The Ontario Securities Commission

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

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1.3.1 Aux Cayes Fintech Co. Ltd. – ss. 127(1), 127.1

FILE NO.: 2021-29

IN THE MATTER OF
AUX CAYES FINTECH CO. LTD.

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

PROCEEDING TYPE: Enforcement Proceeding

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

LOCATION: By Teleconference

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order requested in the Statement of Allegations filed by Staff of the Commission on August 18, 2021.

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

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 19th day of August, 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.

IN THE MATTER OF
AUX CAYES FINTECH CO. LTD.

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

A. OVERVIEW

1. Staff of the Enforcement Branch of the Commission (**Enforcement Staff**) brings this proceeding to hold Aux Cayes Fintech Co. Ltd. (**Aux Cayes**) accountable for violating Ontario securities law and to signal that crypto asset trading platforms which engage in illegal activity and do not cooperate fully with Enforcement Staff may face regulatory action.

2. Aux Cayes operates an online crypto asset trading platform (the **OKEx Platform**). The OKEx Platform is available to Ontario residents. Ontario residents have opened accounts on the OKEx Platform and have used the platform to deposit and trade in crypto asset products.

3. Aux Cayes is subject to Ontario securities law because crypto asset products offered on the OKEx Platform are securities and derivatives. Aux Cayes has nonetheless failed to comply with the registration and prospectus requirements under Ontario securities law.

4. Registration and disclosure are cornerstones of Ontario securities law. The registration requirement serves an important gate-keeping function by ensuring that only properly qualified and suitable persons are permitted to engage in the business of trading. Prospectus requirements are fundamental to ensuring investors are provided with full, true and plain disclosure of all material facts relating to the securities being offered.

5. On March 29, 2021, the Ontario Securities Commission (the **Commission**) issued a press release notifying crypto asset trading platforms that currently offer trading in derivatives or securities to persons or companies located in Ontario that they must bring their operations into compliance with Ontario securities law or face potential regulatory action. The press release included a deadline of April 19, 2021 for such platforms to contact Commission staff to start compliance discussions. The press release followed regulatory guidance issued by the Canadian Securities Administrators and the Investment Industry Regulatory Organization of Canada on the application of securities legislation to crypto asset trading platforms.[1]

6. Despite this warning, Aux Cayes did not contact the Commission by April 19, 2021 or at any time to start compliance discussions. After being contacted by Enforcement Staff, on or about June 25, 2021 Aux Cayes implemented measures aimed at blocking the creation of new accounts by Ontario residents on the OKEx Platform and added Ontario to the list of “Restricted Locations” on the OKEx Platform website. Aux Cayes also indicated to Enforcement Staff that it would identify existing Ontario clients and assist them in withdrawing their account assets. However, after asserting that it would identify Ontario clients for withdrawal purposes, Aux Cayes declined to provide Enforcement Staff with basic information about its Ontario clients—including the total number of Ontario-based accounts and aggregate holdings in those accounts—claiming that this information was unavailable and could not be provided. As of the date of this Statement of Allegations, Aux Cayes continues to allow trading of crypto asset products in existing Ontario accounts on the OKEx Platform.

B. FACTS

Enforcement Staff makes the following allegations of fact:

(a) Aux Cayes

7. Aux Cayes is a corporation incorporated in the Seychelles. Aux Cayes has never been registered with the Commission to engage in the business of trading or obtained an exemption from the registration requirement. Aux Cayes has never filed a prospectus with the Commission or obtained an exemption from the prospectus requirement.

(b) The OKEx Platform

8. Investors access the OKEx Platform by first creating an account on the platform using an online application process. After opening an account, an investor may deposit crypto assets into the account. An investor makes a crypto asset deposit by transferring crypto assets to a wallet controlled by Aux Cayes. An investor may also use fiat currency to purchase crypto assets which are then credited to their account.

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

9. Investors may trade crypto assets credited to their account for a variety of other assets. The crypto assets available on the platform include, among others, Bitcoin and Ether. Aux Cayes offers investors the ability to trade on margin.

10. Aux Cayes maintains custody of crypto assets deposited and traded on the OKEx Platform in wallets Aux Cayes controls. Investors do not have possession or control of crypto assets deposited or traded on the OKEx Platform. Rather, they see a crypto asset balance displayed in their account on the OKEx Platform. In order to take possession of crypto assets reflected in their account balance, an investor must request a withdrawal and is dependent on Aux Cayes to satisfy that withdrawal request by delivering crypto assets to an investor-controlled wallet.

11. While Aux Cayes purports to facilitate trading of the crypto assets in its investors' accounts, in practice, Aux Cayes only provides its investors with instruments or contracts involving crypto assets. These instruments or contracts constitute securities and derivatives.

12. Investors may also trade crypto asset futures, swap and options contracts on the OKEx Platform that constitute securities and derivatives. The OKEx Platform allows investors to engage in leveraged trading of up to 125:1 on various futures and swap contracts.

13. Aux Cayes charges fees for trades made on the OKEx Platform and for crypto asset withdrawals.

(c) Aux Cayes' Ontario presence

14. Aux Cayes has opened and operated trading accounts for Ontario residents on the OKEx Platform. Ontario investors have deposited crypto assets into their accounts. They are able to trade, and have traded, the products offered on the OKEx Platform, as described above. OKEx's website indicates that investors may use Canadian fiat currency to purchase crypto assets on the OKEx Platform. Until June 2021, Ontario was not included in the list of restricted jurisdictions on the OKEx website.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

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

15. Aux Cayes has engaged in, or held itself out as engaging in, the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Ontario *Securities Act*, RSO 1990, c. S.5, as amended (the **Act**);

16. Aux Cayes has engaged in trading in securities which constitute distributions without complying with the prospectus requirements and without an applicable exemption from the prospectus requirements, contrary to section 53 of the Act; and

17. Aux Cayes has engaged in activity that is contrary to the public interest.

D. ORDER SOUGHT

Enforcement Staff requests that the Commission make the following orders:

18. that Aux Cayes cease trading in any securities or derivatives permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

19. that Aux Cayes be prohibited from acquiring any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

20. that any exemptions contained in Ontario securities law not apply to Aux Cayes permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

21. that Aux Cayes be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

22. that Aux Cayes be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

23. that Aux Cayes pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

24. that Aux Cayes disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

25. that Aux Cayes pay the costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

26. such other orders as the Commission considers appropriate in the public interest.

DATED this 18th day of August, 2021.

ONTARIO SECURITIES COMMISSION
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Staff of the Ontario Securities Commission

1.4 Notices from the Office of the Secretary

1.4.1 Jiubin Feng and CIM International Group Inc.

FOR IMMEDIATE RELEASE
August 19, 2021

JIUBIN FENG AND
CIM INTERNATIONAL GROUP INC.,
File No. 2021-27

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on August 19, 2021 at 10:00 a.m. will be heard on September 2, 2021 at 10:00 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.2 Aux Cayes Fintech Co. Ltd.

FOR IMMEDIATE RELEASE
August 19, 2021

AUX CAYES FINTECH CO. LTD.,
File No. 2021-29

TORONTO – The Office of the Secretary issued a Notice of Hearing on August 19, 2021 setting the matter down to be heard on September 15, 2021 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated August 19, 2021 and Statement of Allegations dated August 18, 2021 are available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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1.4.3 Becksley Capital Inc. and Fabrizio Lucchese

FOR IMMEDIATE RELEASE
August 19, 2021

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

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

A copy of the Order dated August 19, 2021 is available at www.osc.ca.

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GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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inquiries@osc.gov.on.ca

1.4.4 Douglas John Eley

FOR IMMEDIATE RELEASE
August 23, 2021

DOUGLAS JOHN ELEY,
File No. 2020-35

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

A copy of the Reasons for Decision dated August 20, 2021 is available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RBC Dominion Securities Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – offering of corporate strip securities; exemption granted from the eligibility requirements of National Instrument 44-102 Shelf Distributions and National Instrument 44-101 Short Form Prospectus Distributions to permit the filing of a shelf prospectus and prospectus supplements qualifying for distribution strip residuals, strip coupons and strip packages to be derived from debt obligations of Canadian corporations and trusts; exemption also granted from the requirements that the prospectus contain a certificate of the issuer and that the prospectus incorporate by reference documents of the underlying issuer.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 58(1).

Applicable National Instruments

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.1 and 8.1.
National Instrument 44-102 Shelf Distributions, ss. 2.1 and 11.1.

August 13, 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
RBC DOMINION SECURITIES INC.,
BMO NESBITT BURNS INC.,
CIBC WORLD MARKETS INC.,
DESJARDINS SECURITIES INC.,
NATIONAL BANK FINANCIAL INC.,
SCOTIA CAPITAL INC. AND
TD SECURITIES INC.
(the FILERS)

AND

IN THE MATTER OF
THE CARS AND PARS PROGRAMME™ OF THE FILERS

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for the following exemptions (the **Exemption Sought**):

1. an exemption from Section 2.1 of National Instrument 44-102 - *Shelf Distributions* and Section 2.1 of National Instrument 44-101 - *Short Form Prospectus Distributions* so that a Prospectus can be filed by the Filers to renew the CARS and PARS Programme and offer Strip Securities in the Jurisdictions; and

2. an exemption from the following requirements in respect of any Underlying Issuer whose Underlying Obligations are purchased by any one or more of the Filers on the secondary market, and Strip Securities derived therefrom and sold under the CARS and PARS Programme:

    (i) the requirements of the Legislation that the Prospectus contain a certificate of the Underlying Issuer; and

    (ii) the requirements of the Legislation that the Prospectus incorporate by reference documents of an Underlying Issuer.

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

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

(ii) the Filers have provided notice that Section 4.7(1) of Multilateral Instrument 11-102 - *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Newfoundland and Labrador, New Brunswick, Prince Edward Island, Nova Scotia, Yukon Territory, Northwest Territories and Nunavut (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 decision, unless otherwise defined.

CARS™ means strips coupons and strips residuals.

CARS and PARS Programme™ means the strip bond product programme of the Filers to be offered by Prospectus.

CDS means CDS Clearing and Depository Services Inc.

CDS Book-Entry Strip Service means the services provided by CDS to enable Participants to strip, reconstitute and package securities, as set out in the CDSX Procedures and User Guide, or any successor operating rules and procedures.

NI 44-101 means National Instrument 44-101 - *Short Form Prospectus Distribution*s.

NI 44-102 means National Instrument 44-102 - *Shelf Distributions*.

Offering Date means the time of the closing of the discrete offering in respect of the related Strip Securities.

PARS™ means par adjusted rate strips, comprising an entitlement to receive the principal amount of, and a portion, equal to a market rate (at the applicable time of issuance) of the interest payable under the Underlying Obligations.

Participants means participants in the depository system of CDS.

Prospectus means a short form prospectus which is a base shelf prospectus together with the appropriate prospectus supplements.

SEDAR means the System for Electronic Document Analysis and Retrieval.

Strip Coupons means separate components of interest derived from an Underlying Obligation.

Strip Packages means packages of Strip Securities, including packages of Strip Coupons and packages of PARS.

Strip Residuals means separate components of principal derived from an Underlying Obligation.

Strip Securities means separate components of interest, principal or combined principal and interest components derived from Underlying Obligations using the CDS Book-Entry Strip Service and sold under the CARS and PARS Programme, including Strip Residuals, Strip Coupons and Strip Packages.

Underlying Issuers means Canadian corporate, trust and/or partnership issuers.

Underlying Obligations means publicly-issued debt obligations of Underlying Issuers, which obligations will carry a “designated rating” as such term is defined in NI 44-101 at the Offering Date.

Underlying Obligations Prospectus means a prospectus for which a receipt was issued by the securities regulatory authorities in British Columbia, Alberta, Ontario and Quebec.

Representations

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

1. Each of the Filers is a corporation incorporated under the laws of Canada, and all the Filers have their head offices in Toronto, except Desjardins Securities Inc. and National Bank Financial Inc., which have their head offices in Montreal.

2. None of the Filers are in default of securities legislation in the Jurisdictions.

3. The CARS and PARS Programme has been in effect since November 19, 2002 in reliance on a MRRS decision document dated October 31, 2002, and has subsequently been renewed and continued in reliance on decision documents dated March 6, 2003, November 19, 2004, December 18, 2006, January 15, 2009, February 17, 2011, April 8, 2013, April 17, 2015, May 29, 2017 and June 29, 2019.

4. The Filers propose to continue to operate the CARS and PARS Programme.

5. The CARS and PARS Programme will continue to be operated by purchasing, on the secondary market, Underlying Obligations of Underlying Issuers, and deriving separate components therefrom, being Strip Residuals, Strip Coupons, and/or Strip Packages.

6. The relevant Underlying Issuer will, to the best of the knowledge of each Filer participating in the relevant offering under the CARS and PARS Programme, be eligible to file a short form prospectus under NI 44-101 (whether such eligibility results from the specific qualification criteria of NI 44-101 or from the granting of an exemption from those criteria) at the Offering Date.

7. The Underlying Obligations will have been distributed under a prospectus for which a receipt was granted by the regulator in British Columbia, Alberta, Ontario, and Quebec.

8. A single short form base shelf prospectus will be established for the renewed CARS and PARS Programme as a whole, with a separate series of Strip Securities being offered under a discrete prospectus supplement for each distinct series or class of Underlying Obligations.

9. It is expected that the Strip Securities will continue to be predominantly sold to retail customers.

10. It is expected that the Filers, or certain of them, will continue to periodically identify, as demand indicates, series of outstanding debt obligations of Canadian corporations, trusts or partnerships and will purchase and "repackage" individual series of these for sale under the CARS and PARS Programme as discrete series of Strip Securities. In purchasing the Underlying Obligations and creating the Strip Securities, the Filers will not enter into any agreement or other arrangements with the Underlying Issuers.

11. The Prospectus will refer purchasers of the Strip Securities to the SEDAR website maintained by CDS (currently located at www.sedar.com) where they can obtain the continuous disclosure materials of the Underlying Issuer.

12. The Filers, or certain of them, may, from time to time, form and manage a selling group consisting of other registered securities dealers to solicit purchases of, and sell to the public, the Strip Securities.

13. The Strip Securities will be sold in series, each such series relating to separate Underlying Obligations of an Underlying Issuer. The base shelf prospectus for use with the CARS and PARS Programme will describe the CARS and PARS Programme in detail. The shelf prospectus supplement for any series of Strip Securities that are offered will describe the specific terms of the Strip Securities.

14. Each offering of Strip Securities will be derived from one or more Underlying Obligations of a single class or series of an Underlying Issuer. The Filer(s) participating in each offering under the CARS and PARS Programme intend to use the CDS Book-Entry Strip Service to separate the Underlying Obligations for such series into separate principal and interest components, or strip bonds. These components will, in connection with each series, be re-packaged using the CDS Book-Entry Strip Service if and as necessary to create the Strip Securities.

15. The Strip Residuals of a particular series, if any, will consist of the entitlement to receive payments of a portion of the principal amounts payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms.

16. The Strip Coupons of a particular series will consist of the entitlement to receive a payment of a portion of the interest payable under the Underlying Obligations, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms.

17. The Strip Packages will consist of the entitlement to receive (a) in the case of PARS, both payments of a portion of the principal amounts payable and periodic payments of a portion equal to a market rate (at the time of issuance of the PARS) of the interest payable under the Underlying Obligations, and/or (b) in the case of packages consisting of Strip Coupons, periodic payments of portions of the interest payable, or the principal amounts payable, under the Underlying Obligations, in each case, if, as and when paid by the Underlying Issuer on the Underlying Obligations, in accordance with their respective terms.

18. Holders of a series of Strip Securities will be entitled to payments from cash flows from the related Underlying Obligations if, as and when made by the respective Underlying Issuer. The Strip Securities of one series will not be entitled to receive any payments from the cash flows of Underlying Obligations related to any other series. As the Underlying Issuers will be the sole obligors under the respective Underlying Obligations, holders of Strip Securities will be entirely dependent upon the Underlying Issuers' ability to perform their respective obligations under their respective Underlying Obligations.

19. The Strip Securities will be sold at prices determined by the Filers from time to time and, as such, these may vary as between purchasers of the same series and during the offering period of Strip Securities of the same series. In quoting a price for the Strip Securities, the Filers will advise the purchaser of the annual yield to maturity thereof based on such price.

20. The Underlying Issuers will not receive any proceeds, and the Filers will not be entitled to be paid any fee or commission by the Underlying Issuers, in respect of the sale by the Filers, or the members of any selling group, of the Strip Securities. Each Filer's overall compensation will be increased or decreased by the amount by which the aggregate price paid for a series of the Strip Securities by purchasers exceeds or is less than the aggregate price paid by such Filer for the related Underlying Obligations.

21. The payment dates of any particular series of Strip Coupons and the interest component of Strip Packages will be coincident with the interest payment dates for the Underlying Obligations for the series, with terms of up to 30 years or longer. The maturity date of a particular series of Strip Residuals and the principal component of Strip Packages, if any, will be the maturity date of the Underlying Obligations for the series.

22. The Strip Securities will be issuable in Canadian and U.S. dollars and in such minimum denomination(s) and with such maturities as may be described in the applicable shelf prospectus supplement.

23. The Underlying Issuers will be Canadian corporations, trusts or partnerships. The Underlying Obligations are securities of the Underlying Issuers. The Strip Securities will be derived without regard, except as to ratings and eligibility to file a short form prospectus under NI 44-101, for the value, price, performance, volatility, investment merit or creditworthiness of the Underlying Issuers historically or prospectively.

24. To be eligible for inclusion in the CARS and PARS Programme, the Underlying Obligations must have been qualified for distribution under a prospectus for which a receipt was issued by the regulators in British Columbia, Alberta, Ontario and Quebec, at least four months must have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations must be complete.

25. The Filers will cause all Underlying Obligations from which the Strip Securities will be derived and which are not already in the CDS system to be delivered to CDS and registered in the name of CDS. The Underlying Obligations from which the Strip Securities will be derived will, except in very limited circumstances, be held by CDS until their maturity and will not otherwise be released or removed from the segregated account used by CDS to maintain the Underlying Obligations. A separate security identification number or ISIN will be assigned by CDS to each series of Strip Securities.

26. Pursuant to the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, CDS will maintain book based records of ownership for the Strip Securities, entering in such records only the names of Participants. No purchaser of Strip Securities will be entitled to any certificate or other instrument from the Underlying Issuer, the Filers or CDS evidencing the Strip Securities or the ownership thereof, and no purchaser of Strip Securities will be shown on the records maintained by CDS except through the book entry account of a Participant. Upon the purchase of Strip Securities, the purchaser will receive only the customary confirmation slip that will be sent to such purchaser by one of the Filers or another Participant.

27. Transfers of beneficial ownership in Strip Securities will be effected through records maintained for Strip Securities by CDS or its nominee (with respect to interests of Participants) and on the records of Participants (with respect to interests of persons other than Participants). Beneficial holders who are not Participants, but who desire to purchase, sell or otherwise transfer beneficial ownership of, or any other interest in, such Strip Securities of a series, may do so only through Participants.

28. Payments in respect of a principal component (if any), interest component(s) (if any), or other amounts (if any) owing under a series of Strip Securities will be made from payments received by CDS in respect of the related Underlying Obligations from the relevant Underlying Issuer. Amounts payable on the maturity of the Strip Securities will be payable

by the Underlying Issuer to CDS as the registered holder of the Underlying Obligations. Following receipt thereof, CDS will pay to each of its Participants shown on its records as holding matured Strip Securities the amount to which such Participant is entitled. The Filers will, and the Filers understand that each other Participant, who holds such Strip Securities on behalf of a purchaser thereof will, pay or otherwise account to such purchaser for the amounts received by it in accordance with the instructions of the purchaser to such Participant. Holders of a series of Strip Securities will not have any entitlement to receive payments under any Underlying Obligations acquired in connection with the issue of any other series of Strip Securities.

29. As the registered holder of the Underlying Securities, CDS will receive any voting rights in respect of the Underlying Obligations for the Strip Securities. CDS will allocate these rights to the holders of the Strip Securities in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of the voting rights based on the "proportionate economic interest", determined as to be described in the base shelf prospectus for use with the CARS and PARS Programme. Such voting rights will be vested on a series by series basis. In order for a holder of Strip Securities to have a legal right to attend a meeting of holders of Underlying Obligations, or to vote in person, such holder of Strip Securities must be appointed as proxyholder for the purposes of the meeting by the CDS Participant through whom he or she holds Strip Securities.

30. In the event that an Underlying Issuer repays a callable Underlying Obligation prior to maturity in accordance with its terms, CDS will allocate the amount of proceeds it receives as the registered holder of the Underlying Obligations to the holders of the Strip Securities in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures currently provide for the distribution of proceeds on the repayment of a callable Underlying Obligation based on the "proportionate economic interest".

31. Any other entitlements received by CDS with respect to the Underlying Obligations upon the occurrence of an event other than in respect of maturity, including entitlements on the insolvency or winding-up of an Underlying Issuer, the non-payment of interest or principal when due, or a default of the Underlying Issuer under any trust indenture or other agreement governing the Underlying Obligations, will be processed by CDS in accordance with the operating rules and procedures of its CDSX Procedures and User Guide, or any successor operating rules and procedures, in effect at the time. These procedures also currently provide for CDS to distribute the resulting cash and/or securities to the holders of the Strip Securities based on "proportionate economic interest". In addition, if the Underlying Issuer offers an option to CDS as the registered holder of the Underlying Obligations in connection with the event, the Filers understand that CDS will attempt to offer the same option to the holders of the Strip Securities, where feasible.

Decision

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

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

(a) the Underlying Obligations were qualified for distribution under the Underlying Obligations Prospectus, at least four months have passed from the date of closing of the original issue of the relevant class or series of Underlying Obligations and the distribution of the Underlying Obligations is complete;

(b) if the Underlying Obligations Prospectus is not available through the SEDAR website, the prospectus supplement for the series of Strip Securities derived from the Underlying Obligations for which the prospectus is not available states that a copy of the Underlying Obligations Prospectus may be obtained, upon request, without charge, from each Filer who is participating in the offering of the series of Strip Securities derived from these Underlying Obligations;

(c) to the best of the knowledge of the Filer(s) participating in a relevant offering under the CARS and PARS Programme, the relevant Underlying Issuer is eligible to file a short form prospectus under NI 44-101 (whether such eligibility results from the specific qualification criteria of NI 44-101 or from the granting of an exemption from those criteria) at the Offering Date;

(d) a receipt issued for the Prospectus filed in reliance on this decision document is not effective after September 25, 2023;

(e) the offering and sale of the Strip Securities complies with all the requirements of NI 44-102 and NI 44-101 as varied by NI 44-102, other than those from which an exemption is granted by this decision document or from which an exemption is granted in accordance with Part 11 of NI 44-102 by the securities regulatory authority or regulator in each of the Jurisdictions as evidenced by a receipt for the Prospectus;

(f) each offering of Strip Securities will be derived from one or more Underlying Obligations of only a single class or series of an Underlying Issuer and only through the CDS Book-Entry Strip Service;

(g) the Filers issue a press release and file a material change report in respect of:

(i) a material change to the CARS and PARS Programme which affects any of the Strip Securities other than a change which is a material change to an Underlying Issuer; and

(ii) a change in the operating rules and procedures of the CDSX Procedures and User Guide of CDS, or any successor operating rules and procedures in effect at the time, which may have a significant effect on a holder of Strip Securities; and

(h) the Filers file the Prospectus, the material change reports referred to above, and all documents related thereto on SEDAR under a SEDAR profile for the Strip Securities and pay all filing fees applicable to such filings.

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

OSC File #: 2021/0422

2.1.2 Marwest Apartment Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – issuer holds all of its properties through limited partnership – entity holds units in limited partnership which are exchangeable into and in all material respects the economic equivalent to the issuer's publicly traded units – issuer may include entity's indirect interest in issuer when calculating market capitalization for the purposes of using the 25% market capitalization exemption for certain related party transactions – relief granted subject to conditions.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.5(a), 5.7(1)(a) and 9.1.

August 18, 2021

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

AND

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

AND

IN THE MATTER OF
MARWEST APARTMENT REAL ESTATE INVESTMENT TRUST
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Makers**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be granted an exemption pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**) from the minority approval and formal valuation requirements under Part 5 of MI 61-101 relating to any related party transaction of the Filer entered into indirectly through MAR REIT L.P. (the **Partnership**) or any other subsidiary entity (as such term is defined in MI 61-101) of the Partnership, if that transaction would qualify for the transaction size exemptions set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101 if the indirect equity interest in the Filer in the form of Exchangeable Units (as defined below) were included in the calculation of the Filer's market capitalization (collectively, the **Exemption Sought**).

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

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

(a) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relief upon in Quebec, Alberta, Saskatchewan and New Brunswick; and

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated open-ended trust established under the laws of the province of Manitoba and governed by an amended and restated declaration of trust dated as of April 30, 2021 (the **Declaration of Trust**).

2. The Filer's head office is located at Suite 500 - 220 Portage Avenue in Winnipeg, Manitoba.

3. The Filer is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is not in default of any applicable requirements of the securities legislation thereunder.

4. The Filer is authorized to issue an unlimited number of Class A trust units (the **Trust Units**) and an unlimited number of special voting units (the **Special Voting Units**). As at August 11, 2021, the Filer has 8,830,964 Trust Units and 9,812,063 Special Voting Units issued and outstanding.

5. Special Voting Units are only issued in tandem with the issuance of Exchangeable Units and deferred trust units granted under the equity incentive plan of the Filer, being the only securities exchangeable into or redeemable for Trust Units. Special Voting Units are not transferable separately from the exchangeable securities to which they are attached and will be automatically transferred upon the transfer of such exchangeable securities. Upon the exchange or surrender of an exchangeable security for a Trust Unit, the Special Voting Unit attached to such exchangeable security will automatically be redeemed and cancelled for no consideration without any further action of the trustees of the Filer, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto. The number of Special Voting Units outstanding at any point in time is equal to the number of securities exchangeable and redeemable for Trust Units issued and outstanding to which such Special Voting Units relate.

6. The Trust Units are listed and posted for trading on the TSX Venture Exchange under the trading symbol "MAR.UN".

7. The Filer is a real estate investment trust which holds its property interests indirectly through the Partnership, which indirectly owns two multi-family properties located in Winnipeg, Manitoba with a total of 251 suites. The operating business of the Filer is carried on by the Partnership and/or entities owned by the Partnership.

8. The Partnership is a limited partnership formed under the laws of the province of Manitoba and is governed by a limited partnership agreement dated April 19, 2021 (the **Partnership Agreement**). The head office and registered office of the Partnership is located at Suite 500 - 220 Portage Avenue in Winnipeg, Manitoba.

9. The Partnership is not a reporting issuer in any jurisdiction and none of its securities are listed or posted for trading on any stock exchange or other market.

10. The general partner of the Partnership is MAR REIT GP Inc. (the **General Partner**), a corporation existing under *Canada Business Corporation Act* and in good standing. The head office and registered office of the General Partner is located at Suite 500 - 220 Portage Avenue in Winnipeg, Manitoba. The General Partner is wholly-owned by the Filer and manages and controls the business and affairs of the Partnership.

11. The Partnership is authorized to issue an unlimited number of Class A limited partnership units (the **Class A Units**) and an unlimited number of Class B limited partnership units (the **Exchangeable Units**). The Filer holds all of the issued and outstanding Class A Units. There are currently 9,812,063 Exchangeable Units issued and outstanding, which were issued to, and are currently directly or indirectly held by, the vendors of the limited partnership units of Marwest Apartments I L.P. and Marwest Apartments VII L.P. that were acquired by the Partnership. Assuming the exchange of all of the Exchangeable Units currently outstanding, the holders of the Exchangeable Units would hold, in the aggregate, approximately 52.63% of the outstanding Trust Units as at August 11, 2021.

12. The Exchangeable Units are, in all material respects, the economic equivalent of the Trust Units on a per unit basis. The Exchangeable Units are not transferable (except as specifically provided in the Partnership Agreement), however the Exchangeable Units are exchangeable on a one-for-one basis for Trust Units at any time at the option of the holder thereof (subject to customary anti-dilution provisions). The distributions made on the Exchangeable Units are equal to the distributions that the holder of the Exchangeable Units would have received if it were holding the Trust Units that may be obtained upon the exchange of such Exchangeable Units. The Exchangeable Units are non-voting units of the Partnership (except as specifically provided in the Partnership Agreement), however each Exchangeable Unit is accompanied by a Special Voting Unit so that the holder thereof has voting rights on matters respecting the Filer that are the same as the voting rights that the holder would have if it were holding the Trust Units that may be obtained upon the exchange of such Exchangeable Units. The Exchangeable Units are not exchangeable for securities other than Trust Units nor are they redeemable for cash.

13. It is anticipated that the Filer, indirectly through the Partnership or its subsidiaries, may from time to time enter into transactions with certain related parties (as such term is defined in MI 61-101).

14. If Part 5 of MI 61-101 applies to a related party transaction by an issuer and the transaction is not otherwise exempt:

    (a) the issuer must obtain a formal valuation of the transaction in a form satisfying the requirements of MI 61-101; and

    (b) the issuer must obtain approval of the transaction by disinterested holders of the affected securities of the issuer

    (together, the requirements in this paragraph 14(a) and (b) are referred to as the **Minority Protections**).

15. A related party transaction that is subject to MI 61-101 may be exempt from the Minority Protections if, at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, exceeds 25% of the issuer's market capitalization (the **Transaction Size Exemption**).

16. The Filer may not be entitled to rely on the Transaction Size Exemption available under MI 61-101 from the requirements relating to related party transactions in MI 61-101 because the definition of "market capitalization" in MI 61-101 does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.

17. The Exchangeable Units represent part of the equity value of the Filer and provide the holder of the Exchangeable Units with economic rights which are, in all material respects, equivalent to the Trust Units. The effect of the exchange right granted to holders of Exchangeable Units is that holders of such Exchangeable Units will receive Trust Units upon the exchange of the Exchangeable Units. Moreover, the economic interests that underlie the Exchangeable Units are identical to those underlying the Trust Units; namely, the assets held directly or indirectly by the Partnership.

18. If the Exchangeable Units are not included in the market capitalization of the Filer, the equity value of the Filer will be understated by the value of the interest in the Partnership represented by the Exchangeable Units (being approximately 52.63% as at August 11, 2021). As a result, related party transactions by the Filer may be subject to the Minority Protections in situations where the fair market value of the transaction is effectively less than 25% of the fully-diluted market capitalization of the Filer (excluding any outstanding unit based incentive awards).

19. Section 1.4 of MI 61-101 treats an operating entity of an "income trust", as such term is defined in National Policy 41-201 *Income Trusts and Other Indirect Offerings* (**NP 41-201**), on a consolidated basis with its parent trust entity for the purpose of determining which entities are related parties of the issuer and to which transactions MI 61-101 should apply. Section 1.2 of NP 41-201 provides that references to an "income trust" refer to a trust or other entity (including corporate and non-corporate entities) that issues securities which provide for participation by the holder in net cash flows generated by an underlying business owned by the trust or other entity. Therefore, it is consistent with MI 61-101 that securities of the operating entity, such as the Exchangeable Units, be treated on a consolidated basis for the purposes of the Transaction Size Exemption.

20**.** The inclusion of the Exchangeable Units when determining the Filer's market capitalization pursuant to MI 61-101 is consistent with the logic of including unlisted equity securities of the issuer which are convertible into listed securities of the issuer in determining an issuer's market capitalization in that both are securities that are considered part of the equity value of the issuer whose value is measured on the basis of the listed securities into which they are convertible or exchangeable.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

(a) the applicable transaction would qualify for the Transaction Size Exemption contained in MI 61-101 if the Exchangeable Units were considered an outstanding class of equity securities of the Filer that were convertible into Trust Units;

(b) there is no material change to the terms of the Exchangeable Units and Special Voting Units, including the exchange rights associated therewith, as described above and in the Declaration of Trust, the Partnership Agreement and the Exchange Agreement, whether by amendment to such documents, contractual agreement or otherwise;

(c) the applicable transaction is made in compliance with the rules and policies of the TSX Venture Exchange or such other exchange upon which the Filer's securities trade;

(d) any annual information form or equivalent of the Filer that is filed or required to be filed in accordance with applicable securities laws contains the following disclosure, with immaterial modifications as the context may require:

> "Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") provides a number of circumstances in which a transaction between an issuer and a related party may be subject to the formal valuation and minority approval requirements under MI 61-101. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. Marwest Apartment Real Estate Investment Trust (the "**REIT**") has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the formal valuation and minority approval requirements for transactions that would have a value of less than 25% of the REIT's market capitalization, if the Class B limited partnership units of MAR REIT LP (the "**Exchangeable Units**") are included in the calculation of the REIT's market capitalization. As a result, the 25% threshold, above which the formal valuation and minority approval requirements would apply, is increased to include the indirect exchangeable equity interest in the REIT held in the form of Exchangeable Units, which represents approximately **[●]**% as at the date hereof."

"Chris Besko"
Director
The Manitoba Securities Commission

OSC File #: 2021/0294

2.1.3 Fidelity Investments Canada ULC

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Large portfolio manager, exempt market dealer, commodity trading counsel, commodity trading manager and investment fund manager with separate operating divisions exempted from the requirement to register an individual as a chief compliance officer (CCO) – permitted to register two CCOs, one for each operating division.

Statutes Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 11.3 and 15.1.

August 10, 2021

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

AND

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

AND

IN THE MATTER OF
FIDELITY INVESTMENTS CANADA ULC
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the requirement in section 11.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to permit the Filer to designate two individuals as chief compliance officer (**CCO**), with the result that there will be a separate CCO in respect of each of the two distinct lines of business carried on by the Filer (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

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

Representations

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

The Filer

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

(a) under the securities legislation of each of the Jurisdictions as a portfolio manager;

(b) under the securities legislation of each of the Jurisdictions as an exempt market dealer;

(c) under the securities legislation of each of the Jurisdictions as a mutual fund dealer;

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

(e) under the *Commodity Futures Act* (Ontario) as a commodity trading manager.

2. The Filer is not in default of securities legislation in any Jurisdiction.

The Lines of Business

3. The Filer has two distinct operating lines of business (each, a **Division**):

(a) One Division (the **IFM Division**) currently provides investment fund management services to several families of investment funds representing a total of approximately 370 investment funds (the **Funds**) and distributes securities on a prospectus exempt basis and in compliance with the terms and conditions imposed on the Filer's registration as a mutual fund dealer; and

(b) One Division (the **PM Division**) provides discretionary portfolio management services to the Funds and to institutional clients, including financial intermediaries, pension funds, endowments, foundations and corporations. As of December 31, 2020, the PM Division had approximately $59.6 billion of assets under management.

The CCO

4. The Filer wishes to designate one individual who is registered in the category of CCO under the securities legislation of the Jurisdictions as CCO of the IFM Division and a different individual who is registered in the category of CCO under the securities legislation of the Jurisdictions as CCO of the PM Division.

5. Each of the IFM Division and the PM Division has a well-established separate and distinct business supervisory and operational structure. Currently, each of the Filer's compliance professionals supports both Divisions. If the Exemption Sought is granted, each of the IFM Division and the PM Division will have specific compliance professionals designated to each Division.

REASONS FOR EXEMPTION SOUGHT

The CCO Requirement

6. Under section 11.3 of NI 31-103, a registered firm is required to designate an individual to be the CCO (the **CCO Requirement**).

7. Given the size, diversity and increasing complexity of the Filer's PM Division and IFM Division, it is difficult (i) for one individual to effectively carry out all the responsibilities of the CCO for both the PM Division and the IFM Division, and (ii) for one CCO to effectively identify and stay abreast of the different issues and risks applicable to clients and the capital markets stemming from both the PM Division and the IFM Division.

8. Given the large scope and the specialized and diversified business operations of each Division, the Filer believes that having a separate CCO for each Division will allow it to more effectively manage its compliance program by enabling it to focus resources on the specific requirements of each Division.

9. If the Exemption Sought is granted, the CCO of the PM Division will oversee the compliance systems that are reasonably designed to ensure that each portfolio manager team, and each person acting on their behalf, complies with securities legislation. The CCO of the PM Division will focus on the applicable laws, regulations, rules, policies and codes of conduct which govern the portfolio management and commodity trading manager activities of the Filer in the jurisdictions in which it operates. To this end, the CCO of the PM Division will maintain a compliance process and infrastructure throughout the portfolio management business to enable the Filer's management to fulfill their portfolio management compliance responsibilities. This includes maintaining appropriate policies and procedures and overseeing a supervisory structure that monitors the portfolio management activities, employee trading, conflicts of interest, self-dealing and the commodity trading manager activities conducted by the Filer's personnel.

If the Exemption Sought is granted, the CCO of the IFM Division will oversee compliance systems that are reasonably designed to ensure that the investment fund manager, exempt market dealer and mutual fund dealer businesses, and each person acting on their behalf, comply with securities legislation. To this end, the CCO of the IFM Division will maintain appropriate policies and procedures for investment fund management, exempt market dealer activities and

mutual fund dealer activities, and will oversee a supervisory structure that monitors compliance. This will include overseeing compliance with the requirements governing: (i) public and private offering and continuous disclosure of the Funds; (ii) sales practices and sales communications; (iii) fiduciary obligations for management functions that are outsourced; (iv) conflict identification and management; and (v) self-dealing.

10. Considering the Filer is part of a large securities registrant, the CCO of the PM Division will report to the CCO of the IFM Division for corporate organizational purposes. The matters on which the CCO of the PM Division will report to the CCO of the IFM Division include, but are not limited to, the following: human resources matters (including staffing levels, hiring decisions, performance appraisals and vacation approvals), departmental initiatives (including strategic planning, goal setting and efficiency evaluation) and governance reporting. However, in the event that the CCO of the PM Division determines, in their sole discretion, that any of these matters overlap with, or directly or indirectly influence or affect the functions described in section 5.2 of NI 31-103 [*responsibilities of the chief compliance officer*], the CCO of the PM Division shall report directly to the ultimate designated person (UDP) on such matters. As well, each of the CCOs may have responsibilities that are in addition to their CCO responsibilities. For example, the CCO of the IFM Division has executive level management responsibilities.

11. If the Exemption Sought is granted, each CCO will have direct access to the Filer's ultimate designated person (UDP); will have direct access to the board of directors at such times as each CCO may consider necessary or advisable in view of their responsibilities; will provide reports to the board of directors of the Filer; and will comply in all other respects with applicable securities requirements, including the requirements set out in NI 31-103.

12. With the granting of the Exemption Sought, the Filer would continue its operations with enhanced compliance effectiveness, since one individual would no longer continue to divide their time between the compliance oversight of the IFM Division and the PM Division. Not granting the Exemption Sought would prevent the CCOs from responding more quickly to address the Filer's compliance issues, providing a higher level of senior participation on the Filer's compliance projects and initiatives, and undertaking more detailed reviews of the Filer's compliance monitoring programs to assist in reducing the risks of non-compliance.

13. In section 5.2 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, the Canadian Securities Administrators state that:

> "Firms must designate one CCO. However, in large firms, the scale and kind of activities carried out by different operating divisions may warrant the designation of more than one CCO. We will consider applications, on a case-by-case basis, for different individuals to act as the CCO of a firm's operating divisions."

14. Allowing the Filer to designate and have registered a CCO for each Division is consistent with the policy objectives the CCO Requirement is intended to achieve because the PM Division and the IFM Division are independent operations that are distinct from one another in kind and conducted on a very large scale.

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) each CCO fulfils the functions described in section 5.2 of NI 31-103 [*responsibilities of the chief compliance officer]*, or any successor provision thereto, in respect of the Division for which the individual is the designated CCO; and

(b) each CCO has direct access to the UDP and direct access to the board of directors of the Filer.

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

OSC File #: 2021/0090

2.1.4 Coinberry Limited

Headnote

Application for time-limited relief from prospectus requirement and trade reporting requirements – relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits, disclosure and reporting requirements – relief is time-limited to allow the Filer to operate while seeking registration as an investment dealer and membership with IIROC – relief will expire upon two (2) years – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovative businesses in Canada – decision should not be viewed as precedent for other filers.

Statute Cited

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

Instrument, Rule or Policy Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 21-101 Marketplace Operation, s. 1.1.
OSC Rule 91-506 Derivatives: Product Determination, ss. 2 and 4.
OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting, Part 3.

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

AND

ALBERTA,
BRITISH COLUMBIA,
MANITOBA,
NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR,
NORTHWEST TERRITORIES,
NOVA SCOTIA,
NUNAVUT,
PRINCE EDWARD ISLAND,
QUÉBEC,
SASKATCHEWAN, AND
YUKON

AND

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

AND

IN THE MATTER OF
COINBERRY LIMITED
(the Filer)

DECISION

Background

As set out in CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**CSA SN 21-327**), if crypto assets that are securities and/or derivatives are traded on a platform, such platform would be subject to securities legislation. In addition, securities and/or derivatives legislation may apply to platforms that facilitate the buying and selling of crypto assets, including crypto assets that are commodities, because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (**Crypto Contract**).

To foster innovation and respond to novel circumstances, the CSA has considered an interim, time-limited regulatory framework that would allow crypto asset platforms to operate within a regulated environment, with regulatory requirements tailored to the

crypto asset platform's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer operates a proprietary and fully automated, internet-based platform (the **Platform**) that enables clients of the Filer to buy, sell, hold, deposit and withdraw crypto assets such as bitcoin, ether, and anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token that are not themselves securities or derivatives (each a **Crypto Asset,** collectively the **Crypto Assets**) through the Filer. The Filer filed an application to be registered in the category of restricted dealer and an application to be exempted from certain requirements under applicable securities legislation. While registered as a restricted dealer, the Filer intends to seek membership with the Investment Industry Regulatory Organization of Canada (**IIROC**). This Decision has been tailored for the specific facts and circumstances of the Filer, and the securities regulatory authority or regulator in the Applicable Jurisdictions (as defined below) will not consider this Decision as constituting a precedent for other filers.

Relief Requested

The securities regulatory authority or regulator in the Jurisdiction has received an application from the Filer (the **Passport Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with clients to purchase, hold and sell Crypto Assets (the **Prospectus Relief**).

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

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

(a) the Ontario Securities Commission is the principal regulator for this Application (the **Principal Regulator**),

(b) in respect of the Prospectus Relief, the Filer has provided notice that, in the jurisdictions where required, subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**), and

(c) the decision in respect of the Trade Reporting Relief is the decision of the Principal Regulator and evidences the decision of each Coordinated Review Decision Maker.

Interpretation

For the purposes of this Decision:

(a) "Accredited Crypto Investor" means

(i) an individual

A. who, alone or with a spouse, beneficially owns financial assets (as defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**)) and crypto assets, if not included in financial assets, having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds $1,000,000,

B. whose net income before taxes exceeded $200,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that net income level in the current calendar year,

C. whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that net income level in the current calendar year, or

D. who, alone or with a spouse, beneficially owns net assets of at least $5,000,000,

(ii) a person or company described in paragraphs (a) to (i) of the definition of "accredited investor" as defined in subsection 73.3(1) of the *Securities Act* (Ontario) (the **Act**) or section 1.1 of NI 45-106, or

(iii) a person or company described in paragraphs (m) to (w) of the definition of "accredited investor" as defined in section 1.1 of NI 45-106.

(b) "App" means the applications described in representation 21.

(c) "Crypto Asset Statement" means the statement described in representations 22(b)(v) and 28.

(d) "Eligible Crypto Investor" means

(i) a person whose

A. net assets, alone or with a spouse, in the case of an individual, exceed $400,000,

B. net income before taxes exceed $75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

C. net income before taxes, alone or with a spouse, in the case of an individual, exceeded $125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(ii) an Accredited Crypto Investor.

(e) "IOSCO" means the International Organization of Securities Commissions.

(f) "Risk Statement" means the statement of risks described in representation 22(b).

(g) "Specified Crypto Asset" means the crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix B to this Decision.

(h) "Website" means the website described in representation 21.

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the federal laws of Canada with its principal office in Toronto, Ontario.

2. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada. However, the Filer has entered into a letter of intent with respect to a reverse takeover of Cinaport Acquisition Corp. III, whose common shares are listed on the TSX Venture Exchange.

3. The Filer's books and records, financial controls and compliance systems (including its policies and procedures) are in compliance with the requirements set out in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

4. The Filer's personnel consist, and will consist, of software engineers, compliance professionals and finance professionals who each have experience operating in a regulated financial services environment and expertise in blockchain technology. All of the Filer's key personnel have passed, and new personnel will have passed, criminal records and credit checks.

5. The Filer is not in default of securities legislation of any of the Applicable Jurisdictions, other than in respect of the subject matter to which this Decision relates.

Coinberry

6. The Filer operates under the business name of "Coinberry". The Filer operates a proprietary and fully automated, internet-based Platform that enables clients of the Filer to facilitate the buying, selling, deposit and withdrawal of Crypto Assets through the Filer.

7. The Filer has established the Platform, whereby clients are able enter into Crypto Contracts with the Filer to deposit, buy, sell and withdraw Crypto Assets through the Filer.

8. The Filer's trading of Crypto Contracts is consistent with activities described in CSA SN 21-327 and constitutes the trading of securities and/or derivatives.

9. The Filer does not have any authority to act on a discretionary basis on behalf of clients and will not manage any discretionary accounts.

10. The Filer will not be a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets custodied will not qualify for CIPF coverage. The Risk Statement (defined below) will include disclosure that there will be no CIPF coverage for the Crypto Assets and clients must acknowledge that they have read and understood the Risk Statement before opening an account with the Filer.

11. The Filer maintains bonding insurance in accordance with section 12.3 of NI 31-103.

12. The Filer has provided and will continue to provide audited annual financial statements in accordance with section 12.10 of NI 31-103.

Crypto Assets Made Available through the Platform

13. The Filer has established and applies policies and procedures to review Crypto Assets and to determine whether to allow clients on its Platform to enter into Crypto Contracts to buy and sell the Crypto Asset on its Platform. Such review includes, but is not limited to, publicly-available information concerning:

    (a) The creation, governance, usage and design of the Crypto Asset, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;

    (b) The supply, demand, maturity, utility and liquidity of the Crypto Asset;

    (c) Material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and

    (d) Legal and regulatory risks associated with the Crypto Asset, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Asset.

14. The Filer intends to only offer and only allows clients to enter into Crypto Contracts to buy and sell Crypto Assets that are not each themselves a security and/or a derivative.

15. The Filer is not engaged, and will not engage, in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset or affiliates or associates of such persons.

16. The Filer has established and applies policies and procedures to determine whether a Crypto Asset that a client may enter into a Crypto Contract to buy and sell is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:

    (a) Consideration of statements made by any regulators or securities regulatory authorities of the Applicable Jurisdictions, other regulators in IOSCO-member jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and

    (b) If the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under securities legislation of the Applicable Jurisdictions.

17. The Filer monitors ongoing developments related to the Crypto Assets available on its Platform that may cause a Crypto Asset's legal status or the assessment conducted by the Filer described in paragraphs 133 and 146 above to change.

18. The Filer acknowledges that any determination made by the Filer as set out in paragraphs 13 to 16 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a client may enter into a Crypto Contract to buy and sell is a security and/or derivative.

19. The Filer has established and applies policies and procedures to promptly stop the trading of any Crypto Asset available on its Platform and to allow clients to liquidate their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on its Platform.

Account Opening

20. Subject to the Filer determining that it is appropriate for an account to be opened, the Platform will be available to any individual who is resident in Canada, who has reached the age of majority in the jurisdiction in which they are resident, and who has the legal capacity to open a securities brokerage account and to any company located in Canada.

21. Clients of the Filer can access the Platform through its website at https://www.coinberry.com (the **Website**) and on its iOS and Android applications (the **Apps**).

22. As part of the account opening process:

    (a) the Filer collects know-your-client information to verify the identity of the client and collects information necessary for the Filer to conduct a trade-by-trade suitability assessment for each client;

    (b) the Filer will provide a prospective client with a separate Risk Statement that clearly explains the following in plain language:

        (i) the Crypto Contracts;

        (ii) the risks associated with the Crypto Contracts;

        (iii) a prominent statement that no securities regulatory authority has expressed an opinion about the Crypto Contracts or any of the Crypto Assets made available through the Platform, including an opinion that the Crypto Assets are not themselves securities and/or derivatives;

        (iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence taken by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;

        (v) that the Filer has prepared a plain language description of each Crypto Asset made available through the Platform, with instructions as to where on the Platform the client may obtain the descriptions (each, a **Crypto Asset Statement**);

        (vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to clients holding such a Crypto Asset, any notification periods and any risks to clients;

        (vii) the location and manner in which Crypto Assets are held for the client, the risks and benefits to the client of the Crypto Assets being held in that manner;

        (viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the client arising from the Filer having access to the Crypto Assets in that manner;

        (ix) the Filer is not a member of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection; and

        (x) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision.

23. In order for a prospective client to open and operate an account with the Filer, the Filer will obtain an electronic acknowledgement from the prospective client confirming that the prospective client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective client as part of the account opening process.

24. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements on the Platform.

25. The Filer will have policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, Crypto Assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing clients of the Filer will be promptly notified through in-App and website disclosures, with links provided to the updated Crypto Asset Statement.

26. For clients with pre-existing accounts with the Filer at the time of this Decision, the Filer will:

    (a) collect know-your-client information to verify the identity of the client and collect information necessary for the Filer to conduct a trade-by-trade suitability assessment for each client, and

(b) deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement,

at the earlier of (i) before placing their next trade or deposit of Crypto Assets on the Platform and (ii) the next time they log in to their account with the Filer. The Risk Statement must be prominent and separate from other disclosures given to the client at that time, and the acknowledgement must be separate from other acknowledgements by the client at that time.

27. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or Apps.

28. Each Crypto Asset Statement will include:

(a) a prominent statement that no securities regulatory authority in Canada has expressed an opinion about the Crypto Contracts or any of the Crypto Assets made available through the Platform, including an opinion that the Crypto Assets are not themselves securities and/or derivatives,

(b) a description of the Crypto Asset, including the background of the team that first created the Crypto Asset, if applicable,

(c) a description of the due diligence performed by the Filer with respect to the Crypto Asset,

(d) any risks specific to the Crypto Asset,

(e) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the Platform,

(f) a statement that the statutory rights in section 130.1 of the Act, and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision, and

(g) the date on which the information was last updated,

29. The Filer will also periodically prepare and make available to its clients, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

Platform Operations

30. All Crypto Contracts entered into by clients to buy, sell, withdraw and deposit Crypto Assets will be placed with the Filer through the Apps or its Website. Clients will be able to submit buy and sell orders, either in units of the applicable Crypto Asset or in Canadian dollars, 24 hours a day, 7 days a week. Clients will be able to deposit and withdraw Crypto Assets and Canadian dollars, 24 hours a day, 7 days a week.

31. The Filer uses technology to facilitate the determination of whether entering into a Crypto Contract to buy or sell a specific Crypto Asset is suitable for a client before accepting an instruction from that client to enter into the Crypto Contract.

32. The Filer does not allow clients to enter into a Crypto Contract to buy and sell Crypto Assets unless the Filer has taken steps

(a) as set out in paragraph 13, to review the Crypto Asset, including the information specified in paragraph 13, to determine whether it is appropriate for its clients,

(b) as set out in paragraph 13, to approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to clients,

(c) as set out in paragraph 31 and required under securities laws, to determine that entering into the Crypto Contract to buy and sell Crypto Assets is suitable for the client, and

(d) as set out in paragraph 17, to monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.

33. The Filer will rely upon at least two Crypto Asset trading firms or marketplaces (**Liquidity Providers**) to purchase or sell Crypto Assets for its clients with one Liquidity Provider acting as the primary provider and other Liquidity Provider used for back-up.

34. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis, but at least once a quarter, against global benchmarks to confirm that it is providing fair and reasonable pricing to its clients. If the Filer concludes from its quarterly review that it is not providing fair and reasonable pricing to its clients it will take steps to address this with its Liquidity Providers up to and including using new Liquidity Providers if its concerns are not addressed in a timely manner.

35. The Filer has or will take reasonable steps to verify that each Liquidity Provider is appropriately registered and/or licensed to trade in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in the Applicable Jurisdictions.

36. The Filer does not charge a trade commission; rather it is compensated by the "spread" between the price it sells Crypto Assets to its clients, and the price for which it buys the Crypto Assets through its Liquidity Providers or the price for which it buys the Crypto Assets from its clients and the price for which it sells the Crypto Asset through its Liquidity Providers. Any additional charges shall be fully disclosed to the client prior to trading.

37. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.

38. A Crypto Contract is a bilateral contract between a client and the Filer. Accordingly, the Filer will be the counterparty to each buy or sell transaction initiated by a client. For each client transaction, the Filer will also be a counterparty to a corresponding Crypto Assets buy or sell transaction with a Liquidity Provider.

39. After the order has been initiated by a client, the Platform will obtain a price for the Crypto Asset from a Liquidity Provider, after which the Platform will incorporate a “spread” to compensate the Filer, and will present this adjusted price to the client as the price at which the Filer is willing to transact against the client along with the approximate cost to the client as a result of the aforementioned “spread”. The Filer will be compensated by the spread on trades and a fee charged for Crypto Asset withdrawals.

40. If the client finds the price agreeable, the client will accept the price and agree to the trade.

41. The Filer will not extend margin, credit or otherwise offer leverage to clients, and will not offer derivatives based on Crypto Assets to clients other than Crypto Contracts.

42. The Filer will confirm the transaction with the applicable Liquidity Provider.

43. The Filer will record in its books and records the particulars of each trade.

44. The Filer will promptly, and no later than two business days after the trade, settle transactions with the Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets, the Filer will arrange for cash to be transferred to the Liquidity Provider and Crypto Assets to be sent by the Liquidity Provider to the Filer. Where there are net sales of Crypto Assets, the Filer will arrange for Crypto Assets to be sent from the Filer to the Liquidity Provider in exchange for cash received by the Filer from the Liquidity Provider.

45. Clients will receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their account with the Filer. Clients will also be able to view their transaction history and account balances in real time by accessing their account with the Filer.

46. The Filer will comply with all reporting obligations set out in Part 14 Division 5 of NI 31-103.

47. Clients will be permitted to transfer into their account with the Filer, Crypto Assets they purchased outside the Platform or withdraw from their account with the Filer, Crypto Assets they have purchased pursuant to their Crypto Contracts with the Filer. Upon request by a client, the Filer will promptly deliver possession and/or control of the Crypto Assets purchased under a Crypto Contract to a blockchain address specified by the client, subject to first satisfying all applicable legal and regulatory requirements, including anti-money laundering requirements.

48. The Filer has expertise in and has developed anti-fraud and anti-money laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.

49. In addition to the Risk Statement, Crypto Asset Statement and ongoing education initiatives described in paragraphs 22 to 29 above, and assessing suitability for clients on a trade-by-trade basis described in paragraph 31 above, the Filer will also monitor client activity, and engage clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required. The outcome of this engagement with a client may result, in some cases, in a decision by the Filer to close a client’s account.

Custody of Crypto Assets

50. The Filer will maintain its own hot and cold wallets to hold limited amounts of Crypto Assets that will be used to facilitate client deposit and withdrawal requests. However, the majority of Crypto Assets will be held with the Gemini Trust Company, LLC (**Gemini**), a third-party custodian. Gemini is a licensed digital asset exchange and a New York trust company regulated by the New York State Department of Financial Services. Gemini is a "qualified custodian" for purposes of NI 31-103 and has completed a SOC 2 Type 2 examination. The Filer has conducted due diligence on Gemini, including a review of the SOC 2 Type 2 examination report, and has not identified any material concerns.

51. Gemini will operate a custody account for the Filer to use for the purpose of holding a majority of the Filer's clients' Crypto Assets. The Filer is not permitted to pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.

52. Those Crypto Assets that Gemini will hold in trust for clients of the Filer will be held in a segregated account in the name of the Filer and separate and distinct from the assets of the Filer, the Filer's affiliates, and all of Gemini's other clients.

53. Gemini has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.

54. The Filer has assessed the risks and benefits of using Gemini and, has determined that in comparison to a Canadian custodian (as that term is defined in NI 31-103) it is more beneficial to use Gemini, a U.S. custodian, to hold client assets rather than using a Canadian custodian.

55. Gemini currently maintains $200 million *in specie* coverage for digital assets, including the Crypto Assets owned by clients of the Filer, held in Gemini's cold storage system. Gemini also maintains separate commercial crime insurance coverage for any digital assets that may be temporarily custodied in its "hot wallet", including the Crypto Assets owned by clients of the Filer.

56. Where the Filer holds Crypto Assets for operational purposes, it does so separate and distinct from the assets held for its clients.

57. The Filer is proficient and experienced in holding Crypto Assets and has established and applied policies and procedures that manage and mitigate custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer also maintains appropriate policies and procedures related to IT security, cyber-resilience, disaster recovery capabilities, and business continuity plans.

58. The third-party insurance obtained by the Filer includes coverage for the Crypto Assets held by the Filer in cold storage in the event of loss or theft in accordance to the terms of the insurance policy in question. The Filer holds cash with an account at a Canadian financial institution, separate from the Filer's operational accounts and Filer's client accounts, in an amount that is the same as or greater than the value of the Crypto Assets held in the Filer's hot storage and that will be used to purchase Crypto Assets in the event of loss of Crypto Assets from the Filer's hot wallet.

Marketplace and Clearing Agency

59. The Filer will not operate a "marketplace" as that term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, subsection 1(1) of the Act.

60. The Filer will not operate a "clearing agency" or a "clearing house" as the terms are defined or referred to in securities legislation. Any clearing or settlement activity conducted by the Filer is incidental to the Filer engaging in the business of a Crypto Asset dealer. Any activities of the Filer that may be considered the activities of a clearing agency or clearing house are related to the Filer arranging or providing for settlement of obligations resulting from agreements entered into on a bilateral basis and without a central counterparty.

Decision

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

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

A. Unless otherwise exempted by a further decision of the Principal Regulator, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions or requirements imposed by a securities regulatory authority or regulator on the Filer.

B. The Filer is registered as a restricted dealer or investment dealer in the Jurisdiction and the jurisdiction in which the client is resident.

C. The Filer will only engage in the business of trading Crypto Contracts in relation to Crypto Assets, and performing its obligations under those contracts. The Filer will seek the appropriate approvals from the Principal Regulator and, if required under securities legislation, the regulator or securities regulatory authority of any other Applicable Jurisdiction, prior to undertaking any other activity governed by securities legislation.

D. The Filer will not operate a "marketplace" as the term is defined in National Instrument 21-101 *Marketplace Operation* and in Ontario, in subsection 1(1) of the Act or a "clearing agency" or "clearing house" as the terms are defined or referred to in securities legislation.

E. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of clients with a custodian that meets the definition of a "qualified custodian" under NI 31-103, unless the Filer has obtained the prior written approval of the Principal Regulator to hold a different percentage with a "qualified custodian".

F. Before the Filer holds Crypto Assets with a custodian referred to in condition E, the Filer will take reasonable steps to verify that the custodian:

   a) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;

   b) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian;

   c) has obtained a SOC 2 Type 2 report within the last 12 months, unless the Filer has obtained the prior written approval of the Principal Regulator to alternatively verify that the custodian has obtained a SOC 1 Type 1 or Type 2 report or a SOC 2 Type 1 report within the last 12 months.

G. The Filer will promptly notify the Principal Regulator if the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, the National Futures Association, or the New York State Department of Financial Services, makes a determination that the Filer's custodian is not permitted by that regulatory authority to hold client Crypto Assets.

H. For the Crypto Assets held by the Filer, the Filer:

   a) Will hold the Crypto Assets for its clients separate and distinct from the assets of the Filer;

   b) Will ensure there is appropriate insurance for the loss of Crypto Assets held by the Filer; and

   c) Will have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.

I. The Filer will only use a Liquidity Provider that it has verified is registered and/or licensed, to the extent required in its home jurisdiction, to execute trades in the Crypto Assets and is not in default of securities legislation in any of the Applicable Jurisdictions, and will promptly stop using a Liquidity Provider if (i) the Filer is made aware that the Liquidity Provider is, or (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada has determines it to be, not in compliance with securities legislation.

J. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will provide fair and reasonable prices to its clients.

K. Before each prospective client opens an account, the Filer will deliver to the client a Risk Statement, and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement.

L. The disclosure in condition K will be prominent and separate from other disclosures given to the client as part of the account opening process, and the acknowledgement will be separate from other acknowledgements by the client as part of the account opening process.

M. For each client with a pre-existing account at the date of this Decision, the Filer will deliver to the client a Risk Statement and will require the client to provide electronic acknowledgement of having received, read and understood the Risk Statement at the earlier of (a) before placing their next trade or deposit of Crypto Assets on the Platform and (b) the next time they log in to their account with the Filer.

N. The disclosure in condition M will be prominent and separate from other disclosures given to the client at that time, and the acknowledgement will be separate from other acknowledgements by the client at that time.

O. A copy of the Risk Statement acknowledged by a client will be made available to the client in the same place as the client's other statements in the client's dashboard.

P. Before a client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Website or Apps and includes the information set out in paragraph 28.

Q. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts and/or Crypto Asset, and,

   a) in the event of any update to the Risk Statement, will promptly notify each existing client of the update and deliver to them a copy of the updated Risk Statement, and

   b) in the event of any update to a Crypto Asset Statement, will promptly notify clients though in-App and website disclosures, with links provided to the updated Crypto Asset Statement.

R. Prior to the Filer delivering a Risk Statement to a client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the client to the Principal Regulator.

S. The Filer will monitor client activity, and contact clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.

T. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a client, except those clients resident in Alberta, British Columbia, Manitoba and Québec, may enter into Crypto Contracts to purchase and sell on the Platform (calculated on a net basis and is an amount not less than $0) in the preceding 12 months:

   a) in the case of a client that is not an Eligible Crypto Investor, does not exceed a net acquisition cost of $30,000;

   b) in the case of a client that is an Eligible Crypto Investor, but is not an Accredited Crypto Investor; does not exceed a net acquisition cost of $100,000;

   c) in the case of an Accredited Crypto Investor, is not limited.

U. In the jurisdictions where the Prospectus Relief is required, the first trade of a Crypto Contract is deemed to be a distribution under securities legislation of that jurisdiction.

V. The Filer will provide the Principal Regulator with at least 10 days' prior written notice of any:

   a) change of or use of a new custodian; and

   b) material changes to the Filer's ownership, its business operations, including its systems, or its business model.

W. The Filer will notify the Principal Regulator, promptly, of any material breach or failure of its or its custodian's system of controls or supervision, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.

X. The Filer will only trade Crypto Contracts based on Crypto Assets that are not in and of themselves securities or derivatives.

Y. The Filer will evaluate Crypto Assets as set out in paragraphs 13 to 17.

Z. The Filer will not trade Crypto Contracts based on crypto assets, digital or virtual currencies, and digital or virtual tokens listed in Appendix C to this Decision.

AA. Except to allow clients to liquidate their positions in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the client, the Filer will promptly stop trading Crypto Contracts where the underlying is a Crypto Asset that (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, a security and/or derivative.

Data Reporting

BB. The Filer will provide the following information to the Principal Regulator, and to the securities regulatory authority or regulator in each of the Non-Principal Jurisdictions with respect to clients in those jurisdictions individually, within 30 days of the end of each March, June, September and December:

a) aggregate reporting of activity conducted pursuant to Crypto Contracts that will include the following:

1. number of client accounts opened each month in the quarter;
2. number of client accounts closed each month in the quarter;
3. number of client accounts rejected each month in the quarter;
4. number of trades in each month of the quarter;
5. number of client-directed trades each month of the quarter;
6. average value of the trades in each month of the quarter;
7. number of client accounts with a net acquisition cost greater than $30,000 of Crypto Assets at the end of each month in the quarter;
8. number of client accounts with no trades during the quarter;
9. number of client accounts that have not been funded at the end of each month in the quarter; and
10. number of client accounts that hold a positive amount of Crypto Assets at the end of each month in the quarter;

b) the details of any client complaints received by the Filer during the calendar quarter and how such complaints were addressed;

c) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future;

d) the amount of crypto assets held in hot storage, the name of the financial institution and the amount of money held at the end of the quarter in an account with the financial institution, separate from the Filer's operational accounts and Filer's client accounts, that will be used to purchase Crypto Assets in the event of loss of Crypto Assets from the Filer's hot storage; and

e) the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.

CC. The Filer will deliver to the regulator or the securities regulatory authority in each of the Applicable Jurisdictions, in a form and format acceptable to the regulator or the securities regulatory authority, a report that includes the following anonymized account-level data for activity conducted pursuant to a Crypto Contract for each client within 30 days of the end of each March June, September and December:

a) unique account number and unique client identifier, as applicable;

b) jurisdiction where the client is located;

c) the date the account was opened;

d) the amount of fiat held with the Filer at the beginning of the reporting period and at the end of the reporting period;

e) cumulative realized gains/losses since account opening in CAD;

f) unrealized gains/losses as of the report end date in CAD;

g) quantity traded, deposited and withdrawn by Crypto Asset during the quarter in number of units;

h) Crypto Asset traded by the client;

i) quantity held of each Crypto Asset by the client as of the report end date in units;

j) CAD equivalent aggregate value for each Crypto Asset traded by the client, calculated as the amount in (h) multiplied by the market price of the asset in (i) as of the report end date

k) age of account in months.

DD. The Filer will deliver to the Principal Regulator, within 30 days of the end of each March, June, September and December, either (A) blackline copies of changes made to the policies and procedures on the operations of its wallets (including, but not limited to, establishment of wallets, transfer of Crypto Assets into and out of the wallets, and authorizations to access the wallets) previously delivered to the Principal Regulator or (B) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.

EE. In addition to any other reporting required by Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Principal Regulator, including any information about the Filer's custodian and the Crypto Assets held by the Filer's custodian, that may be requested by the Principal Regulator from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Principal Regulator.

FF. Upon request, the Filer will provide the Principal Regulator and the regulators or securities regulatory authorities of each of the Non-Principal Jurisdictions with aggregated and/or anonymized data concerning client demographics and activity on the Platform that may be useful to advance the development of the Canadian regulatory framework for trading crypto assets.

GG. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Principal Regulator arising from the operation of the Platform.

HH. The Filer will, if it intends to operate the Platform in Ontario after the expiry of the Decision, take the following steps:

a) submit an application to the OSC to become registered as an investment dealer no later than 12 months after the date of the Decision;

b) submit an application with IIROC to become a dealer member no later than 12 months after the date of the Decision;

c) work actively and diligently with the OSC and IIROC to transition the Platform to investment dealer registration and obtain IIROC membership.

II. This Decision shall expire on the date that is two years from the date of this Decision.

JJ. This Decision may be amended by the Principal Regulator upon prior written notice to the Filer in accordance with applicable securities legislation.

In respect of the Prospectus Relief:

Date: August 19, 2021

"Wendy Berman"
Vice Chair
Ontario Securities Commission

"Tim Moseley"
Vice Chair
Ontario Securities Commission

In respect of the Trade Reporting Relief:

Date: August 19, 2021

"Kevin Fine"
Director, Derivatives
Ontario Securities Commission

File #: 2020/0652

Appendix A – Local Trade Reporting Rules

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

(a) Part 3, Data Reporting of Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**);

(b) Part 3, Data Reporting of Manitoba Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**MSC Rule 91-507**);

(c) Part 3, Data Reporting of Multilateral Instrument 96-101 *Trade Repositories and Derivatives Data Reporting* in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon (**MI 96-101**).

Appendix B – List of Specified Crypto Assets

- Bitcoin
- Ether
- Bitcoin cash
- Litecoin

Appendix C – Prohibited Crypto Assets

- Tether

2.1.5 Natixis Securities Americas LLC and Natixis

Headnote

U.S. registered broker dealer and France registered dealer exempted from dealer registration under paragraph 25(1) of the Act for provision of securities lending and securities financing services (which do not include the execution of trades) – Exemption limited to trades in Canadian securities for certain (institutional) permitted clients - relief is subject to sunset clause.

Applicable Legislative Provisions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 19, 19(1), 19(2), 25(1), 74(1).

Instruments Cited

Multilateral Instrument 11-102 Passport System, ss. 4.7, 4.7(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.5, 8.18, 8.18(2), 8.21.
Form 31-103F1 Calculation of Excess Working Capital.
Ontario Securities Commission Rule 13-502 Fees.

August 20, 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
NATIXIS SECURITIES AMERICAS LLC AND NATIXIS
(the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from Natixis Securities Americas LLC (**NSA**) and Natixis S.A. (**Natixis**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filers from the dealer registration requirement under section 25(1) of the *Securities Act* (Ontario) (the **OSA**) in respect of Securities Lending Services (as defined below), a subset of services commonly known as Prime Services (as defined below), relating to securities of Canadian issuers and that are provided in Canada to Institutional Permitted Clients (as defined below) (the **Exemption Sought**).

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces of Canada in which NSA relies on the exemption found in section 8.18 [*International dealer*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) other than the province of Alberta (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

For the purposes of this decision, the following term has the following meaning:

"**Institutional Permitted Client**" means a "permitted client" as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition, unless that person or company qualifies as an Institutional Permitted Client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least $100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition.

Representations

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

1. NSA is a single member limited liability company organized under the laws of the State of Delaware. Its head office is located at 1251 Avenue of the Americas, New York, New York, 10020, United States of America (the **U.S.**) and it is a wholly owned indirect subsidiary of Natixis.

2. NSA is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the U.S. Financial Industry Regulatory Authority (**FINRA**).

3. NSA is not a member of any equity or options exchanges.

4. NSA is a broker-dealer that provides a variety of capital raising, investment banking, market making for credit products, brokerage, and advisory services, including fixed income and equity sales, and securities lending for government, corporate and financial institutions.

5. Natixis is a société anonyme organized under the laws of France. Its head office is located at 30 Avenue Pierre Mendès-France, 75013 Paris, France. Natixis is a majority owned subsidiary of BPCE, a public limited company subject to the provisions of the French Commercial Code with respect to commercial companies and the provisions of the French Monetary and Financial Code with regard to credit institutions. BPCE is the central body of the network of Caisses d' Epargne and the network of Banques Populaires and of the other affiliated entities within the meaning of the French Monetary and Financial Code.

6. Natixis is licensed as a bank by the French Financial Markets Authority (Autorité des Marchés Financiers (France)) (**FAMF**) and is a member of the French Prudential Supervision and Resolution Authority (Autorité de contrôle prudentiel et de resolution) (**ACPR**).

7. Natixis is a member of a number of exchanges and clearing organizations that trade and clear securities, including Euronext Paris.

8. Natixis is a full-service financial institution that provides, including through its subsidiaries, a variety of capital raising, investment banking, market making, brokerage and advisory services, including fixed income and equity sales, securities lending and derivatives dealing for government, corporate and financial institutions, as well as commercial banking and insurance services.

9. Natixis Canada Branch is an authorized foreign bank named in Schedule III of the *Bank Act* (Canada), located at 1800 McGill Collège, Bureau 2811, Montréal, QC H3A 3J6.

10. "**Securities Lending Services**" provided by the Filers principally consist of securities borrowing and/or lending pursuant to a securities lending agreement or delivering securities on behalf of a client pursuant to a margin agreement, as well as securities financing. For greater clarity, Securities Lending Services do not include execution, settlement or clearing of trades in securities.

11. Securities Lending Services are a subset of services commonly known as "**Prime Services**", which generally consist of (a) settlement, clearing and custody of trades, client cash and securities positions, (b) financing of long inventory; (c) lending and delivering securities on behalf of a client pursuant to a margin agreement to facilitate client short sales; (d) securities borrowing and/or lending pursuant to a securities lending agreement; (e) asset servicing, and (f) reporting of positions, margin and other balances and activity.

12. The Filers provide, or wish to provide, Securities Lending Services in the Jurisdictions to Institutional Permitted Clients (the **Securities Lending Clients**) in respect of securities of Canadian and non-Canadian issuers. The Filers may provide Securities Lending Services outside of the Prime Services context.

13. Securities Lending Clients seek Securities Lending Services from the Filers in order to have greater access and flexibility in respect of securities borrowing, lending and/or financing.

14. The Filers enter into written agreements with all of their Securities Lending Clients for the provision of Securities Lending Services.

15. On September 2, 2011, in CSA Staff Notice 31-327 *Broker-Dealer Registration in the Exempt Market Dealer Category*, the Canadian Securities Administrators (**CSA**) stated that they had concerns with firms applying for registration in and with firms registered in the category of exempt market dealer (**EMD**) who were carrying on brokerage activities, including trading listed securities. In light of these regulatory concerns, firms applying for registration were instead registered in the restricted dealer category with terms and conditions. The interim restricted dealer registrations were time limited and were intended to allow applicants to engage in limited activities while the CSA reviewed the activities of firms registered in the category of EMD or restricted dealer.

16. On February 7, 2013, in CSA Staff Notice 31-333 *Follow-up to Broker-Dealer Registration in the Exempt Market Dealer Category*, the CSA stated that they would be publishing amendments to NI 31-103 that would prohibit exempt market dealers from trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement (the **Rule Amendments**). The CSA stated that restricted dealers conducting brokerage activities in accordance with the terms and conditions of their registration would have their registration and any related exemptive relief extended to the date the Rule Amendments came into effect.

17. The Rule Amendments came into effect on July 11, 2015. Since the implementation of the Rule Amendments, only investment dealers that are dealer members of the Investment Industry Regulatory Organization of Canada (**IIROC**) or firms relying on an applicable exemption from the dealer registration requirement are permitted to engage in trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement.

18. NSA is relying on the "international dealer exemption" under section 8.18 [*International dealer*] of NI 31-103 in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan, and Natixis is relying on that exemption in Ontario and Québec.

19. The Filers are not registered under NI 31-103, are in the business of trading in securities, and in the absence of the Exemption Sought, cannot provide the Securities Lending Services in the Jurisdictions in respect of securities of Canadian issuers without registration, except in limited circumstances including as permitted under section 8.5 [*Trades through or to a registered dealer*], under the exemptions found in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and under section 8.21 [*Specified debt*] of NI 31-103.

20. Neither of the Filers is in default of Canadian securities legislation in any jurisdiction in Canada.

21. NSA is subject to regulatory capital requirements under the U.S. *Securities Exchange Act of 1934* (the **1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**). NSA is subject to SEC Rule 15c3-1, which requires the maintenance of minimum net capital. NSA has elected to use the alternative method permitted by the rule, which requires that NSA maintain minimum net capital, as defined, equal to the greater of $1.5 million or 2% of aggregate debit balances arising from customer transactions, as defined.

22. SEC Rule 15c3-1 requires that NSA accounts for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, NSA will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist. NSA does not guarantee the debt of any third party.

23. SEC Rule 15c3-1 is designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject, and NSA is in compliance with SEC Rule 15c3-1 and is in compliance in all material respects with SEC Rule 17a-5. If NSA's net capital declines below the minimum amount required, NSA is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers* (**SEC Rule 17a-11**). The SEC and FINRA have the responsibility to provide oversight over NSA's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.

24. NSA is required to prepare and file a financial report, which includes Form X-17a-5 (the **FOCUS Report**), which is the financial and operational report containing a net capital calculation, and a compliance report annually with the SEC and FINRA pursuant to SEC Rule 17a-5(d). The FOCUS Report provides a more comprehensive description of the business activities of NSA, and more accurately reflects those activities, including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital* (**Form 31-103F1**). The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. NSA is up-to-date in its submissions of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.

25. NSA is subject to regulations of the Board of Governors of the U.S. Federal Reserve Board (**FRB**), the SEC and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, NSA is subject to the margin requirements imposed by the FRB, including Regulation T and under applicable SEC rules and under FINRA Rule 4210. NSA is in compliance in all material respects with applicable U.S. Margin Regulations.

26. NSA holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires NSA to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires NSA to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account titled "Special Reserve Account for the Exclusive Benefit of Customers" of NSA at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that NSA has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If NSA fails to make an appropriate deposit, NSA is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). NSA is in material compliance with the possession and control requirements of SEC Rule 15c3-3.

27. NSA is a member of the Securities Investors Protection Corporation (**SIPC**) and, subject to the eligibility criteria of SIPC, Securities Lending Clients' assets held by NSA is insured by SIPC against loss due to insolvency.

28. NSA is in compliance in all material respects with U.S. securities laws.

29. Natixis, as a European credit institution, is subject to reporting obligations as prescribed by Commission Implementing Regulation (EU) No 680/2014 *laying down implementing technical standards with regards to supervisory reporting of institutions*. Pursuant to Chapter 1, Article 1 and Chapter 3, Natixis is required to report to competent authorities regarding: own funds requirements and financial information on a quarterly or semi-annual basis, losses stemming from lending collateralised by immovable property on a semi-annual basis, large exposures and other largest exposures on a quarterly basis, leverage ratio and liquidity coverage requirements on a quarterly basis and net stable funding requirements on a monthly or quarterly basis.

30. Natixis is a credit institution as defined in Article L. 511-1 of the French Monetary and Financial Code (the **Financial Code**) and is subject to the prudential and reporting requirements prescribed by Book V, Part I, Chapter I, Section 7 of the Financial Code which includes rules regarding liquidity, solvency, hedge and risk-division ratios, internal risk evaluation procedures and internal auditing systems. In particular, pursuant to Article L. 511-40 and Article L. 511-11, Natixis must be able to show at all times that its assets effectively exceed its liabilities to third parties by an amount at least equal to the minimum capital determined by the Minister for the Economy.

31. Natixis is also subject to the European Union Capital Requirements Directive and Regulation, comprised of Directive 2013/36/EU *on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms* and Regulation (EU) No 575/2013 *on prudential requirements for credit institutions and investment firms*, which implements Basel III (the **EU Capital Requirements**). The EU Capital Requirements require that Natixis account for any guarantee of a debt of a third party through the credit risk element of its capital calculations. Broadly, the exposure value of a guarantee of a debt of a third party will be its accounting value remaining after certain adjustments are made as set out in the EU Capital Requirements. Where a guarantee is an off-balance sheet item, the EU Capital Requirements also specify how the exposure value of that guarantee is to be calculated.

32. The EU Capital Requirements are designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject. If Natixis's net capital declines below the minimum amount required, Natixis would notify the European Central Bank under Pillar 2 supervisory review and evaluation process of the Basel Framework. Natixis's capital ratios exceed the minimum standards imposed by the EU Capital Requirements.

33. Natixis is required to prepare and submit capital solvency, leverage and large exposures data to the European Central Bank on a quarterly basis. The disclosures are made in compliance with the Common Reporting (**COREP**) framework and are ultimately remitted to the European Banking Authority. The COREP reports cover the capital requirements and own funds reporting of a credit institution including, amongst other elements, capital adequacy, leverage, liquidity coverage, large exposures, stable funding and asset encumbrance. In contrast, the Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. Natixis is up-to-date in its submissions of COREP reporting.

34. As a credit institution, Natixis is authorized by the French Prudential Supervision and Resolution Authority (Autorité de Contrôle Prudentiel et de Resolution) (**ACPR**). Therefore, pursuant to Article L. 312-4 of the Financial Code, Natixis is required to belong to the Deposit Guarantee and Resolution Fund (Fonds de Garantie des Depots et de Resolution) (the **FGDR**) and to financially contribute to the FGDR pursuant to Arrêté du 27 octobre 2015 *on the financial resources of the Deposit Guarantee and Resolution Fund*. Resources provided to the FGDR may be used, at the request of ACPR, to guarantee deposits of clients in the event that deposits or other repayable funds are unavailable and to finance resolution processes pursuant to Book III, Part I, Chapter II, Section 3 of the Financial Code.

35. As a listed company, Natixis is required to comply with (a) Book II of the General Regulation of the FAMF (the **FAMF General Regulation**), including Title II regarding periodic and ongoing disclosure obligations and (b) with Regulation (EU) 596/2014 *on market abuse (market abuse regulation)* regarding insiders and insider information.

36. While Natixis' securities financing transactions are not subject to mandatory margin requirements, Natixis enters into margin contracts for all securities financing transactions (under the standards of the International Capital Market Association Global Master Repurchase Agreement (GMRA) or the International Securities Lending Association Global Master Securities Lending Agreement (GMSLA)), governing both initial and variation margin, in order

to ensure that it is effectively allocating capital in accordance with applicable prudential requirements.

37. Additionally, initial and variation margin collected from counterparties with regard to the execution of securities financing transactions are subject to Regulation (EU) No 2015/2365 *on transparency of securities financing transactions and of reuse* which, among other things, imposes timely reporting obligations to trade repositories, rules governing trade repositories and transparency and consent requirements for reuse of financial instruments received under collateral arrangements.

38. Custody of customer assets is generally governed by Chapter I, Title II of Book III of the FAMF General Regulation, which impose requirements on custody account-keepers regarding, among other things: prevention of money-laundering and the financing of terrorism; relationships with customers and the content of agreements with each holder of a securities account; protections afforded to clients, including the requirement in Article 322-7 to distinguish the assets of clients from the custody account-keeper's own assets in the books of third parties with which it keeps the corresponding assets; information provided to clients; and resources and procedures of the custody account-keeper.

39. Natixis is in compliance in all material respects with French securities laws.

40. The Filers submit that the Exemption Sought would not be prejudicial to the public interest because:

    (a) each Filer is subject to applicable regulation in its home jurisdiction, including as set out in paragraphs 21 to 39;

    (b) the availability of and access to Securities Lending Services is important to Canadian institutional investors who are active market participants;

    (c) the proposed client base of the Filers under the Exemption Sought will be limited to Institutional Permitted Clients;

    (d) the OSC has entered into a memorandum of understanding with the SEC regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the U.S. and Canada;

    (e) the OSC has entered into a memorandum of understanding with FINRA to provide a formal basis for the exchange of regulatory information and investigative assistance; and

    (f) both the OSC and FAMF have entered into the International Organization of Securities Commissions' Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, which provides a formal basis for the exchange of regulatory information and investigative assistance.

41. Each Filer is a "market participant" as defined under subsection 1(1) of the OSA. As a market participant, among other requirements, each Filer is required to comply with the record keeping and provision of information provisions under section 19 of the OSA, which include the requirement to keep such books, records and other documents as (a) are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario securities law, (c) as may reasonably be required to demonstrate compliance with Ontario securities laws, and (d) as may be prescribed by the regulations for the purposes of detecting, identifying or mitigating systemic risks related to the capital markets, and to deliver such records to the OSC if required.

42. At the request of the Alberta Securities Commission, the Filers will not rely on subsection 4.7(1) of MI 11-102 to passport this decision into Alberta.

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 by NSA is granted so long as:

    (a) NSA has its head office or principal place of business in the U.S.;

    (b) NSA is registered as a broker-dealer under U.S. legislation which permits NSA to provide Securities Lending Services in the U.S.;

    (c) NSA is a member of FINRA;

    (d) NSA is a member of SIPC;

    (e) NSA is subject to requirements over regulatory capital, lending of money, extension of credit, provision of margin, financial reporting, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;

(f) NSA submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;

(g) NSA submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;

(h) NSA limits its provision of Securities Lending Services in the Jurisdictions in respect of securities of Canadian issuers to Institutional Permitted Clients;

(i) NSA does not execute trades in securities of Canadian issuers with or for Securities Lending Clients, except as permitted under applicable Canadian securities laws;

(j) NSA notifies the OSC of any regulatory action initiated after the date of this decision in respect of NSA, or any predecessors or specified affiliates of NSA, by completing and filing with the OSC Schedule A hereto within ten days of the commencement of any such action; provided that NSA may also satisfy this condition by filing with the OSC within ten days of the date of this decision, a notice making reference to and incorporating by reference the disclosure made by NSA pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, and any updates to such disclosure that may be made from time to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD "Regulatory Action Disclosure Reporting Page";

(k) NSA submits audited financial statements to the OSC on an annual basis, within 90 days of its financial year end;

(l) NSA complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*;

(m) NSA files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and

(n) NSA pays the increased compliance and case assessment costs of the principal regulator due to NSA's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

The decision of the principal regulator under the Legislation is that the Exemption Sought by Natixis is granted so long as:

(a) Natixis has its head office or principal place of business in France;

(b) Natixis is authorized by legislation in France to provide Securities Lending Services in France;

(c) Natixis is a credit institution as defined in Article L. 511-1 of the Financial Code;

(d) Natixis is a member of the FGDR;

(e) Natixis is subject to requirements over regulatory capital, lending of money, extension of credit, provision of margin, financial reporting, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;

(f) Natixis submits the COREP reports to the OSC on an annual basis, at the same time such reports are filed with the ACPR;

(g) Natixis submits to the OSC immediately a copy of any notice filed under French regulations with the ACPR regarding Natixis's net capital declining below the minimum amount required;

(h) Natixis limits its provision of Securities Lending Services in the Jurisdictions in respect of securities of Canadian issuers to Institutional Permitted Clients;

(i) Natixis does not execute trades in securities of Canadian issuers with or for Securities Lending Clients, except as permitted under applicable Canadian securities laws;

(j) Natixis notifies the OSC of any regulatory action initiated after the date of this decision in respect of Natixis, or any predecessors or specified affiliates of Natixis, by completing and filing with the OSC Schedule A hereto within ten days of the commencement of any such action; provided that Natixis may also satisfy this condition by filing with the OSC within ten days of the date of this decision, a notice making reference to and incorporating by reference the disclosure made by Natixis pursuant to the securities laws of France, and any updates to such disclosure that may be made from time to time, and by providing notification, in a manner reasonably acceptable to the Director, of any such update;

(k) Natixis submits audited financial statements to the OSC on an annual basis, within 90 days of its financial year end;

(l) Natixis complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*;

(m) Natixis files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and

(n) Natixis pays the increased compliance and case assessment costs of the principal regulator due to Natixis's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

This decision of the principal regulator shall expire five years after the date hereof.

This decision may be amended by the principal regulator from time to time upon prior written notice to the Filers.

"Tim Moseley"
Vice-Chair
Ontario Securities Commission

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

OSC File # 2020/0220

2.2 Orders

2.2.1 Mosaic Capital Corporation

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.

Applicable Legislative Provisions

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

Citation: ●

August 16, 2021

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

AND

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

AND

IN THE MATTER OF
MOSAIC CAPITAL CORPORATION
(the Filer)

ORDER

Background

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 Alberta 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 British Columbia, Saskatchewan, Manitoba, 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

Terms defined in National Instrument 14-101 *Definitions* or 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

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.

"Timothy Robson"
Manager, Legal
Corporate Finance
Alberta Securities Commission

OSC File #: 2021/0451

2.2.2 Becksley Capital Inc. and Fabrizio Lucchese

File No. 2020-41

IN THE MATTER OF
BECKSLEY CAPITAL INC. AND
FABRIZIO LUCCHESE

M. Cecilia Williams, Commissioner and Chair of the Panel

August 19, 2021

ORDER

WHEREAS on August 19, 2021, the Ontario Securities Commission held a hearing by teleconference in relation to the request brought by Fabrizio Lucchese and Becksley Capital Inc. (together, the **Applicants**) for a Hearing and Review of a decision of a Director of the Commission dated November 20, 2020;

ON HEARING the submissions of the representatives for Staff of the Commission and the Applicants;

IT IS ORDERED THAT a further attendance in this proceeding is scheduled for September 17, 2021 at 10:00 a.m., by teleconference, or on such other date and time as may be agreed to by the parties and set by the Office of the Secretary.

"M. Cecilia Williams"

2.2.3 ONEnergy Inc.

Headnote

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

Applicable Legislative Provisions

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

August 18, 2021

ONENERGY INC.

REVOCATION ORDER
Under the securities legislation of Ontario
(the Legislation)

Background

1. ONEnergy Inc. (the **Issuer** or **ONEnergy**) is subject to a failure-to-file cease trade order (the **CTO**) issued by the Ontario Securities Commission (the **Principal Regulator**) on May 6, 2019.

2. The Issuer has applied to the Principal Regulator under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) for an order revoking the CTO.

Interpretation

3. 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.

Representations

4. This decision is based on the following facts represented by the Issuer:

   (a) ONEnergy is governed by the *Business Corporations Act* (Ontario).

   (b) ONEnergy's head office is located at 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4.

   (c) ONEnergy's authorized capital consists of an unlimited number of common shares and unlimited number of preference shares. As of June 22, 2021, 23,975,507 common shares were issued and outstanding and nil preference shares were issued and outstanding.

   (d) ONEnergy's common shares are listed on the NEX board of the TSX Venture Exchange under the symbol "OEG.H". ONEnergy's common shares were previously listed for trading on the TSX Venture Exchange until February 10, 2021.

   (e) ONEnergy's common shares were suspended from trading on the TSX Venture Exchange on May 6, 2019. ONEnergy's common shares remained suspended from trading on the NEX upon the transfer of the listing of ONEnergy's common shares to the NEX from the TSX Venture Exchange on February 10, 2021.

   (f) ONEnergy is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

   (g) The CTO was issued due to the failure of the Issuer to file the following, within the required timeframe (collectively, the **Required Filings**):

      (i) audited annual financial statements for the year ended December 31, 2018;

      (ii) management's discussion and analysis related to audited annual financial statements for the year ended December 31, 2018; and

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

(h) Since the issuance of the CTO, the Issuer also failed to file the following documents within the required timeframe (collectively, the **Additional Required Filings**):

(i) interim financial statements for the period ended September 30, 2020;

(ii) management's discussion and analysis for the period ended September 30, 2020;

(iii) interim financial statements for the period ended June 30, 2020;

(iv) management's discussion and analysis for the period ended June 30, 2020;

(v) interim financial statements for the period ended March 31, 2020;

(vi) management's discussion and analysis for the period ended March 31, 2020;

(vii) annual audited financial statements for the year ended December 31, 2019, together with the auditor's report thereon;

(viii) management's discussion and analysis for the year ended December 31, 2019;

(ix) interim financial statements for the period ended September 30, 2019;

(x) management's discussion and analysis for the period ended September 30, 2019;

(xi) interim financial statements for the period ended June 30, 2019;

(xii) management's discussion and analysis for the period ended June 30, 2019;

(xiii) interim financial statements for the period ended March 31, 2019;

(xiv) management's discussion and analysis for the period ended March 31, 2019; and

(xv) certification of the foregoing filings as required by NI 52-109.

(i) ONEnergy has now filed all outstanding continuous disclosure documents with the Principal Regulator, including:

(i) audited annual financial statements for the year ended December 31, 2020;

(ii) management's discussion and analysis related to the audited annual financial statements for the year ended December 31, 2020;

(iii) interim financial statements for the period ended March 31, 2021;

(iv) management's discussion and analysis for the period ended March 31, 2021;

(v) certification of the foregoing filings as required by NI 52-109; and

(vi) the Required Filings and the Additional Required Filings.

(j) ONEnergy is not in default of any of its obligations under the CTO, nor any requirements under the Legislation or the rules and regulations made pursuant to the Legislation, except the existence of the CTO.

(k) There are no revocation applications in progress relating to ONEnergy, aside from this application.

(l) ONEnergy has paid any and all outstanding fees, including activity fees, participation fees and late filing fees that are required to be paid and has filed all forms associated with such payments.

(m) ONEnergy's profiles on the System for Electronic Document Analysis and Retrieval (SEDAR) and System for Electronic Disclosure by Insiders (SEDI) are up-to-date.

(n) The Issuer has provided the Principal Regulator a written undertaking that the Issuer will not complete:

(i) a restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,

(ii) a reverse takeover with a reverse takeover acquirer that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada, or

(iii) a significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,

unless

(A) the Issuer files a preliminary prospectus and a final prospectus with the Principal Regulator and obtains receipts for the preliminary and final prospectus from the Director under the *Securities Act* (Ontario),

(B) the Issuer files or delivers with the preliminary prospectus and the final prospectus the documents required by Part 9 of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) including a completed personal information form and authorization in the form set out in Appendix A of NI 41-101 for each current and incoming director, executive officer and promoter of the Issuer, and

(C) the preliminary prospectus and final prospectus contain the information required by applicable securities legislation, including the information required for a probable restructuring transaction, reverse takeover or significant acquisition (as applicable).

(o) ONEnergy has provided a written undertaking to hold an annual meeting within three months after the date on which the CTO is revoked.

(p) Since the issuance of the CTO, there have been no material changes in the business, operations or affairs of the Issuer that have not been disclosed by news release and/or material change report filed on SEDAR.

(q) Upon the revocation of the CTO, ONEnergy will issue a news release announcing the revocation of the CTO and concurrently file the news release and a material change report.

Order

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

6. The decision of the Principal Regulator under the Legislation is that the CTO is revoked.

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

2.2.4 Avicanna Inc.

Headnote

Section 144 of the Securities Act (Ontario) – Application for a partial revocation of a failure-to-file cease trade order – Issuer cease traded due to failure to file audited annual financial statements and management's discussion and analysis and certain other continuous disclosure materials – Issuer applied for a variation of the cease trade order to permit the Issuer to complete a proposed financing on a private placement basis – Issuer will use proceeds to bring itself into compliance with its continuous disclosure obligations and to fund certain expenses to maintain operations – Partial revocation granted subject to conditions.

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.

AVICANNA INC.

PARTIAL REVOCATION ORDER
Under the securities legislation of Ontario
(the Legislation)

Background

1. Avicanna Inc. (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the Ontario Securities Commission (the **Principal Regulator**) on June 11, 2021.

2. The Issuer has applied to the Principal Regulator under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (**NP 11-207**) and Section 144 of the *Securities Act* (Ontario) for a partial revocation order of the FFCTO.

Interpretation

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.

Representations

3. This decision is based on the following facts represented by the Issuer:

   (a) The Issuer was incorporated under the *Business Corporations Act* (Ontario) on November 25, 2016. On July 8, 2019, the Articles of the Issuer were amended to remove the private company restrictions. On July 18, 2019, the Issuer's common shares (the **Common Shares**) commenced trading on the Toronto Stock Exchange (the **TSX**) under the symbol "AVCN". The Common Shares are also quoted on the OTCQX International Exchange under the symbol "AVCNF" and are quoted on the Frankfurt Stock Exchange under the symbol "0NN". The securities of the Issuer are not listed or quoted on any other exchange or marketplace in Canada or elsewhere.

   (b) The Issuer's head office is located in Toronto, Ontario.

   (c) The Issuer is a reporting issuer in each of the provinces of Ontario, Alberta, British Columbia, Saskatchewan and Manitoba.

   (d) The authorized capital of the Issuer consists of an unlimited number of Common Shares and an unlimited number of preferred shares (**Preferred Shares**), of which 41,271,574 Common Shares and no Preferred Shares are issued and outstanding. In addition, the Issuer has warrants outstanding which are exercisable into 10,934,740 Common Shares, options outstanding which are exercisable into 1,802,417 Common Shares 210,379 restricted share units outstanding and $300,000 principal amount of debt outstanding which is convertible into 300,000 Common Shares.

   (e) The FFCTO was issued as a result of the Issuer's failure to file the following continuous disclosure materials as required by Ontario securities law (collectively, the **Documents**):

      (i) audited annual financial statements for the year ended December 31, 2020, as required by National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**);

      (ii) management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2020, as required by NI 51-102;

(iii) annual information form for the year ended December 31, 2020, as required by NI 51-102;

(iv) interim financial statements for the period ended March 31, 2021, as required by NI 51-102;

(v) management's discussion and analysis relating to the interim financial statements for the period ended March 31, 2021, as required by NI 51-102;

(vi) CEO and CFO certificates relating to the annual financial statements, annual information form and interim financial statements, as applicable, as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

(f) In connection with the FFCTO, on June 11, 2021, the Common Shares were suspended from trading on the TSX.

(g) The Issuer intends to conduct a financing on a private placement basis (the **Proposed Financing**), pursuant to which one or more investors (each, an **Investor**) will advance between $1,000,000 and $2,000,000 (the **Principal Amount**) in favour of the Issuer in the form of a secured debenture (the **Debentures**), each of which Debentures will have an Original Issue Discount of approximately 15%. It is anticipated that the Debentures will have a term of 14 months plus one day from the date of issuance thereof and will accrue interest at a rate of 5% per annum, subject to an increase to 18% per annum upon the occurrence of certain events of default. The Issuer will be expected to repay the Principal Amount for the Debentures in 12 equal monthly installments beginning on the two-month anniversary of the issuance date thereof, with a right of prepayment in full, subject to the payment of interest that would have accrued had the Debentures remained outstanding for the full 14 month term. The Debentures are expected to be secured against the assets of the Issuer of sufficient value. In connection with the loan, the Issuer will issue such number of warrants (each, a **Warrant**) of the Issuer representing 100% warrant coverage for the funded Principal Amount, each of which Warrants will be transferable and entitle the holder to acquire one Common Share for a period of 36 months. The exercise price of the Warrants is proposed to be 125% of the volume-weighted average closing price of the Common Shares on the TSX for a period of five (5) trading days following the full revocation of the FFCTO, satisfaction of all additional conditions set by the Toronto Stock Exchange, and resumption of trading of the Common Shares on the TSX, subject to an upward adjustment in the event that such exercise price would otherwise result in the Investors holding Warrants exercisable for such number of Common Shares representing more than 25% of the number of Common Shares outstanding, on a partially-diluted basis, as at such date.

(h) The Proposed Financing will be conducted on a prospectus exempt basis with Investors located in the United States in accordance with OSC Rule 72-503 *Distributions Outside Canada* and applicable exemptions under United States securities laws and, in the event any Investors are resident in any province or territory of Canada, to Investors in such jurisdictions who are accredited investors (as defined in section 73.3 of the *Securities Act* (Ontario) (the **Act**) and National Instrument 45-106 *Prospectus Exemptions*.

(i) The Proposed Financing is subject to certain filings required by the Toronto Stock Exchange and will be completed in accordance with all applicable laws.

(j) The Issuer incurred unanticipated fees and expenses in connection with the delay in filing the Documents and the work performed to date in connection with the preparation thereof. In addition, the demand for the Issuer's products has continued to increase, thereby resulting in increased working capital requirements for the Issuer. The Issuer has historically relied upon debt and equity financings to fund its expenditures.

(k) The Issuer is seeking a partial revocation of the FFCTO to conduct the Proposed Financing to enable it to raise the funds necessary to prepare and file the Documents and provide it with sufficient working capital to fund the expenses as outlined below in order to continue its operations and achieve its operational milestones until it can apply for a full revocation of the FFCTO.

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

(m) Other than the failure to file the Documents, the Issuer is not in default of any of the requirements of the Act or the rules and regulations made pursuant thereto. The Issuer's SEDAR and SEDI profiles are up to date.

(n) The Issuer intends to use the proceeds of the Proposed Financing to satisfy its operational and contractual commitments as well as its operating expenses during the period that the FFCTO remains in effect to ensure the continuity of the Issuer's business during such time, in each case until the Issuer is in a position to raise capital from other sources upon the issuance of a full revocation order in respect of the FFCTO. The proposed allocation of the proceeds of the Proposed Financing for such purposes is as follows:

PURPOSE	AMOUNT
Operating Expenses	
Funds required for payment of audit, legal fees and other professional fees, including: i. audit fees in connection with the completion of the audited financial statements for the year ended December 31, 2020,(1) ii. accounting advisory fees in connection with the Documents; and iii. legal fees in connection with the Proposed Financing.	i. $193,600 ii. $34,684 iii. $150,000
Salaries(2)	$910,874
Research and Development(3)	$22,950
General Operating Expenditures(4)	$398,437
Working Capital	
Production deposits and payments(5)	$282,000
TOTAL:	**$1,992,545**

Notes:

1. Anticipated to satisfy, among other things, all outstanding amounts owing to the Issuer's former auditor, MNP LLP, as well as amounts due and owing to its successor auditor, Kingston Ross Pasnak LLP prior to obtaining a full revocation of the FFCTO.
2. Include salaries for global operations, to be paid over the next 90 days.
3. Represents the research and development fees owed to certain key partners over the next 90 days.
4. Includes rent for operations, marketing expenditures, IT related expenses, insurance expenses, travel expenses, consultant fees and general office expenses over the next 90 days.
5. Capital requirements to fund the Issuer's manufacturing, which is expected to increase as a result of recent and anticipated growth in the sale of the Issuer's products in North America over the next 90 days.

(o) Subsequent to this order being granted and within a reasonable time following the completion of the Proposed Financing, the Issuer intends to apply for and obtain a full revocation of the FFCTO by filing the Documents, paying all outstanding fees and correcting any other continuous disclosure deficiencies that may subsequently arise.

(p) The Issuer anticipates filing all of the Documents and bringing its continuous disclosure record up to date on or before September 10, 2021.

(q) The Issuer reasonably believes that the proceeds from the Proposed Financing will be sufficient to bring its continuous disclosure obligations up to date and pay all related outstanding fees and provide it with sufficient working capital to continue its business.

(r) The Proposed Financing would involve a trade of securities and acts in furtherance of trades and cannot be completed without a partial revocation of the FFCTO.

(s) Upon issuance of a Partial Revocation Order and completion of the necessary filings for the Proposed Financing with the TSX, the Issuer will issue a press release announcing the Partial Revocation Order and the intention to complete the Proposed Financing. Upon completion of the Proposed Financing, the Issuer will issue a press release and file a material change report. As other material events transpire, the Issuer will issue appropriate press releases and material change reports as applicable.

Order

4. The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation to make the decision.

5. The decision of the Principal Regulator under the Legislation is that the FFCTO is partially revoked solely to permit the trades in securities of the Issuer (including for greater certainty, acts in furtherance of trades in securities of the Issuer) that are necessary for and are in connection with the Proposed Financing, provided that

    a. prior to completion of the Proposed Financing, each Investor will receive:

        (i) a copy of the FFCTO;

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

        (iii) written notice from the Issuer, to be acknowledged by each Investor in writing, that all of the Issuer's securities, including the securities issued in connection with the Proposed Financing, will remain subject to the FFCTO until such orders are revoked and that the issuance of the partial revocation order does not guarantee the issuance of a full revocation in the future.

    b. the Issuer undertakes to make available a copy of the written acknowledgements to staff of the Principal Regulator on request; and

    c. the partial revocation order only varies the FFCTO order and does not provide an exemption from the prospectus requirement.

This order will terminate on the earlier of:

    a. the completion of the Proposed Financing; and

    b. 90 days from the date hereof.

DATED this 30th day of July, 2021.

"Marie-France Bourret''
Manager, Corporate Finance
Ontario Securities Commission

2.2.5 Uranium Participation 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).

August 23, 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
URANIUM PARTICIPATION CORPORATION
(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 and Newfoundland and Labrador.

Interpretation

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

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2021/0445

2.2.6 Brookfield Office Properties Exchange LP

Headnote

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

Applicable Legislative Provisions

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

August 20, 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
BROOKFIELD OFFICE PROPERTIES EXCHANGE LP
(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):

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

2. 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, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon.

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Michael Balter"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2021/0405

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Douglas John Eley – s. 21.7

Citation: *Eley (Re)*, 2021 ONSEC 19

Date: 2021-08-20

File No.: 2020-35

IN THE MATTER OF
DOUGLAS JOHN ELEY

REASONS FOR DECISION
(Section 21.7 of the *Securities Act*, RSO 1990, c S.5)

Hearing:	January 14 and 15, 2021	
Decision:	August 20, 2021	
Panel:	Wendy Berman Raymond Kindiak Craig Hayman	Vice-Chair and Chair of the Panel Commissioner Commissioner
Appearances:	Jay Naster	For Douglas John Eley
	Robert DelFrate	For Staff of the Investment Industry Regulatory Organization of Canada
	Gavin MacKenzie Alexandra Matushenko	For Staff of the Commission

REASONS FOR DECISION

I. OVERVIEW

[1] This is an application by Douglas John Eley (**Eley**) for a hearing and review of two decisions of the Investment Industry Regulatory Organization of Canada (**IIROC**): a merits decision dated January 28, 2020[1] and a sanctions decision dated October 6, 2020[2] (respectively, the **Merits Decision** and the **Sanctions Decision** and collectively, the **IIROC Decisions**).

[2] Pursuant to the IIROC Decisions, Eley was disciplined for engaging in conduct unbecoming of a registrant by inappropriately altering signed client documents and knowingly misrepresenting that clients had signed documents. Among other sanctions imposed, his registration as an advisor was suspended for 12 months.

[3] Eley asks that the IIROC Decisions be set aside, or failing that, the Commission direct that a new hearing be held before a differently constituted IIROC hearing panel, or failing that, the Commission grant an order varying the Sanctions Decision.

[4] On October 7, 2020, Eley filed a motion to stay the IIROC Decisions pending the disposition of the application.

[5] On November 16, 2020, the Commission granted a stay of the IIROC Decisions until the disposition of this application on the condition that his registration shall be subject to close supervision by his sponsoring firm and the sponsoring firm shall submit written monthly close supervision reports to IIROC.[3]

1 *Eley (Re)*, 2019 IIROC 35
2 *Eley (Re)*, 2020 IIROC 35
3 (2020) 43 OSCB 8793

[6] After hearing submissions from the parties on January 14 and 15, 2021, we reserved our decision on the application. On March 5, 2021, we issued an order dismissing the application for reasons to follow.[4]

[7] These are our reasons. While we differ with the IIROC Panel's approach in some limited instances, none of these differences warrant intervention in the IIROC Decisions.

[8] In our view, the IIROC Panel neither erred in law, nor proceeded on an incorrect principle, nor misapprehended or otherwise overlooked material evidence. The IIROC Panel applied the appropriate onus of proof on IIROC Staff, properly considered all material evidence and excluded irrelevant evidence. The IIROC Panel appropriately relied on direct evidence of Eley making certain alterations to previously signed client documents as well as circumstantial evidence of other alterations in determining that Eley was responsible for the improper alterations to client documents.

[9] The IIROC Panel's approach to determining sanctions appropriately considered the relevant factors and circumstances and was consistent with applicable principles, guidelines and prior decisions.

[10] In all the circumstances, the decisions of the IIROC Panel on both merits and sanctions were reasonable.

II. BACKGROUND

[11] Eley has been registered with IIROC since 2000, first as an investment representative and then as a registered representative commencing in 2004, with the exception of the period 2013 to 2015 during which he was not registered.

[12] In November 2016, IIROC commenced an investigation into Eley's conduct and, on November 22, 2018, commenced disciplinary proceedings against Eley by issuing a Notice of Hearing and Statement of Allegations.

[13] The disciplinary proceedings related to allegations that Eley altered previously signed client account documents contrary to IIROC Dealer Member Rule 29.1, including managed account agreements and mutual fund switch tickets.

[14] IIROC Dealer Member Rule 29.1 provides, among other things, that registered representatives, such as Eley, shall observe high standards of ethics and conduct and shall not engage in any business conduct or practice which is unbecoming or detrimental to the public interest.

[15] The merits hearing was conducted over nine days in September 2019 and the sanctions hearing was conducted on September 14, 2020. Eley was represented by counsel throughout the IIROC proceedings, including the merits and sanctions hearings.

[16] Three witnesses testified at the merits hearing, including a senior investigative officer with the enforcement department of IIROC, a vice-president (and former director of compliance and audit) of Echelon Wealth Partners Inc. (**Echelon**), the dealer firm where Eley worked during the material time, and Eley. Ten volumes of documents were submitted by both parties as evidence, including client files, client account documentation, email and letter correspondence, notes and transcripts.

[17] On January 28, 2020, the IIROC Panel issued the Merits Decision. The key findings of the IIROC Panel are as follows.

[18] The IIROC Panel found that Eley had engaged in business conduct and practices unbecoming or detrimental to the public interest, contrary to IIROC Dealer Member Rule 29.1, by inappropriately altering documents after they had been signed, and by knowingly misrepresenting that clients had signed documents when that was not the case.

[19] The IIROC Panel relied on extensive documentary evidence and witness testimony in making the following key findings:

a. the account documentation was completed to facilitate the transfer of approximately 250 clients, firstly to a new dealer and then from another registered representative to Eley. Eley, two temporary assistants and another registered representative were involved in the completion of the account documentation;[5]

b. altered previously signed client documentation was contained in numerous clients' files for which Eley was the responsible advisor;[6]

c. Eley admitted altering certain previously signed client documents, including: new client application forms by adding account numbers, his signature, advisor number and date; a managed account agreement by adding client risk level and client investment objectives; and mutual fund switch tickets by adding trade instructions and his initials. Eley denied making any other alterations or knowing that such documents had been altered;[7]

4 (2021) 44 OSCB 1994
5 Merits Decision at paras 18 and 82
6 Merits Decision at para 70
7 Merits Decision at paras 18, 22 and 35

d. the alterations to the new client application forms were innocuous and acceptable industry practice as such changes had no bearing on the terms of the client-advisor relationship;[8]

e. the alterations to managed account agreements and mutual fund switch tickets were inappropriate as they affected the terms of the client-advisor relationship and compromised the integrity of the client records;[9] and

f. the circumstances in which the alterations took place, the nature of the alterations and the absence of any evidence of another person making such changes, led to the overwhelming inference that Eley was responsible for improper alterations to client documents, by making, or instructing others to make, the alterations or by otherwise having knowledge of the alterations to documents.[10]

[20] In determining that Eley's conduct was unbecoming or detrimental to the public interest, the IIROC Panel considered the particular facts and circumstances, including, among other things:

a. Eley's experience, role and responsibilities;

b. the nature, extent and purpose of the alterations to client documents;

c. the surrounding context of the ongoing transfer of 250 clients ultimately to Eley as the registered representative;

d. the nature and extent of Eley's involvement in the ongoing client transfers and the completion of the related account documentation; and

e. the absence of any client complaints and the absence of any evidence of client harm.

[21] The IIROC Panel also considered the public interest, including the risk to investors and public trust in the investment industry, arising from alterations to signed client documentation.[11]

[22] On October 6, 2020, the IIROC Panel issued the Sanctions Decision and imposed the following sanctions against Eley:

a. a suspension from registration with IIROC for a period of 12 months, effective 10 days from the date of the Sanctions Decision, and an order prohibiting him from taking employment in any capacity with any IIROC dealer member during the suspension period;

b. an 18-month period of close supervision should Eley obtain re-registration;

c. a fine of $50,000; and

d. costs of $50,000.[12]

[23] The sanctions hearing was conducted on September 14, 2020 with one witness testifying on behalf of Eley and the parties making oral and written submissions. IIROC Staff sought a permanent investment advisor ban, a permanent ban from employment in any capacity with a registered investment dealer, a fine of $25,000 and costs of $75,000.

[24] The IIROC Panel considered a number of aggravating and mitigating factors in making its decision on sanctions, including:

a. the nature, extent and circumstances of the misconduct;

b. Eley's prior disciplinary record, in particular that Eley was the subject of IIROC proceedings in 2014 and banned from being a registrant for six months for inappropriate alteration of client documents, which included inflating client net worth, falsely endorsing client signatures on account related documentation and use of pre-signed forms;[13]

c. the lack of any evidence of client harm or any financial benefit to Eley;

d. the fact that Eley acted in some cases for the convenience of his clients and at their direction; and

e. Eley's conduct since the matters at issue, in particular that there had not been any issues or complaints regarding Eley's conduct as an investment advisor for more than four years (since May 2016).[14]

8 Merits Decision at paras 70 and 71
9 Merits Decision at paras 56, 72 and 74
10 Merits Decision at paras 77 and 79
11 Merits Decision at paras 96, 98 and 100
12 Sanctions Decision at para 48
13 Sanctions Decision at paras 33 and 44; *Eley (Re)* 2014 IIROC 52 at paras 11 and 12
14 Sanctions Decision at paras 31, 32 and 39

[25] The IIROC Panel determined that in light of these circumstances and the harm to the integrity of the regulatory system, a suspension of 12 months was warranted in the public interest to deter Eley and other like-minded persons from engaging in similar misconduct.[15]

III. PRELIMINARY ISSUE

[26] We first address a preliminary issue about the admissibility of additional evidence.

[27] Eley seeks to introduce additional evidence on this application, which is comprised of five affidavits with attached documents. These documents were not part of the record at the merits or sanctions hearings (with the exception of a portion of one affidavit).

[28] Eley previously sought to introduce these affidavits at the sanctions hearing. The IIROC Panel declined to admit the affidavits (with the exception of a portion of one affidavit) because:

a. the proposed evidence was irrelevant to the issue of sanctions and costs and was an attempt to re-open the panel's findings on the merits;

b. the proposed evidence contained no new evidence as this evidence was available at the time of the merits hearing; and

c. allowing the proposed evidence would encourage parties to split their case and undermine the credibility and efficiency of the IIROC disciplinary process.[16]

[29] Four of the affidavits were from individuals that Eley had stated an intention to call as witnesses at the merits hearing and later chose not to call. The fifth affidavit related to additional documents disclosed by IIROC Staff to Eley after the conclusion of the merits hearing but prior to the Merits Decision.

[30] IIROC Staff filed a motion opposing the admission of the affidavits. OSC Staff supports the motion.

[31] We heard submissions on the motion at the commencement of the hearing of the application. We declined to admit the affidavits and the attached documents as evidence in the application. The following are our reasons for that decision.

[32] There is no general right of a party to introduce additional evidence on an application for hearing and review of a decision of a self-regulatory organization. However, the Commission has original jurisdiction to make a decision and may, in its discretion, admit additional evidence that was not part of the record in the self-regulatory organization's proceedings.[17]

[33] Such discretion must be exercised in accordance with the Commission's statutory oversight role, which recognizes the enforcement capability and regulatory expertise of a recognized self-regulatory organization such as IIROC.[18]

[34] The Commission has taken a restrained approach, generally declining to admit additional evidence unless such evidence is new and compelling. Such caution promotes fair, just and efficient proceedings by ensuring the review process does not provide a party the opportunity to re-litigate the original proceedings before the Commission on an augmented evidentiary record.[19]

[35] Eley acknowledges that the proposed affidavit evidence is neither new nor compelling evidence.[20] However, he submits that if the Commission determines it has grounds to intervene in respect of the Merits Decision and/or the Sanctions Decision, the Commission need only be satisfied that the evidence is relevant.

[36] We disagree. The Commission must be cautious in admitting additional evidence given the important principles of fairness, efficiency and finality in proceedings and recognition of a self-regulatory organization's expertise, authority and regulatory process.

[37] A relevance standard sets too low a bar. The Commission must be satisfied that the additional evidence is new and compelling or there are other exceptional circumstances which warrant admission of the evidence.

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15 Sanctions Decision at paras 34, 37, 43 and 48
16 Sanctions Decision at para 16
17 *Northern Securities Inc. (Re),* 2013 ONSEC 48, (2014) 37 OSCB 161 (***Northern Securities***) at paras 27-30; *HudBay Minerals Inc. (Re),* 2009 ONSEC 15, (2009) 32 OSCB 3733 (***HudBay***) at paras 111 and 112
18 *Securities Act*, RSO 1990, c S.5, s 2.1
19 *Northern Securities* at paras 28 and 30
20 Written Submissions of Douglas John Eley dated December 23, 2020 at para 4

[38] The additional evidence proposed to be introduced is neither new nor compelling. Four of the affidavits contained evidence from individuals that were available to testify at the merits hearing and the fifth affidavit contained documents that were available prior to the Merits Decision. No evidence was provided, nor were any arguments made by Eley, that demonstrated any exceptional circumstances warranting admission of this evidence.

[39] Permitting Eley to introduce the affidavits would, in our view, threaten the fair and orderly conduct of litigation and undermine the integrity of IIROC's disciplinary process.

[40] For these reasons, we declined to admit the additional evidence.

IV. ANALYSIS

A. Introduction

[41] We turn now to our analysis of the principal issues raised by Eley's application:

a. Has Eley established any grounds on which the Commission ought to intervene in the Merits Decision or the Sanctions Decision?

b. If there are such grounds to intervene, is it appropriate to set aside one or both of the IIROC Decisions?

B. Applicable Standard of Review

[42] Eley brought this application under s.21.7(2) of the *Securities Act* (the **Act**),[21] which provides that any person directly affected by a decision of a self-regulatory organization such as IIROC may apply for a review of that decision.

[43] On such application, the Commission may confirm the IIROC decision or make such other decision as it considers proper.[22] The Commission's review of an IIROC decision is a hearing *de novo* or a new hearing, rather than an appeal. The Commission exercises original jurisdiction rather than a more limited appellate jurisdiction.[23]

[44] Despite this broad authority, the Commission has, as a matter of practice, taken a restrained approach to the review of decisions of a self-regulatory organization such as IIROC. This approach is consistent with the Commission's statutory oversight function and its recognition of the specialized knowledge, expertise, and important role of, self-regulatory organizations.[24]

[45] The Commission accords deference to decisions within an IIROC panel's area of expertise, including factual determinations and interpretation and application of IIROC rules, and will not intervene in such decisions simply because the Commission might have made a different decision.[25]

[46] The Commission has previously interfered with the decision of a self-regulatory organization only where it has determined that one of the following five grounds has been satisfied:[26]

a. the hearing panel proceeded on an incorrect principle;

b. the hearing panel erred in law;

c. the hearing panel overlooked material evidence;

d. new and compelling evidence is presented to the Commission that was not presented to the hearing panel; or

e. the hearing panel's perception of the public interest conflicts with that of the Commission.

[47] Eley submits that the first three grounds are met with respect to the Merits Decision and the second ground is met with respect to the Sanctions Decision.

C. Merits Decision

[48] We will first address the Merits Decision. Eley submits that the IIROC Panel erred in the following ways, each of which we will consider in turn:

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21 RSO 1990, c S.5
22 Act, ss. 8(3) and 21.7(2)
23 *HudBay* at paras 106 and 107; *Vitug (Re),* 2010 ONSEC 7, (2010) 33 OSCB 3965 at paras 43 to 47
24 Act, paragraph 4 of section 2.1; *Northern Securities* at para 57; *Rudensky (Re),* 2019 ONSEC 24, (2019) 42 OSCB 6141 (***Rudensky***) at paras 29 to 30
25 *Northern Securities* at paras 57-61; *HudBay* at para 103
26 *Canada Malting Co (Re),* (1986) 9 OSCB 3565 at para 24; *Rudensky* at para 32

a. admitted and relied on evidence of misconduct not alleged in the proceedings;

b. reversed the onus of proof;

c. improperly drew inferences based on circumstantial evidence and misapprehended or overlooked material evidence; and

d. refused to order disclosure of relevant documents.

1. Did the IIROC Panel Proceed on an Incorrect Principle by Admitting and Relying on Evidence of Misconduct not Contained in the Allegations?

[49] Eley submits that the IIROC Panel proceeded on an incorrect principle and contrary to the principles of procedural fairness by admitting and relying on evidence of purported misconduct not alleged in the Statement of Allegations, being alterations to dealer representative forms and new client application forms.

[50] IIROC Staff submits that the IIROC Panel committed no error in admitting and considering all the evidence relating to alterations of client account documentation. IIROC Staff submits that the Statement of Allegations provided sufficient factual details in support of the alleged contraventions for Eley to fully understand the case against him. Accordingly, the IIROC Panel's consideration of the dealer representative forms and new client application forms did not offend the principles of procedural fairness.

[51] OSC Staff adopts the submissions of IIROC Staff on this point.

[52] In our view, the IIROC Panel properly admitted and considered this evidence. The Statement of Allegations contained allegations relating to alterations of client documents, including account documentation for client transfers. Dealer representative forms and new client application forms are part of the account documentation required for client transfers.

[53] The Statement of Allegations contained various facts in support of the allegation that Eley altered client documents between May 2015 and November 2015 contrary to IIROC Dealer Member Rule 29.1, by stating that (emphasis added):

a. Eley altered important previously signed ***client documents***. These documents included investment management agreements and pre-signed mutual fund trade tickets;[27]

b. Eley provided ***account documentation to former clients to facilitate the transfer of such clients***. The account documentation included forms required to allow the former clients to open portfolio managed accounts with Eley;[28]

c. Eley altered the ***account documentation*** after clients had signed as follows: he changed the dates on which clients purportedly signed ***account documentation*** on multiple occasions, he completed the fee schedule on some occasions and on one occasion he added client objectives and risk tolerances;[29] and

d. Eley altered and used previously signed client mutual fund switch tickets.[30]

[54] In addition, Eley received voluminous disclosure before the merits hearing, which included the full account documentation for client transfers and IIROC Staff's five-volume document compendium prior to the merits hearing. The dealer representative forms and the new client application forms were included in both the disclosure and the compendium.

[55] The statement of allegations on which an IIROC proceeding is based must contain the material facts alleged in support of the alleged contraventions.[31] Consistent with principles of natural justice, this provides the respondent sufficient notice of the conduct at issue to understand the case and make full answer and defence.[32]

[56] The Statement of Allegations contained facts relating to alleged improper alterations of two categories of previously signed client documents: (1) account documentation to facilitate client transfers; and (2) mutual fund switch documents. In addition, the Statement of Allegations contained facts detailing the nature of alleged alterations made to account documentation (addition of dates, client objectives and risk tolerances and completion of fee schedules) and to the mutual fund switch tickets (alterations to re-use for future transactions).

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27 Exhibit 1, Record for Hearing and Review, Tab 2, Statement of Allegations at para 1
28 Exhibit 1, Record for Hearing and Review, Tab 2, Statement of Allegations at para 7
29 Exhibit 1, Record for Hearing and Review, Tab 2, Statement of Allegations at paras 9-11
30 Exhibit 1, Record for Hearing and Review, Tab 2, Statement of Allegations at paras 12-13
31 IIROC Consolidated Rules, r 8414(2)
32 *Brown (Re),* (2004) 27 OSCB 7955 at para 25; *Brooks v Ontario Racing Commission*, 2017 ONCA 833 at para 13

[57] Dealer representative forms and new client application forms are part of the account documentation required for client transfers and relate directly to the allegations and particulars contained in the Statement of Allegations.

[58] In our view, the IIROC Panel properly admitted and considered this evidence.

[59] In reaching its findings and arriving at its decision, the IIROC Panel appropriately undertook a contextual analysis of the evidence relating to the allegation of improper alterations of account documentation for client transfers.

[60] Although the IIROC Panel relied on this evidence as part of its contextual analysis, it ultimately determined that it could not make any finding as to whether Eley was involved in alterations to the dealer representative forms on the basis that the alleged activity was outside the material time referenced in the Statement of Allegations[33] and to the new client application form on the basis that there was no reference to this particular incident in the Statement of Allegations.[34]

[61] We do not agree with the IIROC Panel in this regard. In our view, the Statement of Allegations contained allegations relating to alterations of account documentation for client transfers. Accordingly, it was open to the IIROC Panel to make findings related to dealer representative forms and new client application forms which are part of the account documentation necessary for client transfers.

[62] We note that alterations to multiple dealer representative forms occurred both during and prior to the material time referenced in the Statement of Allegations. Some of the alterations to the dealer representative forms for Client C referenced in the Merits Decision occurred in June 2015,[35] which was within the material time.

[63] We also note that the IIROC Panel incorrectly referenced the second document as a new client application form. The document was a managed account agreement,[36] a document referenced in the Statement of Allegations.

[64] These errors by the IIROC Panel had no impact on its ultimate finding that Eley was responsible for alterations of previously signed client documents in contravention of Dealer Member Rule 29.1. These errors may only have resulted in findings of additional instances of improper alterations to support imposing more onerous sanctions. No party argued that the IIROC Panel erred by failing to impose more onerous sanctions.

[65] Based on the foregoing, we find that the IIROC Panel neither erred in law nor proceeded on an incorrect principle, by considering the evidence related to dealer representative forms or new client application forms.

2. Did the IIROC Panel Err in Law by Reversing the Onus of Proof?

[66] Eley submits that the IIROC Panel erred in law by failing to require IIROC Staff to prove the allegations on a balance of probabilities and, in effect, requiring Eley to prove he did not make or authorize the alterations to client documents.

[67] We are satisfied that the IIROC Panel did not reverse the onus of proof. It is clear from the Merits Decision, read in its entirety, that the IIROC Panel understood and applied the onus on IIROC Staff to prove Eley's involvement in the alteration of previously signed client documents on a balance of probabilities.

[68] Eley testified before the IIROC Panel. Eley admitted making certain additions to documents previously signed by clients and denied making, authorizing, or having knowledge of certain other alleged alterations to client documents.[37]

[69] The IIROC Panel accepted Eley's admissions that he added dates, risk tolerance and investment objective information to a previously signed client managed account agreement[38] and determined that such alterations, which affected the client-advisor relationship, were inappropriate.[39]

[70] The IIROC Panel found that 10 client files contained alterations to previously signed client managed account agreements.[40]

[71] The IIROC Panel accepted Eley's admissions that he added account numbers, his signature, advisor number and date to new client application forms previously signed by clients. The IIROC Panel, however, found these alterations were innocuous and acceptable industry practice as such changes had no bearing on the terms of the client-advisor relationship.[41]

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33 Merits Decision at paras 57 and 61
34 Merits Decision at para 65
35 Merits Decision at para 58
36 A managed account agreement is also sometimes referred to as an investment management agreement.
37 Merits Decision at paras 22 and 35
38 Merits Decision at para 35
39 Merits Decision at para 72
40 Merits Decision at para 38
41 Merits Decision at para 71

[72] The IIROC Panel also accepted Eley's admissions that he added trade instructions and his initials to pre-signed mutual fund switch tickets. Eley denied using the mutual fund switch tickets to effect any fund transfers and denied knowing that some of these tickets were sent to the fund company.[42]

[73] Eley denied making, authorizing or having knowledge of any of the other alleged alterations to client documents, which included additions or changes related to dates, addition of management fees and advisor codes, one additional instance of adding investment objective and risk factor information and one instance of deleting a joint account holder name on a managed account agreement.

[74] The IIROC Panel did not accept his denial and outlined the basis for this determination in its decision. The IIROC Panel also outlined the basis on which it rejected Eley's suggestion that others were capable of making these alterations.

[75] The IIROC Panel considered all the evidence relating to the circumstances in which the alterations took place (including Eley's involvement in sending and receiving account documentation for client transfers); the nature, and extent of the alterations; the purpose of the altered documents (including that many were to facilitate the transfer of client files from another registered representative to Eley); Eley's admissions; the responsibilities and authority of the temporary assistants; and the absence of any direct evidence of another person capable and motivated to make such changes.

[76] The IIROC Panel also compared various versions of the account documentation sent to and received from clients and later sent to the dealer and determined that these documents were altered after the clients signed.

[77] The IIROC Panel weighed all of the direct and circumstantial evidence and concluded that this evidence as a whole led to the "inescapable conclusion" that Eley was responsible for the improper alterations to client documents, by making, or instructing others to make, the alterations or by otherwise having knowledge of the alterations to documents.[43]

[78] Certain portions of the Merits Decision read in isolation risk creating the impression that the IIROC Panel misapprehended the onus.

[79] For example, the IIROC Panel asks, "who else could or would have made the alterations?"[44] and makes statements such as "there is no testimony or explicit evidence implicating Mr. Eley in the changes, neither is there any evidence as to who else made the changes"[45] and "there is no evidence to support Mr. Eley's suggestion that the temporary assistants could have been capable of making the inappropriate alterations without direction."[46]

[80] Additional precision in the Merits Decision, such as clarifying that these statements related to the alterations which Eley denied making and not the alterations which he admitted making, may have assisted the reader and removed any confusion.

[81] However, the Merits Decision must be read as a whole with these portions in context and without unduly parsing phrases or sentences. When this is done, it is clear that such statements form part of the IIROC Panel's considerations and basis for its rejection of both Eley's denial of the remaining alterations and his suggestion that others were capable and motivated to make the alterations. The lack of any direct evidence (testimony of witnesses other than Eley or documents) demonstrating that someone else made the changes or was motivated to make the changes was one of many factors considered by the IIROC Panel.

[82] We are satisfied, upon reading the Merits Decision as a whole, that the IIROC Panel applied the appropriate onus of proof on IIROC Staff and did not shift the onus from IIROC Staff to Eley. We dismiss this ground for review.

3. Did the IIROC Panel Err in Law by Making an Improper Inference based on Circumstantial Evidence or Overlook Material Evidence?

[83] Eley submits that the IIROC Panel improperly drew inferences and made findings of misconduct based on circumstantial evidence. Eley asserts that the IIROC Panel was required to determine that his responsibility for the alterations to client documents was the only rational inference that could be drawn from the circumstantial evidence.

[84] Eley further submits that the IIROC Panel misapprehended and/or overlooked relevant evidence in two aspects. The first is the involvement of other individuals in completing account documentation for client transfers. The second is whether alterations were readily observable at the time they were made. Eley says that it was improper for the IIROC Panel to rely on its own comparison of various versions of client documents.

[42] Merits Decision at paras 21 and 48 to 51
[43] Merits Decision at paras 67, 77 and 79
[44] Merits Decision at para 77
[45] Merits Decision at para 66
[46] Merits Decision at para 68

[85] IIROC Staff submits that the IIROC Panel properly considered the whole of the evidence and appropriately relied on compelling circumstantial evidence to reach the conclusion that Eley was responsible for the improper alterations to client documents. OSC Staff adopts the submissions of IIROC Staff.

[86] In securities regulatory proceedings, misconduct can be proved by both direct and circumstantial evidence. A tribunal is entitled to draw inferences from the circumstantial evidence provided such inferences are reasonably and logically drawn from a fact or a group of facts established by the evidence.[47]

[87] In our view, there was ample direct and circumstantial evidence from which the IIROC Panel was entitled to draw the inference that Eley was involved in the improper alterations to client documents despite his denial. In all the circumstances, this was a reasonable conclusion.

[88] The IIROC Panel did not misapprehend or overlook evidence relating to the involvement of others in the preparation and completion of client account documentation. Instead, it explicitly considered this evidence as part of the factual matrix which supported its conclusion that Eley was ultimately responsible for the improper alterations.

[89] The IIROC Panel reviewed a large volume of documentary evidence, including client documents, emails and other documents as well as the testimony of three witnesses, including Eley. The IIROC Panel relied on both direct evidence of Eley making certain alterations to client documents as well as circumstantial evidence in respect of other alterations in reaching its determination that Eley was responsible for the improper alterations to client documents, by making, or instructing others to make, the alterations or by otherwise having knowledge of the alterations to documents.

[90] A review of the Merits Decision indicates that the IIROC Panel considered the following direct and circumstantial evidence regarding the client documents:

a. The account documentation was completed to facilitate the transfer of approximately 250 clients (700 client files) during a four-month period, firstly to effect the transfer of these clients of Eley from his prior dealer to another registered representative (Ms. M) at Echelon and then from Ms. M to Eley.[48]

b. Eley was involved in the client transfers. He directly sent account documentation to clients and received signed documents from clients or was copied on these emails.[49]

c. Two temporary assistants, hired by Eley, also assisted with the account documentation for client transfers. Eley stated that the account documentation was completed, and alterations were made either by Ms. M and the temporary assistants, or by him.[50]

d. Eley stated that any alterations to account documentation were made with client authorization, to ensure the information was complete and accurate or to correct a clerical error.[51]

e. Client files contained alterations to managed account agreements previously signed by clients.[52] These alterations included:

   i. ten instances of changes or additions to advisor name and/or advisor code and signature dates;[53]

   ii. two instances of additions of investment objectives and risk tolerance information. Eley admitted in his testimony to making alterations to add investment objectives and risk tolerance information to one of these managed account agreements. Eley stated that the alterations were authorized by the clients and consistent with the information in the new client application forms;[54]

   iii. one instance of a deletion of a joint account holder name on a managed account agreement and change of date beside the remaining account holder signature. Eley denied making or having knowledge of these alterations;[55] and

47 *Hutchinson (Re),* 2019 ONSEC 36, (2019) 42 OSCB 8543 at paras 60 and 61; *Finkelstein v Ontario (Securities Commission)*, 2016 ONSC 7508 (Div Ct) at paras 17-20
48 Merits Decision at para 82
49 Merits Decision at paras 18, 33, 37, 58, 75 and 82
50 Merits Decision at paras 18 and 66
51 Merits Decision at paras 18 to 20
52 Merits Decision at para 38
53 Written submissions of IIROC Staff dated December 23, 2020 at para 14; Exhibit 2, Supplemental Record for Hearing and Review, Tab 6, Evidence Chart dated October 30, 2019 at 714-743
54 Exhibit 2, Supplemental Record for Hearing and Review, Tab 6, Evidence Chart dated October 30, 2019 at 726, 727 and 737
55 Merits Decision at paras 20, 62 and 63. The IIROC Panel incorrectly referred to this document as a new client application form.

iv. six instances of additions of management fees. Eley stated that the management fee schedules were completed with client authorization. Eley denied making alterations to the managed account agreements to add the amount of the management fees or having knowledge that the alterations had been made.[56]

f. The altered managed account agreements were sent to Echelon and forwarded to Echelon's carrying broker to open the managed accounts. The director of compliance at Echelon testified that any changes to investment objectives or management fees would require a client signature.[57]

g. Eley admitted in his testimony to making alterations to previously signed new client application forms to add account numbers, his signature, advisor number and date.[58]

h. Nine client files contained alterations to previously signed mutual fund switch tickets.[59] The alterations included:

i. three pre-signed mutual fund switch tickets for client MT were altered to add trade instructions. Eley admitted that the trade instructions were in his handwriting and that he initialled each ticket. Eley denied being aware that the mutual fund switch tickets were photocopies or alterations to previously used switch tickets. Eley testified that in one case he put the switch ticket in the file as "a note to file or memo order" and in another case he entered the trade instructions of the client on the switch ticket but did not know the ticket had been photocopied. In both cases, the switch ticket was sent to the fund company for execution. Eley denied using mutual fund switch tickets to make any fund transfers and denied knowing that the tickets were sent to the fund company;[60] and

ii. two pre-signed mutual fund switch tickets, one for client H and one for client M, were altered to add trade instructions. Eley admitted that he added the trade instructions on the pre-signed tickets but denied knowing the tickets were a photocopy or knowing that the ticket for client M was sent to the fund company. Eley stated that the trade instructions were added with client authorization;[61]

i. Eley was required by the terms of his supervision at Echelon to execute all trades electronically. There was no evidence that the mutual fund switch tickets were used to execute trades in the client accounts and the director of compliance at Echelon testified that she was not aware of any unauthorized trades by Eley in client accounts;[62]

j. Twenty client files contained alterations to dealer representative forms to add Eley's registered representative code and email address. These forms were sent to the fund companies as notification that Eley was the registered representative.[63]

k. Other than admissions of certain alterations as outlined above, Eley denied making any of the other alterations to previously signed client documents or knowing that these documents had been altered.[64]

[91] The IIROC Panel also compared various versions of the account documentation and mutual fund switch tickets and determined that these documents were altered after the clients signed.[65] We see nothing improper in such a comparison being made by the IIROC Panel.

[92] The IIROC Panel accepted Eley's admissions that he added dates, risk tolerance and investment objective information to a previously signed managed account agreement[66] and determined that such alterations, which affected the client-advisor relationship, were inappropriate.[67] The IIROC Panel determined that regardless of actual harm, alterations to pre-signed client documents create risk of abuse and risk to compliance supervision and investigation of client complaints.[68]

[93] The IIROC Panel accepted Eley's admissions that he added trade instructions to previously signed mutual fund switch tickets and determined that such alterations were inappropriate regardless of whether the document was used to effect a trade or the trade was authorized by the client. The IIROC Panel determined that such alterations provide a misleading

[56] Merits Decision at paras 38 and 63; Written submissions of IIROC Staff dated December 23, 2020 at para 14; Exhibit 2, Supplemental Record for Hearing and Review, Tab 6, Evidence Chart dated October 30, 2019 at 723, 728, 733, 740 and 742
[57] Merits Decision at paras 35 and 39
[58] Merits Decision at para 71
[59] Merits Decision at para 52
[60] Merits Decision at paras 21 and 48-51
[61] Merits Decision at paras 53
[62] Merits Decision at paras 43, 45 and 50
[63] Merits Decision at paras 31, 57 and 61; Exhibit 2, Supplemental Record for Hearing and Review, Tab 6, Evidence Chart dated October 30, 2019 at 758-764
[64] Merits Decision at para 63
[65] Merits Decision at paras 34, 35, 48, 59, 64 and 67
[66] Merits Decision at paras 35 and 38
[67] Merits Decision at para 72
[68] Merits Decision at paras 96 and 97

impression of what transpired in the client file (that the client had signed the document on the revised date and provided written authorization for the added trade instructions) and create risk of misuse.[69]

[94] The IIROC Panel also accepted Eley's admissions that he added account numbers, his signature, advisor number and date to new client application forms previously signed by clients. The IIROC Panel, however, found these alterations were innocuous and acceptable industry practice as such changes had no bearing on the terms of the client-advisor relationship. [70]

[95] The IIROC Panel did not accept Eley's denial of any involvement in, or knowledge of, the other alterations to client documents. The IIROC Panel explained the basis for this determination in its decision.

[96] The IIROC Panel considered and weighed all the evidence, both direct and circumstantial, and concluded that it was "simply implausible" that Eley was not aware of the alterations to the account documentation and that there was no evidence to support his suggestion that the temporary assistants could have been capable of making the inappropriate alterations without direction.[71]

[97] The IIROC Panel relied on the direct evidence that Eley made certain alterations to previously signed client documents as well as the circumstantial evidence, which included evidence relating to the purpose for completion of the account documentation (being to facilitate the transfer of Eley's clients to Echelon and to him from another registered representative); the nature of the alterations to the documents (which impacted the client relationship); Eley's involvement in the completion of the documentation together with the two temporary assistants and Ms. M; the experience, responsibilities and authority of Eley and the two temporary assistants.

[98] The IIROC Panel determined that the totality of the evidence led to the "inescapable conclusion" that Eley was responsible for the improper alterations to client documents, by making, or instructing others to make, the alterations or by otherwise having knowledge of the alterations to documents or turning a "blind eye with implicit approval" to such alterations.[72]

[99] In our view, there was ample direct and circumstantial evidence from which the IIROC Panel could draw these conclusions. In addition, its refusal to accept Eley's denial with respect to certain alterations and to draw the inference that he made or authorized these alterations was reasonable and logical.

[100] Finally, in our view the IIROC Panel did not overlook or misapprehend material evidence that supported Eley's position that he did not make or have any knowledge of certain alleged alterations.

[101] We do not agree with Eley's position that the IIROC Panel overlooked (i) evidence of the participation of the two temporary assistants and the other registered representative in the preparation and completion of the account documentation to facilitate the client transfers and (ii) evidence demonstrating the alterations were not easily observable.

[102] The IIROC Panel explicitly considered the involvement of others in the preparation and completion of the account documentation. The IIROC Panel also considered the absence of any other direct documentary evidence or witness testimony as to who made the other alleged alterations to client documents, whether Eley or someone else, and considered whether it was plausible that someone other than Eley made or authorized these alterations (as suggested by Eley).[73]

[103] The IIROC Panel did not overlook this evidence. Instead, it considered this evidence as part of the factual matrix which supported its conclusion that Eley was ultimately responsible for the improper alterations.

[104] The evidence which Eley submits demonstrates that the alterations to client documents were not easily observable consists of:

a. testimony of the director of compliance and audit at Echelon that she subsequently learned of a "white out" alteration to a mutual fund switch ticket during the compliance investigation (and that she brought this information to the attention of the chief compliance officer); and

b. testimony of the IIROC investigator that during the investigative interviews the ultimate designated person and the director of compliance and audit at Echelon stated that they did not observe document alterations during the material time.

[69] Merits Decision at paras 56, 74 and 96
[70] Merits Decision at para 71
[71] Merits Decision at paras 67 and 77
[72] Merits Decision at paras 67, 77 and 79
[73] Merits Decision at paras 66-69 and 76-78

[105] Although the IIROC Panel did not explicitly reference this evidence, we are satisfied, upon reading the Merits Decision as a whole, that the IIROC Panel considered all the material evidence relating to the circumstances of the completion of the client documents.

[106] In any event, we do not view this evidence as material to the issue of who made the alterations. These individuals may not have been in a position to observe any alterations given the nature of their oversight functions or may not have compared the various iterations of the client documents at the time.

[107] We note that the director of compliance and audit testified at the merits hearing that she did not maintain copies of mutual fund switch tickets and therefore would not be able to tell whether a mutual fund switch ticket was a copy of a prior signed ticket. She also testified that she would have concerns if a mutual fund switch ticket was altered after the client signed and that any changes or additions of trade instructions would require a new client signature.[74]

[108] We are satisfied, upon reading the Merits Decision as a whole, that the IIROC Panel's finding that Eley was responsible for the improper alterations was based on its assessment of the totality of the evidence and that the IIROC Panel drew reasonable inferences from the circumstantial evidence and neither overlooked nor misapprehended any material evidence. We dismiss these grounds for review.

4. Did the IIROC Panel Err in Law by Refusing to Order Disclosure of Relevant Documents?

[109] Eley submits that the IIROC Panel erred in law by denying his motion for disclosure of two internal memoranda prepared by the IIROC investigator, one recommending the commencement of the investigation of Eley and the second recommending proceedings be brought against Eley.

[110] At the merits hearing, Eley argued that these documents were relevant to the credibility of the IIROC investigator witness and the propriety of the conduct of the IIROC investigation. Eley's position was that the IIROC investigator conducted an unauthorized investigation and misled OSC Staff by stating that IIROC was investigating Eley when no formal investigation had been authorized.

[111] Eley relied on correspondence between IIROC Staff and OSC Staff. In that correspondence, IIROC Staff advised of its investigation of supervisory controls at Echelon and its concerns regarding the use of potentially pre-signed or altered documents for client accounts for which Eley was the registered representative. IIROC Staff sought assistance in obtaining certain documents from a dealer for its ongoing investigation.[75]

[112] Respondents in IIROC proceedings are entitled to disclosure of the "fruits of the investigation" to ensure that they can make full answer and defence. Internal analyses, opinions or discussions of IIROC Staff will be irrelevant to the merits unless the respondent can demonstrate a sufficient connection between such documents and their ability to make full answer and defence.[76]

[113] The IIROC Panel reviewed the two memoranda and the above correspondence and determined that the documents were not relevant to the merits or any possible procedural unfairness related to the conduct of the investigation or witness credibility.

[114] We see no basis for challenging the decision of the IIROC Panel in this regard. Eley received complete disclosure of the information and documents gathered during the IIROC investigation. The memoranda contain analyses and recommendations of IIROC Staff regarding commencement of the investigation and ultimately the proceedings against Eley.

[115] Further, in our view, IIROC properly described the nature of its investigation and its concerns regarding Eley's conduct arising from such investigation.

[116] Eley also submits that the memoranda were relevant to demonstrate investigative deficiencies and unfairness, including, among other things, the failure to interview certain supervisors at Echelon and efforts to obtain evidence of misconduct beyond the issues and time frame in the underlying IIROC business conduct compliance review which precipitated the investigation.

[117] In our view, this evidence falls far short of demonstrating any impropriety in the course of the investigation or any other sufficient connection between the internal memoranda and Eley's ability to have made full answer and defence in the IIROC proceedings.

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74 Exhibit 1, Record for Hearing and Review, Tab 33, IIROC Hearing Transcript, Eley (Re), September 16, 2019 at 4720-4721 and 4727
75 Exhibit 1, Record for Hearing and Review, Tab 19 at 2668
76 *Kitmitto (Re)*, 2020 ONSEC 15, (2020) 43 OSCB 4910 at paras 23 and 32

[118] The IIROC Panel's decision to deny Eley's motion for disclosure of the internal regulatory memoranda was reasonable and there is no basis for intervention by the Commission in this regard.

D. Sanctions Decision

[119] We will now address the Sanctions Decision. Eley submits that the IIROC Panel erred in three ways, each of which we will consider in turn:

a. refused to admit certain evidence;

b. imposed sanctions that are excessive and unduly harsh; and

c. failed to consider settlement discussions when making its costs award.

1. Did the IIROC Panel Err in Law by Refusing to Admit Evidence?

[120] Eley submits that the IIROC Panel improperly refused to admit the five witness affidavits, described above, at the sanctions hearing.

[121] Eley acknowledges that these affidavits were relevant to the issues at the merits hearing but submits that the evidence was also relevant to the issue of "determining the specific conduct for which [he] was to be sanctioned".[77]

[122] Four of the affidavits were from individuals that Eley had stated an intention to call as witnesses at the merits hearing and later chose not to call, being two temporary assistants, Ms. M and the chief compliance officer of Echelon. The fifth affidavit related to additional documents disclosed by IIROC Staff to Eley after the conclusion of the merits hearing but prior to the Merits Decision.

[123] The affidavits of the two assistants and Ms. M contained statements about their individual conduct and involvement in the completion of the account documentation for client transfers (and the mutual fund switch tickets for the registered representative affidavit only) and their views about Eley's conduct, knowledge and involvement. In addition, the affidavits contained statements about their concerns with the factual findings in the Merits Decision.

[124] The IIROC Panel considered the affidavit of the chief compliance officer in two parts. The first part contained statements about his role, responsibilities and his observations and understanding of Eley's conduct following the material time. The second part disputed certain witness testimony at the merits hearing and certain factual findings and inferences made by the IIROC Panel in the Merits Decision.

[125] The IIROC Panel reviewed the five affidavits, received written and oral submissions from the parties and adjourned to deliberate. The IIROC Panel declined to admit the affidavits with the exception of the first part of the chief compliance officer's affidavit.

[126] In excluding much of the affidavit evidence, the IIROC Panel determined that it was irrelevant to the issues at the sanctions hearing, contained no new evidence (as this evidence was available at the time of the merits hearing) and amounted to an attempt to re-open its findings on the merits. The IIROC Panel concluded that admission of this evidence would undermine the credibility and efficiency of IIROC's disciplinary process.

[127] A panel should consider all evidence relevant to the determination of sanctions and costs while ensuring that any efforts to re-open and re-litigate the findings on the merits are not permitted.[78]

[128] In our view, the decision of the IIROC Panel to exclude the affidavit evidence was reasonable and neither constitutes an error in law nor provides any other basis for our intervention. The affidavit evidence (except for the admitted portion of one affidavit) related entirely to the merits and amounted to a collateral challenge of the IIROC Panel's findings of misconduct at the merits hearing. Therefore, we reject this ground for review.

2. Did the IIROC Panel Err in Law by Imposing Sanctions that are Harsh and Excessive?

[129] Eley submits that the IIROC Panel erred in law and proceeded on an incorrect principle by relying upon certain factual findings for which there was no evidence as a basis for imposing a suspension, including that:

a. Eley "altered client documents after signature, specifically dates when the documents were purportedly signed, so that the records in the client files were not accurate" when there was no evidence that Eley deleted the dates and there was evidence that none of the deleted dates were in fact the date that the client signed the document;

[77] Written Submissions of Douglas John Eley dated December 11, 2020 at para 143

[78] *Northern Securities* at para 40; *Northern Securities Inc. v Ontario (Securities Commission),* 2015 ONSC 3641 (Div Ct) at para 13*; FactorCorp Inc. (Re),* 2013 ONSEC 34, (2013) 36 OSCB 9582 at paras 80-82

b. Eley engaged in a "pattern of improper additions and alterations to clients' file records" when the evidence demonstrated there was no pattern of misconduct;

c. Eley added management fees and investment objective and risk tolerance information to previously signed managed account agreements when there was no evidence that Eley completed the management fee schedules and the evidence demonstrated that the management fees and the change to client objectives and risk tolerances were authorized by the clients; and

d. Eley used previously signed mutual fund switch tickets to facilitate transfers when there was no evidence that the tickets were ever used by Eley to facilitate a transfer.

[130] We do not agree. We note that similar arguments were raised by Eley before the IIROC Panel and rejected.[79] In our view, these submissions inappropriately parse various portions of the Sanctions Decision, misapprehend the basis for the IIROC Panel's determination of the appropriate sanctions and amount to an attempt to challenge the factual findings from the Merits Decision.

[131] The IIROC Panel considered the protective, preventive and prospective nature of sanctions and the applicable principles, including the importance of fostering investor protection and improved industry standards and practices, strengthening market integrity and confidence in the market, the seriousness of the misconduct and the need for specific and general deterrence.[80]

[132] The IIROC Panel considered the full circumstances, including the nature, extent and circumstances of the misconduct, Eley's experience and prior disciplinary record, the lack of any evidence of client harm or financial benefit to Eley, that Eley acted at the direction of the client in some cases and Eley's satisfactory conduct for more than four years since the matters in issue.

[133] The IIROC Panel's approach to determining the appropriate sanctions is consistent with the purpose and principles applicable to regulatory sanctions, the IIROC Sanction Guidelines and prior IIROC decisions imposing significant sanctions for alterations to previously signed client documents and use of pre-signed client documents.[81]

[134] The Commission has, as a matter of practice, taken a restrained approach to the review of sanctions issued by IIROC. This approach is consistent with the Commission's statutory oversight function and its recognition of the specialized knowledge, familiarity, and expertise of IIROC hearing panels on standards of practice and business conduct of its members, the regulatory framework and sanction guidelines.[82]

[135] In our view, the IIROC Panel's decision on sanctions and costs appropriately reflected the principles applicable to sanctions and was reasonable. We find no error warranting our intervention and dismiss this ground of the application.

3. Did the IIROC Panel Make an Error in Law by Failing to Consider Settlement Discussions as a Factor in Determining the Costs Award?

[136] Eley submits that the IIROC Panel failed to consider the content of settlement discussions between Eley and IIROC Staff prior to making its costs order of $50,000 and accordingly the costs award should be varied.

[137] We see no basis for challenging the costs order of the IIROC Panel. We are satisfied that the IIROC Panel properly exercised its discretion and that the costs award is reasonable in the circumstances.

[138] At the sanctions hearing, among other things:

a. IIROC Staff submitted evidence of its costs totalling approximately $132,000 and sought a costs award of $75,000; and

b. Eley submitted that there had been settlement discussions between the parties and did not provide any information or evidence on the content of these settlement discussions.

[139] The IIROC Panel heard submissions on whether settlement discussions were a factor it should consider in respect of any costs order. Eley submitted that the fact of settlement discussions should be a relevant factor in determining costs if the sanctions ordered were less than the terms offered by IIROC Staff during the settlement discussions. IIROC Staff submitted that neither the fact of settlement negotiations nor the content of the settlement negotiations was relevant to the determination of a costs award.

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79 Sanctions Decision at para 42
80 Sanctions Decision at paras 29 and 30.
81 IIROC *Sanction Guidelines*; *Erikson v Ontario (Securities Commission),* [2003] OJ No 593 at paras 55-56 and 59
82 *Ricci (Re)*, 2015 ONSEC 7, (2015) 38 OSCB 2364 at paras 34 and 35

[140] The IIROC Panel considered these submissions and ultimately determined the costs award without requesting or receiving any evidence or further submissions respecting the content of the settlement negotiations between Eley and IIROC Staff.

[141] In our view, it was reasonable, in circumstances where IIROC Staff was entirely successful, to award costs without consideration of the content of prior settlement negotiations between the parties. We see no basis for our intervention in respect of the costs order.

V. CONCLUSION

[142] As we have determined that there are no grounds on which we should intervene in the Merits Decision or Sanctions Decision, we did not consider the issues of liability or sanctions afresh and substitute our own decision.

[143] In any event, we would have reached the same result as the IIROC Panel and found that Eley was responsible for making improper alterations to previously signed client documents, either by making, authorizing or having knowledge of such alterations, and thereby contravened IIROC Dealer Member Rule 29.1.

[144] For the above reasons, we issued an order on March 5, 2021 dismissing Eley's application for hearing and review. We confirm that the stay order remains in effect for 10 days following the release of these reasons in accordance with the subsequent order issued on March 10, 2021.[83]

Dated at Toronto this 20th day of August, 2021.

"Wendy Berman"

"Raymond Kindiak"

"Craig Hayman"

[83] (2021) 44 OSCB 2313

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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
Aquarius Surgical Technologies Inc.	August 5, 2021	August 17, 2021
Encanto Potash Corp.	July 7, 2021	August 18, 2021
LeanLife Health Inc.	August 5, 2021	August 18, 2021
ONEnergy Inc.	May 6, 2019	August 18, 2021

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Akumin Inc.	August 20, 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
Akumin Inc.	August 20, 2021	
Agrios Global Holdings Ltd.	September 17, 2020	
New Wave Holdings Corp.	August 3, 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:
Evolve Cryptocurrencies ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Aug 18, 2021
NP 11-202 Preliminary Receipt dated Aug 18, 2021
Offering Price and Description:
USD Units and CAD Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3263758

Issuer Name:
Canada Life Advanced Folio Fund
Canada Life Aggressive Folio Fund
Canada Life American Equity Fund (Beutel Goodman)
Canada Life Balanced Folio Fund
Canada Life Balanced Fund (Beutel Goodman)
Canada Life Canadian Balanced Fund
Canada Life Canadian Dividend Fund (Laketon)
Canada Life Canadian Equity Fund (Beutel Goodman)
Canada Life Canadian Equity Fund (Laketon)
Canada Life Canadian Fixed Income Balanced Fund
Canada Life Canadian Growth Fund (GWLIM)
Canada Life Canadian Low Volatility Fund (London Capital)
Canada Life Canadian Value Fund (FGP)
Canada Life Conservative Folio Fund
Canada Life Core Bond Fund (Portico)
Canada Life Core Plus Bond Fund (Portico)
Canada Life Corporate Bond Fund (Portico)
Canada Life Diversified Fixed Income Folio Fund
Canada Life Dividend Fund (GWLIM)
Canada Life Equity/Bond Fund (GLC)
Canada Life Global All Cap Equity Fund (Setanta)
Canada Life Global Dividend Equity Fund (Setanta)
Canada Life Global Focused Growth Balanced Fund
Canada Life Global Founders Fund (Beutel Goodman)
Canada Life Global Growth Balanced Fund (T. Rowe Price)
Canada Life Global Growth Equity Fund (T. Rowe Price)
Canada Life Global Infrastructure Equity Fund (London Capital)
Canada Life Global Low Volatility Fund (ILIM)
Canada Life Global Monthly Income Fund (London Capital)
Canada Life Global Multi-Sector Bond Fund (T. Rowe Price)
Canada Life Global Real Estate Fund (London Capital)
Canada Life Global Small-Mid Cap Growth Fund
Canada Life Global Value Balanced Fund (Beutel Goodman)
Canada Life Growth and Income Fund (GWLIM)
Canada Life Income Fund (Portico)
Canada Life International Core Equity Fund (JPMorgan)
Canada Life International Opportunity Fund (JPMorgan)
Canada Life Mid Cap Canada Fund (GWLIM)
Canada Life Moderate Folio Fund
Canada Life Money Market Fund
Canada Life Monthly Income Fund (London Capital)
Canada Life North American High Yield Bond Fund
Canada Life North American Specialty Fund
Canada Life Pathways Canadian Concentrated Equity Fund
Canada Life Pathways Canadian Equity Fund
Canada Life Pathways Core Bond Fund
Canada Life Pathways Core Plus Bond Fund
Canada Life Pathways Emerging Markets Equity Fund
Canada Life Pathways Emerging Markets Large Cap Equity Fund

Canada Life Pathways Global Core Plus Bond Fund
Canada Life Pathways Global Multi Sector Bond Fund
Canada Life Pathways Global Tactical Fund
Canada Life Pathways International Concentrated Equity Fund
Canada Life Pathways International Equity Fund
Canada Life Pathways Money Market Fund
Canada Life Pathways US Concentrated Equity Fund
Canada Life Pathways US Equity Fund
Canada Life Risk-Managed Balanced Portfolio
Canada Life Risk-Managed Conservative Income Portfolio
Canada Life Risk-Managed Growth Portfolio
Canada Life Science & Technology Fund (London Capital)
Canada Life Short Term Bond Fund (Portico)
Canada Life Sustainable Balanced Portfolio
Canada Life Sustainable Conservative Portfolio
Canada Life Sustainable Global Bond Fund
Canada Life Sustainable Global Equity Fund
Canada Life Sustainable Growth Portfolio
Canada Life Sustainable U.S. Equity Fund
Canada Life Tactical Bond Fund (Portico)
Canada Life Unconstrained Fixed Income Fund
Canada Life US Dividend Fund (GWLIM)
Canada Life US Equity Fund (London Capital)
Canada Life US Low Volatility Fund (Putnam)
Canada Life US Mid Cap Opportunities Fund
Canada Life US Value Fund (Putnam)
Principal Regulator – Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Aug 19, 2021
NP 11-202 Final Receipt dated Aug 23, 2021

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #3247848

Issuer Name:
Mackenzie Anti-Benchmark Global High Yield Fund
Mackenzie Canadian Sustainable Bond Fund
Mackenzie ChinaAMC Multi-Asset Fund
Mackenzie Global Green Bond Fund
Mackenzie Greenchip Global Environmental Equity Fund
Mackenzie Maximum Diversification Global Multi-Asset Fund
Mackenzie Monthly Income Growth Portfolio
Principal Regulator – Ontario

Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Aug 13, 2021
NP 11-202 Preliminary Receipt dated Aug 18, 2021

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #3262124

Issuer Name:
NBI Canadian Equity Index Fund
NBI U.S. Equity Index Fund
NBI International Equity Index Fund
Principal Regulator - Quebec

Type and Date:
Amendment #1 to Final Simplified Prospectus dated August 13, 2021
NP 11-202 Final Receipt dated Aug 19, 2021

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #3199459

Issuer Name:
BMO China Equity Index ETF
BMO Equal Weight Banks Index ETF
BMO India Equity Index ETF
BMO Monthly Income ETF
Principal Regulator - Ontario

Type and Date:
Amendment #2 to Final Long Form Prospectus dated August 18, 2021
NP 11-202 Final Receipt dated Aug 19, 2021

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #3149448

Issuer Name:
Scotia International Equity Index Fund
Scotia Nasdaq Index Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated August 20, 2021
NP 11-202 Final Receipt dated Aug 23, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3203166

Issuer Name:
Canada Life Floating Rate Income Fund
Canada Life Strategic Income Fund
Canada Life Global Balanced Fund
Canada Life Canadian Dividend Fund
Canada Life Canadian Focused Growth Fund
Canada Life US All Cap Growth Fund
Canada Life Foreign Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated August 19, 2021
NP 11-202 Final Receipt dated Aug 23, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3168783

Issuer Name:
Brompton Lifeco Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated
Received on August 23, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3265654

Issuer Name:
Maple Leaf Short Duration 2021-II Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
Maximum Offering: $20,000,000 - 800,000 Maple Leaf Short Duration 2021-II FlowThrough Limited Partnership – National Class Units
Minimum Offering: $2,500,000 - 100,000 Maple Leaf Short Duration 2021-II FlowThrough Limited Partnership – National Class Units
Price: $25.00 per Unit
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
IA Private Wealth Inc.
Richardson Wealth Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
N/A
Project #3264548

Issuer Name:
Maple Leaf Short Duration 2021-II Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
Maximum Offering: $20,000,000 - 800,000 Maple Leaf Short Duration 2021-II FlowThrough Limited Partnership – Québec Class Units
Minimum Offering: $2,500,000 - 100,000 Maple Leaf Short Duration 2021-II FlowThrough Limited Partnership – Québec Class Units
Price: $25.00 per Unit
Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
IA Private Wealth Inc.
Richardson Wealth Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Echelon Wealth Partners inc.
Manulife Securities Incorporated
Raymond James Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
N/A
Project #3264556

Issuer Name:
Ninepoint 2021 Short Duration Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated August 16, 2021
NP 11-202 Preliminary Receipt dated August 17, 2021
Offering Price and Description:
$25,000,000 (Maximum Offering)
(1,000,000 Limited Partnership Units)
Price Per Unit: $25
Minimum Subscription: $2,500 (100 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
IA Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd..
Richardson Wealth Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
Ninepoint 2019 Corporation
Project #3263120

Issuer Name:
Probity Mining 2021-II Short Duration Flow-Through Limited Partnership - British Columbia Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
Maximum Offering: aggregate of $40,000,000 comprising $20,000,000 for National Class Units; $10,000,000 for British Columbia Class Units; and $10,000,000 for Québec Class Units
(2,000,000 NC-A and/or NC-F Units; 1,000,000 BC-A and/or BC-F Units; and 1,000,000 QC-A and/or QC-F Units)
Minimum Offering: $1,500,000 (150,000 Class A and/or Class F Units)
Price per Unit: $10.00
Minimum Purchase: $5,000 (500 Units
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Richardson Wealth Ltd.
Canaccord Genuity Corp.
Raymond James Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Wellington-Altus Private Wealth Inc.
Sherbrooke Street (SSC) Inc.
Promoter(s):
Probity Capital Corporation
Project #3264524

Issuer Name:
Probity Mining 2021-II Short Duration Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
Maximum Offering: aggregate of $40,000,000 comprising $20,000,000 for National Class Units; $10,000,000 for British Columbia Class Units; and $10,000,000 for Québec Class Units
(2,000,000 NC-A and/or NC-F Units; 1,000,000 BC-A and/or BC-F Units; and 1,000,000 QC-A and/or QC-F Units)
Minimum Offering: $1,500,000 (150,000 Class A and/or Class F Units)
Price per Unit: $10.00
Minimum Purchase: $5,000 (500 Units
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Richardson Wealth Ltd.
Canaccord Genuity Corp.
Raymond James Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Wellington-Altus Private Wealth Inc.
Sherbrooke Street (SSC) Inc.
Promoter(s):
Probity Capital Corporation
Project #3264528

Issuer Name:
Probity Mining 2021-II Short Duration Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
Maximum Offering: aggregate of $40,000,000 comprising $20,000,000 for National Class Units; $10,000,000 for British Columbia Class Units; and $10,000,000 for Québec Class Units
(2,000,000 NC-A and/or NC-F Units; 1,000,000 BC-A and/or BC-F Units; and 1,000,000 QC-A and/or QC-F Units)
Minimum Offering: $1,500,000 (150,000 Class A and/or Class F Units)
Price per Unit: $10.00
Minimum Purchase: $5,000 (500 Units
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Richardson Wealth Ltd.
Canaccord Genuity Corp.
Raymond James Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Wellington-Altus Private Wealth Inc.
Sherbrooke Street (SSC) Inc.
Promoter(s):
Probity Capital Corporation
Project #3264531

NON-INVESTMENT FUNDS

Issuer Name:
Aris Gold Corporation (formerly Caldas Gold Corp.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
C$300,000,000.00 - Common Shares Preferred Shares Debt Securities Subscription Receipts Convertible Securities Warrants Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3264678

Issuer Name:
Billy Goat Brands Ltd. (formerly 1266663 B.C. Ltd.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 16, 2021
NP 11-202 Preliminary Receipt dated August 17, 2021
Offering Price and Description:
19,675,000 Common Shares on deemed exercise of 19,675,000 Special Warrants at a price of $0.02 per Special Warrant 9,505,000 Common Shares on deemed exercise of 9,505,000 Special Warrants at a price of $0.50 per Special Warrant
Underwriter(s) or Distributor(s):
-
Promoter(s):
Kristian Dahl
Kerry Biggs
Project #3263148

Issuer Name:
BuzBuz Capital Corp.
Principal Regulator - Ontario
Type and Date:
Amendment dated August 19, 2021 to Preliminary Long Form Prospectus dated May 20, 2021
NP 11-202 Preliminary Receipt dated August 20, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3225512

Issuer Name:
Canada Silver Cobalt Works Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated August 13, 2021
NP 11-202 Preliminary Receipt dated August 17, 2021
Offering Price and Description:
$30,000,000.00 - Common Shares, Preference Shares, Subscription Receipts, Warrants, Debt Securities, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3261948

Issuer Name:
Denison Mines Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated August 19, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
C$250,000,000.00 - Common Shares Subscription Receipts Units Debt Securities Share Purchase Contracts Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3264413

Issuer Name:
Elemental Royalties Corp.
Principal Regulator - British Columbia
Type and Date:
Amendment dated August 23, 2021 to Preliminary Shelf Prospectus dated May 21, 2021
NP 11-202 Preliminary Receipt dated August 23, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Frederick Bell
Richard Evans
Project #3226852

Issuer Name:
Fountainhall Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated August 20, 2021
NP 11-202 Preliminary Receipt dated August 20, 2021
Offering Price and Description:
OFFERING: $322,500.00 (2,150,000 COMMON SHARES)
Price: $0.15 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
A. MURRAY SINCLAIR
ARTHUR RICHARDS RULE
Project #3264981

Issuer Name:
Innergex Renewable Energy Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated August 23, 2021
NP 11-202 Preliminary Receipt dated August 23, 2021
Offering Price and Description:
$175,007,400.00 - 9,021,000 Common Shares
Price: $19.40 per Offered Share
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
IA PRIVATE WEALTH INC.
Promoter(s):
-
Project #3263573

Issuer Name:
mdf commerce inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated August 17, 2021
NP 11-202 Preliminary Receipt dated August 17, 2021
Offering Price and Description:
$67,840,000.0 - 8,480,000 Subscription Receipts each representing the right to receive one Common Share
Price: $8.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
ECHELON WEALTH PARTNERS INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #3260823

Issuer Name:
Park Lawn Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 20, 2021
NP 11-202 Preliminary Receipt dated August 20, 2021
Offering Price and Description:
$135,044,000.00 - 3,710,000 Common Shares Price: $36.40 per Common Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
CORMARK SECURITIES INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
STIFEL NICOLAUS CANADA INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #3262814

Issuer Name:
Primetime Holdings Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 13, 2021
NP 11-202 Preliminary Receipt dated August 18, 2021
Offering Price and Description:
1,288,077 Subordinate Voting Shares Issuable on Conversion of Outstanding Debentures
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3263593

Issuer Name:
Prosperity Exploration Corp.
Principal Regulator - British Columbia
Type and Date:
Amendment dated August 18, 2021 to Preliminary Long Form Prospectus dated May 18, 2021
NP 11-202 Preliminary Receipt dated August 19, 2021
Offering Price and Description:
A minimum of $350,000.00 - 3,500,000 and $0.10 a maximum of $4,000,00.00 - 4,000,000 of Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
MICHAEL ENGLAND
Project #3225053

Issuer Name:
Standard Lithium Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated August 20, 2021
NP 11-202 Preliminary Receipt dated August 20, 2021
Offering Price and Description:
US$250,000,000.00 - Common Shares Preferred Shares Debt Securities Subscription Receipts Warrants Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3264996

Issuer Name:
Tricon Residential Inc. (formerly, Tricon Capital Group Inc.)
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated August 18, 2021
NP 11-202 Preliminary Receipt dated August 18, 2021
Offering Price and Description:
C$1,500,000,000.00 - Common Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3263673

Issuer Name:
Vegano Foods Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 13, 2021
NP 11-202 Preliminary Receipt dated August 17, 2021
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
Conor Power
Project #3262286

Issuer Name:
Avant Brands Inc. (formerly GTEC Holdings Ltd.)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated August 18, 2021
NP 11-202 Receipt dated August 19, 2021
Offering Price and Description:
$50,000,000.00 - Common Shares Warrants Units Debt Securities Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3248720

Issuer Name:
Brookfield Renewable Partners L.P.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 20, 2021
NP 11-202 Receipt dated August 23, 2021
Offering Price and Description:
Limited Partnership Units Preferred Limited Partnership Units Class A Preference Shares Debt Securities - US$2,000,000,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3260817

Issuer Name:
Brookfield Renewable Partners ULC
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 20, 2021
NP 11-202 Receipt dated August 23, 2021
Offering Price and Description:
Limited Partnership Units Preferred Limited Partnership Units Class A Preference Shares Debt Securities - US$2,000,000,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3260819

Issuer Name:
Brookfield Renewable Power Preferred Equity Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 20, 2021
NP 11-202 Receipt dated August 23, 2021
Offering Price and Description:
Limited Partnership Units Preferred Limited Partnership Units Class A Preference Shares Debt Securities - US$2,000,000,000
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3260820

Issuer Name:
CARS and PARS Programme
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 20, 2021
NP 11-202 Receipt dated August 20, 2021
Offering Price and Description:
Coupons And ResidualS ("CARS"™) and Par Adjusted Rate Securities™ ("PARS"™) Programme ("CARS and PARS Programme") Strip Coupons, Strip Residuals and Strip Packages (including packages of Strip Coupons and PARS) derived by RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., National Bank Financial Inc., Scotia Capital Inc. and TD Securities Inc. from up to Cdn $5,000,000,000.00 of Debt Obligations of Various Canadian Corporations, Trusts and Partnerships
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Project #3259239

Issuer Name:
Gibson Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated August 16, 2021
NP 11-202 Receipt dated August 17, 2021
Offering Price and Description:
$3,000,000,000.00 - Common Shares Preferred Shares Debt Securities Subscription Receipts Warrants Share Purchase Contracts Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3257815

Issuer Name:
Gran Tierra Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus - MJDS dated August 20, 2021
NP 11-202 Receipt dated August 20, 2021
Offering Price and Description:
$500,000,000.00 - Common Stock Preferred Stock Warrants Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3262563

Issuer Name:
MCAN Mortgage Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 20, 2021
NP 11-202 Receipt dated August 20, 2021
Offering Price and Description:
$400,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3261956

Issuer Name:
MineHub Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated August 18, 2021
NP 11-202 Receipt dated August 20, 2021
Offering Price and Description:
$9,200,000.00 -10,119,350 Common Shares issuable upon the conversion of 10,119,350 outstanding Subscription Receipts
Price: $1.00
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
BMO NESBITT BURNS INC.
EVENTUS CAPITAL CORP.
CANACCORD GENUITY CORP.
RED CLOUD SECURITIES INC.
Promoter(s):
Vince Sorace
Project #3238941

Issuer Name:
Nanalysis Scientific Corp.(formerly Canvass Ventures Ltd.)
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated August 17, 2021
NP 11-202 Receipt dated August 18, 2021
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
ECHELON WEALTH PARTNERS INC.
LEEDE JONES GABLE INC.
Promoter(s):
-
Project #3255354

Issuer Name:
Optimi Health Corp.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated August 13, 2021
NP 11-202 Receipt dated August 17, 2021
Offering Price and Description:
$100,000,000.00 - COMMON SHARES, WARRANTS, SUBSCRIPTION RECEIPTS, UNITS
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mike Stier
Project #3251394

Issuer Name:
Traction Exploration Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated August 16, 2021
NP 11-202 Receipt dated August 17, 2021
Offering Price and Description:
5,710,000 Common Shares and 5,710,000 Warrants on Exercise of 5,710,000 Outstanding Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
Michael Malana
Project #3203339

Issuer Name:
VersaBank
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 16, 2021
NP 11-202 Receipt dated August 18, 2021
Offering Price and Description:
$200,000,000.00 - Debt Securities (unsubordinated indebtedness), Debt Securities (subordinated indebtedness), Common Shares, Preferred Shares, Subscription Receipts, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3256641

Issuer Name:
Voyager Digital Ltd.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated August 17, 2021
NP 11-202 Receipt dated August 20, 2021
Offering Price and Description:
US$300,000,000 Common Shares Warrants Subscription Receipts Units Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
STEPHEN EHRLICH
Project #3245350

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Northern Alliance Financial Corporation	Exempt Market Dealer	August 18, 2021
Change in Registration Category	JGL Capital Ltd.	From: Portfolio Manager To: Commodity Trading Manager and Portfolio Manager	August 19, 2021
New Registration	Coinberry Limited	Restricted Dealer	August 19, 2021
Name Change	From: SCOR Investment Partners UK – Coriolis Ltd To: SCOR Investment Partners UK Ltd.	Exempt Market Dealer and Portfolio Manager	August 4, 2021
Name Change	From: Altimum Mutuals Inc. To: Oakhaven Wealth Advisors Inc.	Mutual Fund Dealer	August 10, 2021
Voluntary Surrender	Cowan Asset Management Limited	Exempt Market Dealer, Portfolio Manager, and Investment Fund Manager	August 20, 2021

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 Investment Industry Regulatory Organization of Canada (IIROC) – Client Focused Reforms Rule Amendments – Notice of Commission Approval

NOTICE OF COMMISSION APPROVAL

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

CLIENT FOCUSED REFORMS RULE AMENDMENTS

The Ontario Securities Commission has approved IIROC's proposed Client Focused Reforms rule amendments to make IIROC requirements uniform in all material respects with the reforms to enhance the client-registrant relationship made to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* by the Canadian Securities Administrators (Amendments). The Amendments were published for comments on November 19, 2020 and nine comment letters were received. IIROC has made non-material changes to the Amendments in response to comments received. A summary of the public comments and IIROC's responses, as well as the IIROC Notice of Approval/Implementation, including text of the Amendments, can be found at www.osc.ca.

The Amendments will come into effect on December 31, 2021.

In addition, 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 Northwest Territories Office of the Superintendent of Securities, the Nova Scotia Securities Commission, the Nunavut Securities Office, the Office of the Superintendent of Securities, Service Newfoundland and Labrador, the Office of the Yukon Superintendent of Securities, and the Prince Edward Island Office of the Superintendent of Securities have approved or not objected to the Amendments.

13.3 Clearing Agencies

13.3.1 Canadian Derivatives Clearing Corporation (CDCC) – Proposed Amendments to the Rules, Operations Manual, Risk Manual and Default Manual of the Canadian Derivatives Clearing Corporation to Introduce a Supplemental Liquidity Fund – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

PROPOSED AMENDMENTS TO THE RULES, OPERATIONS MANUAL, RISK MANUAL AND DEFAULT MANUAL OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO INTRODUCE A SUPPLEMENTAL LIQUIDITY FUND

The Ontario Securities Commission is publishing for public comment the proposed amendments to the CDCC Rules, Operations Manual, Risk Manual and Default Manual to introduce a supplemental liquidity fund.

The purpose of the proposed amendments is to comply with Principal 7 “Liquidity Risk” of the Principles for Financial Market Infrastructure (PFMI) published in 2012 by CPMI-IOSCO and ensure that sufficient liquid resources are available to CDCC to cover potential liquidity stress scenarios.

The comment period ends on September 27, 2021.

A copy of the **CDCC Notice** is published on our website at http://www.osc.ca.

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