to the Filer.

14. The Fund is not in default of securities legislation in any Canadian Jurisdiction.

Use of Past Performance Data

15. The Filer proposes to present the performance data of each existing series of Units for the time period since the Fund's inception, as applicable, in sales communications pertaining to the Fund. Without the Exemption Sought, the sales communications pertaining to the Fund cannot include performance data of the Fund that relates to a period prior to its becoming a reporting issuer, and the Fund cannot provide performance data in its sales communications until it has distributed securities under a simplified prospectus for at least 12 consecutive months.

16. Upon becoming a reporting issuer, the Fund will be required under NI 81-101 to prepare and file a simplified prospectus, annual information form and fund facts documents. Since the Fund proposes to offer new exchange-traded series of units, the Fund will also be required to file ETF facts documents upon becoming a reporting issuer.

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

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

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

20. The performance data and other financial data of the Fund for the time period before it becomes a reporting issuer is significant and meaningful information for existing and prospective investors in the Fund.

21. The Fund will be managed substantially similarly after it becomes a reporting issuer as it was prior to becoming a reporting issuer. The Filer expects the Fund and its existing unitholders will incur no increase or additional fees as a result of the Fund becoming a reporting issuer, and such existing unitholders may purchase additional Units of the existing series (which will be redesignated as Series Y and YH Units) after the Fund becomes a reporting issuer. The Fund's investment objectives, portfolio sub-adviser and other key terms of its management and operations will remain the same in all respects, other than as described below. Concurrently with the Fund becoming a reporting issuer:

    (a) Marret Asset Management Inc. will resign as the trustee and manager of the Fund and CI Investments Inc. will become the trustee and manager of the Fund;

    (b) the Fund's name will change from Marret Diversified Opportunities Fund to CI Alternative Diversified Opportunities Fund;

    (c) in addition to the Units, the Fund will offer several new series of units, which will include both mutual fund series units and exchange-traded series units;

    (d) the Fund will calculate its net asset value (**NAV**) daily at 4:00 pm (Eastern Time) on each day that the Filer is open for a full day of business;

    (e) mutual fund units of the Fund will be available for purchase and redemption on each day that the Filer is open for a full day of business. If the Filer receives a purchase or redemption order in respect of mutual fund units before 4:00pm (Eastern Time), it will be processed using that day's NAV; and

    (f) in order to align the investment strategies of the Fund with the requirements of NI 81-102, certain changes will be made to the investment strategies of the Fund. The Filer does not consider the changes to the investment

strategies material as the changes will not impact how the Fund is currently managed. Since the inception of the Fund, in practice the Fund's investments have at all times conformed with the requirements of NI 81-102 applicable to alternative mutual funds, even though the Fund's investment strategies technically allowed the Fund to invest in ways that would not have been permitted had NI 81-102 applied to the Fund.

22. Any sales communication, fund facts documents or MRFP that will contain performance or other financial data for the Units of the Fund relating to a period of time prior to the Fund becoming a reporting issuer will disclose that:

    (i) the Fund was not a reporting issuer during such period;

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

    (iii) the Filer obtained an exemption on behalf of the Fund to permit the disclosure of the performance or other financial data, as applicable, of the Units relating to a period prior to when the Fund was a reporting issuer.

23. Any MRFP that contains financial or performance data of Units relating to a period prior to the Fund becoming a reporting issuer will disclose that the financial statements of the Fund for such period are posted on the Fund's website and are available to investors upon request.

24. The management expense ratio and the trading expense ratio disclosed in any fund facts document will be calculated as if the Fund had filed an annual MRFP for its most recently completed financial year and as if, in doing so, it had relied on the NI 81-106 Relief.

25. The Filer will post the financial statements of the Fund since its inception on the Fund's website and will make those financial statements available to investors upon request.

Decision

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

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

(a) Any sales communication, fund facts document or MRFP that contains performance or other financial data for the Units of the Fund relating to a period of time prior to the Fund becoming a reporting issuer discloses that:

    (i) the Fund was not a reporting issuer during such period;

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

    (iii) the Filer obtained an exemption on behalf of the Fund to permit the disclosure of the performance or other financial data, as applicable, of the Units relating to a period prior to when the Fund was a reporting issuer;

(b) Any MRFP that contains financial or performance data of Units relating to a period prior to the Fund becoming a reporting issuer discloses that the financial statements of the Fund for such period are posted on the Fund's website and are available to investors upon request;

(c) The management expense ratio and the trading expense ratio disclosed in any fund facts document are calculated as if the Fund had filed an annual MRFP for its most recently completed financial year and as if, in doing so, it had relied on the NI 81-106 Relief; and

(d) The Filer posts the financial statements of the Fund since its inception on the Fund's website and makes those financial statements available to investors upon request.

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

Application File #: 2021/0334 and 2021/0335

2.2 Orders

2.2.1 Poynt Corporation – s. 144(1)

Headnote

Section 144(1) – Application to vary a cease trade order – cease trade order varied to permit beneficial shareholders, who are not insiders or control persons, to sell securities outside of Canada, subject to conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
POYNT CORPORATION
(the "Issuer")

ORDER
(Section 144(1) of the Act)

WHEREAS the securities of the Issuer are subject to a temporary cease trade order issued by the Director on June 12, 2013, under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order issued by the Director on June 24, 2013 pursuant to subsection 127(1) of the Act directing that trading in the securities of the Issuer, whether direct or indirect, cease until further order by the Director (the "**Cease Trade Order**");

AND WHEREAS a cease trade order with respect to the Issuer's securities was also issued by the British Columbia Securities Commission on June 10, 2013, the Alberta Securities Commission on June 6, 2013 and the Manitoba Securities Commission on August 13, 2013.

AND WHEREAS the Issuer's securities are not listed on and do not trade on any exchange in Canada;

AND WHEREAS a shareholder of the Issuer has made an application to the Commission pursuant to section 144(1) of the Act to vary the Cease Trade Order;

AND UPON the Director being satisfied that:

a) the terms and conditions to the Cease Trade Order put Ontario resident shareholders of the Issuer at a disadvantage to certain shareholders who are free to trade their shares over a foreign market; and

b) it is not prejudicial to the public interest to vary the Cease Trade Order under section 144(1) of the Act;

IT IS ORDERED that, pursuant to section 144(1) of the Act, the Cease Trade Order be varied by including the following section:

Despite this order, a beneficial shareholder of Poynt Corporation who is not, and was not as at June 12, 2013, an insider or control person of Poynt Corporation, may sell securities of Poynt Corporation acquired before June 12, 2013, if:

1. the sale is made through a market outside of Canada; and

2. the sale is made through an investment dealer registered in Ontario.

DATED this 26th day of July, 2021

"Winnie Sanjoto"
Manager, Corporate Finance Branch
Ontario Securities Commission

OSC File #: 2021/0344

2.2.2 Atlantic Power Preferred Equity Ltd.

Headnote

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

Applicable Legislative Provisions

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

July 28, 2021

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

AND

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

AND

IN THE MATTER OF
ATLANTIC POWER PREFERRED EQUITY LTD.
(the Filer)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2021/0363

2.2.3 Photon Control Inc.

Headnote

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

Applicable Legislative Provisions

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

July 22, 2021

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

AND

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

AND

IN THE MATTER OF
PHOTON CONTROL INC.
(the Filer)

ORDER

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

"Noreen Bent"
Chief, Corporate Finance Legal Services
British Columbia Securities Commission

Application File #: 2021/0378

2.2.4 RDX Technologies Corporation – s. 144(1)

Headnote

Section 144(1) – Application to vary a cease trade order – cease trade order varied to permit beneficial shareholders, who are not insiders or control persons, to sell securities outside of Canada, subject to conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
RDX TECHNOLOGIES CORPORATION
(the "Issuer")

ORDER
(Section 144(1) of the Act)

WHEREAS the securities of the Issuer are subject to a temporary cease trade order issued by the Director on August 12, 2015, under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order issued by the Director on August 24, 2015 pursuant to subsection 127(1) of the Act directing that trading in the securities of the Issuer, whether direct or indirect, cease until further order by the Director (the "**Cease Trade Order**");

AND WHEREAS a cease trade order with respect to the Issuer's securities was also issued by the British Columbia Securities Commission on August 6, 2015, the Alberta Securities Commission on August 4, 2015, and the Manitoba Securities Commission on August 13, 2015.

AND WHEREAS the Issuer's securities are not listed on and do not trade on any exchange in Canada;

AND WHEREAS a shareholder of the Issuer has made an application to the Commission pursuant to section 144(1) of the Act to vary the Cease Trade Order;

AND UPON the Director being satisfied that:

a) the terms and conditions to the Cease Trade Order put Ontario resident shareholders of the Issuer at a disadvantage to certain shareholders who are free to trade their shares over a foreign market; and

b) it is not prejudicial to the public interest to vary the Cease Trade Order under section 144(1) of the Act;

IT IS ORDERED that, pursuant to section 144(1) of the Act, the Cease Trade Order be varied by including the following section:

Despite this order, a beneficial shareholder of RDX Technologies Corporation who is not, and was not as at October 7, 2015, an insider or control person of RDX Technologies Corporation, may sell securities of RDX Technologies Corporation acquired before August 24, 2015, if:

1. the sale is made through a market outside of Canada; and

2. the sale is made through an investment dealer registered in Ontario.

DATED this 30th day of July, 2021

"Winnie Sanjoto"
Manager, Corporate Finance Branch
Ontario Securities Commission

OSC File #: 2021/0423

2.2.5 Roxgold Inc.

Headnote

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

Applicable Legislative Provisions

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

July 29, 2021

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

AND

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

AND

IN THE MATTER OF
ROXGOLD INC.
(the "Filer")

ORDER

Background

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

Under the Process for Cease to be a Reporting Issuer Applications:

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2021/0383

2.2.6 Appreciated Media Holdings Inc.

Headnote

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

Applicable Legislative Provisions

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

Citation: 2021 BCSECCOM 300

REVOCATION ORDER

APPRECIATED MEDIA HOLDINGS INC.

Under the securities legislation of British Columbia and Ontario (the Legislation)

Background

¶ 1 Appreciated Media Holdings Inc. (the Issuer) is subject to a failure-to-file cease trade order (the FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) and Ontario (each a Decision Maker) respectively on November 4, 2020.

¶ 2 The Issuer has applied to each of the Decision Makers under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocation in Multiple Jurisdictions* (NP 11-207) for an order revoking the FFCTO.

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

Interpretation

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

Order

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

¶ 6 The decision of the Decision Makers under the Legislation is that the FFCTO is revoked as it applies to the Issuer.

¶ 7 July 28, 2021

"Allan Lim"
Allan Lim, CPA, CA
Manager, Corporate Disclosure
Corporate Finance

2.2.7 Bloomberg Tradebook Canada Company – s. 21.0.1

Headnotes

Section 21.0.1 of the Securities Act (Ontario) – Order requiring Bloomberg Tradebook Canada Company to follow the ATS Protocol.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 21.0.1.

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

AND

IN THE MATTER OF
BLOOMBERG TRADEBOOK CANADA COMPANY

ORDER
(Section 21.0.1 of the Act)

WHEREAS Bloomberg Tradebook Canada Company operates an alternative trading system (**ATS**) as defined in the Act;

AND WHEREAS Bloomberg Tradebook Canada Company has obtained registration as a dealer in the category of Investment Dealer, subject to a term and condition that it must report trades in unlisted debt securities, as that term is defined in National Instrument 21-101 *Marketplace Operation*, and any debt securities denominated in Canadian dollars to the Investment Industry Regulatory Organization of Canada (**IIROC**) (as information processor) only with respect to transactions in which neither participant to the trade is (i) a bank listed in Schedule I, II, or III of the Bank Act (Canada), or (ii) an IIROC Dealer Member firm;

AND WHEREAS Bloomberg Tradebook Canada Company has obtained membership with IIROC;

AND WHEREAS section 21.0.1 of the Act states that the Commission may, if it considers it in the public interest, make any decision with respect to,

(a) the manner in which an ATS carries on business in Ontario;

(b) the trading of securities or derivatives on or through the facilities of the ATS; or

(c) any by-law, rule, regulation, policy, procedure, interpretation or practice of the ATS;

AND WHEREAS the information contained in Form 21-101F2 *Information Statement – Alternative Trading System*, as amended from time to time, and the exhibits thereto, describes the manner in which an ATS operates, describes the trading of securities or derivatives on or through the facilities of the ATS, and contains the ATS's by-laws, rules, regulations, policies, procedures, interpretations and practices;

IT IS ORDERED by the Commission that, pursuant to section 21.0.1 of the Act, Bloomberg Tradebook Canada Company will follow the *Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto*, set out in Appendix A, as amended from time to time.

DATED this 30th day of July, 2021

"Mary Anne De Monte-Whelan" "Lawrence Haber"

APPENDIX A

PROCESS FOR THE REVIEW AND APPROVAL OF THE INFORMATION CONTAINED IN FORM 21-101F2 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures an alternative trading system (**ATS**) must follow for any Change, as defined in section 2 below, and describes the procedures for its review by Commission Staff (**Staff**) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an ATS may begin operations following registration by the Commission.

2. Definitions

For the purposes of this Protocol:

(a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.

(b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).

(c) *Fee Change* means any new fee or fee model of the ATS and any amendment to a fee or fee model.

(d) *Fee Change subject to Public Comment* means a Fee Change that, in Staff's view, may have a significant impact on the ATS, its market structure, subscribers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

(e) *Housekeeping Change* means an amendment to the information in Form 21-101F2 that

(i) does not have a significant impact on the ATS, its market structure, subscribers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(f) *Significant Change* means an amendment to the information in Form 21-101F2 other than

(i) a Housekeeping Change, or

(ii) a Fee Change,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

(g) Significant Change *subject to Public Comment* means a Significant Change that

(i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or

(ii) in Staff's view, may have a significant impact on the ATS, its market structure, subscribers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The ATS and Staff will follow the process for review and approval set out in this Protocol for all Changes.

4. Waiving or Varying the Protocol

(a) The ATS may submit a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.

(b) Staff will use their best efforts to provide to the ATS within five business days of receipt of its request either:

(i) written notice that Staff object to granting the waiver or variation; or

(ii) written notice that the waiver or variation has been granted by Staff.

5. Commencement of ATS Operations

The ATS must not begin operations until a reasonable period of time after the ATS is notified that it has been registered by the Commission.

6. Materials to be Submitted and Timelines

(a) Prior to the implementation of a Fee Change or Significant Change, the ATS will provide Staff with the following materials:

(i) a cover letter that, together with the notice for publication submitted under paragraph (a)(ii), if applicable, fully describes:

(A) the proposed Fee Change or Significant Change;

(B) the expected date of implementation of the proposed Fee Change or Significant Change;

(C) the rationale for the proposal and any relevant supporting analysis;

(D) the expected impact, including the quantitative impact, of the proposed Fee Change or Significant Change on the market structure, subscribers and, if applicable, on investors and the capital markets;

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

(F) a summary of any consultations, including consultations with external parties, undertaken in formulating the Fee Change or Significant Change, and the internal governance process followed to approve the Change;

(G) for a proposed Fee Change:

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

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

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

(I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;

(J) a discussion of any alternatives considered; and

(K) if applicable, whether the proposed Fee Change or Significant Change would introduce a fee model or feature that currently exists in other markets or jurisdictions;

(ii) for a proposed Significant Change subject to Public Comment or Fee Change subject to Public Comment, a notice for publication that generally includes the information required under paragraph (a)(i), except information that, if included in the notice, would result in the public disclosure of sensitive information or confidential or proprietary financial, commercial or technical information;

(iii) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F2 showing the proposed Change.

(b) The ATS will submit the materials set out in subsection (a)

(i) at least 45 days prior to the expected implementation date of a proposed Significant Change; and

(ii) at least fifteen business days prior to the expected implementation date of a proposed Fee Change.

(c) For a Housekeeping Change, the ATS will provide Staff with the following materials:

(i) a cover letter that fully describes the Change and indicates that it was classified as a Housekeeping Change and, for each Housekeeping Change, provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and

(ii) blacklined and clean copies of Form 21-101F2 showing the Change.

(d) The ATS will submit the materials set out in subsection (c) by the earlier of

(i) the ATS's close of business on the 10th calendar day after the end of the calendar quarter in which the Housekeeping Change was implemented; and

(ii) the date on which the ATS publicly announces a Housekeeping Change, if applicable.

7. Review by Staff of notice and materials to be published for comment

(a) Within 5 business days of the receipt of the notice and materials submitted by the ATS relating to a Significant Change subject to Public Comment or Fee Change subject to Public Comment, in accordance with paragraph 6(a)(ii), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the ATS of any deficiency requiring a resubmission of the notice and/or materials.

(b) Where the notice and/or materials are considered by Staff to be deficient, the ATS will amend and resubmit the notice and/or materials accordingly, and the date of resubmission will serve as the submission date for the purposes of this Protocol.

(c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 8.

8. Publication of a Significant Change Subject to Public Comment or Fee Change Subject to Public Comment

(a) As soon as practicable after the receipt of the notice and materials submitted by the ATS relating to a Significant Change subject to Public Comment or Fee Change subject to Public Comment, in accordance with paragraph 6(a)(ii), Staff will publish in the OSC Bulletin and/or on the OSC website, the notice prepared by the ATS, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the ATS within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.

(b) If public comments are received

(i) the ATS will forward copies of the comments promptly to Staff; and

(ii) the ATS will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

9. Review and Approval Process for Proposed Fee Changes and Significant Changes

(a) Staff will use their best efforts to complete their review of a proposed Fee Change or Significant Change within

(i) 45 days from the date of submission of a proposed Significant Change; and

(ii) fifteen business days from the date of submission of a proposed Fee Change.

(b) Staff will notify the ATS if they anticipate that their review of the proposed Fee Change or Significant Change will exceed the timelines in subsection (a).

(c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change or Significant Change, Staff will use best efforts to provide the ATS with a comment letter promptly by the end of the public comment period for a Significant Change subject to Public Comment or Fee Change subject to Public Comment, and promptly after the receipt of the materials submitted under section 6 for all other Changes.

(d) The ATS will respond to any comments received from Staff in writing.

(e) Unless Staff agree to an extension of time, if the ATS fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the ATS will be deemed to have withdrawn the proposed Fee Change or Significant Change. If the ATS wishes to proceed with the Fee Change or Significant Change after it has been deemed withdrawn, the ATS will have to re-submit it for review and approval in accordance with this Protocol.

(f) Upon completion of Staff's review of a Fee Change or Significant Change, Staff will submit the Change to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:

(i) for a Significant Change subject to Public Comment or Fee Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the ATS;

(ii) for any other Significant Change, the later of 45 days from the date of submission of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the ATS; or

(iii) for any other Fee Change, the later of fifteen business days from the date of submission of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the ATS.

(g) A Fee Change or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f),

(i) if the proposed Fee Change or Significant Change introduces a novel feature to the ATS or the capital markets;

(ii) if the proposed Fee Change or Significant Change raises significant regulatory or public interest concerns; or

(iii) in any other situation where, in Staff's view, Commission approval is appropriate.

(h) Staff will promptly notify the ATS of the decision.

(i) If a Significant Change subject to Public Comment or Fee Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and/or on the OSC website promptly after the approval:

(i) a notice indicating that the proposed Change is approved;

(ii) the summary of public comments and responses prepared by the ATS, if applicable; and

(iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the ATS and a blacklined copy of the revised Change highlighting the revisions made.

10. Review Criteria for a Fee Change and Significant Change

(a) Staff will review a proposed Fee Change or Significant Change to assess whether it is in the public interest for the Director or the Commission to approve the Change. In making this determination, Staff will have regard for the purposes of the *Securities Act* (Ontario) (**Act**) as set out in section 1.1 of the Act. The factors that Staff will consider in making their determination also include whether:

(i) the Change would impact the ATS's compliance with Ontario securities law;

(ii) the ATS followed its established internal governance practices in approving the proposed Change;

(iii) the ATS followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Change; and

(iv) the ATS adequately addressed any comments received.

11. Effective Date of a Fee Change or Significant Change

(a) A Fee Change or Significant Change will be effective on the later of:

(i) the date that the ATS is notified that the Change is approved;

(ii) if applicable, the date of publication of the notice of approval on the OSC website;

(iii) if applicable, the implementation date established by the ATS's rules, agreements, practices, policies or procedures; and

(iv) the date designated by the ATS.

(b) The ATS must not implement a Fee Change unless the ATS has provided stakeholders, including marketplace participants, issuers and vendors, as applicable, with notice of the Fee Change at least five business days prior to implementation.

(c) Where a Significant Change involves a material change to any of the systems, operated by or on behalf of the ATS, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the ATS is notified that the Significant Change is approved.

(d) In determining what constitutes a reasonable period of time for purposes of implementing a Significant Change under paragraph (c), Staff will consider how the Significant Change will impact the ATS, its market structure, subscribers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns.

(e) The ATS must notify Staff promptly following the implementation of a Significant Change or Fee Change that becomes effective under subsections (a) and (b).

(f) Where the ATS does not implement a Significant Change or Fee Change within 180 days of the effective date of the Fee Change or Significant Change, as provided for in subsections (a) and (b), the Significant Change or Fee Change will be deemed to be withdrawn.

12. Significant Revisions and Republication

(a) If, subsequent to its publication for comment, the ATS revises a Significant Change subject to Public Comment or Fee Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Change, Staff will, in consultation with the ATS, determine whether or not the revised Change should be published for an additional 30-day comment period.

(b) If a Significant Change subject to Public Comment or Fee Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the ATS, and an explanation of the revisions and the supporting rationale for the revisions.

13. Withdrawal of a Fee Change or Significant Change

(a) If the ATS withdraws a Fee Change or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

(b) If the notice of withdrawal relates to a Significant Change subject to Public Comment or Fee Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and/or on the OSC website as soon as practicable.

(c) If a Significant Change subject to Public Comment or Fee Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 9(e), Staff will prepare and publish a notice informing market participants that the ATS did not proceed with the Change.

14. Effective Date of a Housekeeping Change

(a) Subject to subsections (b) and (c), a Housekeeping Change will be effective on the date designated by the ATS.

(b) Staff will review the materials submitted by the ATS for a Housekeeping Change to assess the appropriateness of the categorization of the Change as housekeeping within five business days from the date that the ATS submitted the documents in accordance with subsections 6(c) and 6(d). The ATS will be notified in writing if there is disagreement with respect to the categorization of the Change as housekeeping.

(c) If Staff disagree with the categorization of the Change as housekeeping, the ATS will immediately repeal the Change, submit the proposed Change as a Significant Change, and follow the review and approval process described in this Protocol as applying to a Significant Change, including those processes applicable to a Significant Change subject to Public Comment, if applicable.

15. Immediate Implementation of a Significant Change

(a) The ATS may need to make a Significant Change effective immediately where the ATS determines that there is an urgent need to implement the Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the ATS, its subscribers, other market participants or investors.

(b) When the ATS determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible, but in any event, at least five business days prior to the proposed implementation of the Significant Change. The written notice will include the expected effective date of the Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must follow within five business days following the ATS receiving notice that Staff agree with immediate implementation of the Significant Change.

(c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the ATS, in writing, of the disagreement no later than the end of the third business day following submission of the notice under subsection (b). If the disagreement is not resolved, the ATS will submit the Significant Change in accordance with the timelines in section 6.

16. Review of a Significant Change Implemented Immediately

A Significant Change that has been implemented immediately in accordance with section 15 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 9, with necessary modifications. If the Director or the Commission does not approve the Significant Change, the ATS will immediately repeal the Change and inform its subscribers of the decision.

17. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under section 21.0.1 of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Change having been approved under this Protocol.

2.2.8 Alvin Jones

IN THE MATTER OF
ALVIN JONES

File No. 2021-5

M. Cecilia Williams, Commissioner and Chair of the Panel

July 30, 2021

ORDER

WHEREAS on July 30, 2021, the Ontario Securities Commission held a hearing by teleconference in relation to the application brought by Alvin Jones (**Jones**) dated December 24, 2020, amended on July 16, 2021, to review a decision of the Investment Industry Regulatory Organization of Canada (**IIROC**) dated December 10, 2020;

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

IT IS ORDERED THAT:

1. by 4:30 p.m. on September 3, 2021, Jones shall:

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

   b. serve and file witness lists, and give notice of any intention to call an expert witness; and

   c. serve (but not file) anticipated evidence not included in the record of the original proceeding, if any, in the form of affidavits for any proposed witnesses, including Jones, and written expert reports for any proposed expert witnesses.

“M. Cecilia Williams”

2.2.9 Metamaterial Inc. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
METAMATERIAL INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

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

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

3. On July 23, 2021 the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*; and

4. The representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

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

DATED at Toronto this 3rd day of August 2021.

“Cecilia Williams”	“Frances Kordyback”
Commissioner	Commissioner
Ontario Securities Commission	Ontario Securities Commission

OSC File #: 2021/0387

2.2.10 Atlantic Power Corporation

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application for an order that the issuer is not a reporting issuer under applicable securities laws – issuer legally defeased debentures – issuer has no public securityholders other than holders of defeased debentures who no longer require public disclosure in respect of the issuer – relief granted.

Applicable Legislative Provisions

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

July 29, 2021

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

AND

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

AND

IN THE MATTER OF
ATLANTIC POWER CORPORATION
(the Filer)

ORDER

Background

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

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

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

(b) The Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada, other than Ontario (collectively 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 order, unless otherwise defined.

Representations

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

1. The Filer is a corporation existing under the *Business Corporations Act* (British Columbia) (**BCBCA**) with its head office at 3 Allied Drive, Suite 155, Dedham, Massachusetts 02026 and its registered office at 1066 West Hastings Street, Suite 2600, Vancouver, British Columbia V6E 3X1.

2. The Filer is a reporting issuer in each of the Jurisdictions.

3. On May 14, 2021 (the **Effective Date**), the Filer closed a going-private transaction (the **Transaction**) effected by way of an arrangement under the BCBCA (the **Arrangement**) pursuant to an arrangement agreement dated January 14, 2021 (the **Arrangement Agreement**) among, *inter alios*, the Filer and certain affiliates of infrastructure funds managed by I Squared Capital Advisors (US) LLC, namely Tidal Power Holdings Limited (**BidCo**) and Tidal Power Aggregator, L.P. (together with BidCo, the **Purchasers**), as amended pursuant to amending agreements dated April 1, 2021 and April 29, 2021.

4. Immediately prior to the Effective Date, the authorized capital of the Filer consisted of an unlimited number of common shares (the **Common Shares**) and the Filer had outstanding the following securities:

   (a) 90,288,963 Common Shares; and

   (b) $113,219,000.00 aggregate principal amount of 6.00% Series E Convertible Unsecured Debentures due January 31, 2025 (the **Debentures**) issued pursuant to a trust indenture dated December 17, 2009 among the Filer and Computershare Trust Company of Canada (**Computershare**), as trustee, as amended by the fourth supplemental indenture dated November 29, 2012 among the Filer, Computershare and Computershare Trust Company, N.A. (**Computershare U.S.**), as U.S. trustee, and the seventh supplemental indenture dated January 29, 2018 among the Filer, Computershare, as trustee, and Computershare U.S., as U.S. trustee (as amended, the **Indenture**). The Debentures are held in book-entry form with one global certificate registered in the name of CDS Clearing and Depositary Services Inc. (**CDS**). CDS is the only registered holder of Debentures.

5. The Common Shares were previously listed on the Toronto Stock Exchange (the **TSX**) under the symbol "ATP" and on the New York Stock Exchange (the **NYSE**) under the symbol "AT" and the Debentures were previously listed on the TSX under the symbol "ATP.DB.E". No other securities of the Filer were listed on any exchange.

6. At a special meeting of shareholders of the Filer held on April 7, 2021, the Arrangement was approved by (i) approximately 87% of the votes cast by holders of Common Shares present in person or represented by proxy and (ii) approximately 85% of the votes cast by holders of Common Shares excluding votes cast by the Purchasers and other interested parties in accordance with the minority approval requirements for a business combination under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

7. On April 19, 2021, the Filer received a final order from the Supreme Court of British Columbia approving the Arrangement.

8. On April 29, 2021, Amendment No. 2 to the Arrangement Agreement was entered into by the parties thereto to provide for, *inter alia*, (i) the legal defeasance by the Filer, immediately prior to the closing of the Arrangement, of the Debentures in accordance with the provisions of the Indenture (the **Debentures Defeasance**) and (ii) the cooperation between the Filer and the Purchasers to effect the voluntary conversion of Debentures into Common Shares by holders of Debentures. The Filer filed on SEDAR and delivered to the holders of Debentures via CDS a notice including detailed disclosure with respect to the terms of the defeasance of the Debentures and certain Canadian tax considerations related thereto, and a detailed questions & answers (Q&A) summary in order to assist holders of the Debentures in their decision to either convert their Debentures, exercise their change of control conversion or repurchase rights or hold their Debentures further to the defeasance of the Debentures until the redemption date of January 31, 2023. Such documents disclosed that in connection with the closing of the Arrangement, the Debentures would be delisted from the TSX and that the Filer would apply to the Canadian securities regulatory authorities to cease being a reporting issuer.

9. Prior to the conversion deadline of May 11, 2021, holders of Debentures representing $1,781,000 principal amount of Debentures or approximately 1.5% of the principal amount then outstanding of the Debentures exercised their right to convert their Debentures into underlying Common Shares. The Debentures so converted were cancelled and the holders received payment, as part of the Arrangement, for each of the underlying Common Shares issued upon such conversion.

10. On the Effective Date, as part of the completion of the Transaction, BidCo acquired all issued and outstanding Common Shares in consideration of US$3.03 in cash per Common Share and the Debentures Defeasance was achieved by the Filer via the irrevocable deposit with Computershare and Computershare U.S. (the **Escrow Agents**) of an amount of $126,849,240.27 as funds held in trust for the benefit of the holders of Debentures that are sufficient for the purpose of

    (a) making payment of the entire amount of principal ($113,219,000.00), and accrued interest up to but excluding January 31, 2023 (being the date on which the Debentures may be redeemed by the Filer at par under the Indenture) in respect of the Debentures outstanding as at the closing of the Arrangement,

    (b) purchasing Debentures tendered by holders of Debentures exercising their change of control conversion or repurchase rights which expired on June 14, 2021 (aggregate payments of $1,104,764.63 were made in respect of $1,060,000 principal amount of Debentures representing approximately 0.9% of the principal amount then outstanding of the Debentures and such Debentures were cancelled) and

(c) making payments to any holders of Debentures who elect to convert their Debentures at any time prior to January 31, 2023,

all pursuant to the terms of the Indenture and of an escrow agreement dated May 12, 2021 among the Filer, BidCo and the Escrow Agents (the **Escrow Agreement**). The funds irrevocably deposited by the Filer in trust for the benefit of the holders of Debentures with the Escrow Agents are held as cash and placed by the Escrow Agents into an interest bearing trust account.

11. As a result of the Debentures Defeasance, pursuant to the terms of the Indenture, the Debentures are deemed to be fully paid, satisfied and discharged and the provisions of the Indenture are no longer binding on the Filer, except for certain provisions dealing with the payment of principal and interest, redemption, conversion and enforcement by the trustees thereunder. There is currently no obligation under the Indenture for the Filer to file any information or reports, including annual and quarterly financial statements, with any securities regulatory authority or regulator in the Jurisdictions, nor any obligation for the Filer under the Indenture to maintain its reporting issuer status in any of the Jurisdictions.

12. The Common Shares and the Debentures were delisted from the TSX on May 17, 2021 and the Common Shares were delisted from the NYSE on May 27, 2021. No securities of the Filer, including debt securities, are traded in Canada or another country on a "marketplace" (as such term is defined in National Instrument 21-101 *Marketplace Operation*) or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

13. As of the date hereof, the Filer has no outstanding securities other than:

(a) 90,288,963 Common Shares, 100% of which are owned by BidCo;

(b) 100 Reorganization Preferred Shares, 100% of which are owned by Atlantic Power Preferred Equity Limited, a wholly-owned indirect subsidiary of the Filer; and

(c) $112,159,000.00 aggregate principal amount of Debentures.

14. To the best of the Filer's knowledge, as at April 30, 2021, there were approximately 2,035 beneficial holders of Debentures across Canada, the United States and in other jurisdictions. Of these 2,035 beneficial holders of Debentures, 1,999 beneficial holders were located in Canada, distributed as follows:

Jurisdiction	Number of Securityholders
Quebec	696
Ontario	629
Saskatchewan	251
British Columbia	244
Alberta	149
Manitoba	22
New Brunswick	2
Nova Scotia	2
Newfoundland and Labrador	2
Prince Edward Island	2
Northwest Territories	0
Nunavut	0
Yukon	0

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

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

17. The Filer has no current intention to seek financing by way of public offering of securities in Canada or to distribute securities to the public in Canada.

18. Upon the granting of the Order Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.

Order

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

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

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

"Lawrence Haber"
Commissioner
Ontario Securities Commission

Application File #: 2021/0361

2.2.11 Brampton Brick Limited – s. 1(6) of the OBCA

Headnote

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

Statutes Cited

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

July 29, 2021

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

AND

IN THE MATTER OF
BRAMPTON BRICK LIMITED
(the "Applicant")

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA.

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

3. On July 14, 2021, the Applicant was granted an order (the "**Reporting Issuer Order**") pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or equivalent in any other jurisdiction in Canada in accordance with the simplified procedure set out in National Policy 11-206 – *Process for Cease to be a Reporting Issuer Applications*. The representations set out in the Reporting Issuer Order continue to be true.

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

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

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

"Lawrence Haber"
Commissioner
Ontario Securities Commission

Application File #: 2021/0398

2.2.12 Endeavour Mining Corporation

Headnote

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

Applicable Legislative Provisions

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

July 30, 2021

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

AND

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

AND

IN THE MATTER OF
ENDEAVOUR MINING CORPORATION
(the Filer)

ORDER

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

"Noreen Bent"
Chief, Corporate Finance Legal Services
British Columbia Securities Commission

Application File #: 2021/0382

2.2.13 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 147

Headnote

Application under section 147 of the Securities Act (Ontario) exempting the Canadian Depository for Securities Limited (CDS Ltd.) from complying with a fee review requirement in section 20.1 of Schedule "B" of CDS Ltd.'s recognition order on the term and condition that the fee review requirement will be met by August 1, 2022.

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY
FOR SECURITIES LIMITED

AND

CDS CLEARING AND DEPOSITORY SERVICES INC.

EXEMPTION ORDER
(Section 147 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated July 4, 2012, as varied and restated on December 21, 2012 and as varied on December 7, 2012, May 1, 2013, June 25, 2013, June 24, 2014, January 27, 2015, March 27, 2015, December 20, 2016, February 28, 2018, September 25, 2018 and December 4, 2019 pursuant to section 21.2 of the Act continuing the recognition of The Canadian Depository for Securities Limited (**CDS Ltd.**) and CDS Clearing and Depository Services Inc. (**CDS Clearing**) (CDS Ltd. and CDS Clearing collectively **CDS**) as clearing agencies (the **Clearing Agency Recognition Order**);

AND WHEREAS section 20.1 of Schedule "B" of the Clearing Agency Recognition Order requires that CDS Ltd. shall within three years of the effective date of the Clearing Agency Recognition Order and every three years subsequent to that date, or at other times required by the Commission:

(a) conduct a review of its fees and fee models and the fees and fee models of its affiliated entities that are related to clearing, settlement, depository, data and other services specified by the Commission that includes, among other things, a benchmarking or other comparison of the fees and fee models against the fees and fee models of similar services in other jurisdictions; and

(b) provide a written report on the outcome of such review to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board. (the **Fee Review Requirement**);

AND WHEREAS CDS Ltd. is required to comply with the Fee Review Requirement by August 1, 2021;

AND WHEREAS CDS has applied to the Commission for an exemption pursuant to section 147 of the Act from complying with the Fee Review Requirement (the **Application**) on the term and condition that the said requirement will be met by August 1, 2022;

AND WHEREAS CDS has continuous and ongoing requirements in its Clearing Agency Recognition Order which ensure that proposed amendments to CDS's Fee Schedule receive approval by the Commission prior to implementation;

AND WHEREAS based on the Application and the representations that CDS has made to the Commission, in the Commission's opinion it is not prejudicial to the public interest to grant a conditional exemption to CDS Ltd. from complying with the Fee Review Requirement;

IT IS HEREBY ORDERED that, pursuant to section 147 of the Act, CDS Ltd. is exempted from the Fee Review Requirement on the term and condition that the said requirement will be met by August 1, 2022.

DATED at Toronto this 29th day of July, 2021.

"Mary Anne De Monte-Whelan"

"Lawrence P. Haber"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Appreciated Media Holdings Inc.	November 4, 2020	July 28, 2021
Sunstone Opportunity Fund (2005) Limited Partnership	May 7, 2021	July 29, 2021

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Red White & Bloom Brands Inc.	May 4, 2021	July 28, 2021

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Red White & Bloom Brands Inc.	May 4, 2021	July 28, 2021
Reservoir Capital Corp.	May 5, 2021	
Rapid Dose Therapeutics Corp.	June 29, 2021	

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Pender Alternative Absolute Return Fund
Pender Alternative Arbitrage Fund
Principal Regulator – British Columbia
Type and Date:
Preliminary Simplified Prospectus dated Jul 27, 2021
NP 11-202 Preliminary Receipt dated Jul 27, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3253445

Issuer Name:
Canada Life Global Resources Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jul 29, 2021
NP 11-202 Preliminary Receipt dated Jul 30, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3255159

Issuer Name:
iProfile Portfolio - Global Fixed Income Balanced
iProfile Portfolio - Global Neutral Balanced
iProfile Portfolio - Global Equity Balanced
iProflie Portfolio - Global Equity
Principal Regulator – Manitoba
Type and Date:
Amendment #1 to Final Simplified Prospectus dated July 16, 2021
NP 11-202 Final Receipt dated Jul 30, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3231336

NON-INVESTMENT FUNDS

Issuer Name:
Alpha Cognition Inc. (formerly Crystal Bridge Enterprises Inc.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated July 26, 2021
NP 11-202 Preliminary Receipt dated July 27, 2021
Offering Price and Description:
$75,000,000.00
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3253409

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Shelf Prospectus dated July 29, 2021
NP 11-202 Preliminary Receipt dated July 29, 2021
Offering Price and Description:
$600,000,000.00
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3254754

Issuer Name:
GoldMining Inc. (formerly Brazil Resources Inc.)
Principal Regulator - British Columbia
Type and Date:
Amendment dated July 26, 2021 to Preliminary Shelf Prospectus dated April 30, 2021
NP 11-202 Preliminary Receipt dated July 27, 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 #3214284

Issuer Name:
NATION GOLD CORP.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated July 27, 2021
NP 11-202 Preliminary Receipt dated July 28, 2021
Offering Price and Description:
$1,995,000.00 - 6,650,000 Common Shares
Price of $0.30 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
Promoter(s):
Mark Bailey
Project #3253670

Issuer Name:
Regency Silver Corp.
Principal Regulator - British Columbia
Type and Date:
Amendment dated July 28, 2021 to Preliminary Long Form Prospectus dated April 28, 2021
NP 11-202 Preliminary Receipt dated July 29, 2021
Offering Price and Description:
$3,000,000.00 or 12,000,000 Common Shares Price: $0.25 per Share
Underwriter(s) or Distributor(s):
RESEARCH CAPITAL CORPORATION
Promoter(s):
Bruce Bragagnolo
Gijsbert Groenewegen
Project #3213016

Issuer Name:
Shellron Capital Ltd
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated July 27, 2021
NP 11-202 Preliminary Receipt dated July 28, 2021
Offering Price and Description:
Minimum of $300,000.00 and up to a maximum of $800,000.00
Offering: Minimum of 3,000,000 Common Shares (the "Common Shares") and up to a maximum of 8,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Hampton Securities Ltd
Promoter(s):
Andrew Yau
Robert Giustra
Jorge Martinez
Project #3253901

Issuer Name:
Brookfield Asset Management Inc.
Brookfield Asset Management Reinsurance Partners Ltd.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 30, 2021
NP 11-202 Receipt dated July 30, 2021
Offering Price and Description:
US$1,000,000,000.00
Class A Exchangeable Limited Voting Shares of Brookfield Asset Management Reinsurance Partners Ltd.
Class A Limited Voting Shares of Brookfield Asset Management Inc. (issuable or deliverable upon exchange, redemption or acquisition of Class A Exchangeable Limited Voting Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
BROOKFIELD ASSET MANAGEMENT INC.
Project #3252094

Issuer Name:
Brookfield Asset Management Reinsurance Partners Ltd.
Brookfield Asset Management Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 30, 2021
NP 11-202 Receipt dated July 30, 2021
Offering Price and Description:
US$1,000,000,000.00
Class A Exchangeable Limited Voting Shares of Brookfield Asset Management Reinsurance Partners Ltd.
Class A Limited Voting Shares of Brookfield Asset Management Inc. (issuable or deliverable upon exchange, redemption or acquisition of Class A Exchangeable Limited Voting Shares)
Underwriter(s) or Distributor(s):
-
Promoter(s):
BROOKFIELD ASSET MANAGEMENT INC.
Project #3252097

Issuer Name:
Canadian Net Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated July 28, 2021
NP 11-202 Receipt dated July 28, 2021
Offering Price and Description:
$17,507,500.00
Price: $7.45 per Offered Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
PARADIGM CAPITAL INC.
CIBC WORLD MARKETS INC.
IA PRIVATE WEALTH INC.
LAURENTIAN BANK SECURITIES INC.
DESJARDINS SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #3250366

Issuer Name:
EverGen Infrastructure Corp.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated July 26, 2021
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
$20,020,000.00 - 3,080,000 Units
Price: $6.50 per Offered Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Clarus Securities Inc.
RBC Dominion Securities Inc.
Echelon Wealth Partners Inc.
Haywood Securities Inc.
PI Financial Corp.
Promoter(s):
Chase Edgelow
Mischa Zajtmann
Ford Nicholson
Project #3211823

Issuer Name:
Frontenac Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated July 29, 2021 to Final Long Form Prospectus dated June 7, 2021
NP 11-202 Receipt dated July 30, 2021
Offering Price and Description:
Unlimited Number of Common Shares
Price: $30.00 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
W.A. ROBINSON ASSET MANAGEMENT LTD.
Project #3209666

Issuer Name:
GREENFIELD ACQUISITION CORP.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated July 22, 2021
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
$400,000.00 - 4,000,000 COMMON SHARES
PRICE: $0.10 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
James J. Hickman
Luis H. Goyzuetta
Project #3225077

Issuer Name:
Hopefield Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated July 26, 2021
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
$2,500,000.00
25,000,000 Common Shares
$0.10 per Common Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
MARK BINNS
Project #3226264

Issuer Name:
Medexus Pharmaceuticals Inc. (formerly Pediapharm Inc.)
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 28, 2021
NP 11-202 Receipt dated July 29, 2021
Offering Price and Description:
$100,000,000.00
Common Shares
Preferred Shares
Subscription Receipts
Warrants
Debt Securities
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3251519

Issuer Name:
Mink Ventures Corporation
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated July 26, 2021
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
Minimum Offering: $400,000.00 (4,000,000 Common Shares)
Maximum Offering: $600,000.00 (6,000,000 Common Shares)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3240233

Issuer Name:
New Found Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated July 27, 2021
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
Up to $100,000,000.00
Common Shares
Warrants
Subscription Receipts
Units
Debt Securities
Share Purchase Contracts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3251745

Issuer Name:
New Leaf Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated July 26, 2021
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
$50,000,000.00
Common Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3245405

Issuer Name:
Newmont Corporation (formerly, Newmont Goldcorp Corporation)
Principal Regulator - Ontario
Type and Date:
Final Prospectus - MJDS (NI 71-101) dated July 29, 2021
NP 11-202 Receipt dated July 30, 2021
Offering Price and Description:
DEBT SECURITIES
DEPOSITARY SHARES
COMMON STOCK
PREFERRED STOCK
WARRANTS
UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3252236

Issuer Name:
Shopify Inc.
Principal Regulator - Ontario
Type and Date:
Amendment dated July 27, 2021 to Final Shelf Prospectus dated August 6, 2020
NP 11-202 Receipt dated July 27, 2021
Offering Price and Description:
$10,000,000,000.00
Class A Subordinate Voting Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3087513

Issuer Name:
Toronto Hydro Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 29, 2021
NP 11-202 Receipt dated July 29, 2021
Offering Price and Description:
$1,000,000,000.00
DEBENTURES (unsecured)
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #3250493

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Gestion de Portefeuille Stratégique Medici Inc.	Portfolio Manager and Investment Fund Manager	July 28, 2021
Voluntary Surrender	Scotia Managed Companies Administration Inc.	Investment Fund Manager	July 28, 2021
Change in Registration Category	PenderFund Capital Management Ltd.	From: Investment Fund Manager and Exempt Market Dealer To: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	July 29, 2021

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