The Ontario Securities Commission

OSC Bulletin

February 17, 2022

Volume 45, Issue 7

(2022), 45 OSCB

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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Published under the authority of the Commission by:
Thomson Reuters
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4
416-609-3800 or 1-800-387-5164

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Printed in the United States by Thomson Reuters.

ISSN 0226-9325

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Notices

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Harry Stinson et al. – ss. 127(1), 127.1

File No.: 2022-3

IN THE MATTER OF
HARRY STINSON,
BUFFALO GRAND HOTEL INC.,
STINSON HOSPITALITY MANAGEMENT INC.,
STINSON HOSPITALITY CORP.,
RESTORATION FUNDING CORPORATION,
BUFFALO CENTRAL LLC, AND
STEPHEN KELLEY

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: March 9, 2022 at 10:00 a.m.
LOCATION: By Videoconference

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 February 10, 2022.

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 11th day of February 2022.

"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
HARRY STINSON,
BUFFALO GRAND HOTEL INC.,
STINSON HOSPITALITY MANAGEMENT INC.,
STINSON HOSPITALITY CORP.,
RESTORATION FUNDING CORPORATION,
BUFFALO CENTRAL LLC, and
STEPHEN KELLEY

STATEMENT OF ALLEGATIONS
(Subsections 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 Ontario Securities Commission bring this proceeding to hold Harry Stinson accountable for his further violation of the registration and prospectus requirements of Ontario securities law and for making misleading statements to investors. Staff also bring this proceeding against Stinson's employee, Stephen Kelley, for his role in violating Ontario securities law and making misleading statements to investors.

2. Stinson acknowledged in a December 2006 settlement agreement with Staff that he had breached the registration and prospectus requirements of the Securities Act, RSO 1990 c. S5. (the **Act**) by trading in securities as part of an unregistered hotel-condominium project.

3. Despite his previous violations, Stinson orchestrated another hotel-condominium project in November 2016 called the Buffalo Grand Hotel, in respect of which he and corporate entities he controlled sold approximately $19 million in securities to investors, mainly based in Ontario, without being registered with the Commission and without providing investors with a prospectus.

4. Stinson and Kelley actively promoted the investments in the hotel through various Stinson entities. Using subscription agreements, they sold securities to investors, including promissory notes related to the Hotel. In some cases, they offered investors shares in Stinson Hospitality Corporation (**SHC**) or Restoration Funding Corporation (**Restoration**) in exchange for their investments.

5. Stinson and other respondents also made false or misleading statements to investors that all investments were RRSP and TFSA-eligible, and that some were secured by a mortgage and interest reserve. They were not. Instead of securing investor funds, Stinson caused them to be comingled with funds in bank accounts from other projects without appropriate segregation and recordkeeping.

6. Furthermore, Stinson, Kelley and SHC repeatedly breached a Temporary Cease Trade Order in this matter by issuing shares to investors after being ordered to stop.

7. Registration requirements serve an important gatekeeping function by ensuring that only properly qualified and suitable persons engage in the business of trading securities with the public, and registrants under the Act are subject to a robust regulatory regime and ongoing oversight. Prospectus requirements ensure that investors receive full, true, and plain disclosure of all material facts relating to the securities being issued, helping them make informed investment decisions.

8. By disregarding these cornerstone principles of Ontario securities law, and by flouting the Commission's Orders, the Respondents exposed investors to risk and undermined confidence in the capital markets.

B. FACTS

Staff of the Commission make the following allegations of fact:

The Hotel Investments

9. In 2016, Stinson formed a plan to purchase and renovate the Hotel and convert it into a condominium structure in which investors would own individual units and share in a portion of the Hotel's global profits from operations.

10. Stinson is a resident of Hamilton, Ontario and is a real estate broker and developer.

11. Stinson involved a series of corporations in the project, namely Buffalo Grand Hotel Inc. (**BGHI**), Stinson Hospitality Management Inc. (**SHMI**), SHC, Restoration Funding Corporation (**Restoration**), and Buffalo Central LLC (**BCLLC**) (collectively the **Stinson Entities**). Stinson founded these entities and was their sole officer and director. During the period between November 2016 and March 2020 (the **Material Time**), Stinson controlled and operated the Stinson

Entities in the capital raising activity described below. At times, Stinson used the Stinson Entities interchangeably in their capital-raising roles.

12. Details of the roles of these entities in the Hotel's capital-raising activity are as follows:

    (a) BGHI is a New York corporation and the owner of the Hotel. It carries on Hotel business. BGHI entered into subscription agreements with Ontario residents.

    (b) SHMI, formerly Stinson Hospitality Buffalo Inc., is a federally incorporated Canadian corporation. SHMI entered into subscription agreements with investors.

    (c) SHC is an Ontario corporation involved in hospitality operations at the Hotel. SHC received funds from investors and in some cases also issued common shares to investors in exchange for their investment.

    (d) Restoration is an Ontario corporation that acts as a trustee for funds invested in the Hotel. Restoration received investor funds from Ontario residents and in some cases also issued common shares to investors in exchange for their investment.

    (e) BCLLC is a New York corporation, which entered into subscription agreements with investors.

13. Neither Stinson nor any of the Stinson Entities were registered under the Act during the Material Time.

14. In November 2016, Stinson and the Stinson Entities began actively soliciting investments in the Hotel, primarily from Ontario investors.

15. On or around July 10, 2018, BGHI purchased the Hotel for approximately USD 17 million.

16. Since March 2018, Kelley has been the Hotel's Manager of Client Services. Kelley was held out as an "Investment Coordinator" and solicited investments in the Hotel. Kelley has never been registered under the Act in any capacity and has no education, training, or experience in the securities industry.

17. During the Material Time, the Respondents actively and regularly promoted investments in the Hotel through multiple channels. This included posting promotional content on social media, sending mass emails, hosting investment seminars, disseminating promotional flyers and brochures, meeting with potential investors, giving tours of the Hotel, publishing a promotional YouTube video about the Hotel, and posting promotional material on Stinson's website.

18. The promotional material included statements such as:

    (a) "rapid, fixed returns";

    (b) "Fixed double-digit returns, no surprises";

    (c) "a fast flip on your investment funds";

    (d) "Earn 20+% (RRSP – and TFSA – eligible)";

    (e) "Fixed return, (not a 'projection')";

    (f) "A rare opportunity for investors to participate in a full-service luxury convention hotel";

    (g) "Investors share in ALL of the revenues, from all suites (not just their own) as well as from banquets, weddings, events, meetings, dining room, lobby, bar, room service, parking…from all of the revenue streams and departments of the hotel and conference centre"; and

    (h) "Cash and Registered Funds Accepted".

19. Throughout the Material Time, Stinson, BGHI, SHMI, and BCLLC raised capital from investors through one of three broad categories of subscription agreements (collectively, the **Subscription Agreements**). Each of the investments offered through the Subscription Agreements (described below) is a 'security' as defined in subsection 1(1) of the Act:

    (a) A 'Unit Purchase Agreement', in which an investor paid a fixed price for the purchase of a specific suite, with the transfer of title to take place upon the Hotel's conversion to a condominium structure. Under the Unit Purchase Agreement, once title to a suite had been transferred, the investor would lease the suite back to one of the Respondents in exchange for a 'leaseback' payment of 5% per annum of the purchase price and a proportionate share of net profits (total income, less total expenses) from all Hotel suites and revenue streams. In the interim period between the investor's initial investment and the transfer of title, the investment agreement

involved a promissory note in favour of the investor, under which the investor was typically entitled to receive 5% quarterly interest payments.

(b) An 'Option to Purchase Agreement', in which an investor paid a fixed price for a promissory note with a fixed rate of interest payable to the investor quarterly. Upon conversion of the Hotel to a condominium structure, the investor has the option to convert the investment into the purchase of a suite in the Hotel. If the investor exercises that option, the investor leases the suite back to one of the Respondents in exchange for a leaseback payment of 5% per annum of the purchase price and a proportionate share of net profits (total income, less total expenses) from all Hotel suites and revenue streams.

(c) A 'Wholesale Room Block Agreement', in which an investor purchased a block of Hotel rooms, at reduced "wholesale prices" in a future month. In exchange, the investor would be paid a fixed return based on the higher, "retail price" of those rooms that Hotel patrons pay for their stay in that future month. The investment was described as involving a promissory note. The wholesale room rate and the retail projected room rate are both specified in the Wholesale Room Block Agreement, as is the amount of the investor's total investment and the "retail payout" the investor will receive. Some of these agreements include an option for investors to roll-over their investment plus accrued interest into the purchase of a suite in the Hotel that would include a leaseback term substantially the same as those described in subparagraphs (a) and (b) above.

Use of Investor Funds and Status of the Hotel Project

20. Despite advising investors that they intended to undertake substantial renovations to the Hotel that would increase the value of the Hotel and ultimately benefit investors who stood to share in resulting increased profits from Hotel operations, Stinson and the Stinson Entities spent only a modest share of investor funds on renovations to the Hotel.

21. Instead, Stinson and the Stinson Entities failed to put in place proper segregation and allowed investor funds to be co-mingled into omnibus accounts from which funds were used for other Stinson projects and transfers were made to other bank accounts and credit cards, including certain accounts and credit cards held by Stinson.

22. The Respondents failed to maintain accurate records of funds raised from investors and failed to properly record the use of those funds.

23. During the Material Time, the Respondents encountered cash flow issues and were unable to meet their loan obligations under loan agreements related to the purchase of the Hotel. Beginning in March 2019, the Respondents were required to enter into loan forbearance agreements as a result of their inability to meet their loan obligations.

24. The Respondents did not disclose their cash flow issues to potential investors while continuing to raise funds for the Hotel and encouraged investors who had invested in other Stinson projects to roll their investments over into the Hotel.

25. Stinson and the Stinson Entities did not complete, or in some cases begin, certain renovations they told investors they would make to the Hotel.

26. As of November 2021, Stinson and the Stinson entities have not obtained the necessary legal authorizations or approvals to convert the Hotel to a condominium structure.

Illegal Distribution

27. Stinson, BGHI, SHMI, and BCLLC, which were parties to the Subscription Agreements, issued investments.

28. Each of the investments offered through the Subscription Agreements is a 'security' as defined in subsection 1(1) of the Act.

29. Stinson, BGHI, SHMI, and BCLLC engaged in trading in securities, which constituted distributions of the securities, without filing a preliminary prospectus and a prospectus with the Commission, and where no exemptions were available, contrary to subsection 53(1) of the Act.

30. Stinson, BGHI, SHMI, and BCLLC did not take steps to determine whether investors qualified as accredited investors. Many did not.

31. The investments offered through the Subscription Agreements did not qualify for any other exemption from the prospectus requirement set out in section 53 of the Act and the Respondents did not file reports of exempt distributions, including Form 45-106F1, with the Commission.

32. Stinson authorized, permitted, or acquiesced in BGHI, SHMI, and BCLLC's illegal distributions and, pursuant to section 129.2 of the Act, is deemed to have contravened subsection 53(1) of the Act.

Unregistered Trading

33. Throughout the Material Time, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities without being registered under subsection 25(1) of the Act as dealing representatives. In particular:

    (a) Stinson and Kelley actively promoted investment opportunities in the Hotel on behalf of Restoration, SHC, SHMI, BCLLC and BGHI;

    (b) Stinson and Kelley regularly advertised investment opportunities in the Hotel on behalf of Stinson Entities;

    (c) Stinson prepared and/or was responsible for the content of the website promoting the Hotel, the promotional material circulated by email and in hardcopy, and the slide decks shown to or provided to investors;

    (d) Stinson, Restoration, SHMI, SHC, BGHI, and BCLLC entered into investment agreements offering promissory notes, payments, and profit sharing in exchange for investor funds;

    (e) Stinson, and at Stinson's direction, Kelley, met and communicated with investors in the Hotel to facilitate investments. This included meeting and communicating with investors personally, including through appearances at investor seminars and conferences, having investors sign Subscription Agreements, and having investors make deposits for their investments;

    (f) Stinson and the Stinson Entities stood to profit or receive compensation from the success of the Hotel investment project;

    (g) Kelley stood to receive compensation from new investor funds raised for the Hotel; and

    (h) Restoration, SHMI, and SHC accepted deposits for Hotel investments and Restoration and SHC offered shares to investors in exchange for investments.

34. Stinson took steps to contact exempt market dealers but ultimately chose not to retain a dealer and to issue and trade securities directly through the Stinson Entities.

35. The Respondents acted with repetition, regularity, and continuity over the Material Time, raising approximately $19 million from approximately 207 investors.

36. Stinson authorized, permitted, or acquiesced in the Stinson Entities engaging in the business of unregistered trading and, pursuant to section 129.2 of the Act, is deemed to have contravened subsection 25(1) of the Act.

False and Misleading Representations to Investors

37. Stinson, Kelley, and BGHI made three sets of false or misleading statements to investors in their promotional materials or Subscription Agreements, which are detailed below.

Representation 1: Hotel Investments Were RRSP and TFSA Eligible

38. Stinson drafted and/or approved promotional material that stated or conveyed that all investments in the Hotel were qualified investments for Registered Retirement Savings Plans (**RRSP**s) and Tax-Free Savings Accounts (**TFSA**s).

39. Stinson and Kelley provided investors with this promotional material and personally confirmed to investors that all investments were qualified investments for RRSPs and TFSAs.

40. Examples of these representations included:

    (a) a promotional flyer that advertised investment in the Hotel being different by virtue of "individual real estate ownership" and the ability of investors to "use [their] RRSP or TFSA" for their investments in the Hotel; and

    (b) a YouTube video in which Stinson appeared in front of a poster listing "20 good reasons" to invest in the Hotel. The reasons included "[f]ull ownership of individually titled suites" and "RRSP & TFSA eligible."

41. Purchases of individually titled Hotel suites were not qualified investments for RRSPs or TFSAs.

Representation 2: Investor Funds Secured by a Mortgage

42. Certain Subscription Agreements stated that investor funds would be collectively secured by a USD 40 million mortgage against the Hotel property. Despite making this representation to investors, no such mortgage was put in place. Neither

Stinson nor the Stinson Entities took any material steps to place a mortgage on the Hotel property for the benefit of investors.

Representation 3: Investor Funds Would Be Secured by an Interest Reserve

43. Certain Subscription Agreements stated that one or more of the Stinson Entities would maintain an interest reserve equal to 10% of the value of investor funds in the Hotel. The purpose of the interest reserve was to ensure that adequate funds were available to pay regular interest payments owing to investors under the Subscription Agreements. Neither Stinson nor the Stinson Entities established an interest reserve.

44. The representations regarding RRSP and TFSA eligibility, mortgage security, and an interest reserve described in paragraphs 38 through 43 above were false and misleading. Each of the representations was one that a reasonable investor would consider relevant in deciding whether to enter or maintain a trading relationship with the Respondents and that investors in the Hotel did in fact consider relevant in making their decision to invest in the Hotel. By making these false or misleading statements about matters that a reasonable investor would consider relevant and by omitting information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, the Respondents breached subsection 44(2) of the Act.

45. Stinson authorized, permitted, or acquiesced in the three sets of misleading statements made by BGHI and, pursuant to section 129.2 of the Act, is deemed to have contravened subsection 44(2) of the Act.

Breaches of the Temporary Cease Trade Order

46. Stinson, Kelley, and SHC failed to comply with the terms of the March 20, 2020 TCTO and the Commission's orders extending the TCTO (collectively, the **TCTOs**).

47. The TCTO ordered that the following trading cease:

    (a) trading in any securities by BGHI, SHMI, SHC, Restoration, and Stinson or by any person on their behalf; and

    (b) trading in securities related to the Hotel, including trading related to Hotel suites or 'units' and trading related to wholesale room blocks.

48. The Commission extended the TCTO on April 3, 2020, January 29, 2021, April 28, 2021, and October 29, 2021. The orders extending the TCTO prohibited all trading in any securities by or of BGHI, SHMI, SHC, Restoration, and Stinson.

49. In January and February 2021, while the TCTOs remained in effect, Stinson and Kelley caused SHC to issue approximately 45,140 shares in SHC to approximately eight investors. SHC issued the shares in lieu of interest payments owing to those investors, in breach of the Commission's orders.

50. Stinson authorized the issuance of the shares and share certificates, and signed the share certificates in his capacity as President of SHC; and

51. Kelley facilitated the issuance of shares and share certificates, including through communications with investors and with third parties with custody of the certificates.

52. By engaging in the conduct described above, SHC, Stinson, and Kelley breached the terms of the TCTOs and thereby contravened Ontario securities law.

53. Stinson authorized, permitted, or acquiesced in SHC's breaches of the TCTOs and, pursuant to section 129.2 of the Act, is deemed to have contravened Ontario securities law.

C. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

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

54. During the Material Time, Stinson, BGHI, SHMI, and BCLLC participated in distributions of securities without filing a preliminary prospectus or a prospectus and without an applicable exemption to the prospectus requirement, contrary to section 53 of the Act;

55. During the Material Time, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities, without the required dealer registration, and where there were no exemptions to the requirement to be registered as dealer available to them, contrary to s. 25(1) of the Act;

56. Stinson, Kelley, and BGHI made untrue, false, or misleading representations that a reasonable investor would have considered relevant in deciding whether to enter into or maintain a trading relationship, contrary to subsection 44(2) of the Act;

57. SHC, Stinson, and Kelley engaged in trades of SHC securities and, as a result, breached the terms of the TCTOs, thereby contravening Ontario securities law;

58. Stinson, as a director or officer of the Stinson Entities, authorized, permitted, or acquiesced in the Stinson Entities' non-compliance Ontario securities law, and accordingly are deemed to have failed to comply with Ontario securities law, pursuant to section 129.2 of the Act;

59. The Respondents acted in a manner contrary to the public interest; and

60. Staff reserve the right to amend these allegations and make such further allegations as Staff may advise and the Commission may permit.

D. ORDER SOUGHT

Staff request that the Commission make the following orders:

(a) that trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of s. 127(1) of the Act;

(b) that the Respondents be prohibited from the acquisition of any securities permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of s. 127(1) of the Act;

(c) that any exemption contained in Ontario securities law does not apply to the Respondents, permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of s. 127(1) of the Act;

(d) that the Respondents be reprimanded, pursuant to paragraph 6 of s. 127(1) of the Act;

(e) that Stinson and Kelley resign all positions they hold as a director or officer of an issuer, pursuant to paragraph 7 of s. 127(1) of the Act;

(f) that Stinson and Kelley are prohibited from becoming or acting as a director or officer of any issuer, pursuant to paragraph 8 of s. 127(1) of the Act;

(g) that Stinson and Kelley resign from all positions they hold as a director or officer of any registrant, pursuant to paragraph 8.1 of s. 127(1) of the Act;

(h) that Stinson and Kelley are prohibited from becoming or acting as a director or officer of any registrant, pursuant to paragraph 8.2 of s. 127(1) of the Act;

(i) that Stinson and Kelley be prohibited from becoming or acting as a registrant, or promoter permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of s. 127(1) of the Act;

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

(k) that the Respondents disgorge to the Commission any amounts obtained as a result of their non-compliance with Ontario securities law, pursuant to paragraph 10 of s. 127(1) of the Act;

(l) that the Respondents pay Staff's costs of the investigation and the hearing, pursuant to s. 127.1 of the Act; and

(m) such other order as the Commission considers appropriate in the public interest.

DATED at Toronto this 10th day of February, 2022.

Staff of the Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

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1.3.2 Morrie Tobin – ss. 127(1), 127(10)

File No.: 2022-2

IN THE MATTER OF
MORRIE TOBIN

NOTICE OF HEARING
Subsections 127(1) and 127(10) of the *Securities Act,* RSO 1990, c S.5

PROCEEDING TYPE: Inter-jurisdictional Enforcement Proceeding
HEARING DATE AND TIME: In writing

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 February 9, 2022.

Take notice that Staff of the Commission has elected to proceed by way of the expedited procedure for a written hearing provided for by Rule 11(3) of the Commission's Rules of Procedure.

Staff must serve on you this Notice of Hearing, the Statement of Allegations, Staff's hearing brief containing all documents Staff relies on, and Staff's written submissions.

You have **21 days** from the date Staff serves these documents on you to file a request for an oral hearing, if you do not want to follow the expedited procedure for a written hearing.

Otherwise, you have **28 days** from the date Staff served these documents on you to file your hearing brief and written submissions.

REPRESENTATION

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

FAILURE TO PARTICIPATE

IF A PARTY DOES NOT PARTICIPATE 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

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Dated at Toronto this 11th day of February, 2022.

"Grace Knakowski"
Secretary to the Commission

For more information

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

IN THE MATTER OF
MORRIE TOBIN

STATEMENT OF ALLEGATIONS
(Subsections 127(1) and 127(10) of the *Securities Act,* RSO 1990, c S.5)

A. OVERVIEW

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) seek an inter-jurisdictional enforcement order based on a finding by the United States Department of Justice (**DoJ**) and the Securities and Exchange Commission (**SEC**) that Morrie Tobin (**Tobin** or the **Respondent**) committed securities fraud by pumping and dumping shares of publicly traded companies. Tobin is Canadian and a former registrant.

2. Staff elect to proceed using the expedited procedure for inter-jurisdictional proceedings as set out in Rule 11(3) of the Commission's *Rules of Procedure*.

B. FACTS

Tobin Convicted of Securities Fraud in U.S. Criminal Proceeding

3. The DoJ filed an Information against Tobin on November 27, 2018 alleging that between 2013 and 2018 (the **Material Time**), Tobin and others committed securities fraud by pumping and dumping the shares of publicly traded companies.

4. Tobin is a Canadian residing in Los Angeles, California. Tobin was previously registered with the Commission as a Trading Officer under the category of Limited Market Dealer with Powerone Capital Markets Limited from January 2, 2004 to September 23, 2005.

5. On February 27, 2019, Tobin pleaded guilty to conspiracy to commit securities fraud in violation of Title 18 of the United States Code, Section 371 and Title 15 United States Code, Section 78j(b) and 78ff before the Honourable Nathaniel M. Gorton of the United States District Court for the District of Massachusetts.

6. In connection with his guilty plea, Tobin signed a plea agreement which was filed with the District Court on December 3, 2018 (the **Plea Agreement**). The Plea Agreement was accepted by the District Court as a part of Tobin's guilty plea on February 27, 2019.

7. As part of the Plea Agreement, Tobin admitted to the facts submitted in the Information. Tobin admitted that during the Material Time, he and others conspired to commit securities fraud by disguising the conspirators' ownership and control of various microcap securities, and employing paid promotional campaigns and manipulative trading techniques to artificially inflate the price and trading volume of those stocks so that Tobin and others could secretly sell their shares of those stocks at a substantial profit.

8. On August 18, 2020, Tobin was sentenced to 12 months and one day of imprisonment and ordered to forfeit to the United States an amount of USD $4 million. Upon release, special conditions of supervision include being prohibited from engaging in activities related to the stock market, including stock promotions, trading or analysis. Tobin was required to surrender himself to serve the sentence at an institution designated by the Bureau of Prisons (**BoP**) by September 23, 2020.

9. On December 18, 2020, an Amended Judgment was issued, ordering Tobin to pay Restitution in the amount of $1,908,583.26.

10. On October 1, 2021, a further Amended Judgment was issued, reducing Tobin's sentence to four months incarceration followed by a term of eight months home confinement and two-year supervised release. The special conditions refer to the possibility that Tobin may be deported.

11. In light of the Covid 19 pandemic and confidential assistance efforts, Tobin sought and was granted a number of extensions to self surrender. Tobin's final extension to self surrender to a BoP designated institution was December 30, 2021. Tobin is now in custody.

Tobin Sanctioned in SEC Proceeding

12. The SEC filed a complaint against Tobin and others on November 27, 2018. The complaint alleges that Tobin and others engaged in securities fraud. It further alleges that Tobin engaged in a deceptive scheme to sell publicly traded stock to investors. As a result of the scheme, "what appeared to be ordinary trading by unaffiliated investors was actually a massive dump of shares by a company insider and his team seeking to profit at the expense of defrauded investors".

13. On April 16, 2021, a Final Judgment as to Defendant Morrie Tobin (**SEC Judgment**) was issued by Justice Gorton in the SEC proceeding. Tobin "consented to the entry of this Final Judgment; waived findings of fact and conclusions of law and waived any right to appeal from this Judgment".

14. The SEC Judgment permanently prohibits Tobin from violating fraud provisions of the US *Securities Exchange Act*. Tobin is further permanently barred from "participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock".

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

15. Pursuant to paragraph 1 of subsection 127(10) of the Act, Tobin's conviction for an offence arising from transactions, business or course of conduct related to securities or derivatives may form the basis for an on order in the public interest made under subsection 127(1) of the Act.

16. Staff allege that it is in the public interest to make an order against Tobin.

D. ORDER SOUGHT

17. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 1 of subsection 127(10) and subsection 127(1) of the Act against Tobin that:

    (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Tobin cease permanently;

    (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Tobin be prohibited permanently;

    (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Tobin permanently;

    (d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Tobin resign any positions that he holds as a director or officer of any issuer or registrant;

    (e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Tobin be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant;

    (f) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Tobin be prohibited permanently from becoming or acting as a registrant or promoter; and

    (g) such other order or orders as the Commission considers appropriate.

18. Staff reserve the right to amend these allegations and to make such further and other allegations as Enforcement Staff may advise and the Commission may permit.

DATED this 9th day of February, 2022.

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

Sarah McLeod
Litigation Counsel
Enforcement Branch
LSO # 70986C
Tel: (416) 597-7809
Email: smcleod@osc.gov.on.ca

1.4 Notices from the Office of the Secretary

1.4.1 Harry Stinson et al.

FOR IMMEDIATE RELEASE
February 11, 2022

HARRY STINSON,
BUFFALO GRAND HOTEL INC.,
STINSON HOSPITALITY MANAGEMENT INC.,
STINSON HOSPITALITY CORP.,
RESTORATION FUNDING CORPORATION,
BUFFALO CENTRAL LLC, AND
STEPHEN KELLEY,
File No. 2022-3

TORONTO – The Office of the Secretary issued a Notice of Hearing on February 11, 2022 setting the matter down to be heard on March 9, 2022 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 February 11, 2022 and Statement of Allegations dated February 10, 2022 are available at www.osc.ca

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

1.4.2 Morrie Tobin

FOR IMMEDIATE RELEASE
February 11, 2022

MORRIE TOBIN,
File No. 2022-2

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* in the above named matter.

A copy of the Notice of Hearing dated February 11, 2022 and Statement of Allegations dated February 9, 2022 are available at www.osc.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CIBC Investor Services Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) – Large investment dealer and derivatives dealer with separate operating lines of business exempted from the requirement in section 11.2 of NI 31-103 to designate an individual as the ultimate designated person (UDP), and instead permitted to designate two UDPs, one for each distinct line of business.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 11.2 and 15.1.

February 8, 2022

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
CIBC INVESTOR SERVICES INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief, pursuant to section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), from the requirement contained in section 11.2 of NI 31-103 to designate an individual to be the ultimate designated person (**UDP**) and instead permit the Filer to designate and register two individuals as UDP in respect of two distinct lines of securities business of the Filer (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the jurisdictions in Canada outside of Ontario (together with the Jurisdiction, the **Filing Jurisdictions**).

Interpretation

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

Representations

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

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

2. The Filer is registered under the securities legislation of each Filing Jurisdiction in the category of investment dealer and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**). The Filer is also registered in the category of derivatives dealer in Québec.

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

Operational structure

4. The Filer operates two distinct lines of securities business based on the nature of the services provided:

   a. one business line is referred to as Direct Investing & Advice (**Direct Investing**) and includes CIBC Investor's Edge, which offers order execution only (**OEO**) brokerage services, investment tools and research to self-directed investors, but does not provide recommendations or advice to clients; and

   b. the other business line is referred to as CIBC Imperial Investor Service (**IIS**, and

together with Direct Investing, the **Divisions**), which offers advisory accounts, discretionary managed accounts, and trading services to retail clients, where recommendations are limited to proprietary mutual funds, fixed income, structured notes, and deposit products.

5. The Filer has applied for and received approval from IIROC pursuant to Rule 1300.1(w) not to comply with suitability determination requirements when accepting orders from a client where no recommendation is provided, in respect of the CIBC Investor's Edge OEO business. The IIS division provides recommendations to clients and has suitability determination responsibilities.

6. Each Division has separate and distinct senior management and operating structures.

The UDPs

7. Currently, the Divisions share the same UDP and Chief Compliance Officer. The Filer does not have a CEO, but instead the head of the Direct Investing division of the Filer is currently the UDP for the Filer, and the head of the IIS division of the Filer is Executive Vice President, Banking Centres.

8. If the Exemption Sought is granted, the Filer intends to have two UDPs. The most senior officer of each Division will be the UDP of their respective Division (together, the **Division Heads**).

9. The Division Heads, regardless of their titles from time to time, will each have the role that is the equivalent of chief executive officer in respect of the Division for which they are responsible and will be the most senior and final decision maker for their Division. Each Division Head fulfills the following roles for their respective Division:

    a. provides clear leadership and sets the tone at the top for the business lines;

    b. is responsible for the business lines' organizational structure and succession planning;

    c. is the person that the executive management within the business line reports to;

    d. prepares the objectives, strategy and plans, and implements these, for the business lines;

    e. promotes compliance toward industry rules and applicable securities laws;

    f. supervises the activities of the Filer, which are directed toward ensuring compliance with industry rules and applicable securities law requirements;

    g. has accountability for reporting to the Filer's Board of Directors with respect to the Division;

    h. is responsible to the applicable self-regulatory organization for the overall conduct of and the supervision of its employees; and

    i. ensures that supervisory policies and procedures are developed and implemented and adequately reflect the regulatory requirements.

10. There is no line of reporting between the Division Heads. Each Division Head will have direct access and will report independently to the Board of Directors of the Filer in respect of the Division for which they are responsible.

11. No other executive officer of the Filer will have authority to overrule a decision of the applicable Division Head or control either of the Division Heads' access to the Board of Directors of the Filer.

Reasons for the Exemption Sought

12. Under section 11.2 of NI 31-103, a registered firm is required to designate an individual to be the UDP and the UDP must be: (i) the CEO or, if the firm does not have a CEO, an individual acting in a capacity similar to a CEO; (ii) the sole proprietor of the registered firm; or (iii) the officer in charge of a division of the registered firm, if the activity that requires the firm to register occurs only in the division and the firm has significant other business activities (the **UDP Requirement**).

13. Granting the Exemption Sought would be consistent with the policy objectives that the UDP Requirement is intended to achieve because:

    a. The Divisions are independent operations that are distinct from each other and conducted on a very large scale; and

    b. The Division Heads are effectively the most senior executive members of their respective Division.

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 Division shall have its own UDP, who shall be the equivalent of the chief executive officer in respect of the Division for which they are the UDP;

b. Only one individual shall be the UDP of each Division;

c. Each UDP has direct access to the Board of Directors of the Filer; and

d. Each UDP shall fulfill the responsibilities set out in section 5.1 of NI 31-103, and any successor provision thereto, in respect of the division for which they are designated UDP.

"Felicia Tedesco"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

OSC File #: 2021/0660

2.1.2 PIMCO Canada Corp. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit extension of funds' prospectus lapse date by 161 days to facilitate consolidation with the manager's primary fund family prospectus.

Applicable Legislative Provisions

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

November 2, 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
PIMCO CANADA CORP.
(the Filer)

AND

IN THE MATTER OF
PIMCO CLIMATE BOND FUND (CANADA)
PIMCO ESG INCOME FUND (CANADA)
(the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the simplified prospectus, annual information form and fund facts of the Funds (the **Prospectus**) be extended to those time limits that would apply if the lapse date of the Prospectus was June 25, 2022 (the **Requested Relief**).

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

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

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

(together with Ontario, the **Canadian Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the laws of the Province of Nova Scotia with its head office located in Toronto, Ontario.

2. The Filer is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador, a portfolio manager and an exempt market dealer in each of the provinces of Canada, a commodity trading manager in Ontario and an adviser in Manitoba.

3. The Filer is the investment fund manager of each of the Funds. The Filer is also the investment fund manager of the mutual funds listed in Schedule A (the **Other Funds**) that are offered in each of the Canadian Jurisdictions under a simplified prospectus dated June 25, 2021, and so have a lapse date of June 25, 2022 (the **Other Funds Prospectus**).

4. Neither the Filer nor any of the Funds is in default of securities legislation in any of the Canadian Jurisdictions.

5. Each of the Funds is an open-ended mutual fund trust established under the laws of Ontario.

6. Each of the Funds is a reporting issuer in each of the Canadian Jurisdictions.

7. Securities of the Funds are currently qualified for distribution in each of the Canadian Jurisdictions under the Prospectus.

8. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date of the Prospectus is January 15, 2022 (the **Current Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of each of the Funds would have to cease on the Current Lapse Date unless: (i) the Funds file a *pro forma* simplified prospectus at least 30 days prior to the Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after the Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after the Current Lapse Date.

9. The Filer wishes to combine the Prospectus with the Other Funds Prospectus in order to reduce renewal, printing and related costs. Offering the Funds under one prospectus would facilitate the distribution of the Funds in the Canadian Jurisdictions and enable the Filer to streamline disclosure across the Filer's fund platform. The Funds share many common operational and administrative features with the Other Funds and combining them in the same simplified prospectuses will allow investors to more easily compare the features of the Other Funds and the Funds.

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

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

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

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

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

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

Decision

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

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

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

Application File #: 2021/0604

Schedule A

The Other Funds

PIMCO Canadian Total Return Bond Fund
PIMCO Monthly Income Fund (Canada)
PIMCO Flexible Global Bond Fund (Canada)
PIMCO Unconstrained Bond Fund (Canada)
PIMCO Investment Grade Credit Fund (Canada)
PIMCO Global Short Maturity Fund (Canada)
PIMCO Low Duration Monthly Income Fund (Canada)
PIMCO Managed Core Bond Pool
PIMCO Managed Conservative Bond Pool

2.1.3 National Bank Financial Inc. and NatWealth Management (USA) Inc.

Headnote

Exemptive relief application pursuant to sections 263 of the Securities Act (Quebec) and 74 of the Securities Act (Ontario) that a U.S. registered investment adviser, affiliated with a Quebec registered investment dealer, be exempted, subject to certain conditions, from the requirements of sections 148 and 149 of the Securities Act (Quebec), and of subsection 25(3) of the Securities Act (Ontario), in respect of advice provided by its representatives in respect of the U.S. tax-advantaged retirement savings, education or disability plans of clients formerly resident in the U.S.

Applicable Legislative Provision

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., s. 25(3).

February 7, 2022

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND
ONTARIO
(the "Legislation")

AND

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

AND

IN THE MATTER OF
NATIONAL BANK FINANCIAL INC.

AND

NATWEALTH MANAGEMENT (USA) INC.
(the "Filers")

DECISION

Background

The securities regulatory authority or regulator in Québec and Ontario ("**Decision Makers**") have received an application from the Filers for a decision exempting NatWealth Management (USA) Inc. ("**NatWealth**") and its individual representatives that are registered under the Legislation as representatives of NBF (the "**Dual Representatives**") from the adviser registration requirement in respect of advice provided by the Dual Representatives, acting on behalf of NatWealth, to an individual (the "**Ex-U.S. Client**"), where the advice is in respect of the Ex-U.S. Client's retirement plans, tax-advantaged savings, education savings or disability savings plan (each, a "**U.S. Plan**"), and (i) the U.S. Plan is located in the United States of America (the "**U.S.**"), (ii) the Ex-U.S. Client is a holder of or contributor to the U.S. Plan, and (iii) the Ex-U.S. Client was previously resident in the U.S. (the "**Exemption Sought**").

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

(a) the *Autorité des marchés financiers* is the principal regulator for this application,

(b) the Filers have provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR, Chapter V-1.1, r. 1 ("**Regulation 11-102**") is intended to be relied upon in British Columbia, Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and the Yukon, and

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

Interpretation

Terms defined in the Legislation, *Regulation 14-101 respecting Definitions*, CQLR, Chapter V-1.1, r. 3, *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*, CQLR, Chapter V-1.1, r. 10 ("**Regulation 31-103**") and Regulation 11-102 have the same meanings if used in this decision, unless otherwise defined.

Certain other defined terms have the meanings given to them above or below.

Representations

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

National Bank Financial Inc. ("NBF")

1. NBF is an indirect subsidiary of National Bank of Canada.

2. NBF is a registered investment dealer in all jurisdictions of Canada, a registered derivatives dealer in Québec and a registered futures commission merchant in Ontario and Manitoba. As an investment dealer, NBF is a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**").

3. NBF carries on business in all jurisdictions.

4. NBF provides a broad array of wealth management services to Canadian residents, including discretionary and non-discretionary investment management and supervisory services financial planning, estates planning, and brokerage services.

5. NBF does not trade (nor provide advice with respect to the trading) in securities to, with, or on behalf of clients who reside in the U.S. ("**U.S. Clients**") other than in respect of tax-advantaged retirement savings, education savings or disability savings plans ("**Canadian Plans**") held by U.S. Clients who were former residents of Canada and who have now moved to the U.S. and left their Canadian Plans with NBF.

6. NBF is not registered under U.S. federal securities laws nor under any other U.S. securities laws. NBF carries on broker-dealer activities in the U.S. solely in reliance on blanket exemptive relief granted by the Securities and Exchange Commission in *Re Investment Dealers Association of Canada* dated June 7, 2000. NBF does not offer nor engage in any advisory services in the U.S.

7. NBF is not in default of its obligations under securities legislation in any of the jurisdictions.

NatWealth

8. NatWealth is a corporation established under the *Canadian Business Corporation Act*, with its head office located in Montréal, Québec.

9. NatWealth is an indirect subsidiary of National Bank of Canada. Accordingly, the Filers are affiliates.

10. NatWealth has no physical presence in the U.S. It currently carries on business in Alberta, Ontario and Québec and intends to eventually carry on business in all jurisdictions in which NBF is registered and operates.

11. NatWealth provides discretionary investment advisory services to U.S. Clients in reliance upon décision n° 2015-PDG-0036 *Décision Générale relative à la dispense de l'obligation d'inscription prévue aux articles 148 et 149 de la Loi sur les valeurs mobilières en faveur de certaines personnes agissant à titre de courtier ou de conseiller auprès de Clients résidant aux États-Unis d'Amérique* of Autorité des Marchés Financiers, Ontario Securities Commission Rule 32-505 *Conditional Exemption from Registration for United States Broker-Dealers and Advisers Servicing U.S. Clients from Ontario* and equivalent exemptions in other jurisdictions.

12. NatWealth is registered as an investment adviser under the *Investment Advisers Act of 1940* (United States) (the "**1940 Act**").

13. NatWealth is not registered under the securities laws of any jurisdiction of Canada.

14. NatWealth is not in default of its obligations under any applicable U.S. securities laws.

15. NatWealth confirms that there are currently no regulatory actions of the type contemplated by the Notice of Regulatory Action attached as 0 hereto in respect of NatWealth or any predecessors or specified affiliates of NatWealth.

16. NatWealth has engaged Pershing Advisor Solutions LLC ("**PAS**") for trading, custody, clearing and settlement services.

17. Pershing LLC ("**Pershing**"), an affiliate of PAS, acts as the carrying dealer for NatWealth's client accounts.

18. PAS is an introducing broker registered with the U.S. Securities and Exchange Commission (the "**SEC**"), a member of the Financial Industry Regulatory Authority, Inc. ("**FINRA**") and an affiliate of Pershing, a broker-dealer and clearing and carrying firm that is registered with the SEC and a member of FINRA, the New York Stock Exchange (the "**NYSE**") and other self-regulating organizations ("**SROs**").

Dual Representatives

19. NBF and NatWealth operate, or will operate, their businesses out of the same premises in each jurisdiction.

20. Each of the Dual Representatives act on behalf of the Filers in one of the Filers' offices located in the jurisdictions in which the Filers carry on their activities.

21. Each Dual Representative is registered as a representative of NBF in one or more of the Jurisdictions and is qualified to act as an adviser in the U.S on behalf of NatWealth.

22. Each Dual Representative, when acting on behalf of NBF, only advises NBF clients who are (i) residents in the jurisdiction(s) and (ii) U.S. Clients who were former residents of Canada in respect to their Canadian Plans.

23. None of the Dual Representatives is in default of his/her obligations under Canadian securities legislation, nor under any U.S. securities laws.

24. When acting on behalf of NatWealth, each Dual Representative currently only advises U.S. Clients.

25. NatWealth and the Dual Representatives acting on behalf of NatWealth, desire to advise Ex-U.S. Clients with respect to the trading of securities in their U.S. Plans, despite the fact that the Ex-U.S. Clients reside in the jurisdictions.

26. A Dual Representative, acting on behalf of NatWealth, would only advise Ex-U.S. Clients who are residents in the jurisdictions if the Dual Representative is registered as a dealing representative of NBF, in the IIROC approval category of portfolio management, in the relevant jurisdictions in which the Ex-U.S. Clients reside.

27. NatWealth is in the initial stage of its operations, having only started offering portfolio management services to U.S. Clients in January 2021. The impact of the advice that NatWealth proposes to provide to Ex-U.S. Clients, when compared to the overall advising activities of NatWealth, may fluctuate significantly in NatWealth's initial stage of operations. However, over time, NatWealth expects that its advice to Ex-U.S. Clients would become ancillary to NatWealth's principal business of advising U.S. Clients.

28. Notwithstanding the foregoing, it is NatWealth's intention that, as its client base continues to grow, U.S. Clients will comprise most of NatWealth's total revenue, and any revenue deriving from advice offered to Ex-U.S. Clients will become ancillary to NatWealth's principal business of advising U.S. Clients. NatWealth expects that the amount of revenue derived from Ex-U.S. Clients will not exceed 10% of its total revenue.

29. The Dual Representatives have the proficiency, education and experience to provide advice to Ex-U.S. Clients with respect to the trading of securities in their U.S. Plans.

30. It is proposed that PAS and its affiliates will provide trading, custody, clearing and settlement services for all Ex-U.S. Clients of NatWealth in respect of their U.S. Plans.

31. PAS and its affiliates rely upon an exemption from the dealer registration requirement under the Legislation pursuant to section 8.18 of Regulation 31-103 in connection with *inter alia* trades in "foreign securities" with a "permitted client". Accordingly, NatWealth and the Dual Representatives will only advise Ex-U.S. Clients with respect to the trading of "foreign securities" in their U.S. Plans while PAS and its affiliates act as dealers in respect of Ex-U.S. Client accounts.

32. When providing advice to Ex-U.S. Clients with respect to the trading of securities in their U.S. Plans, NatWealth and the Dual Representatives will comply with U.S. federal securities laws and any other applicable U.S. securities laws.

33. All Ex-U.S. Clients of NatWealth will enter, among other, into an investment management agreement and related documentation with NatWealth and associated account opening documentation with a foreign broker. All communications with Ex-U.S. Clients will be through NatWealth and the Dual Representatives, and will be under NatWealth branding.

34. To avoid client confusion, all Ex-U.S. Clients of NatWealth will receive disclosures that explain the relationship between NatWealth and NBF.

35. It would not be detrimental to the protection of investors to grant the Exemption Sought.

Principal Relief

36. *Regulation 35-101 Conditional Exemption from Registration for United States Broker-Dealers and Agents*, CQLR, Chapter V-1.1, r. 13 ("**Regulation 35-101**") provides exemptions from the dealer/underwriter registration requirement and prospectus requirement for U.S. broker-dealers and their agents trading with or for Ex-U.S. Clients, upon satisfying certain conditions.

37. It is a condition of the exemption for U.S. broker-dealers in paragraph 2.1(a) of Regulation 35- 101, and for their agents in paragraph 3.1(b) of Regulation 35-101, that the broker-dealers and their agents have no office or other physical presence in any jurisdiction in Canada. It is also a condition that such U.S. broker-dealers only trade in foreign securities with Ex-U.S. Clients.

38. Ex-U.S. Clients would like to obtain services from NatWealth in respect of both foreign securities and securities other than foreign securities (hereafter referred to as "**Canadian securities**") as their U.S. Plan permits investments in both foreign and Canadian securities.

39. NatWealth and its representatives are unable to rely on the exemptions set out in Regulation 35-101, as NatWealth has an office or other physical presence in Canada, and NatWealth and its representatives wish to trade in Canadian Securities with Ex-U.S. Clients.

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 advice is for an individual who is ordinarily residing in Canada, but previously resided in the U.S., if such advice is in respect of the individual's U.S. Plan, and

- the U.S. Plan is located in the U.S.;
- the individual is a holder of or contributor to the U.S. Plan; and
- the individual was previously a U.S. resident;

(b) NatWealth does not advertise for, nor actively solicit, new clients in the jurisdictions;

(c) NatWealth remains registered as an investment adviser under the 1940 Act;

(d) NatWealth and each of the Dual Representatives are in compliance with, and shall remain in compliance with, any adviser licensing or registration requirements under applicable U.S. securities legislation;

(e) NBF remains registered under the Legislation as an investment dealer and remains a member of IIROC;

(f) Each Dual Representative who provides advice on behalf of NatWealth is registered under the Legislation as a dealing representative in a category that would permit it to advise Ex-U.S. Clients with respect to the trading of securities in their U.S. Plans in compliance with the Legislation, if the U.S. Plans were instead Canadian Plans;

(g) NatWealth discloses to the Ex-U.S. Clients that it (and the Dual Representatives providing advice on its behalf) is not subject to full regulatory requirements otherwise applicable under the Legislation;

(h) NatWealth and the Dual Representatives, in the course of their dealings with Ex-U.S. Clients, act fairly, honestly and in good faith;

(i) NatWealth:

- enters into, among others, investment management agreements and related documentation with all Ex-U.S. Clients, such that all communications with Ex-U.S. Clients will be through NatWealth and the Dual Representatives, and such communications will use NatWealth branding; and
- provides all Ex-U.S. Clients with disclosure that explains the relationship between NatWealth and NBF;

(j) All trades recommended by NatWealth and the Dual Representatives acting on its behalf, will be conducted by PAS or other persons that are registered as a dealer, or exempt from the dealer registration requirement, under the securities laws of each relevant jurisdiction;

(k) the only physical premises or offices that NatWealth has in the jurisdiction are the premises that it shares with NBF;

(l) NatWealth notifies the *Autorité des marchés financiers* of any regulatory action initiated after the date of the order in respect of NatWealth, any predecessors or specified affiliates of NatWealth by completing and filing 0 hereto with the *Autorité des marchés financiers* within 10 days of the commencement of such action;

(m) NBF complies with its obligations under securities legislation to report regulatory actions relating to NBF and its specified affiliates to the applicable securities regulatory authority or self regulatory organization having jurisdiction over NBF;

(n) 12 months after the date of this Order (the "**Notice Date**"), NatWealth notifies the principal regulator of the percentage of its revenue which is derived from Ex-U.S. Clients compared to its total revenue, as of the Notice Date;

(o) if the revenue NatWealth derives from Ex-U.S. Clients is expected to exceed 10% of its total revenue 18 months after the date of this Order, NatWealth takes reasonable steps to obtain registration as an adviser in the jurisdictions by the date that is 18 months after the date of this Order;

(p) if this Order does not terminate pursuant to condition (q)(i), and if NatWealth's revenue derived from Ex-U.S. Clients exceeds 10% of its total revenue on any calendar quarter-end following 18 months after the date of this Order, then NatWealth forthwith provides a notice to the *Autorité des marchés financiers*, which refers to this Order and provides details with respect to the percentage of the revenue derived from Ex-U.S. Clients and the quarter-end date on which NatWealth's revenue exceeded 10% of its total revenue; and

(q) this Order will terminate on the earlier of:

(i) 18 months after the date of this Order, if, at that date, the revenue NatWealth derives from Ex-U.S. Clients exceeds 10% of its total revenue;

(ii) 5 years after the date of this Order; and

(iii) the coming into force of a change in securities law in the jurisdictions (as defined in the Legislation) that exempts NatWealth from the registration requirement in the Legislation in connection with the advice it provides to an Ex-U.S. Client with respect to the U.S. Plan on terms and conditions other than those set out in this Order.

"Éric Jacob"
Superintendent, Client Services and Distribution Oversight
Autorité des Marchés Financiers

Application File #: 2021/0377

Appendix "A"

NOTICE OF REGULATORY ACTION

Has the firm, or any predecessors or specified affiliates[1] the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity

Regulator/organization

Date of settlement (yyyy/mm/dd)

Details of settlement

Jurisdiction

Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	**No**
Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	_____	_____
Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	_____	_____
Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	_____	_____
Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	_____	_____
Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	_____	_____
Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	_____	_____
Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	_____	_____

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 Registration Information.

If yes, provide the following information for each action

Name of entity

Type of Action

Regulator/organization

Date of action (yyyy/mm/dd) Reason for action

Jurisdiction

Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity

Reason or purpose of investigation

Regulator/organization

Date investigation commenced (yyyy/mm/dd)

Jurisdiction

Name of firm

Name of firm's authorized signing officer or partner

Title of firm's authorized signing officer or partner

Signature

Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

2.1.4 Bank of Montreal et al. – s. 5.1 of OSC Rule 48-501

Headnote

Application for a decision, pursuant to section 5.1 of OSC Rule 48-501, exempting the applicants from trading restrictions imposed by section 2.2(a) of OSC Rule 48-501. Decision granted.

Rule Cited

Ontario Securities Commission Rule 48-501 – Trading During Distributions, Formal Bids and Share Exchange Transactions.

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

AND

ONTARIO SECURITIES COMMISSION RULE 48-501
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS
(the Rule)

AND

IN THE MATTER OF
BANK OF MONTREAL,
BANK OF MONTREAL EUROPE PLC,
BMO HARRIS BANK N.A.,
BMO NESBITT BURNS INC.,
BMO INVESTORLINE INC.,
BMO CAPITAL MARKETS CORP.
BMO CAPITAL MARKETS LIMITED,
BMO ASSET MANAGEMENT INC.,
BMO INVESTMENTS INC.,
BMO PRIVATE INVESTMENT COUNSEL INC.,
BMO NESBITT BURNS SECURITIES LIMITED,
BMO ASSET MANAGEMENT CORP.,
BMO DIRECT INVEST, INC.,
STOKER OSTLER WEALTH ADVISORS, INC.,
BMO FAMILY OFFICE, LLC
BMO TRUST COMPANY, AND
BMO DELAWARE TRUST COMPANY

DECISION
(Section 5.1 of the Rule)

UPON the Director (as defined in the Act) having received an application (the Application) from Bank of Montreal (the Bank), Bank of Montreal Europe plc (BME), BMO Harris Bank N.A. (BMO Harris), BMO Nesbitt Burns Inc. (BMO Nesbitt), BMO InvestorLine Inc. (BMO InvestorLine), BMO Capital Markets Corp. (BMOCMC), BMO Capital Markets Limited (BMOCML), Clearpool Execution Services, LLC (Clearpool), BMO Asset Management Inc. (BMO Asset Management), BMO Investments Inc. (BMO Investments), BMO Private Investment Counsel Inc. (BMOPICI), BMO Nesbitt Burns Securities Limited (BMONBSL), BMO Asset Management Corp. (BMOAMC), BMO Direct Invest, Inc. (BMODI), Stoker Ostler Wealth Advisors, Inc. (Stoker), BMO Family Office, LLC (BMO Family Office), BMO Trust Company (BMO Trust) and BMO Delaware Trust Company (Delaware Trust), for a decision (or its equivalent) pursuant to section 5.1 of the Rule exempting:

(a) BMOCMC, BMO Asset Management, BMOPICI, BMONBSL, BMO Harris, BMOAMC, BMODI, Stoker, BMO Family Office, Delaware Trust and such other direct or indirect subsidiaries of the Bank who, from time to time, hold discretionary investment authority over the assets in clients' accounts and are successors to any of the foregoing entities (the Asset Managers),

(b) BMO Asset Management, BMO Investments, BMOPICI, BMOAMC, BMO Harris, Stoker, BMO Family Office and such other direct or indirect subsidiaries of the Bank who, from time to time, act as investment fund manager to investment funds and are successors to any of the foregoing entities (the BMO Fund Managers),

(c) the Bank and direct or indirect subsidiaries of the Bank who, from time to time, purchase Shares on a regular basis in accordance with the terms and conditions of a Plan (defined below) and are successors to any of the foregoing entities (the Plan Facilitators),

(d) BMO Harris, BMO Trust, Delaware Trust and such other direct or indirect subsidiaries of the Bank who, from time to time, act as trustees, corporate service providers, administrators, executors or personal representatives of estates and trusts (including foundations, endowments, and retirement and other employee benefit plans) and are successors to any of the foregoing entities (the Trustees),

(e) BMO Harris, Delaware Trust and such other direct or indirect subsidiaries of the Bank who, from time to time, engages in the provision of custody services and are successors to any of the foregoing entities (the Custodians),

(f) BMO Harris and such other direct or indirect subsidiaries of the Bank who, from time to time, borrow and lend securities from and to clients as part of stock lending transactions in the ordinary course of business and are successors to BMO Harris (the SLAs),

(g) BMO Nesbitt and BMO InvestorLine and such other direct or indirect subsidiaries of the Bank who, from time to time, are registered as investment dealers in Canada in accordance with applicable securities legislation, are dealer-restricted entities as defined under OSC Rule 48-501 in respect of a Canadian Offering, and are successors to any of the foregoing entities (the Restricted Dealers),

(h) BME, BMOCMC, BMOCML, BMONBSL and Clearpool and such other direct or indirect subsidiaries of the Bank who, from time to time, engage in trading or brokerage activities for their own account or for the accounts of their clients and are successors to any of the foregoing entities, other than the Restricted Dealers (the Non-Restricted Dealers), and

(i) the Bank,

from trading restrictions imposed upon issuer-restricted persons by section 2.2 of the Rule, during the issuer-restricted period (as defined in the Rule, the Issuer-Restricted Period) that will apply to any distribution of common shares of the Bank (Shares) that is conducted pursuant to (x) a prospectus that has been prepared, filed and receipted in accordance with applicable Canadian securities regulatory requirements or (y) a restricted private placement (as defined in the Rule) (each, a Canadian Offering);

AND UPON considering the Application and the recommendation of staff of the Ontario Securities Commission (the Commission);

AND UPON the Applicants having represented to the Director that:

1. The Bank is a Schedule I bank under the *Bank Act* (Canada) and is regulated by the Office of the Superintendent of Financial Institutions.

2. BME is an Irish incorporated public limited company with its head office in Dublin, Ireland. It is authorized as a credit institution by the Central Bank of Ireland to conduct banking and investment business in the European Union.

3. BMO Harris is registered as a national bank in the United States and has its head office in Chicago, Illinois.

4. BMO Nesbitt is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as an investment dealer in all provinces and territories of Canada, as a futures commission merchant in Ontario and Manitoba, as a derivatives dealer in Quebec and as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador and is a member of Investment Industry Regulatory Organization of Canada (IIROC), the Toronto Stock Exchange (TSX), the TSX Venture Exchange, the TSX Alpha Exchange and the Canadian Securities Exchange, and an approved participant of the Montreal Exchange.

5. BMO InvestorLine is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as an investment dealer under the securities legislation of all provinces and territories of Canada and as a derivatives dealer in Quebec, and is a member of IIROC. In addition to operating a discount brokerage service, BMO InvestorLine also operates the adviceDirect service, a fee-based non-discretionary brokerage service which includes advice through an online platform.

6. BMOCMC is organized under the laws of Delaware and has its head office in New York, New York. BMOCMC operates as a self-clearing, institutional broker-dealer providing investment banking and brokerage services to corporate, institutional, and affiliate clients. It conducts its principal operations from office facilities in New York City and Chicago, maintains additional offices in New York State, California, Florida, Virginia, Arizona, New Jersey, Maryland, Massachusetts, Minnesota, Colorado, Texas, Washington, Wisconsin and Toronto, and also maintains an operations

center in Jersey City, New Jersey. BMOCMC is registered with the SEC as a U.S. securities broker-dealer and as an investment adviser and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA), the Securities Investor Protection Corporation (SIPC), and several other self-regulatory organizations (SROs).

7. BMOCML is incorporated in England with its head office in London, United Kingdom. It is an investment firm authorized and regulated by the Financial Conduct Authority in the United Kingdom to carry out broker dealer activities and investment banking activities.

8. Clearpool is a New York limited liability company and agency broker-dealer that is registered with the SEC. Clearpool is a member of FINRA, and several other SROs. Clearpool is registered to conduct business in several U.S. states and is a member of the SIPC.

9. BMO Asset Management is incorporated under the laws of the Province of Ontario and has its head office in Toronto, Ontario. It is registered as a portfolio manager and exempt market dealer under the securities legislation of all provinces and territories of Canada, a derivatives portfolio manager in Quebec and a commodity trading manager in Ontario and an investment fund manager in Ontario, Quebec and Newfoundland and Labrador.

10. BMO Investments is amalgamated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as a mutual fund dealer under the securities legislation of all provinces and territories of Canada, and an investment fund manager in Ontario, Quebec and Newfoundland and Labrador. It is also a member of the Mutual Fund Dealers Association of Canada.

11. BMOPICI is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as a portfolio manager and exempt market dealer under the securities legislation of all provinces and territories of Canada, a commodity trading manager and commodity trading counsel in Ontario, a derivatives portfolio manager in Quebec and an investment fund manager in Ontario, Quebec and Newfoundland and Labrador. It is also registered as an investment adviser with the SEC.

12. BMODI is incorporated under the laws of Delaware and has its head office in Chicago, Illinois. It is registered as an investment adviser with the SEC.

13. Stoker is incorporated under the laws of Arizona and has its head office in Scottsdale, Arizona. It is registered as an investment adviser with the SEC.

14. BMO Family Office is incorporated under the laws of Delaware and has its head office in Chicago, Illinois. It is registered as an investment adviser with the SEC.

15. BMONBSL is incorporated under the laws of Canada and has its head office in Toronto, Ontario. It is registered as a broker-dealer and an investment adviser with the SEC and is a member of FINRA.

16. BMOAMC is incorporated under the laws of Delaware and has its head office in Chicago, Illinois. It is registered as an investment adviser with the SEC.

17. BMO Trust is organized under the laws of Canada and has its head office in Toronto, Ontario. It is regulated by the Office of the Superintendent of Financial Institutions.

18. Delaware Trust is incorporated under the laws of Delaware and has its head office in Greenville, Delaware. It is regulated by the Delaware Office of the State Bank Commissioner.

19. Each of the Asset Managers manages accounts on behalf of clients who have granted the Asset Manager discretionary investment authority over the assets in the clients' accounts (including clients' accounts that are pooled investment funds) (Managed Accounts) and who have provided the Asset Managers with express written consent to exercise such discretionary investment authority to purchase Shares on behalf of the Managed Accounts (Authorized Managed Accounts).

20. Each investment fund managed by the BMO Fund Managers (each an Authorized BMO Fund) that is organized under the laws of a jurisdiction of Canada has an Independent Review Committee that has approved the purchase of Shares in the ordinary course (which would include the time period that would fall during an Issuer-Restricted Period) in accordance with either section 6.2 of National Instrument 81-107 – *Independent Review Committee for Investment Funds* or the terms and conditions of an exemption that has been granted by the Commission.

21. The Asset Managers and the BMO Fund Managers manage assets of the Authorized Managed Accounts and the Authorized BMO Funds. As part of their ordinary investment management activities on behalf of the Authorized Managed Accounts or the Authorized BMO Funds, the Asset Managers and the BMO Fund Managers, as applicable, may buy and sell Shares for certain of the Authorized Managed Accounts or Authorized BMO Funds.

22. The Plan Facilitators each purchase Shares on a regular basis on behalf of persons or companies who are participants in (i) an Employee Plan (defined below); or (ii) the shareholder dividend reinvestment and share purchase plan of the Bank (the DRIP, and together with the Employee Plans, the Plans).

23. The Bank and its subsidiaries sponsor: (i) Employee Share Ownership Plan (BMO ESOP) for employees of the Bank and its subsidiaries living and working in Canada or expatriates who continue to be on the Canadian payroll, (ii) Employee Share Ownership Plan (Nesbitt ESOP) for employees of BMO Nesbitt and its subsidiaries living and working in Canada or expatriates who continue to be on the Canadian payroll, (iii) Qualified Employee Share Purchase Plan (QESPP) for employees of certain of the Bank's subsidiaries, (iv) Non-Qualified Employee Share Purchase Plan (NQESPP) for employees of the Bank resident in the United States, and (v) All Employee Share Ownership Plan (UK ESOP) for employees of the Bank or a subsidiary of the Bank that are subject to income tax in the United Kingdom, and (vi) Employee Share Ownership Plan for employees of BME (BME ESOP), in each case, a voluntary savings program available to the employees of the Bank and its affiliates.

24. As the sponsor of the BMO ESOP, Nesbitt ESOP, QESPP, NQESPP, UK ESOP and BME ESOP (collectively, the Employee Plans), the Bank and its subsidiaries pay all administration fees associated with the Employee Plans. The Plan Facilitators make all Share purchases on behalf of the Plans (other than share purchases under the QESPP and the NQESPP) and their participants through BMO Nesbitt.

25. Each of the Employee Plans is an automatic securities purchase plan for purposes of Part 5 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions*.

26. The Bank operates the DRIP to provide holders of Shares with a means to receive additional Shares rather than cash dividends. The requirements of the DRIP are satisfied either through open market share purchases of Shares by BMO Nesbitt or through issuance of Shares from treasury.

27. The Plan Facilitators, from time to time, purchase Shares on the open market to facilitate the grant of awards or exercises pursuant to the terms of the Employee Plans or in lieu of paying cash dividends under the DRIP. In respect of the Employee Plans, the Plan Facilitators make the purchases on a regular basis, depending on the applicable Employee Plan, solely to satisfy the Bank's obligation to deliver Shares based on pre-determined payroll deductions of the employee or grants and exercise under the Plans. All purchases of Shares by the Plan Facilitators in connection with the Plans are in accordance with the terms and conditions of the applicable Plan.

28. The Trustees each act as trustees, corporate service providers, administrators, executors or personal representatives of estates and trusts (including foundations, endowments, and retirement and other employee benefit plans). As part of their responsibilities, the Trustees purchase Shares on a limited basis where permitted under applicable laws and with any required consents. Such activities are conducted in accordance with the Trustees' fiduciary duty to act in a manner that is in the best interests of the beneficiaries (except in certain circumstances where the Trustee acts on a client's direction, in which cases the Trustee does not have discretion as to the purchase or sale of Shares). The transactions that may result from these market activities may occur through the TSX, the New York Stock Exchange (NYSE) or other equity markets.

29. The Custodians each engage in the provision of custody services, including the settlement of trades in Shares, which clients or third parties authorized by clients to operate their accounts, such as a client's investment advisor or portfolio manager, arrange to be executed with a third-party broker. In connection with such custody services, a Custodian may also perform ancillary services, such as acting as a directed trustee and purchasing or selling Shares upon the direction of their clients or the clients' investment advisors or portfolio managers. Any purchases or sales of Shares that a Custodian may engage in as a directed trustee are incidental to their primary function of providing custodial services to their clients. The Custodians do not have any discretion as to such purchases or sales and execute transactions upon specific directions of clients or their investment advisors or portfolio managers. The transactions that may result from these market activities may be effected on the TSX, the NYSE or other equity markets.

30. The SLAs each borrows and lends securities, including Shares, from and to clients as part of stock lending transactions in the ordinary course of business. In some circumstances, a client may purchase Shares from a third party in anticipation of lending them to an SLA, or a client may arrange for a third party to purchase Shares after the client has borrowed them from an SLA. In addition, certain subsidiaries of the Bank accept Shares as collateral for loans. In the event that the borrower defaults on a loan, such collateral may be foreclosed on and in some circumstances disposed of, including by selling it in the market. The transactions that may result from these market activities may be effected on the TSX, the NYSE or other equity markets.

31. The activities of the SLAs do not constitute bids for, purchases of or inducements to make bids for or purchases of Shares in the traditional sense. Nonetheless, in some circumstances (1) the activities of the SLAs could be construed as attempts to induce a bid or purchase because a client may purchase Shares from a third party in anticipation of lending them to an SLA, or a client may arrange for a third party to purchase Shares after the client has borrowed them from an SLA;

and (2) the activities of the SLAs could be construed as attempts to induce a bid or purchase because the SLA may foreclose on collateral that includes Shares and dispose of it, including by selling it in the market.

32. The Non-Restricted Dealers engage in trading or brokerage activities for their own account or for the accounts of their clients through ordinary client facilitation and related services. The Non-Restricted Dealers (and/or divisions thereof) may engage in unsolicited brokerage activities, or provide additional services, including discussions with clients regarding investment strategies (including with respect to Shares) and solicited and unsolicited brokerage strategies (including with respect to Shares) and solicited and unsolicited brokerage accounts in order to facilitate client transactions. The Non-Restricted Dealers may accomplish these activities by engaging in direct buying and selling of Shares or relaying buy and sell orders for Shares to affiliates or unaffiliated third parties.

33. The Non-Restricted Dealers may also effect trades in Shares for their own accounts and for the accounts of their clients, for the purpose of hedging positions (or adjusting or liquidating existing hedge positions) of the Bank, its affiliates and of their clients in the ordinary course of their business.

34. The Bank from time to time operates a normal course issuer bid (NCIB) to repurchase Shares for cancellation through the TSX and/or through other designated exchanges and Canadian alternative trading systems. The Bank operates its NCIBs in compliance with the securities laws of Canada and the United States, as well as the rules of the TSX and other designated exchanges, as applicable. These rules are in place to prevent NCIBs from abnormally influencing the market price of an issuer's shares. The Bank is subject to annual and daily share repurchase limits in respect of any of its NCIBs. Over a 12-month period, total shares repurchased must not exceed the greater of (i) 10% of the public float and (ii) 5% of common shares issued and outstanding. The Bank strictly abides by these repurchase limits. In addition, share repurchases made by the Bank must be made at a price which is not greater than the last independent trade of a board lot. BMO Nesbitt has built NCIB-specific trading algorithms to ensure that NCIB repurchases are made at a price that is not greater than the last independent trade of a board lot. During an Issuer-Restricted Period, the Bank will conduct repurchases under any of its NCIBs only in accordance with the exemptive relief granted by this decision.

35. The Bank has established information barrier policies and procedures in accordance with OSC Policy 33-601 – *Guidelines for Policies and Procedures Concerning Inside Information* to prevent material non-public information from passing between the sales/trading areas and other areas of the Bank and its affiliates. Accordingly, during Issuer-Restricted Periods prior to announcements of earnings results or other material developments that have not yet become public, the Bank's traders and sales force who conduct trading activities are generally able to continue their market activities, although senior management may restrict such activities in extraordinary circumstances. The Bank will continue to maintain these policies and procedures during any distribution related to a Canadian Offering.

36. The Bank conducts Canadian Offerings of its Shares from time to time and each Canadian Offering is expected to be underwritten by, or sold on an agency basis through, among others, BMO Nesbitt.

37. During a Canadian Offering, each of the Bank, the Asset Managers, the BMO Fund Managers, the Plan Facilitators, the Trustees, the Custodians, the SLAs, the Restricted Dealers and the Non-Restricted Dealers is an issuer-restricted person for purposes of the Rule.

38. As an issuer-restricted person, each of the Bank, the Asset Managers, the BMO Fund Managers, the Plan Facilitators, the Trustees, the Custodians, the SLAs, the Restricted Dealers and the Non-Restricted Dealers is subject to trading restrictions (the Trading Restrictions) that prohibit it from bidding for or purchasing Shares for its own account, the account of another issuer-restricted person or any account over which it exercises control or direction during the Issuer-Restricted Period. The Trading Restrictions also prohibit it from attempting to induce, or causing, any person or company to purchase any Shares during the Issuer-Restricted Period.

39. As a result of any Canadian Offering, each Restricted Dealer will also be a dealer-restricted person and, accordingly, also subject to the trading restrictions that are imposed on dealer-restricted persons by section 7.7 of the Universal Market Integrity Rules (as modified by the exemptions sought from IIROC by the Applicants concurrently with the filing of the Application, if granted) and the relevant definitions contained in section 1.1 of such rules (collectively, the UMIR Trading Restrictions).

40. The Issuer-Restricted Period begins on the date that is two trading days prior to the day the offering price of Shares distributed pursuant to a Canadian Offering is determined and it ends on the date that the selling process ends and all stabilization arrangements in relation to the Shares have been terminated.

41. Canadian Offerings are generally conducted by the Bank within compressed time periods to take advantage of trading windows and other market opportunities and there is therefore little or no opportunity to prepare, file and process an application seeking the exemptive relief sought pursuant to the Application prior to the Issuer-Restricted Period for a Canadian Offering.

42. The Shares meet the requirements in the Rule to be considered a "highly-liquid security".

43. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of the Asset Managers pursuant to the Application, each Asset Manager would be unable to bid for or purchase Shares, or to attempt to induce or cause any person or company to purchase Shares, on behalf of Authorized Managed Accounts throughout the Issuer-Restricted Period.

44. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of BMO Fund Managers pursuant to the Application, each BMO Fund Manager will be unable to bid for or purchase Shares, or to attempt to induce or cause any person or company to purchase Shares, on behalf of Authorized BMO Funds throughout the Issuer-Restricted Period.

45. In the absence of the exemptions sought by the Asset Managers pursuant to the Application, each Asset Manager would be precluded from discharging its fiduciary obligation to its Authorized Managed Accounts, and each BMO Fund Manager would be precluded from discharging its equivalent obligation to the Authorized BMO Funds, in accordance with their investment objectives throughout the Issuer-Restricted Period.

46. In the absence of an exemption from the Trading Restrictions that has been sought on behalf of the Plan Facilitators, a Plan Facilitator would be unable to bid for or purchase Shares on behalf of a participant in a Plan, or to attempt to induce or cause any person or company to purchase Shares, to facilitate the fulfilment of the obligations of the Bank to deliver Shares in accordance with the terms and conditions of the relevant Plan during the Issuer-Restricted Period.

47. In the absence of the exemption from the Trading Restrictions that has been sought on behalf of the Trustees and Custodians, a Trustee or a Custodian, as the case may be, would be unable to bid for or purchase Shares, or to attempt to induce or cause any person or company to purchase Shares, in connection with providing ordinary course trusteeship or custody services to its clients during the Issuer-Restricted Period.

48. In the absence of the exemption from the Trading Restrictions that has been sought on behalf of the SLAs, an SLA would be unable to bid for or purchase Shares, or to attempt to induce or cause any person or company to purchase Shares, incidental to providing ordinary course securities lending and borrowing services to its clients during the Issuer-Restricted Period.

49. In the absence of the exemption from the Trading Restrictions that has been sought on behalf of the Restricted Dealers and the Non-Restricted Dealers, a Restricted Dealer or a Non-Restricted Dealer would be precluded from bidding for or purchasing Shares for its own account, the account of another issuer-restricted person and any account over which it exercises control or direction, and to attempt to induce or cause any person or company to purchase Shares throughout the Issuer-Restricted Period, even though the Shares are highly-liquid securities.

50. In the absence of the exemption from the Trading Restrictions that has been sought by the Bank, the Bank would be unable to continue bidding for and purchasing Shares, or to attempt to induce or cause any person or company to purchase Shares, in connection with any NCIB of the Bank during the Issuer-Restricted Period.

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

IT IS THE DECISION of the Director pursuant to section 5.1 of the Rule that for purposes of a Canadian Offering, the following activities are exempt from section 2.2 of the Rule provided the Shares meet the requirements in the Rule to be considered a “highly liquid security” at the time of such activities:

(a) bids for or purchases of Shares by an Asset Manager on behalf of an Authorized Managed Account;

(b) bids for or purchases of Shares by a BMO Fund Manager on behalf of an Authorized BMO Fund;

(c) bids for or purchases of Shares by a Plan Facilitator on behalf of a person or company who is a participant in a Plan in accordance with the terms and conditions of the applicable Plan;

(d) bids for or purchases of Shares by a Trustee in connection with the provision of trusteeship services, corporate services, or administration, execution and personal representation of estates and trusts services;

(e) bids for or purchases of Shares by a Custodian in connection with the provision of custody services;

(f) bids for or purchases of Shares by an SLA in connection with the provision of securities lending and borrowing services;

(g) bids for or purchases of Shares by a Non-Restricted Dealer in connection with the provision of market making, trading facilitation, hedging, securities lending, repurchase transactions, derivatives, structured products, funds, index-related adjustments or other brokerage services;

(h) bids for or purchases of Shares by the Bank in connection with any NCIB of the Bank; and

(i) any activities conducted by the Bank or any of its subsidiaries that may be considered an attempt to induce or cause any person or company to purchase Shares in furtherance of any of the activities or actions set out in paragraphs (a) to (h) above.

IT IS ALSO THE DECISION of the Director pursuant to section 5.1 of the Rule that for purposes of a Canadian Offering, the Restricted Dealers are exempt from section 2.2 of the Rule provided the Shares meet the requirements in the Rule to be considered a "highly liquid security" at the time of any activity undertaken by the Restricted Dealers that, but for this exemption, would be prohibited by section 2.2 of the Rule and provided further that the Restricted Dealers do so only in accordance with the UMIR Trading Restrictions.

February 11, 2022

"Susan Greenglass"
Director, Market Regulation

2.1.5 Mackenzie Financial Corporation et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Investment fund managers applying on behalf of investment funds that are subject to NI 81-102 for relief from subclause 111(2)(c)(ii) and subsection 111(4) of the Securities Act (Ontario) which prohibit an Investment Fund from knowingly making or holding an investment in an issuer in which a substantial securityholder of the mutual fund, its management company or its distribution company, has a significant interest – Investment fund managers applying for relief from management company reporting requirements in subsections 117(1) in respect of investment funds' investments in related closed-end pooled fund – additional investments by a substantial securityholder of the investment fund managers, could result in it indirectly holding a significant interest in a closed-end pooled fund – investment funds managed by the investment fund managers propose to invest up to 10% of net assets in the closed-end pooled fund in accordance with the illiquid asset restriction in NI 81-102 – Relief subject to IRC approval and annual reporting of the particulars of any investments made in reliance on the relief.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 111(2)(c)(ii), 111(4), 113, and 117.

February 4, 2022

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
I.G. INVESTMENT MANAGEMENT INC.
COUNSEL PORTFOLIO SERVICES INC.
(the Filers)

AND

THE INVESTMENT FUNDS
(as defined below)

DECISION

Background

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

1. The fixed income mutual funds listed in Appendix "A" hereto, which are subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Fixed Income Funds**), other investment funds currently managed by the Filers that are subject to NI 81-102, (together with the Fixed Income Funds, the **Existing Investment Funds**) and any investment funds established in the future that are subject to NI 81-102 and of which one of the Filers is the manager (together with the Existing Investment Funds, the **Investment Funds**), from the following provisions in the Legislation (the **Requested Relief**):

    (a) the requirements in the Legislation which prohibit an Investment Fund from knowingly making or holding an investment in an issuer in which a substantial securityholder of the Investment Fund, its management company or its distribution company, has a significant interest (the **Related Issuer Investment Restriction**); and

    (b) the requirements in the Legislation which require a management company to file a report within 30 days after the month end of (i) every transaction of purchase or sale of securities between an Investment Fund and any

related person or company and (ii) every transaction in which an Investment Fund is a joint participant with one or more related persons or companies (the **Management Company Reporting Requirement**).

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

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

(b) the Filers have provided notice that section 4.7(1)(c) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relief upon in British Columbia, Alberta, Saskatchewan, Nova Scotia, New Brunswick, and Newfoundland and Labrador (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Representations

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

Mackenzie

1. Mackenzie Financial Corporation (**Mackenzie**) is a corporation formed under the laws of Ontario. It is the trustee, manager, and portfolio adviser of certain of the Existing Investment Funds, including certain Fixed Income Funds as identified in Appendix "A" (the "**Existing Mackenzie Funds**"). Mackenzie is therefore the "management company" of the Existing Mackenzie Funds as defined in the Legislation

2. Mackenzie is registered as a portfolio manager, investment fund manager, exempt market dealer and commodity trading manager in Ontario. Mackenzie is registered as a portfolio manager, investment fund manager and exempt market dealer in Quebec and Newfoundland and Labrador. Mackenzie is also registered as a portfolio manager and exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon.

3. Neither Mackenzie nor any of the Existing Mackenzie Funds are in default of any of the requirements of securities legislation of any of the Jurisdictions.

4. Mackenzie is an indirect, wholly owned subsidiary of IGM Financial Inc. ("**IGM**"). Power Corporation of Canada ("**Power**") owns approximately 65% of the voting securities of IGM. Power therefore is a "substantial securityholder" of Mackenzie as defined under the Legislation.

IGIM

5. I.G. Investment Management Inc. (**IGIM**) is a corporation continued under the laws of Ontario. It is the trustee, portfolio adviser, and manager of certain of the Existing Investment Funds, including certain Fixed Income Funds as identified in Appendix "A" (the "**Existing IGIM Funds**"). IGIM is therefore the "management company" of the Existing IGIM Funds.

6. IGIM is registered as a portfolio manager and investment fund manager in Manitoba, Ontario, Quebec, and Newfoundland and Labrador and as a portfolio manager in British Columbia, Alberta, Saskatchewan, New Brunswick, Nova Scotia, Prince Edward Island, the Northwest Territories, Nunavut and Yukon.

7. Neither IGIM nor any of the Existing IGIM Funds are in default of any of the requirements of securities legislation in any of the Jurisdictions.

8. IGIM is an indirect, wholly owned subsidiary of IGM. Power is therefore a "substantial securityholder" of IGIM under the Legislation.

9. The portfolio management department of IGIM has implemented information barriers between it and the other Filers and between it, Power and Power's subsidiaries.

Counsel

10. Counsel is a corporation formed under the laws of Ontario. It is the trustee, manager and portfolio adviser of certain Existing Investment Funds (the **Existing Counsel Funds**). Counsel is therefore the "management company" of the Existing Counsel Funds.

11. Counsel is registered as a commodity trading manager, investment fund manager and portfolio manager in Ontario. Counsel is registered as an investment fund manager in Quebec and Newfoundland and Labrador.

12. Neither Counsel nor any of the Existing Counsel Funds are in default of any of the requirements of securities legislation in any of the Jurisdictions.

13. Counsel is an indirect, wholly owned subsidiary of IGM. Power is therefore a "substantial securityholder" of Counsel under the Legislation.

14. While the portfolio management departments of Mackenzie and Counsel operate independently, formal information barriers have not been implemented between them. However, information barriers have been implemented between them and IGIM and between them, Power and Power's subsidiaries.

The Investment Funds

15. Each of the Investment Funds, (including the Fixed Income Funds) is or will be a mutual fund or non-redeemable investment fund subject to NI 81-102 and is a reporting issuer in each of the Jurisdictions. Any Investment Funds established in the future will be subject to NI 81-102 and will be a reporting issuer in at least one of the Jurisdictions.

16. Each of the Existing Investment Funds currently distributes its securities under a prospectus prepared in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* ("**NI 81-101**") or National Instrument 41-101 General Prospectus Requirements (**NI 41-101**). Any Investment Funds established in the future will distribute securities under a prospectus prepared in accordance with NI 81-101 or NI 41-101.

17. One of the Filers or an affiliate will be the manager of any Investment Funds established in the future and will therefore be the management company of the Investment Fund under the Legislation.

Sagard

18. Sagard Holdings Inc. (**"Sagard**") is a wholly owned subsidiary of Power. Power's direct or indirect ownership interest of its subsidiaries is referred to as the "**Power Ownership Percentage**" of the applicable subsidiary in this Decision. As such, Power is deemed to own beneficially an amount equal to the Power Ownership Percentage of any voting securities owned by Sagard pursuant to the Legislation.

19. Sagard is a multi-strategy alternative asset manager with professionals principally located in Canada, the U.S. and Europe. The operations of Sagard are comprised of asset management and investing activities. Sagard manages multi-billion dollars of assets under management, including unfunded commitments, primarily across four asset classes: private credit, healthcare royalties, venture capital and private equity.

20. Power maintains formal information barriers among IGM, Great-West Lifeco Inc. and Power and, therefore, Sagard operates independently of Great-West Lifeco Inc. and IGM.

SCP II

21. Sagard Credit Partners II ("**SCP II**") is a limited partnership formed under the laws of Ontario and managed by Sagard and the general partner of which is a special purpose general partner wholly-owned by Sagard. SCP II is a private credit fund whereby SCP II makes loans directly to borrowers in the private market. A limited partner in SCP II has an interest in such loans equivalent to a participating (non-administrative) lender.

22. SCP II is not an "investment fund" for purposes of the Legislation because, among other things, SCP II does not invest in a portfolio of securities but instead originates private loans.

23. SCP II has term of 7 years from the date of final closing, plus three possible extensions of one year each. The final closing must occur within 18 months of the initial closing, which occurred in Q4 of 2020.

24. SCP II draws capital from its limited partners up to the amount of their capital commitment for up to three years following the final closing, subject to two one-year extensions.

The Sagard Funds

25. In addition to SCP II, Sagard manages other private credit funds ("**Sagard Private Credit Funds**") and private equity funds ("**Sagard Private Equity Funds**. SCP II, the Sagard Private Credit Funds and the Sagard Private Equity Funds are hereinafter referred to as the "**Sagard Funds**".

26. Similar to SCP II, the Sagard Funds are not "investment funds" for purposes of the Act. The Sagard Private Credit Funds, like SCP II, do not invest in a portfolio of securities. Rather, they originate and administer private loans. The Sagard

Private Equity Funds are not investment funds due to the nature of the investment strategy as an active investor engaged with management of its portfolio company investments. Once an investment is disposed of by the Sagard Fund, the Sagard Fund does not typically re-invest the proceeds but rather distributes the proceeds to its investors.

Reason for Requested Relief

27. Each of the Fixed Income Funds seeks to invest in SCP II consistent with their investment objectives.

28. From time to time, the Investment Funds may, if consistent with their investment objectives and strategies, wish to invest in a Sagard Fund.

29. Power, through Sagard and its affiliates, has invested directly in SCP II. As of the date of this Decision, Sagard's capital commitment to SCP II is in an amount such that the Power Ownership Percentage of SCP II is currently less than 10% of SCP II's committed capital. Power, through one or more subsidiaries may directly or indirectly increase its investment in SCP II such that the Power Ownership Percentage of SCP II would be greater than 10% of SCP II's aggregate committed capital. This would result in Power having a "significant interest" in SCP II under the Legislation. SCP II would also be considered a "related person or company" to the Investment Funds under the Legislation.

30. Power, through Sagard or other affiliates, may also commit capital to investing in a Sagard Fund. If such investment exceeds 10% of the committed capital of the applicable Sagard Fund, Power would be considered to have a significant interest in the Sagard Fund under the Legislation.

31. Since Power is a substantial securityholder of each of the Filers, then absent the Requested Relief, the Related Party Investment Restriction would prohibit the Fixed Income Funds from investing in SCP II, or continuing to invest in SCP II, and the Investment Funds would be prohibited from investing in the Sagard Funds.

32. Absent the Requested Relief, the Management Company Reporting Requirement would require the Filers to file a report of (i) every transaction of purchase or sale of securities between an Investment Fund and a Sagard Fund and (ii) every transaction in which an Investment Fund is a joint participant with one or more Sagard Funds, within 30 days of the month end in which the transaction occurred.

Generally

33. An investment by an Investment Fund in a Sagard Fund will be consistent with its investment objectives.

34. An investment by an Investment Fund will be in an amount that constitutes less than 10% of all capital commitments to the Sagard Fund.

35. The aggregate investment by Investment Funds managed by Mackenzie, collectively, in a Sagard Fund will be in an amount that constitutes less than 20% of all capital commitments to that Sagard Fund. Similarly, the aggregate investment by Investment Funds managed by Counsel, collectively, or IGIM, collectively, in a Sagard Fund will respectively be in an amount that constitutes less than 20% of all capital commitments to that Sagard Fund.

36. Securities of the Sagard Funds are considered "illiquid assets" under NI 81-102 and, therefore, an Investment Fund will not invest more than the limit on such investment as set forth in NI 81-102, or as may otherwise be permitted through exemptive relief.

37. Each Fixed Income Fund's independent review committee ("**IRC**") established under National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**") has reviewed the proposed investment by each Fixed Income Fund in SCP II pursuant to subsection 5.3(1) of NI 81-107 and the IRC has provided a positive recommendation in respect of the investment by each Fixed Income Fund. Approval from the IRC will also be sought if any Fixed Income Funds make additional investments in SCP II.

38. Any proposed investment by an Investment Fund in a Sagard Fund will be reviewed by and subject to the approval of, the Investment Fund's IRC prior to the Investment Fund committing to the investment.

39. The IGM Related Party & Conduct Review Committee, which is comprised entirely of independent directors of IGM has reviewed and approved the proposed investments by the Fixed Income Funds to ensure that such investments are on terms and conditions at least as favourable as market terms and conditions, as per the Committee's mandate. The Committee has established parameters regarding financial aspects and parameters around terms and conditions of investments in the Sagard Funds applicable to all Investment Funds.

40. The Fixed Income Funds will not have any look-through rights with respect to the individual loans held by SCP II and SCP II has diversification requirements which will limit the indirect exposure of a Fixed Income Fund to any single

underlying portfolio company. Further, the Fixed Income Funds will not have any rights to, or responsibility for, administering any of the loans held by SCP II.

41. The Filers believe that a meaningful allocation to private credit provides the Fixed Income Fund's investors with unique diversification opportunities and represents an appropriate investment tool for the Fixed Income Funds that has not been widely available in the past. Private credit investments have historically performed well in down markets; the Filers believe that permitting the Fixed Income Funds to increase their allocation to private credit, a subset of alternative investments, offer the potential to improve each Fixed Income Fund's performance while reducing its risk and volatility. Granting the Requested Relief would allow the Fixed Income Funds' investors to benefit from access to a larger allocation to the private asset class, helping the Fixed Income Funds and their investors meet their investment objectives.

42. The Filers believe that an investment in SCP II is in the best interests of the Fixed Income Funds. They note that Sagard has a strong team, history and depth of analysis. Sagard is able to source deals and access new opportunity sets in a niche area of the market that none of the Filers can do on their own. SCP II will comprise 15-25 private debt positions in non-cyclical sectors, thus providing a diversified portfolio. Private credit is an attractive niche market (10-13% return potential with immaterial interest rate risk), with secured positions at the top of the capital structure, strong structuring and documentation and strong fundamentals.

43. Pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**), each Investment Fund prepares and files interim and annual management reports of fund performance (**MRFPs**) that disclose any transactions involving a related party, including the identity of that related party, the relationship to the Investment Fund, the purpose of the transaction, the measurement basis used to determine the recorded amount, and any ongoing commitments to the related party.

44. It is costly and time consuming for the Filers to also provide the reporting required by the Management Company Reporting Requirement, which is substantially similar to the information required by NI 81-106 to be disclosed in the MRFPs.

45. An investment in a Sagard Fund represents the business judgment of the portfolio manager of the Investment Fund uninfluenced by considerations other than the best interests of the Investment Fund.

Decision

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

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

(a) The purchase or holding of a Sagard Fund is consistent with, or necessary to meet, the investment objectives of an Investment Fund;

(b) At the time of entering into any commitment of capital to a Sagard Fund, the IRC of the Investment Fund has approved the transaction in accordance with subsection 5.2(2) of NI 81-107;

(c) Each Filer, as the investment fund manager of an Investment Fund, complies with section 5.1 of NI 81-107 and the Filer and the IRC comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the Investment Fund's transactions in securities of a Sagard Fund; and

(d) No later than the time the Investment Fund files its annual financial statements, and no later than the 90th day after the end of each financial year of the Investment Fund, the Filers file with the securities regulatory authority or regulator the particulars of any investments made in reliance on the Requested Relief.

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

"Cathy Singer"
Commissioner
Ontario Securities Commission

Application File #: 2021/0619

Appendix "A"

Fund	Manager	Investment as a Percentage of Fund NAV
Mackenzie Multi-Strategy Absolute Return Fund	Mackenzie	2.51%
Mackenzie Credit Absolute Return Fund	Mackenzie	2.20%
Mackenzie Unconstrained Fixed Income Fund	Mackenzie	1.84%
Mackenzie USD Unconstrained Fixed Income Fund	Mackenzie	1.75%
Mackenzie North American Corporate Bond Fund	Mackenzie	1.58%
Mackenzie Strategic Income Fund	Mackenzie	1.54%
Mackenzie Corporate Bond Fund	Mackenzie	1.37%
Mackenzie Global Tactical Bond Fund	Mackenzie	1.12%
Mackenzie Global Strategic Income Fund	Mackenzie	1.08%
Mackenzie Ivy Global Balanced Fund	Mackenzie	1.08%
Mackenzie Floating Rate Income Fund	Mackenzie	0.95%
Mackenzie USD Global Strategic Income Fund	Mackenzie	0.81%
Mackenzie Global Tactical Investment Grade Bond Fund	Mackenzie	0.57%
Mackenzie Strategic Bond Fund	Mackenzie	0.56%
Mackenzie Canadian Growth Balanced Fund	Mackenzie	0.53%
Mackenzie Ivy Canadian Balanced Fund	Mackenzie	0.51%
Mackenzie Income Fund	Mackenzie	0.44%
Mackenzie Canadian Bond Pool	Mackenzie	1.00%
iProfile Fixed Income Private Pool	IGIM	0.78%

2.1.6 Compagnie de Saint-Gobain

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus and registration requirements for certain trades made in connection with an employee share offering by a French issuer – the issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 Prospectus Exemptions as the securities are not being offered to Canadian employees directly by the issuer but rather through special purpose entities – Canadian participants will receive disclosure documents – the special purpose entities are subject to the supervision of the local securities regulator – Canadian employees will not be induced to participate in the offering by expectation of employment or continued employment – there is no market for the securities of the issuer in Canada – the number of Canadian participants and their share ownership are de minimis – relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am.
National Instrument 31-10 3 Registration Requirements, Exemptions and Ongoing Registrant Obligations.
National Instrument 45-106 Prospectus Exemptions.
National Instrument 45-102 Resale of Securities.
Ontario Securities Commission Rule 72-503 Distributions Outside Canada.

February 4, 2022

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
COMPAGNIE DE SAINT-GOBAIN
(the Filer)

DECISION

Background

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

1. an exemption from the prospectus requirement (the **Prospectus Relief**) so that such requirement does not apply to

   (a) trades of:

      (i) units (the **2022 Units**) of a temporary *fonds commun de placement d'entreprise* or "FCPE", a form of collective shareholding vehicle commonly used in France for the custody of shares held by employee-investors, named *Saint-Gobain Relais 2022 Monde* (the **2022 Fund**); and

      (ii) units (together with the 2022 Units, the **Temporary Classic Units**, and together with the 2022 Units and the Principal Classic Units (as defined below), the **Units**) of future temporary FCPEs organized in the same manner as the 2022 Fund (together with the 2022 Fund, the **Temporary Classic Funds**),

      (iii) made under the Saint-Gobain Group Share Purchase Plan (**PEG**) to or with Qualifying Employees (as defined below) resident in the Jurisdiction and the Other Offering Jurisdictions (as defined below) (collectively, the **Canadian Employees**, and Canadian Employees who subscribe for Temporary Classic Units, the **Canadian Participants**);

   (b) trades of ordinary shares of the Filer (the **Shares**) by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants (the term "**Classic Fund**" used herein means,

prior to the Merger (as defined below), a Temporary Classic Fund and following the Merger, a compartment (the **Principal Classic Compartment**) named *Saint-Gobain Avenir Monde* of an FCPE named *Saint-Gobain PEG Monde* (the **Principal Classic Fund**)); and

2. an exemption from the dealer registration requirement (the **Registration Relief**, and together with the Prospectus Relief, the **Offering Relief**) so that such requirement does not apply to the Filer and its Local Related Entities (as defined below), the Classic Fund and Amundi Asset Management (the **Management Company**) in respect of:

   (a) trades in Units made pursuant to an Employee Offering (as defined below) to or with Canadian Employees; and

   (b) trades in Shares by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia (the **Other Offering 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.

"Related entity" has the same meaning given to such term in section 2.22 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**).

Representations

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

1. The Filer is a corporation formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada. The head office of the Filer is located in France and the Shares are listed on Euronext Paris. The Filer is not in default of securities legislation of any jurisdiction of Canada.

2. The Filer carries on business in Canada through certain related entities and has established a global employee share offering under the PEG (the **2022 Employee Offering**) and expects to establish subsequent global employee share offerings of the Filer following 2022 for the next four years that are substantially similar (**Subsequent Employee Offerings**, and together with the 2022 Employee Offering, the **Employee Offerings**) for Qualifying Employees and its participating related entities, including related entities that employ Canadian Employees (**Local Related Entities**, and together with the Filer and other related entities of the Filer, the **Saint-Gobain Group**). Each of the Local Related Entities is a direct or indirect controlled subsidiary of the Filer and no Local Related Entity has any current intention of becoming a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada. The principal office of the Saint-Gobain Group in Canada is located in Ontario, and the greatest number of employees of Local Related Entities are employed in Ontario as compared to any other jurisdiction in Canada.

3. As of the date hereof, "Local Related Entities" include CertainTeed Canada, Inc., Vi-lux Building Products Inc., Saint-Gobain Canada Inc. and SAINT-GOBAIN ADFORS Canada, Ltd. For any Subsequent Employee Offering, the list of "Local Related Entities" may change.

4. Each Employee Offering will be made under the terms as set out herein and for greater certainty, all of the representations will be true for each Employee Offering other than paragraphs 3, 11 and 27 which may change (save for references to the 2022 Fund and the 2022 Employee Offering which will be varied such that they are read as references to the relevant Temporary Classic Fund and Subsequent Employee Offering, respectively).

5. Each Employee Offering involves an offering of Shares to be acquired through a Temporary Classic Fund, which will be merged with the Principal Classic Compartment following completion of the Employee Offering (the **Classic Plan**), subject to the decision of the supervisory boards of the FCPEs and the approval of the French AMF (as defined below).

6. As of the date hereof and after giving effect to any Employee Offering, the Filer is and will be a "foreign issuer" as such term is defined in section 2.15(1) of National Instrument 45-102 *Resale of Securities* (**NI 45-102**), section 2.8(1) of Ontario Securities Commission Rule 72-503 *Distributions Outside Canada* (**OSC Rule 72-503**), and section 11(1) of Alberta

Securities Commission Rule 72-501 *Distributions to Purchasers Outside Alberta* (**Alberta Rule 72-501**), and the Filer is not and will not be a reporting issuer in any jurisdiction of Canada.

7. Only persons who are employees of a member of the Saint-Gobain Group during the subscription period for the Employee Offering and who meet other employment criteria (the "**Qualifying Employees**"), including a minimum employment condition of three months measured at the close of the subscription period, will be eligible to participate in the Employee Offering. Such three month period may either be on a continuous or discontinuous basis. The relevant period for measuring a discontinuous three month period for the 2022 Offering is from January 1, 2021 through the last day of the subscription period, and such employee must be employed as of the last day of the subscription period.

8. The 2022 Fund was established for the purpose of implementing the 2022 Employee Offering. The Principal Classic Compartment was established for the purpose of implementing the Employee Offering generally. There is no current intention for any of the 2022 Fund or the Principal Classic Compartment to become a reporting issuer under the securities legislation of any jurisdiction of Canada. There is no intention for any Temporary Classic Fund that will be established for the purpose of implementing Subsequent Employee Offerings to become a reporting issuer under the securities legislation of any jurisdiction of Canada.

9. The 2022 Fund and the Principal Classic Compartment are registered with the French Autorité des marchés financiers (the **French AMF**). It is expected that each Temporary Classic Fund established for Subsequent Employee Offerings will be a French FCPE and registered with, and approved by, the French AMF.

10. Under the Classic Plan, each Employee Offering will be made as follows:

    (a) Canadian Participants will subscribe for the relevant Temporary Classic Units, and the relevant Temporary Classic Fund will then subscribe for Shares on behalf of Canadian Participants at a subscription price that is the Canadian dollar equivalent of the average opening price of the Shares (expressed in Euros) on Euronext Paris for the 20 trading days preceding the date of the fixing of the subscription price (the **Reference Price**) by the Chief Executive Officer of the Filer, less a specified discount to the Reference Price.

    (b) Canadian Participants will make a contribution to the Classic Plan (the **Employee Contribution**), and the Local Related Entities that employ the Canadian Participants will also contribute on behalf of such Canadian Participants an amount into the Classic Plan (the **Employer Contributions**). The Temporary Classic Fund will apply the cash received from the Employee Contributions and the Employer Contributions to subscribe for Shares from the Filer.

    (c) Initially, the Shares subscribed for will be held in the relevant Temporary Classic Fund and the Canadian Participants will receive Units of the relevant Temporary Classic Fund.

    (d) Following the completion of an Employee Offering, the relevant Temporary Classic Fund will be merged with the Principal Classic Compartment (subject to the approval of the supervisory board of the FCPEs and the French AMF). The Temporary Classic Units held by Canadian Participants will be replaced with units of the Principal Classic Fund (the **Principal Classic Units**) on a *pro rata* basis and the Shares will be held in the Principal Classic Compartment (such transaction being referred to as the **Merger**). The Filer is relying on the exemption from the prospectus requirement pursuant to section 2.11 of NI 45-106 in respect of the issuance of Units of the Principal Classic Fund to Canadian Participants in connection with the Merger.

    (e) The Units will be subject to a hold period of approximately five years (the **Lock-Up Period**), subject to certain exceptions provided for under French law and adopted for an Employee Offering in Canada (such as a release on death or termination of employment).

    (f) Any dividends paid on the Shares held in the Classic Fund will be automatically reinvested in the Classic Fund and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued to the Canadian Participants.

    (g) At the end of the relevant Lock-Up Period, a Canadian Participant may (i) request the redemption of Units in the Classic Fund in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or (ii) continue to hold Units in the Classic Fund and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares.

    (h) In the event of an early exit resulting from a Canadian Participant exercising one of the exceptions to the Lock-Up Period and meeting the applicable criteria, the Canadian Participant may request the redemption of Units in the Classic Fund in consideration for a cash payment equal to the then market value of the underlying Shares.

(i) As indicated in paragraph 10(b) above, the Local Related Entity employing a Canadian Participant will also contribute on behalf of such Canadian Participant an amount into the Classic Plan based on predetermined matching contribution rules.

11. For the 2022 Employee Offering, for each Employee Contribution, the Local Related Entity employing such Canadian Participant will contribute an additional 15% of such amount into the Classic Plan, up to a maximum amount of $1,500 per Canadian Participant to the Classic Plan, for the benefit of, and at no cost to, the Canadian Participant. For each Subsequent Employee Offering, the matching contribution rules may change.

12. Under French law, an FCPE is a limited liability entity. The portfolio of the Classic Fund will consist almost entirely of Shares and may also include cash in respect of dividends paid on the Shares which will be reinvested in Shares as discussed above and cash or cash equivalents pending investments in the Shares and for the purposes of Unit redemptions.

13. The Classic Fund is managed by the Management Company, which is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF as an investment manager and complies with the rules of the French AMF. To the best of the Filer's knowledge and after reasonable verification, the Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada.

14. Only Qualifying Employees will be allowed to hold Units of the Classic Fund.

15. The Management Company's portfolio management activities in connection with an Employee Offering and the Classic Fund are limited to purchasing Shares from the Filer, selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.

16. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Classic Fund. The Management Company's activities will not affect the underlying value of the Shares.

17. None of the entities forming part of the Saint-Gobain Group, the Classic Fund or the Management Company or any of their employees, directors, officers, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.

18. Shares issued pursuant to an Employee Offering will be deposited in the Classic Fund through CACEIS Bank (the **Depositary**), a large French commercial bank subject to French banking legislation. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow the Classic Fund to exercise the rights relating to the securities held in its portfolio.

19. The Management Company and the Depositary are obliged to act exclusively in the best interests of the holders of the Units (including Canadian Participants) and are jointly and severally liable to them for any violation of the rules and regulations governing FCPEs, any violation of the rules of the FCPE, or for any self-dealing or negligence.

20. Participation in an Employee Offering is voluntary, and the Canadian Employees will not be induced to participate in an Employee Offering by expectation of employment or continued employment.

21. The total amount invested by a Canadian Employee pursuant to an Employee Offering cannot exceed 25% of his or her gross annual compensation. The Employer Contribution will not be factored into the maximum amount that a Canadian Employee may contribute.

22. The Shares and the Units are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares or the Units so listed.

23. None of the entities forming part of Saint-Gobain Group, the Classic Fund or the Management Company is currently in default of securities legislation of any jurisdiction of Canada.

24. The Unit value of the Classic Fund will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic Fund divided by the number of Units outstanding. The value of the Units will be based on the value of the underlying Shares.

25. All management charges relating to the Classic Fund will be paid from the assets of the Classic Fund, as provided in the regulations of the Classic Fund.

26. The Canadian Employees will receive, or will be notified of their ability to request, an information package in the French or English language, according to their preference, which will include a summary of the terms of the relevant Employee

Offering and a description of Canadian income tax consequences of subscribing for and holding the Units of the Classic Fund and the redemption of such Units at the end of the applicable Lock-Up Period. Canadian Employees will have access to or may request a copy of the Filer's French *Document d'Enregistrement Universel* filed with the French AMF in respect of the Shares and a copy of the rules of the relevant Temporary Classic Fund and the Principal Classic Compartment. The Canadian Employees will also have access to the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares generally. Canadian Participants will have access to an initial statement of their holdings under the Classic Plan, together with access to a semi-annual statement, in June and December of each year. Such statements will be available online only.

27. As at December 28, 2021, there are approximately 1,273 Canadian Employees resident in Canada, with the greatest number resident in Ontario (717), and the remainder in the Other Offering Jurisdictions who represent, in the aggregate, less than 1% of the number of employees in the Saint-Gobain Group worldwide.

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 Offering Relief is granted, provided that:

(a) for the 2022 Employee Offering:

(i) the issuer of the security was a foreign issuer on the distribution date, as such term is defined in section 2.15(1) of NI 45-102, section 2.8(1) of OSC Rule 72-503 and section 11(1) of ASC Rule 72-501; and

(ii) the prospectus requirement will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless the following conditions are met:

(1) the issuer of the security

(A) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

(B) is not a reporting issuer in any jurisdiction of Canada at the date of the trade; and

(2) the first trade is made

(3) through an exchange, or a market, outside of Canada, or

(4) to a person or company outside of Canada;

(b) for any Subsequent Employee Offering under this decision completed within five years from the date of this decision:

(i) the representations other than those in paragraphs 3, 11 and 27 remain true and correct in respect of that Subsequent Employee Offering; and

(ii) the conditions set out in paragraph (a) above are satisfied as of the date of any distribution of a security under such Subsequent Employee Offering (varied such that any references therein to the 2022 Fund and the 2022 Employee Offering are read as references to the relevant Temporary Classic Fund and Subsequent Employee Offering, respectively); and

(c) in the Provinces of Ontario and Alberta, the prospectus exemption above, for the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision, is not available with respect to any transaction or series of transactions that is part of a plan or scheme to avoid the prospectus requirements in connection with a trade to a person or company in Canada.

"Cathy Singer"
Commissioner
Ontario Securities Commission

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

2.2 Orders

2.2.1 CatchMark Timber Trust, Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – application by a reporting issuer for an order that it is not a reporting issuer in Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and Saskatchewan – based on diligent inquiry, residents of Canada (i) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the issuer worldwide, and (ii) do not directly or indirectly comprise more than 2% of the total number of securityholders of the issuer worldwide – issuer is subject to U.S. securities law requirements – issuer has provided notice through a press release that it has submitted an application to cease to be a reporting issuer in the relevant jurisdictions.

Applicable Legislative Provisions

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

January 31, 2022

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
CATCHMARK TIMBER TRUST, INC.
(the Filer)

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction (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, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

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 owns and operates timberlands located in the United States. The board and management of the Filer are all residents of the United States, and the Filer has no operations, employees or offices in Canada.

2. The Filer became a reporting issuer on December 11, 2013.

3. The Filer's head office is located in Atlanta, Georgia. The Filer identifies the Ontario Securities Commission as the principal regulator for the application because the Ontario Securities Commission was the principal regulator for the Filer's MJDS prospectus dated December 11, 2013 (the **MJDS Prospectus**). The Filer originally selected the Ontario Securities Commission as its principal regulator when filing its MJDS Prospectus since the Filer's Canadian underwriter was located in Ontario.

4. The Filer has made a good faith investigation to confirm the residency of the holders of its outstanding securities. Based on this investigation, the Filer has concluded that residents of Canada do not: (i) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities, including debt securities, of the Filer worldwide, and (ii) directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide. The investigation conducted by the Filer in support of the foregoing representation is as follows:

   a. The Filer obtained a report (the **Report**) dated April 8, 2021 from Broadridge Financial Solutions Inc. (**Broadridge**) relating to the beneficial ownership of the Filer's shares of Class A common stock (the **Shares**). The Report sets out details regarding beneficial ownership of the Shares based on Broadridge's aggregation of data provided by its intermediary clients. The Filer believes that the Broadridge information is the best readily available information to determine the beneficial holders of Shares.

   b. The Filer has estimated the number of beneficial holders by counting the number

of beneficial accounts in the Report. The Report includes address information with personally identifiable information removed for, and the amount of Shares held by, each beneficial account. There are certain limitations with this account level information, including: (i) Broadridge's data is the result of the aggregation of data provided by a very large number of intermediaries and Broadridge is constrained by the information provided to it by intermediaries, (ii) any individual or entity may be the beneficial owner of one or more account(s), (iii) it is not possible to determine whether there is more than one beneficial owner in respect of any given account (e.g., jointly held accounts), and (iv) Broadridge does not have access to all intermediaries through which beneficiaries may hold Shares, but Broadridge estimates that it does have access to the substantial majority of intermediaries.

c. On the basis of the Report and an additional geographic survey provided by Broadridge on November 11, 2021 with a record date of November 4, 2021 (the **Geographic Survey**), and subject to the limitations discussed above, the Filer has determined that, as of the date of the Report, the total number of registered and beneficial accounts worldwide is 20,580, of which, as of the record date of the Geographic Survey, 112 belong to Canadian residents, representing approximately 0.54% of the total number of beneficial holders worldwide identified in the Report.

d. On the basis of the Report and the Geographic Survey and subject to the limitations discussed above, the Filer has determined that, as of the date of the Geographic Survey, 300,344 Shares are beneficially owned by Canadian residents, representing approximately 0.61% of the issued and outstanding Shares on the basis of a total of 48,888,424 issued and outstanding Shares.

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

6. The Filer gave advance notice to Canadian resident securityholders in a news release that it has applied for an order to cease to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer and, if that order is made, the Filer will no longer be a reporting issuer in any jurisdiction of Canada. The Filer did not receive any response regarding the impact on Canadian shareholders.

7. The Filer currently qualifies as an SEC foreign issuer under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and files continuous disclosure reports pursuant to the SEC, the 1933 Act, the 1934 Act, the Sarbanes-Oxley Act of 2002 of the United States and the rules of the New York Stock Exchange (collectively, the **U.S. Rules**).

8. The Filer undertakes to concurrently deliver to its Canadian securityholders all disclosure the Filer would be required to deliver to resident securityholders in the United States under the U.S. Rules.

9. The Filer meets each of the criteria for the modified procedure as set out in section 20 of NP 11-206, namely:

a. The Filer has filed continuous disclosure reports pursuant to the U.S. Rules and the Filer's Shares are listed on the New York Stock Exchange and no other stock exchange. The Filer is not an "OTC reporting issuer" pursuant to Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*.

b. For the 12 months preceding the application herein, the Filer has not taken any steps that indicate there is a market for its securities in Canada. Specifically, and without restricting the generality of the foregoing, the Filer has not conducted a prospectus offering in Canada, established or maintained a listing on an exchange in Canada or had its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly traded. The Filer has no current intention to have any of its securities listed, traded or quoted on such a marketplace or facility in Canada or to seek public financing by way of offering its securities in Canada.

Order

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

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

"Cecilia Williams"
Commissioner
Ontario Securities Commission

"Craig Hayman"
Commissioner
Ontario Securities Commission

OSC File #: 2021/0749

2.2.2 Definity Financial Corporation – s. 6.1 of NI 62-104

Headnote

Section 6.1 of NI 62-104 – Exemption from issuer bid requirements in part 2 of NI 62-104 in connection with a demutualization of insurance company and IPO of holdco – issuer bid requirements not applicable to purchase for cancellation by holdco of holdco common share held by insurance company in connection with demutualization of insurance company.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

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

AND

IN THE MATTER OF
DEFINITY FINANCIAL CORPORATION

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Definity Financial Corporation (the "**Filer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to section 6.1 of National Instrument 62-104 *Take-over Bids and Issuer Bids* ("**NI 62-104**") exempting the Filer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the "**Issuer Bid Requirements**") in respect of the Purchase for Cancellation (as defined in paragraph 15 below) by the Filer of the Initial Definity Share (as defined in paragraph 9 below) owned by Economical Mutual Insurance Company ("**Economical Insurance**") upon completion of the Demutualization (as defined in paragraph 1 below);

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

AND UPON the Filer having represented to the Commission that:

1. Prior to completion of the proposed demutualization of Economical Insurance (the "**Demutualization"**) from a mutual property and casualty insurance company with mutual policyholders into a company with common shares, to be wholly-owned by the Filer following Demutualization, Economical Insurance is a mutual property and casualty insurance company. Economical Insurance is governed by the *Insurance Companies Act* (Canada) (the "**ICA"**).

2. Economical Insurance is not a reporting issuer in any province or territory in Canada and is not in default of any requirements under applicable securities legislation or the rules and regulations made pursuant thereto.

3. The registered and head office of Economical Insurance is located at 111 Westmount Road South, Waterloo, Ontario, N2J 4S4.

4. While it is a mutual property and casualty insurance company, Economical Insurance has no common shareholders and its board of directors is elected by its mutual policyholders in accordance with the ICA.

5. While it is a mutual property and casualty insurance company, Economical Insurance has two types of policyholders — mutual policyholders and non-mutual policyholders. Mutual policyholders of a mutual insurance company have certain governance rights in the company, such as electing the board of directors, appointing auditors, and approving certain special matters. Non-mutual policyholders of Economical Insurance do not currently have any governance or voting rights.

6. Upon the Demutualization, the authorized share capital of Economical Insurance will consist of an unlimited number of common shares (the "**Economical Common Shares**") and an unlimited number of preferred shares.

7. Upon the Demutualization, Economical Insurance will no longer be a mutual property and casualty insurance company and will become a wholly-owned subsidiary of the Filer.

8. Economical Insurance has incorporated the Filer under the ICA. The Filer is not a reporting issuer in any province or territory in Canada and is not in default of any requirements under applicable securities legislation or the rules and regulations made pursuant thereto. The Filer will not be a reporting issuer in any province or territory of Canada prior to the filing of, and obtaining a receipt for, a final prospectus for the IPO (as defined in paragraph 22 below).

9. The authorized share capital of the Filer currently consists of an unlimited number of common shares ("**Definity Shares**"), of which one Definity Share is issued and outstanding and is held by Economical Insurance (the "**Initial Definity Share**"), which will be the case until immediately prior to the Demutualization. Upon the completion of the Demutualization, the authorized share capital of the Filer will consist of an unlimited number of Definity Shares and an unlimited number of preferred shares.

10. Prior to the Demutualization, the Filer will have no assets other than $5 million of share capital invested by Economical Insurance.

11. Demutualization is a regulated legal process by which a mutual insurance company converts from a company with mutual policyholders as its voting members and no shareholders, to a share company with voting shareholders. The Demutualization will be implemented pursuant to the ICA and the *Mutual*

Property and Casualty Insurance Company with Non-Mutual Policyholders Conversion Regulations under the ICA (the "**Demutualization Regulations**"), and a conversion plan (the "**Conversion Plan**") approved pursuant thereto.

12. On November 3, 2015 (the "**Eligibility Date**"), the board of directors of Economical Insurance passed a resolution recommending that Economical Insurance demutualize. The Eligibility Date is the date for determining which mutual and non-mutual policyholders would be eligible to participate in the distribution of benefits (in the form of cash, Definity Shares or a combination of cash and Definity Shares) ("**Demutualization Benefits**") in accordance with the Demutualization Regulations and the Conversion Plan. Such policyholders are referred to as "**Eligible Policyholders**". Most of the Eligible Policyholders (approximately 630,000) are non-mutual policyholders. There are approximately 878 mutual policyholders that are Eligible Policyholders.

13. The Demutualization has been or is expected to be approved through a number of steps as contemplated by the Demutualization Regulations. In summary, pursuant to the Demutualization Regulations and under the supervision of the Office of the Superintendent of Financial Institutions of Canada ("**OSFI**"):

    (a) In December 2015, eligible mutual policyholders of Economical Insurance approved a special resolution to negotiate the method of allocating the Demutualization Benefits with eligible non-mutual policyholders of Economical Insurance;

    (b) The method of allocating Demutualization Benefits, and whether any persons or classes of persons other than Eligible Policyholders would be entitled to Demutualization Benefits, were negotiated by policyholder committees representing the eligible mutual policyholders and eligible non-mutual policyholders (each having independent legal counsel appointed by the Ontario Superior Court of Justice). In June 2018, each policyholder committee unanimously approved a method of allocating Demutualization Benefits and the allocation of $100 million of cash Demutualization Benefits to a new charitable foundation, now known as the Definity Insurance Foundation (the "**Foundation**"). These terms formed part of the Conversion Plan, which was submitted to OSFI on June 26, 2018, along with other required materials;

    (c) In March 2019, eligible mutual policyholders approved a special resolution to amend the by-laws of Economical Insurance to extend the right to vote on certain matters relating to the Demutualization (described in the next paragraph) to eligible non-mutual policyholders;

    (d) At a special meeting on May 20, 2021 (the "**Special Meeting**"), Eligible Policyholders (mutual and non-mutual) voted by special resolution to: (i) approve the Conversion Plan, (ii) confirm the form of amended and restated by-laws of Economical Insurance that will become effective at the time of Demutualization, and (iii) authorize Economical Insurance to apply to the Minister of Finance for approval of the Conversion Plan and issuance of Letters Patent of Conversion (collectively, the "**Conversion Approval Resolution**"). The Conversion Approval Resolution was passed by more than two-thirds of the Eligible Policyholders voting at the Special Meeting; and

    (e) The final step in the Demutualization process is the approval by the Minister of Finance of the Conversion Plan and the issuance of Letters Patent of Conversion, which is expected to take effect immediately prior to the completion of the IPO.

14. Distribution of Demutualization Benefits to Eligible Policyholders and the Foundation will be made pursuant to allocation rules set out in the Conversion Plan.

15. At the effective time of the Demutualization, the following steps will occur simultaneously:

    (a) Economical Insurance will cease to be a mutual property and casualty insurance company and will become a property and casualty insurance company with common shares;

    (b) All of Economical Insurance's policyholders will cease to have any rights with respect to, or any interest in, Economical Insurance as a mutual company;

    (c) Amended and restated by-laws of Economical Insurance will come into force, including a by-law authorizing the issuance of Economical Common Shares;

    (d) Economical Insurance will issue Economical Common Shares to the Filer in consideration for the Filer issuing Definity Shares to Eligible Policyholders;

    (e) The Filer will issue Definity Shares to Eligible Policyholders in accordance with the Conversion Plan; and

(f) The Filer will repurchase and cancel the Initial Definity Share (the "**Purchase for Cancellation**").

16. The Purchase for Cancellation is, in the context of the Demutualization, a share repurchase within the Filer/Economical Insurance corporate structure whereby the initial $5 million of share capital of the Filer will be returned to Economical Insurance. The Purchase for Cancellation is necessary to ensure that the Filer and Economical Insurance comply with the ICA, which does not permit a subsidiary to own shares in its parent company or a company to own shares issued by itself (in each case, other than in limited circumstances which are not relevant in these circumstances).

17. The Purchase for Cancellation may constitute an "issuer bid" as defined in NI 62-104. The Purchase for Cancellation involves the acquisition of the Initial Definity Share as a technical step in the Demutualization. If the Filer were to complete the Purchase for Cancellation prior to becoming a reporting issuer, and prior to completion of the Demutualization, the Purchase for Cancellation would be exempt from the Issuer Bid Requirements under section 4.9 of NI 62-104.

18. In addition, the definition of "issuer bid" in NI 62-104 excludes an acquisition or redemption that is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders. In this case, as a mutual insurance company, Economical Insurance does not have security holders; instead, the Demutualization and the Conversion Plan (including the Purchase for Cancellation provided for therein) have been approved by Eligible Policyholders.

19. Holders of Definity Shares are not prejudiced by the Purchase for Cancellation.

20. Prior to the Special Meeting, Eligible Policyholders were provided with an information circular which disclosed, among other things, that the Initial Definity Share would be repurchased by the Filer as part of the Conversion Plan. The Eligible Policyholders were made aware that in approving the Conversion Plan, they were also approving the Purchase for Cancellation as a step in the Conversion Plan. There is no material information regarding the Demutualization which has not been generally disclosed.

21. The Demutualization will become effective at the effective time stated in the Letters Patent of Conversion, as issued by the Minister of Finance (Canada), which is expected to be 12:01 a.m. Eastern time on the date of the completion of the IPO (which will be after the date of the receipt for the final prospectus for the IPO).

22. Before the effective date of the Demutualization, it is intended that a preliminary prospectus and final prospectus of the Filer will be filed qualifying the public distribution of Definity Shares in an initial public offering (the "**IPO**") in all of the provinces and territories of Canada. As part of the IPO, Definity Shares will be issued and sold by the Filer (through an underwriting syndicate) to investors to generate cash proceeds (not including proceeds from exercise of any over-allotment option) in order to fund expenses of the Offering and the distribution of cash Demutualization Benefits to the Foundation and Eligible Policyholders. The Filer and Economical Insurance have also agreed to sell additional Definity Shares to two investors in a concurrent private placement (the "**Cornerstone Private Placements**"). Proceeds from the Cornerstone Private Placements (excluding proceeds from any over-allotment related additional subscription) will also fund expenses of the Offering and the distribution of cash Demutualization Benefits to eligible recipients. The "**Offering**" refers to both the IPO and the Cornerstone Private Placements (excluding any over-allotment option or additional subscription).

23. The IPO (and the Cornerstone Private Placements) are expected to close as soon as reasonably practicable after the Demutualization.

24. Upon the issuance of a receipt for the final prospectus for the IPO, the Filer will be a reporting issuer (or equivalent) in all of the provinces and territories of Canada.

25. The Filer expects that, upon completion of the IPO, the Definity Shares will be listed on the Toronto Stock Exchange, subject to the approval of the Toronto Stock Exchange in accordance with its listing requirements.

26. Under the Conversion Plan, as soon as reasonably practicable after completion of the Offering, the proceeds to the Filer from the sale of Definity Shares:

(a) First, will be used by the Filer to pay certain expenses of the Offering;

(b) Second, will be used by the Filer to subscribe for additional Economical Common Shares in order to fund cash distributions by Economical Insurance in accordance with the Conversion Plan; and

(c) Otherwise may be retained by the Filer for general corporate purposes.

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

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Filer be exempt from the Issuer Bid Requirements in connection with the Purchase for Cancellation.

DATED at Toronto, Ontario this 4th day of November, 2021.

"David Mendicino"
Manager, Office of Mergers & Acquisitions
Ontario Securities Commission

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
Pepcap Resources, Inc.	February 3, 2022	February 8, 2022
PPX Mining Corp	February 3, 2021	February 8, 2022
Relevium Technologies Inc.	February 9, 2022	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Reservoir Capital Corp.	May 5, 2021	
Cronos Group Inc.	November 16, 2021	
Edison Lithium Corp.	February 1, 2022	

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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:
Barometer Disciplined Leadership Balanced Fund
Barometer Disciplined Leadership Equity Fund
Barometer Disciplined Leadership Tactical Income Growth Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 8, 2022
NP 11-202 Final Receipt dated Feb 11, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3322499

Issuer Name:
Purpose Bitcoin ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Feb 11, 2022
NP 11-202 Final Receipt dated Feb 14, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3328021

Issuer Name:
Empire Life Dividend Growth Mutual Fund
Empire Life Emblem Aggressive Growth Portfolio
Empire Life Emblem Balanced Portfolio
Empire Life Emblem Conservative Portfolio
Empire Life Emblem Diversified Income Portfolio
Empire Life Emblem Growth Portfolio
Empire Life Emblem Moderate Growth Portfolio
Empire Life Monthly Income Mutual Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 11, 2022
NP 11-202 Final Receipt dated Feb 14, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3321296

Issuer Name:
Harvest Diversified Monthly Income ETF
Harvest Space Innovation Index ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Feb 4, 2022
NP 11-202 Final Receipt dated Feb 8, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3325581

Issuer Name:
Horizons Active A.I. Global Equity ETF
Horizons Active Cdn Bond ETF
Horizons Active Cdn Dividend ETF
Horizons Active Cdn Municipal Bond ETF
Horizons Active Corporate Bond ETF
Horizons Active Emerging Markets Bond ETF
Horizons Active ESG Corporate Bond ETF
Horizons Active Floating Rate Senior Loan ETF
Horizons Active Global Dividend ETF
Horizons Active Global Fixed Income ETF
Horizons Active High Yield Bond ETF
Horizons Active Hybrid Bond and Preferred Share ETF
Horizons Active Preferred Share ETF
Horizons Active Ultra-Short Term Investment Grade Bond ETF (formerly known as Horizons Active Floating Rate Bond ETF)
Horizons Active Ultra-Short Term US Investment Grade Bond ETF (formerly known as Horizons Active US Floating Rate Bond)
Horizons Emerging Markets Leaders ETF
Principal Regulator – Ontario
Final Long Form Prospectus dated Feb 11, 2022
NP 11-202 Final Receipt dated Feb 14, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3324203

Issuer Name:
Evermore Retirement ETF 2025
Evermore Retirement ETF 2030
Evermore Retirement ETF 2035
Evermore Retirement ETF 2040
Evermore Retirement ETF 2045
Evermore Retirement ETF 2050
Evermore Retirement ETF 2055
Evermore Retirement ETF 2060
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Feb 11, 2022
NP 11-202 Final Receipt dated Feb 14, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3325614

Issuer Name:
NewGen Alternative Income Fund
NewGen Focused Alpha Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 8, 2022
NP 11-202 Final Receipt dated Feb 11, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3323342

Issuer Name:
Middlefield Innovation Dividend ETF
Middlefield Sustainable Global Dividend ETF
Middlefield Sustainable Infrastructure Dividend ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Feb 7, 2022
NP 11-202 Preliminary Receipt dated Feb 8, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3335995

Issuer Name:
First Trust Value Line® Dividend Index ETF (CAD-Hedged)
First Trust AlphaDEX Emerging Market Dividend ETF (CAD-Hedged)
First Trust Senior Loan ETF (CAD-Hedged)
First Trust Canadian Capital Strength ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 7, 2022
NP 11-202 Final Receipt dated Feb 8, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3192133

Issuer Name:
First Trust AlphaDEX European Dividend Index ETF (CAD-Hedged)
First Trust Global Risk Managed Income Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 7, 2022
NP 11-202 Final Receipt dated Feb 8, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3196183

Issuer Name:
Fidelity Advantage Bitcoin ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 4, 2022
NP 11-202 Final Receipt dated Feb 11, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3302878

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 #3 to Final Simplified Prospectus dated February 4, 2022
NP 11-202 Final Receipt dated Feb 9, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3199459

Issuer Name:
Fidelity Advantage Bitcoin ETF Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated February 4, 2022
NP 11-202 Final Receipt dated Feb 11, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3302880

Issuer Name:
Canadian Life Companies Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus (NI 44-102) dated February 11, 2022
NP 11-202 Receipt dated February 11, 2022
Offering Price and Description:
Class A Share and Preferred Shares, in an aggregate offering amount of up to $125,000,000
Preferred Shares was $10.23 and of the Class A Shares was $5.39
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3335590

Issuer Name:
Probity Mining 2022 Short Duration Flow-Through Limited Partnership - British Columbia
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 10, 2022
NP 11-202 Receipt dated February 10, 2022
Offering Price and Description:
British Columbia Class
• BC-A Units
• BC-F Units
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
Probity Capital Corporation
Project #3318742

Issuer Name:
Probity Mining 2022 Short Duration Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 10, 2022
NP 11-202 Receipt dated February 10, 2022
Offering Price and Description:
National Class
• NC-A Units
• NC-F Units
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
Probity Capital Corporation
Project #3318744

Issuer Name:
Probity Mining 2022 Short Duration Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 10, 2022
NP 11-202 Receipt dated February 10, 2022
Offering Price and Description:
Québec Class
• QC-A Units
• QC-F Units
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
Probity Capital Corporation
Project #3318748

NON-INVESTMENT FUNDS

Issuer Name:
Altius Renewable Royalties Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated February 9, 2022
NP 11-202 Preliminary Receipt dated February 9, 2022
Offering Price and Description:
$200,000,000.00
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALTIUS MINERALS CORPORATION
Project #3336645

Issuer Name:
Arctic Fox Minerals Corp. (formerly Melius Capital Corp.)
Type and Date:
Preliminary Long Form Prospectus dated February 7, 2022
(Preliminary) Receipted on February 8, 2022
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
Dixon Lawson
Project #3336330

Issuer Name:
Atlas One Capital Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated February 7, 2022
NP 11-202 Preliminary Receipt dated February 8, 2022
Offering Price and Description:
$266,000.00 - 2,660,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
M Partners Inc.
Promoter(s):
Ilana Prussky
Project #3335991

Issuer Name:
Brixton Metals Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated February 11, 2022
NP 11-202 Preliminary Receipt dated February 11, 2022
Offering Price and Description:
C$50,000,000.00
Common Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3337738

Issuer Name:
Innergex Renewable Energy Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 9, 2022
NP 11-202 Preliminary Receipt dated February 9, 2022
Offering Price and Description:
$150,005,250.00 - 8,451,000 Common Shares
Price: $17.75 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 #3335366

Issuer Name:
Nevada Lithium Resources Inc. (formerly, Hermes Acquisition Corp.)
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 4, 2022
NP 11-202 Preliminary Receipt dated February 8, 2022
Offering Price and Description:
$5,516,050.50 12,257,890 Units Issuable upon Exercise of 12,257,890 Special Warrants
Underwriter(s) or Distributor(s):
RESEARCH CAPITAL CORPORATION
ECHELON WEALTH PARTNERS INC.
Promoter(s):
-
Project #3335688

Issuer Name:
ROK Resources Inc. (formerly Petrodorado Energy Ltd.)
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 9, 2022
NP 11-202 Preliminary Receipt dated February 9, 2022
Offering Price and Description:
$15,000,120.00 - 83,334,000 Subscription Receipts
Price: $0.18 per Subscription Receipt
Underwriter(s) or Distributor(s):
ECHELON WEALTH PARTNERS INC.
RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #3335679

Issuer Name:
The Alkaline Water Company Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus - MJDS dated February 11, 2022
NP 11-202 Preliminary Receipt dated February 14, 2022
Offering Price and Description:
US$50,000,000.00
Common Stock
Preferred Stock
Debt Securities,
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3337878

Issuer Name:
Wallbridge Mining Company Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 8, 2022
NP 11-202 Preliminary Receipt dated February 8, 2022
Offering Price and Description:
$15,015,000.00 - 27,300,000 Charity Flow-Through Shares
Price: $0.55 per Charity Flow-Through Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
EIGHT CAPITAL
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #3335549

Issuer Name:
Canadian Net Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Shelf Prospectus dated February 10, 2022
NP 11-202 Receipt dated February 10, 2022
Offering Price and Description:
$125,000,000.00
Trust Units
Subscription Receipts
Warrants
Debt Securities (unsecured)
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3334856

Issuer Name:
Cardiol Therapeutics Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated February 8, 2022
NP 11-202 Receipt dated February 8, 2022
Offering Price and Description:
US $150,000,000.00
Common Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
David Elsley
Project #3329774

Issuer Name:
High Tide Resources Corp.
Type and Date:
Final Long Form Prospectus dated February 9, 2022
Receipted on February 9, 2022
Offering Price and Description:
Distribution of 9,360,852 ROC Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Avidian Gold Corp.
Project #3333942

Issuer Name:
Kua Investments Inc.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated February 8, 2022
NP 11-202 Receipt dated February 10, 2022
Offering Price and Description:
$225,000.00 - 2,250,000 Common Shares Price: $0.10 per share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #3327547

Issuer Name:
Liberty Defense Holdings, Ltd. (formerly, Gulfstream Acquisition 1 Corp.)
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated February 8, 2022
NP 11-202 Receipt dated February 9, 2022
Offering Price and Description:
$60,000,000.00
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3314914

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	JSL Asset Management Inc.	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager	February 8, 2022
New Registration	Tailwind EMD Inc.	Exempt Market Dealer and Portfolio Manager	February 11, 2022

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Dealerweb Inc. – Application for an Exemption from the Marketplace Rules – Notice and Request for Comment

NOTICE AND REQUEST FOR COMMENT

APPLICATION FOR AN EXEMPTION FROM THE MARKETPLACE RULES

DEALERWEB INC.

February 17, 2022

A. Background

Dealerweb Inc. (**Dealerweb**) has applied for an exemption from National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), National Instrument 23-101 *Trading Rules* (**NI 23-101**) and National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103** and, together with NI 21-101 and NI 23-103, the **Marketplace Rules**) in their entirety.

Dealerweb is registered as an alternative trading system (**ATS**) with the Securities and Exchange Commission (**SEC**) and is an SEC registered broker-dealer, a member of the Financial Industry Regulatory Authority (**FINRA**) and the Municipal Securities Rulemaking Board. Dealerweb operates and maintains an electronic trading platform that facilitates the trading of various US government securities including United States treasury securities, United States treasury bills, United States treasury floating rate notes and overnight and term repurchase transactions.

B. Requested Relief

Dealerweb requests relief from the Marketplace Rules. In the application, Dealerweb has outlined how it meets the criteria for exemption from the Marketplace Rules set out in CSA Staff Notice 21-328 *Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities*.[1] The application and draft exemption order are attached as Annexes A and B, respectively, to this notice.

C. Comment Process

We are seeking public comment on all aspects of Dealerweb's application and the draft exemption order. Please provide your comments in writing, via e-mail, on or before March 21, 2022, to:

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

Questions may be referred to:

Heather Cohen
Senior Legal Counsel, Market Regulation
Ontario Securities Commission
hcohen@osc.gov.on.ca

Ruxandra Smith
Senior Accountant, Market Regulation
Ontario Securities Commission
ruxsmith@osc.gov.on.ca

[1] Available at https://www.osc.ca/en/securities-law/instruments-rules-policies/2/21-328/csa-staff-notice-21-328-regulatory-approach-foreign-marketplaces-trading-fixed-income-securities

ANNEX A

Norton Rose Fulbright Canada LLP
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Toronto, Ontario M5K 1E7 Canada
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Andrew Grossman
+1 416.216.2312
andrew.grossman@nortonrosefulbright.com

Mark Bissegger
+1 416.212.6719
mark.bissegger@nortonrosefulbright.com

December 21, 2021

Sent by Email

Ontario Securities Commission
20 Queen St. West, 22nd Floor
Toronto, Ontario M5H 3S8

Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec, Québec G1V 5C1

Nova Scotia Securities Commission
Ste. 400, Duke Tower, 5251 Duke St.
Halifax, NS B3J 1P3

Dear Sirs/Mesdames:

RE: Dealerweb Inc. – Application for Exemption From Certain Marketplace Rules That Apply to an Alternative Trading System

We are Canadian counsel to, and are filing this coordinated review application (the **Application**) on behalf of, Dealerweb Inc. (**Dealerweb** or the **Applicant**) pursuant to Section 3.4 of National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**). We are filing this Application on behalf of Dealerweb in Ontario, Quebec and Nova Scotia (the **Jurisdictions**).

In accordance with the guidelines set out in Section 3.6 of NP 11-203, the Ontario Securities Commission (the **OSC**) has been selected as the principal regulator for the purposes of this Application on the basis that Dealerweb has the most significant connection to Ontario. In accordance with Section 5.2(3) of NP 11-203, this Application is being filed with each of the securities regulatory authorities in the Jurisdictions (the **ATS Relief Decision Makers**) for relief from the securities legislation of each of those Jurisdictions (the **Legislation**). In accordance with section 3.4 of NP 11-203, the Applicant is filing this Application with, and paying fees to, each of the ATS Relief Decision Makers.

On behalf of Dealerweb, we hereby request that the ATS Relief Decision Makers grant a decision under the Legislation pursuant to Section 15.1 of National Instrument 21-101 – *Marketplace Operation* (**NI 21-101**), Section 12.1 of National Instrument 23-101 – *Trading Rules* (**NI 23-101**) and Section 10 of National Instrument 23-103 – *Electronic Trading and Direct Access to Marketplaces* (**NI 23-103** and, together with NI 21-101 and NI 23-101, the **Marketplace Rules**) exempting Dealerweb from the application of all provisions of the Marketplace Rules that apply to a person or company carrying on business as an alternative trading system (**ATS**) in the Jurisdictions (the **Requested Relief**).

Dealerweb is not in default of securities legislation in its home jurisdiction nor in any of the Jurisdictions with the exception that between October 5, 2016 and December 13, 2021, without being registered as an ATS or receiving exemptive relief, Dealerweb permitted one Quebec participant to access the Platform (as defined below). Dealerweb became aware of this access on November 18, 2021 and, after prompt internal investigation and review, brought it to the attention of the OSC and the Autorité des marchés financiers (the **AMF**) on December 7 and 8, 2021, respectively. Dealerweb removed this access on December 13, 2021 and is taking steps to ensure compliance with the securities legislation in Quebec.

The Requested Relief sought is not novel and similar exemptions have previously been granted by the ATS Decision Makers to ATSs based in the United States of America (the **US**) (see Section 14.1.8 of this Application for further details).

Terms defined in National Instrument 14-101 – *Definitions* and NI 21-101 have the same meaning if used in this Application, unless otherwise defined.

Dealerweb submits that it has provided in this Application for an exemption from the Marketplace Rules the information requested by the Canadian Securities Administrators (the **CSA**) in CSA Staff Notice 21-328 – *Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities* (**Staff Notice 21-328**) to assist staff in the Jurisdictions in evaluating whether it is appropriate for Dealerweb to be granted the Requested Relief. Dealerweb further submits that it should be permitted to offer direct access to Canadian Participants (as defined below) without having to establish a Canadian-based affiliate as it is able to substantially meet or otherwise address the criteria set out in Staff Notice 21-328 and address the regulatory framework in Staff Notice 21-328, including the proposed terms and conditions for granting an exemption from the Marketplace Rules. In particular, the Applicant submits that it is subject to a regulatory regime in its home jurisdiction that is substantially similar to that applied to an ATS in each Jurisdiction.

In addition, Dealerweb submits that the Application demonstrates that it satisfies the criteria provided in the CSA's regulatory framework and exemption model. Further, Dealerweb submits that the balance between avoiding market fragmentation and reducing regulatory duplication and burden, and facilitating investor protection and promoting a fair and efficient market, is met. For these reasons and the reasons provided in the Application, the Applicant submits that granting the Requested Relief is warranted.

For convenience, this Application is divided into the following Parts:

PART I – BACKGROUND

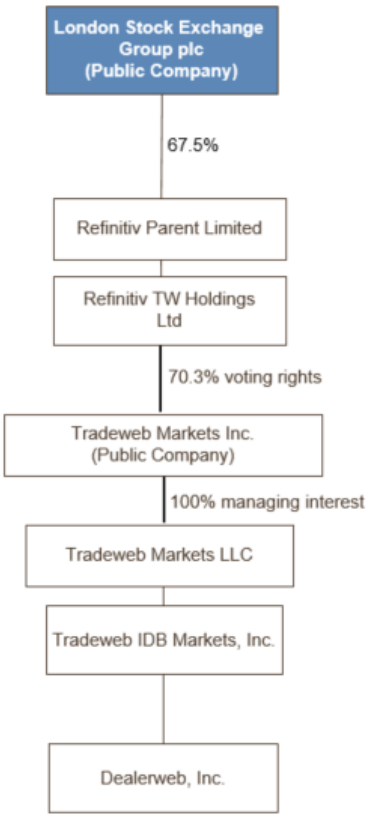
1. Dealerweb is a private corporation incorporated under the laws of New York whose registered and head office is located at 1177 Avenue of the Americas, New York, NY, 10036. Dealerweb was founded in 1975 as Hilliard Farber & Co., Inc.

2. Dealerweb does not have any offices or maintain a physical presence in the Jurisdictions or any other Canadian province or territory.

3. Dealerweb is an ATS and a broker-dealer registered with the US Securities and Exchange Commission (the **SEC**) (SEC# 8-38103) pursuant to Section 15 of the *Securities Exchange Act of 1934*, as amended (the **Exchange Act**), and is registered as an introducing broker pursuant to the *Commodity Exchange Act* (**CEA**). Dealerweb is also a member of the Financial Industry Regulatory Authority (**FINRA**) (CRD#: 19662), the Municipal Securities Rulemaking Board (**MSRB**) and the National Futures Association (**NFA**). FINRA is a US equivalent of the Investment Industry Regulatory Organization of Canada (**IIROC**).

4. Dealerweb is a wholly-owned subsidiary of Tradeweb Markets LLC (**Tradeweb**), a private limited liability company incorporated under the laws of Delaware. Dealerweb has no subsidiaries. Tradeweb is wholly-owned by Tradeweb

Markets Inc., a public company that is majority owned by Refinitiv Holdings Ltd., a company that is currently indirectly wholly-owned by London Stock Exchange Group plc. (**LSEG**) as set out in the corporate structure chart below. The voting rights of Tradeweb Markets Inc. not controlled by LSEG are held by public shareholders.



5. Dealerweb and Tradeweb are party to an inter-affiliate service agreement pursuant to which Tradeweb provides certain services including product and technology development and support, quality assurance, network support, system and application security, legal and risk management. Dealerweb maintains responsibility for the personnel and operations provided by Tradeweb.

6. Dealerweb operates a fully-electronic platform (the **Platform**) which facilitates the trading of various US government securities. The Platform facilitates trades of: (i) on-the-run United States treasury securities (**OTR Treasuries**); (ii) off-the-run United States treasury securities (**OFTR Treasuries**); (iii) United States treasury bills (**T-Bills**); (iv) United States treasury floating rate notes (**Floating Rate Notes**); and (v) overnight and term repurchase transactions (**Repos** and, collectively with OTR Treasuries, OFTR Treasuries, T-Bills and Floating Rate Notes, the **Treasury Products**).

7. In offering the Platform, Dealerweb acts as an interdealer broker. Participants on the Platform include many of the world's largest commercial and investment banks and principal trading firms. The Platform facilitates trades only on an electronic basis with the exception of trades on the OFTR CLOB which are executed in a hybrid model as set out in further detail in paragraph 12 below. Dealerweb also offers a voice trading desk (the **Treasury Voice Desk**) which facilitates trades for OFTR Treasuries, T-Bills, Floating Rate Notes and treasury inflation-protected securities (**TIPS**) and a voice trading desk for Repos (the **Repo Voice Desk**).

OTR Treasuries

8. The Platform facilitates trades in OTR Treasuries in two distinct ways. The central limit order book for OTR Treasuries (the **OTR CLOB**) was launched in 2014 and currently has approximately 25 participants. The OTR CLOB offers an all-to-all trading model composed of a variety of liquidity takers and makers. The liquidity takers and makers on the OTR CLOB are primarily registered broker-dealers, banks, registered hedge funds and investment advisors, with the majority being registered broker-dealers and banks. Execution on the OTR CLOB is fully anonymous and market data is disseminated to all counterparties. Price increments on the OTR CLOB are standard across the market. The minimum trading size for all participants on the OTR CLOB is US$1 million. Execution on the OTR CLOB occurs on a price and time priority basis.

9. The Platform also facilitates trades in OTR Treasuries under a direct streaming mechanism which was launched in 2017 (**Direct Streams**). Direct Streams offer access to competitive prices at potentially greater size while limiting market impact. Liquidity providers continuously send two-way prices and sizes to preferred counterparties for trading on a disclosed or anonymous basis. Direct Streams provides participants with the connectivity, counterparty arrangements and data analytics to create custom trading networks of liquidity providers in OTR Treasuries. The liquidity takers and makers in Direct Streams are primarily registered broker-dealers, banks, registered hedge funds and investment advisors, with the majority being registered broker-dealers and banks. Many participants have access to both the OTR CLOB and Direct Streams. The minimum trading size for all participants in Direct Streams is US$1 million.

10. Preferred counterparties participating in Direct Streams are identified and ranked based on the best price provided via the specific stream. After best price, ranking in Direct Streams is determined based on the participants' preferences on whom they wish to transact with. Participants can participate in Direct Streams either on a disclosed or anonymous basis. Over 80% of the trading activity in Direct Streams is done on a disclosed basis. Each participant determines based on its preferences whether it wants to trade on a disclosed or anonymous basis in Direct Streams.

11. Under the Direct Streams mechanism, prices aggregate from direct streams onto a single screen to simplify and streamline access to liquidity. The functionality centralizes all points of connectivity, allowing participants to efficiently evaluate available prices and sizes as well as route orders across Direct Streams and the OTR CLOB. Under Direct Streams, execution market data is only disseminated to the counterparties to the trade. Price increments are 1/16th of 1/32nd across all tenors.

OFTR Treasuries

12. The Platform facilitates trades in OFTR Treasuries via a hybrid model where a voice broker will receive an indication of interest from a subscriber to either buy or sell which is then entered into the central limit order book for OFTR Treasuries (the **OFTR CLOB**) and if a match occurs, the trade will be executed in the same manner as on the OTR CLOB, on a price and time priority basis. The OFTR CLOB was launched in November 2011 and has approximately 53 active firms and 167 users setup to trade OFTR Treasuries. The subscriber base consists primarily of registered broker-dealers, banks, and registered investment advisors and hedge funds. The minimum order size is between US$25 million to US$5 million, depending on the maturity and type of OFTR Treasury and the minimum increments are US$1 million.

13. The Platform also facilitates trades in OFTR Treasuries through a session-based "sweep" protocol (**OFTR Sweep**). OFTR Sweep trading sessions take place at predetermined times: Monday through Thursday at 9:30 A.M. and 3:30 P.M.; Friday at 9:30 A.M. and then during month end week on Monday through Friday at 9:30 A.M. and 3:30 P.M. Participants can upload or manually input the OFTR Treasuries that they wish to purchase or sell directly into Dealerweb's order entry panel for execution on the Platform. Based on these inputs, orders are matched once the OFTR Sweep session starts at the specific time in the morning and afternoon based on the offsetting positions that have been entered for the OFTR Treasury against the Tradeweb Composite mid-price. The Tradeweb Composite mid-price is established by the pricing and market data submitted by 20 specific dealers for specific OFTR Treasuries and is considered proprietary information. The OFTR Sweep trading sessions offer liquidity and price transparency in less liquid OFTR Treasuries. OFTR Sweep is primarily used by participants for portfolio rebalancing and inventory management and provides an important source of liquidity for the participants and their respective customers. The first OFTR Sweep session took place in June 2014 and presently there are 38 active firms, including 162 users who participate in OFTR Sweep trading sessions. The subscriber base participating in OFTR Sweep trading sessions consists of registered broker dealers, banks, and registered investment advisors and hedge funds.

T-Bills

14. T-Bills are traded on the Platform through a central limit order book (the **T-Bill CLOB**) and sweep trading sessions (**T-Bill Sweep**), each of which is substantially similar to the OFTR CLOB and OFTR Sweep trading sessions, respectively. The minimum size requirements for T-Bills traded on the T-Bill CLOB is between US$5 million and US$25 million. T-Bills traded on the T-Bill CLOB trade at a rate, not price, but the functionality for matching is the same, based on the rate and time priority similar to the OFTR CLOB. The T-Bill CLOB was launched in June 2010.

Floating Rate Notes

15. Floating Rate Notes are traded on the Platform through both the CLOB (the **FRN CLOB**) and sweep trading sessions (**FRN Sweep**). Floating Rate Notes traded on the FRN CLOB trade on a discount margin. The functionality for Floating Rate Notes executed through the FRN CLOB is similar to the OFTR CLOB and T-Bill CLOB as trades are matched based on the price (discount margin) and time priority. The minimum size requirement of Floating Rate Notes on the FRN CLOB is US$5 million and the minimum increment is US$1 million. The FRN Sweep trading sessions function in the same manner as the OFTR Sweep and T-Bill Sweep trading sessions. The subscriber base for both the FRN CLOB and FRN Sweep trading session consists of registered broker-dealers, banks, and registered investment advisors and hedge funds. The FRN CLOB was launched in February 2014.

Repos

16. The Platform facilitates the trading of overnight and term Repos through a central limit order book (the **Repo CLOB**). Trades executed on the Repo CLOB can be for specific collateral, general collateral, and general collateral financing, which consist of T-Bills, treasury notes, treasury bonds, agency bonds, Floating Rate Notes, agency mortgage backed securities and adjustable rate mortgages. The primary Repo trading activity on the Platform is for specific collateral and general collateral, which consist of U.S. Treasury securities. General collateral financing can utilize agency bonds, agency mortgage backed securities and adjustable rate mortgages as collateral, but these are rarely traded on the Platform. The Repo CLOB functions in a similar capacity as the rest of the trading activity on the Platform's other central limit order books as trades are matched on a price and time priority basis. Repos are priced based on a rate and the minimum size for all Repos excluding general collateral Repos is US$25 million and the minimum size for general collateral Repos is US$50 million. The Repo CLOB began trading in June 2016. Only Fixed Income Clearing Corporation (**FICC**) members are allowed to trade Repos on the Platform. Dealerweb does not facilitate and is not involved with the transfer of the collateral utilized in Repo transactions. Dealerweb introduces both counterparties to the transaction to FICC for settlement, but the counterparties to the trade are responsible for the facilitation of the collateral that is part of the Repo transaction.

17. Repos are transactions where securities are used to borrow cash, or vice versa. The principal participants in these transactions are broker-dealers and banks, which are FICC members. In these transactions, cash is exchanged for collateral, which consists of T-Bills, treasury notes, treasury bonds, Floating Rate Notes, agency bonds, agency mortgaged securities and adjustable rate mortgages. Agency bonds, agency mortgage-backed securities and adjustable rate mortgages are primarily used for general collateral financing Repo transactions, which are executed primarily through the Repo Voice Desk. Repo transactions are driven by a need to lend/borrow specific securities or to lend/borrow cash. Cash lenders use Repos as a way to securely invest cash. Typical cash lenders include money market funds, central banks and others. Securities lenders enter into Repos to finance their securities positions or to obtain leverage. Typical cash borrowers/securities lenders are hedge funds, mortgage real estate investment trusts, pension funds, asset managers, insurance companies and sovereign wealth funds.

Voice Desks

18. Dealerweb also operates the Treasury Voice Desk which trades OFTR Treasuries, T-Bills, Floating Rate Notes and TIPS. OFTR Treasuries are the primary Treasury Product traded on the Treasury Voice Desk. The Repo Voice Desk offers trading in the same products as the Repo CLOB. The Repo Voice Desk only executes trades on behalf of FICC members. The majority of trading on the Repo Voice Desk is in general collateral and general collateral financing Repos. Trades submitted through the Treasury Voice Desk and the Repo Voice Desk are sent to a broker who looks for a matching order on the other side of the transaction.

Participants, Clearing and Settlement

19. When approved as a new participant on the Platform, the participant does not automatically receive access to all of the Treasury Products traded on the Platform. Each participant determines which Treasury Products it wishes to trade as well as the specific ways it wishes to trade such Treasury Products (i.e. CLOB, Direct Streams or Sweep, as applicable).

20. It is expected that certain institutional investors in the Jurisdictions wish to become clients of Dealerweb and utilize the Platform in order to access the liquidity afforded by the robust, existing network of clients. There are currently no Canadian clients trading on the Platform.

21. Dealerweb proposes to offer access to its Platform to participants in the Jurisdictions (**Canadian Participants**). In order to obtain access to the Platform, a Canadian Participant will need to abide by the terms and conditions set out in Dealerweb's Participant Agreement (the **Participant Agreement**). The Participant Agreement provides clear and transparent access criteria and requirements for all market participants on the Platform to maintain the integrity of the Platform. Dealerweb applies these criteria to all Platform participants in an impartial manner. Dealerweb does not regulate participants on the Platform, other than by denying them access.

22. Canadian Participants will have access to all Treasury Products traded on the Platform and to all forums for trading such Treasury Products on the Platform, including as a liquidity taker or as a liquidity maker, or both (as applicable).

23. There are no retail clients on the Platform and no Canadian Participants will be retail investors. Dealerweb's current institutional participants are primarily made up of dealers, banks, hedge funds and asset managers. The majority of participants are located in the US; however, a number are in jurisdictions which allow Dealerweb to operate under foreign exemptions, such as Switzerland. To date, the majority of trading volume on the Platform originates from US participants. Dealerweb expects the majority of trading to continue to come from US participants. Dealerweb expects that Canadian Participants will be sophisticated investors with a working knowledge of the fixed-income markets. Dealerweb intends to make training available for each person who has access to trade on the Platform.

24. Canadian Participants will be comprised of institutional investors that qualify as permitted clients as defined in Section 1.1 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

25. The trading hours on the Platform are 8:30 a.m. (Japan Standard Time) to 5:30 p.m. (Eastern Time), Monday through Friday, excluding the Securities Industry and Financial Markets Association's recommended full and early holiday closings.

26. The clearing flow for all Treasury Products on the Platform depends on whether the participant is a member of FICC or a non-FICC member, regardless of whether the trades are generated from a CLOB, Sweep session or Direct Streams. Trades involving a FICC member are submitted to FICC for comparison and novation. Trades involving non-FICC members are sent to SG Americas Securities, LLC (**SG Americas**), a third party clearer and FICC member, who settles them on Dealerweb's behalf at Fedwire on the settlement date. Dealerweb has entered into a fully disclosed clearing relationship with SG Americas which was approved by FINRA. This clearing relationship is not a sponsored arrangement with SG Americas. Each of Dealerweb and SG Americas maintains netting, repo netting and general collateral finance (**GCF**) services with FICC. Dealerweb is a member of FICC. The OSC and the AMF have each issued an order exempting FICC from the requirement to be recognized as a clearing agency.

27. For those transactions which are cleared through Fedwire via Dealerweb's relationship with SG Americas, Dealerweb opens a Delivery-Versus-Payment (**DVP**) account for each such participant. The DVP accounts record a buy and/or sell depending upon the specific type of trading activity and then facilitate the delivery and/or receipt of the security to the participant's clearing firm. There are no balances or securities held in these DVP accounts as they remain flat at all times. Dealerweb stands in the middle of each transaction from a riskless principal standpoint regardless of how trades are settled (i.e. whether directly through FICC or on behalf of non-FICC members through SG Americas).

28. Dealerweb actively monitors the settlement of trades with non-FICC members on an almost real time basis. Throughout each trading day, Dealerweb's Operations Department, Regulatory Compliance Department, and Finance Department receive multiple reports provided by SG Americas which provide a breakdown of all trades that are outstanding and all deliveries and receipt of securities from a settlement perspective. In addition, at the end of each trading day, a settlement date activity report is generated and emailed to Dealerweb's Operations, Regulatory Compliance, and Finance Departments, which provides a summary breakdown of all outstanding trades for each participant pending settlement with non-FICC members through SG Americas. In addition, as part of the onboarding process, all participants are required to receive know-your-client (**KYC**) and anti-money laundering (**AML**) approval from Regulatory Compliance and Credit Risk Approval from Tradeweb's Enterprise Risk Management Group. As part of the credit risk review, all participants receive an approved credit limit based on their financial status. The Enterprise Risk Management Group monitors all exposure against approved credit limits on a real time basis and an end of day summary report is generated which provides a breakdown of all outstanding trades against the approved credit limits.

29. The CLOB matching process is based on a first-in first-out market with no locked markets and no last-look. Hidden size orders are available but shown size orders take priority in the matching process. The Direct Streams matching process is based first on best price, second on ranking preference by the counterparty and third on a random tie-breaker. Liquidity takers have the ability to rank their liquidity providers as a tie-breakers. If no ranking is provided, a random tie-breaker is used.

30. The CLOB facilitates "fill and kill" as well as "fill and store" orders. Direct Streams facilitates "fill and kill", "fill and store" and "fill or kill" orders. Orders on the CLOB and Direct Streams default to "fill and store" orders.

PART II – APPLICATION OF APPROVAL CRITERIA TO THE ALTERNATIVE TRADING SYSTEM

Article 1 REGULATION OF DEALERWEB AND THE PLATFORM

1.1. Regulation of the alternative trading system – The alternative trading system is regulated in an appropriate manner in another jurisdiction by a foreign regulator (the Foreign Regulator)

1.1.1. In the Jurisdictions, an ATS is required by section 6.1 of NI 21-101 to be registered as an investment dealer and be a member of IIROC in order to operate a business as an ATS in the Jurisdictions. In addition, an ATS is subject to registration requirements under applicable Canadian securities law when engaging in the business of trading. Similarly, in the US, all broker-dealers and their associated persons must be registered with the SEC (or FINRA in the case of associated persons) pursuant to section 15 of the Exchange Act and are subject to its regulations. They must as well be a member of at least one securities self-regulatory organization (**SRO**), which is further delegated some regulatory authority. Most broker-dealers in the US are members of FINRA.

1.1.2. Dealerweb is subject to a comprehensive regulatory regime in the US, both as a registered broker-dealer and as an operator of an ATS. In such capacity, Dealerweb is registered with the SEC, FINRA, and the MSRB in the US, and is also subject to regulation under state securities rules and regulations (collectively, the **US**

Regulators). The US Regulators set rules, conduct compliance reviews and perform surveillance and enforcement. The US regulatory structure for broker-dealers such as Dealerweb includes: financial and other fitness criteria for subscribers; reporting and record-keeping requirements; procedures governing the treatment of customer funds and property and business conduct standards; provisions designed to protect the integrity of the markets; and statutory prohibitions on fraud, abuse and market manipulation.

1.1.3. In the US, broker-dealers are primarily governed by the Exchange Act, and the rules and regulations promulgated thereunder. Section 4 of the Exchange Act provides for the creation of the SEC, which was established in 1934. The Exchange Act empowers the SEC with broad authority over all aspects of the securities industry. This includes the power to register, regulate, and oversee brokerage firms, transfer agents, and clearing agencies as well as US SROs, including FINRA. The Exchange Act also identifies and prohibits certain types of conduct in the markets and provides the SEC with examination and disciplinary powers over regulated entities and persons associated with them. As an SRO, FINRA has significant authority over broker-dealers, delegated to them by the SEC and consented to by their members, to adopt and enforce rules; impose fines and other sanctions; and conduct examinations and investigations.

1.1.4. In the US, investors are protected by comprehensive regulation that governs the conduct of broker-dealers, including Dealerweb, and other market participants. These regulatory frameworks include, but are not limited to, the Securities Act of 1933 (the **Securities Act**), the Exchange Act (including Regulation ATS, as described below), the Investment Company Act of 1940, the Investment Advisers Act of 1940, the rules and regulations of the US Commodities Futures Trading Commission, the rules of FINRA, the MSRB, and the NFA, the AML and KYC rules and regulations of the US Department of the Treasury (**US Treasury**) Financial Crimes Enforcement Network (**FinCEN**), and state securities rules and regulations.

1.1.5. With respect to the agencies and organizations that regulate broker-dealers and ATSs, the SEC, FINRA, and the MSRB share common goals of protecting investors and other market participants, maintaining fair, orderly, and efficient markets, and facilitating capital formation. Of these goals, investor protection is the primary focus.

1.2. Authority of the Foreign Regulator – The Foreign Regulator has the appropriate authority and procedures for oversight of the ATS. This includes regular, periodic oversight reviews of the alternative trading systems by the Foreign Regulator.

Scope of authority and authorizing statutes

1.2.1. The SEC has delegated certain of its day-to-day regulatory oversight responsibilities of broker-dealers to FINRA. FINRA's rules, which are approved by the SEC, allow for disciplining member firms, including Dealerweb, for improper conduct and for establishing measures to ensure market integrity and investor protection. Further, FINRA conducts surveillance programs that collect and integrate trading data across ATSs to detect abusive activity and conducts an examination program to review how alternative trading systems handle orders, including how they keep order information and other sensitive client information confidential. The program also assesses certain firm's financial and operational condition.

1.2.2. As set forth in greater detail below, broker-dealers in the US are subject to routine and for-cause examinations by the SEC and FINRA. Broker-dealers are also subject to periodic financial and operational reporting (monthly and annually) through the filing of Financial and Operational Combined Uniform Single (**FOCUS**) Reports, which are filed with FINRA. Further, a broker-dealer is subject to a number of self-reporting obligations imposed by the SEC and FINRA, including the requirement to: self-report certain events pursuant to FINRA Rule 4530 (as discussed in greater detail below); file and keep current certain information with respect to the broker-dealer's business and operations on Form BD; and to file and keep current information with respect to registered representatives employed with, or terminated by, the broker-dealer (including with respect to certain reportable events, such as certain criminal charges or convictions) on Form U4 and Form U5. In addition, Broker-dealers are subject to market surveillance by the SEC and FINRA, which is largely accomplished through various trade-reporting forms and systems, including: Order Audit Trail System (**OATS**) (order, quote, and trade information for all National Market System (**NMS**) stocks and over-the-counter (**OTC**) equity securities); TRACE (mandatory reporting of over-the-counter secondary market transactions in eligible fixed-income securities); Automated Confirmation of Transactions (**ACT**) (OTC and NASDAQ securities); Consolidated Audit Trail (**CAT**) (NMS stocks, OTC equity securities, and exchange listed options); and SEC Form 13H (large trader reporting). Subject to certain exemptions, broker-dealers are also required to file quarterly reports with the SEC on Form 17-H (Risk Assessment Reports for Brokers and Dealers), which includes information with respect to the broker-dealer and the financial and securities activities of certain affiliates of a broker-dealer that are reasonably likely to have a material impact on the financial or operational condition of the broker-dealer. Tradeweb Direct, LLC files the Form 17-H on behalf of Dealerweb with the SEC each quarter.

1.2.3. In addition to the above, broker-dealers that operate an ATS are subject to additional oversight and reporting under Regulation ATS (as described below), including the requirements to file and keep current Form ATS.

1.2.4. In addition the SEC and the ATS Relief Decision Markets are parties to a memorandum of understanding related to securities market oversight and enforcement.[1] The OSC and the AMF are also parties to a memorandum of understanding with FINRA related to securities market oversight and enforcement.[2]

US regulation of broker-dealers and ATSs – Source of its authority to supervise the ATS

1.2.5. Pursuant to Section 15(a) of the Exchange Act, subject to certain exceptions, all persons that use the mails or any means or instrumentality of interstate commerce to effect securities transactions must register with the SEC and become members of a national securities association, of which there is only one, FINRA. ATS status and registration is a supplement to broker-dealer registration; in other words an ATS can only be operated by a registered broker-dealer. Therefore, as an ATS, Dealerweb is subject to all applicable rules and regulations to which broker-dealers are subject, as well as specific rules and regulations applicable to the operation of an ATS.

1.2.6. ATSs are subject to a comprehensive regulatory framework in the US. As an initial matter, subject to certain limited exceptions, all US ATSs must be registered with the SEC as a broker-dealer and be a member of FINRA. In this regard, ATSs are subject to extensive regulation and oversight by the SEC and FINRA, not only with respect to ATS operation, but also with respect to the broker-dealer's operations as a whole. Further, in becoming a member of FINRA, each broker-dealer must enter into a bespoke membership agreement that sets forth the parameters of the broker-dealer's operations, not only with respect to business lines, but also with respect to minimum net capital requirements, number of offices, and number of client-facing registered representatives that the broker-dealer may employ.

1.2.7. In addition to the foregoing, to acquire and maintain its status as an ATS, Dealerweb must satisfy several statutorily-prescribed requirements set out in *Regulation ATS* (17 C.F.R. § 242.300 et seq.) (**Regulation ATS**), which sets forth additional guidelines and requirements with respect to: (i) broker-dealer registration; (ii) notice; (iii) order display and execution access; (iv) fees; (v) fair access; (vi) capacity, integrity, and security of automated systems; (vii) recordkeeping; (viii) reporting obligations; and (ix) compliance and controls.

1.2.8. **Broker-dealer registration**. As noted above, pursuant to Exchange Act Rule 301(b)(1), an ATS must be registered as a broker-dealer under Section 15 of the Exchange Act. When the SEC adopted Regulation ATS in 1998 it revised the definition of "exchange" to clarify that electronic communication networks (**ECNs**) were in fact deemed exchanges. However, the SEC then in turn provided flexibility to these ECNs by permitting them to be regulated as a broker-dealer, rather than as a traditional stock exchange. This means that the operator of an ATS is regulated as a broker-dealer, which this Application describes in greater detail.

1.2.9. **Notice.** Pursuant to Rule 301(b)(2), an ATS (through its broker-dealer operator) must file a report with the SEC under five circumstances:

i. Rule 301(b)(2)(i) requires an initial operations report to be filed on Form ATS with the SEC at least 20 days prior to commencing operation of its ATS.

ii. Form ATS requires Dealerweb to provide the SEC with details relating to the operation of the ATS, including (but not limited to):

(a) the type of subscribers (e.g. retail, broker-dealers, institutional clients, etc.) that will be permitted to access the ATS, and any differences in access that will be offered by the ATS to the different groups of subscribers, if applicable;

(b) a list of the types of securities the ATS trades (e.g. debt, equity, etc.) and whether such securities will not be registered under Section 12(a) of the Exchange Act;

(c) a list of the securities (as opposed to the "types") the ATS trades;

(d) the manner of operation of the ATS, procedures governing orders, means of access, procedures governing execution, reporting, clearing and settlement of securities transactions effected through the ATS;

(e) system guidelines and any other manuals or other materials provided to the subscriber relating to the ATS; and

[1] The memorandum of understanding is available at: https://www.sec.gov/about/offices/oia/oia_bilateral/canada_regcoop.pdf
[2] The memorandum of understanding is available at: https://www.finra.org/sites/default/files/Industry/p125113.pdf

(f) the ATS' procedures for reviewing systems capacity, security and contingency planning.

iii. Rule 301(b)(2)(ii) requires an amendment to Form ATS be filed with the SEC at least 20 days prior to implementing a material change to the operation of its ATS;

iv. Rule 301(b)(2)(iii) requires a quarterly filing be made with the SEC in the event that any information previously provided in the initial operations report becomes inaccurate;

v. Rule 301(b)(2)(iv) requires that a filing be made with the SEC promptly in order to correct information previously reported on Form ATS pursuant to Rules 301(b)(2)(i), (ii) or (iii) becomes inaccurate; and

vi. Rule 301(b)(2)(v) requires that a filing be made with the SEC promptly in the event that the ATS ceases operations.

1.2.10. **Order display and execution access.** Section 8.1 of NI 21-101 imposes certain pre-trade and post-trade information transparency requirements on ATSs displaying orders of debt-securities. Section 10.1 of NI 21-101 requires disclosure by a marketplace (including an exchange and an ATS) on its website of certain information reasonably necessary to enable a person or company to understand the marketplace's operations or services it provides, including information related to the system's protocols and rulebook. Further, Staff Notice 21-328 requires that a foreign ATS provide information regarding its transparency of operations, including disclosure relating to order execution, fees and order priority.

1.2.11. While Rule 301(b)(3) of Regulation ATS in the US imposes similar market transparency requirements, this Rule is not applicable to the Platform as the Platform is not a NMS stock ATS, nor does the Platform make NMS stock available. However, Dealerweb provides various presentations to potential participants which provide an overview of the Platform. Further, all approved participants are granted access to Dealerweb Online Help which provides details of the various functions for each specific trading product, trading hours and order types. The Participant Agreement provides further details on Dealerweb's operations and services.

1.2.12. **Fees.** Exchange Act Rule 301(b)(4) is inapplicable to the Platform, however, in practice, Dealerweb generally complies with the rules or standards of practice governing fees established by FINRA, including FINRA Rule 2010 (Standards of Commercial Honor and Just and Equitable Principles of Trade) and FINRA Rule 2121 (Fair Prices and Commissions (also known as the 5% Rule)). While neither rule proscribes a specific limitation on the amount of fees that may be charged to a client with respect to effecting a securities transaction either as agent or principal, each rule requires that fees are implemented in a manner that is fair and reasonable under the circumstances. Fees are imposed based on Dealerweb's standard fee schedule that is provided to all clients at the time of onboarding and is available on its website.

1.2.13. **Fair access.** While the Platform is not currently required to comply with the "Fair Access" requirements of Exchange Act Rule 301(b)(5), Dealerweb monitors on an ongoing basis the level of trading activity that occurs on its ATS to ensure that it complies with the relevant rules relating to "Fair Access". More specifically, Exchange Act Rule 301(b)(5) requires an ATS that meets the trading volume thresholds to establish written standards for granting access to its system and apply those standards in a fair and non-discriminatory manner. With respect to the Platform, the "Fair Access" requirements are not applicable because the Platform is limited to the Treasury Products. Once the volume thresholds are met, the ATS, pursuant to Exchange Act Rule 301(b)(5)(C), is required to make and keep records of all grants and denials of access, including for all subscribers, the reason for granting or denying such access to the ATS. Such information is required to be filed with the SEC on a quarterly basis on Form ATS-R (see subsection 1.2.16 below). Dealerweb would maintain updated information regarding Canadian Participants who were provided with direct access and Canadian applicants for status as a Canadian Participant who were denied such status, and submit such information in a manner and form acceptable to the ATS Relief Decision Makers on a scheduled basis.

1.2.14. **Capacity, integrity, and security of automated systems.** Exchange Act Rule 301(b)(6) is not applicable because the Platform is limited to the trading of the Treasury Products. However, Dealerweb monitors on an ongoing basis the level of trading activity that occurs on its ATS to ensure that it complies with the relevant requirements of Exchange Act Rule 301(b)(6). More specifically, Exchange Act Rule 301(b)(6) requires an ATS that meets the trading thresholds to establish reasonable capacity estimates (both current and future), develop and implement procedures to review system development and testing methodology, review system vulnerability from external and internal threats, physical hazards and natural disasters and establish adequate contingency and disaster recovery plans. With respect to the last two items, Dealerweb, as a broker-dealer, is separately subject to such requirements; please see Section 7 of this Application for further information. While the Rule 301(b)(6) requirements are not applicable to Dealerweb as trading on the Platform is limited to the Treasury Products, Dealerweb adheres to certain key elements of this Rule as it conducts capacity testing, has processes and procedures in place to maintain the integrity of the Platform and implements security and access controls.

1.2.15. **Recordkeeping.** Pursuant to Exchange Act Rule 301(b)(8) as an ATS, Dealerweb shall make, keep and preserve certain records relating to the operation of its ATSs, including those records required to be maintained pursuant to Exchange Act Rule 302 and in the manner provided in Exchange Rule 303. For further detail, please see "Recordkeeping" at Section 9 below. Further, as a registered broker-dealer, Dealerweb is required pursuant to Section 17(a)(1) to make, keep, furnish and disseminate records and reports as prescribed by the SEC. The SEC's books and records rules applicable to broker-dealers, Exchange Act Rules 17a-3 and 17a-4, specify minimum requirements with respect to the records that broker-dealers must make, how long those records and other documents relating to a broker-dealer's business must be kept and in what format they may be kept. The SEC requires that broker-dealers create and maintain certain records so that, among other things, the SEC and self-regulatory organizations can use such records in the conduct of their examinations.

1.2.16. **Reporting.** Pursuant to Exchange Act Rule 301(b)(9), an ATS is required to file with the SEC on a quarterly basis the information required by Form ATS-R.

1.2.17. Form ATS-R (Quarterly Report of Alternative Trading System Activities) requires Dealerweb to provide the SEC with details relating to the operation of the ATS during the previous calendar quarter, including (but not limited to): (i) the total unit and dollar volume of transaction in various categories of securities; and (ii) a list of all persons granted, denied, or limited access to the ATS during the period covered by the report.

1.2.18. **Written procedures to protect confidential trading information.** Pursuant to Exchange Act Rule 301(b)(10) as an ATS, Dealerweb is required to establish adequate written safeguards and written procedures to protect subscribers' confidential trading information. Such written safeguards and written procedures must include:

i. limiting access to the confidential trading information of subscribers to those employees of the ATS who are operating the system or responsible for its compliance with these or any other applicable rules;

ii. implementing standards controlling employees of the ATS trading for their own accounts; and

iii. adopting and implementing adequate written oversight procedures to ensure that the written safeguards and procedures established are followed.

1.2.19. Finally, broker-dealers and ATSs that provide market access, including Dealerweb, are subject to an additional layer of regulatory oversight under Exchange Act Rule 15c3-5 (17 C.F.R. 240.15c3-5) (the **Market Access Rule**), which imposes additional financial and regulatory risk management controls and supervisory procedure requirements on the ATS or broker-dealer. This includes the requirement for Dealerweb to establish, maintain and ensure compliance with risk management and supervisory controls, policies, and procedures that are reasonably designed to manage, in accordance with prudent business practices, the financial, regulatory and other risks associated with market access or providing clients with market access. These risk management and supervisory controls, policies and procedures are required to be reasonably designed to ensure that all orders are monitored and include pre-trade controls and regular post-trade review. Under the Market Access Rule, a broker-dealer must preserve a copy of its supervisory procedures and a written description of its risk management controls as part of its books and records obligations under SEC Rule 17a-4.

1.2.20. Additionally, the risk management controls and supervisory procedures required pursuant to the Market Access Rule must be reasonably designed to systematically limit the financial exposure of the broker-dealer (e.g., preventing the entry of one or more orders that exceed pre-determined price or size parameters); ensure compliance with the broker-dealer's regulatory obligations (e.g., restricting access to trading systems and technology that provide market access to persons and accounts pre-approved and authorized by the broker-dealer); and ensure that the entry of orders does not interfere with fair and orderly markets.

1.2.21. A broker-dealer's risk management controls and supervisory procedures should be reasonably designed to:

(a) prevent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer and, where appropriate, more finely-tuned by sector, security, or otherwise by rejecting orders if such orders would exceed the applicable credit or capital thresholds; and

(b) prevent the entry of erroneous orders, by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders.

1.2.22. Under the Market Access Rule, a broker-dealer must (a) regularly assess and document the adequacy and effectiveness of its risk management and supervisory controls, policies and procedures; and (b) document any material deficiencies in the adequacy or effectiveness of a risk management or supervisory control, policy or procedure and promptly remedy these deficiencies.

1.2.23. Broker-dealers are also subject to the general supervision and monitoring requirements of FINRA Rule 3110, which requires broker-dealers to establish and maintain a system to supervise the broker-dealer's business and the activities of each associated person employed by the broker-dealer that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules.

1.2.24. Dealerweb must continue to fulfil these obligations to maintain its registration and ability to operate the Platform. Among other things, Dealerweb is required to:

(a) have systems and controls in place to monitor transactions on the Platform;

(b) retain sufficient financial resources for the performance of its functions as ATS operator;

(c) operate the Platform with due heed to the protection of investors;

(d) ensure that trading is conducted in an orderly and fair manner;

(e) maintain suitable arrangements for trade reporting;

(f) maintain suitable arrangements for the clearing and settlement of contracts;

(g) monitor compliance with the SEC, FINRA, and MSRB rules, and the rules of the Platform;

(h) investigate complaints with respect to its business;

(i) maintain high standards of integrity and fair dealing; and

(j) prevent abuse.

1.2.25. On July 25, 1987 the SEC approved Dealerweb as a broker-dealer and on January 23, 2009 Dealerweb was approved as an ATS. Dealerweb remains compliant with its regulatory requirements as demonstrated by its continued status as an ATS.

1.2.26. FINRA and the SEC are the authorities charged with ensuring that ATSs (such as Dealerweb) continue to comply with their regulatory requirements. FINRA and the SEC have the power to direct any ATS that is failing, or has failed, to comply with any applicable rules or regulations to take action to remedy such non-compliance. It also has the power to revoke or suspend the registration of any ATS that fails to meet its regulatory requirements. Accordingly, Dealerweb is subject to the oversight of FINRA and the SEC.

1.2.27. Regulation ATS was most recently amended in 2018, such amendment being a significant tightening of the regulation and a signal from the SEC that strict ATS regulation is among the SEC's regulatory priorities.

Rules and policy statements

1.2.28. As noted above, the primary regulatory frameworks governing broker-dealer activity in the US include the Securities Act and the Exchange Act (and the rules and regulations promulgated thereunder, including Regulation ATS), FINRA and MSRB rules, FinCEN AML and KYC rules and regulations, and state securities rules and regulations. SEC and FINRA also publish guidance and regulatory interpretations, including through SEC no-action letters, and FINRA regulatory notices.

Financial protections afforded to customer funds

1.2.29. The Platform operated by Dealerweb does not hold any customer funds or securities.

Authorization, licensure or registration of the alternative trading system

1.2.30. As noted above, ATSs, including Dealerweb are subject to a comprehensive regulatory framework in the US. Subject to certain limited exceptions, all US ATSs must be registered with the SEC as a broker-dealer and be a member of FINRA. In this regard, ATSs are subject to extensive regulation and oversight by the SEC and FINRA, not only with respect to ATS operation, but also with respect to the broker-dealer's operations as a whole. Failure to comply with the obligations pursuant to this regulatory framework can lead to suspension, fines, and other sanctions, including the cessation of the operations of an ATS operated by a broker-dealer.

1.2.31. As set forth in greater detail below, broker-dealers in the US are subject to routine and for-cause examinations by the SEC and FINRA. Broker-dealers are also subject to periodic financial and operational reporting (monthly and annually) through the filing of FOCUS Reports, which are filed with FINRA. Further, a broker-dealer is subject to a number of self-reporting obligations imposed by the SEC and FINRA, including the requirement to

self-report certain events pursuant to FINRA Rule 4530 (as discussed in greater detail below) and file and keep current certain information with respect to the broker-dealer's business and operations on Form BD and Form ATS. In addition, pursuant to FINRA Rule 3110 and 3130, a broker-dealer's chief executive officer (or equivalent officer) must certify annually that the broker-dealer has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules, and federal securities laws and regulations. This report must be supported by an underlying report and discussion with the broker-dealer's chief compliance officer with respect to the same. FINRA Rule 3130 also requires the compliance report underlying this certification be submitted to the broker-dealer's board of directors and audit committee.

The foreign regulator's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market

1.2.32. To begin, pursuant to FinCEN rules and regulations, broker-dealers are required to file with FinCEN, a Suspicious Activity Report (**SAR**) to report any suspicious transaction or pattern of transactions relevant to a possible violation of law or regulation, including, but not limited to, transactions involving market manipulation, wash trading, or insider trading.

1.2.33. Additionally, broker-dealers and market participants are subject to a number of rules and regulations with respect to securities fraud, market manipulation, and abusive trading practices. Section 10(b) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder prohibits any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. More specific conduct is also addressed in other SEC and FINRA rules and regulations, including, but not limited to: Exchange Act Section 9 (prohibition against manipulation of security prices); FINRA Rule 5210 (which prohibits the publication of manipulative and deceptive quotations, self-trades, disruptive quoting and trading activity); and FINRA Rule 6140 (which outlines certain prohibitions with respect to the sale of NMS securities).

1.2.34. As noted above, the SEC and FINRA conduct surveillance programs that collect and integrate trading data across broker-dealers (including ATSs) to detect abusive activity and conduct an examination program to review how broker-dealers handle orders, including how they keep order information and other sensitive client information confidential. This examination, supervision, and reporting framework also assesses financial and operational condition of broker-dealers.

1.2.35. Further, broker-dealers in the US are also subject to certain best execution obligations under FINRA Rule 5310, which generally requires that in any transaction for or with a customer or a customer of another broker-dealer, a broker-dealer and persons associated with the broker-dealer, must use reasonable diligence to ascertain the best market for the subject security, and buy or sell in such market so that the resultant price to the customer is as favorable as possible under prevailing market conditions.

1.2.36. Dealerweb has implemented post trade monitoring reports, which are triggered when certain types of trading activity may have occurred on the Platform, e.g., wash trading and spoofing.

Laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries in the US

1.2.37. The US has a comprehensive financial services regime. The laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries, include, but are not limited to, the Securities Act and the Exchange Act (and the rules and regulations promulgated thereunder), the Investment Company Act of 1940, the Investment Advisers Act of 1940, the rules and regulations of the US Commodities Futures Trading Commission, the rules of FINRA, the MSRB, and the NFA, FinCEN AML and KYC rules and regulations, and state securities rules and regulations.

1.2.38. Of the participants that have trading rights, and could therefore deal with customers located in the Jurisdictions, the vast majority are companies incorporated in the US.

Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk for market intermediaries who may deal with members and other participants located in the Jurisdictions

1.2.39. FINRA members, such as Dealerweb, are required to maintain membership with the Securities Investor Protection Corporation (**SIPC**). SIPC was created under the Securities Investor Protection Act of 1970 (**SIPA**) as a non-profit membership corporation. SIPC oversees the liquidation of member firms that close when the firm is bankrupt or in financial trouble, and customer assets are missing. In a liquidation under the SIPA, SIPC and a court-appointed trustee work to return customers' funds and securities as quickly as possible. Within limits,

SIPC expedites the return of missing customer property by protecting each customer up to $500,000 for funds and securities (including a $250,000 limit for cash only).

Examination and reporting requirements

1.2.40. As set forth above, the SEC and FINRA exercise their supervisory responsibility by conducting examinations of whether Dealerweb's rules, procedures and practices are adequate for the protection of investors and for the maintenance of an orderly market.

1.2.41. Broker-dealers in the US, including Dealerweb, are subject to periodic examinations by FINRA and the SEC. Types of examinations include: (i) cause examinations, which are initiated in order to investigate some particular issue or event; (ii) sweep examinations, in which multiple firms receive, and must respond to, written inquiries regarding a particular issue; and (iii) cycle examinations, which occur periodically over the life of the broker-dealer. Both FINRA and the SEC conduct examinations of these kinds, and both have considerable resources, and staff, to conduct such examinations.

1.2.42. During examinations, the examination staff seek to determine whether the entity being examined is: conducting its activities in accordance with the federal securities laws and rules adopted under these laws, as well as the rules of self-regulatory organizations, such as FINRA; adhering to the disclosures it has made to its clients, customers, the general public and/or the SEC and FINRA; and implementing supervisory systems and/or compliance policies and procedures that are reasonably designed to ensure that the entity's operations are in compliance with applicable legal requirements.

1.2.43. In addition, as described above, pursuant to Regulation ATS, each ATS, including Dealerweb, must file an initial operation report with the SEC on Form ATS, prior to commencing operations. Form ATS requires detailed disclosures regarding a wide range of information concerning the ATS, its owners, its businesses, and its operating procedures, including disclosure to the applicable regulators (FINRA and the SEC) of the subscriber terms (and/or user guide(s)). Form ATS serves as a supplement to Form BD, which is filed by firms seeking registration with the SEC as broker-dealers, and the new membership application process, which is required for broker-dealers to become members of FINRA. Information required to be provided in these forms and applications include ownership and corporate governance information, affiliate information, details regarding the manner of operation of the ATS and its associated functions, including the structure, means of access, description of trade reporting procedures, contingency planning, and marketplace participants, similar to the information that is required to be provided to the Canadian securities regulators in a Form 21-101F2.

1.2.44. Form ATS and Form BD must be amended, as necessary, to correct any previously provided information that becomes inaccurate for any reason. Amendments include changes to information regarding Dealerweb's ownership, corporate governance information, affiliate information, details regarding the manner of operation of the ATS and its associated functions, including the structure, means of access, description of trade reporting procedures, contingency planning and marketplace participants, similar to the information that is required to be provided to the Canadian securities regulators in a Form 21-101F2.

1.2.45. In addition, as noted above, pursuant to FINRA Rule 3110 and 3130, a broker-dealer's chief executive officer (or equivalent officer) must certify annually that the broker-dealer has in place processes to establish, maintain, review, test and modify written compliance policies and written supervisory procedures reasonably designed to achieve compliance with applicable FINRA rules, MSRB rules, and federal securities laws and regulations. This report must be supported by an underlying report and discussion with the broker-dealer's chief compliance officer with respect to the same. FINRA Rule 3130 also requires the compliance report underlying this certification be submitted to the broker-dealer's board of directors and audit committee.

1.2.46. Pursuant to SEC and FINRA rules, broker-dealers are subject to periodic financial and operational reporting (monthly and annually) through the filing of FOCUS Reports, which are filed with FINRA. The net capital rule, Exchange Act Rule 15c3-1 (17 C.F.R. §240.15c3-1), is the principal rule by which the financial health of US broker-dealers, including Dealerweb, is regulated and monitored. The net capital rule requires US broker-dealers to maintain "net capital" (i.e., capital in excess of liabilities) in specified amounts that are determined by the types of business conducted by the broker-dealer. The net capital rule requires broker-dealers to compute net worth based on US generally accepted accounting principles (**GAAP**), as modified by the various provisions and interpretations of the rule.

1.2.47. Regulation ATS also requires Dealerweb, as an ATS, to permit the examination and inspection of its premises, systems, and records, and cooperate with the examination, inspection, or investigation of subscribers, whether such examination is being conducted by the SEC or by a self-regulatory organization of which such subscriber is a member.

1.2.48. Regulation ATS also requires that Dealerweb, as an ATS, report information regarding marketplace activity on a quarterly basis on Form ATS-R, including for example, general trading activity, fixed income activity, and traded fixed income securities, similar to certain information a Canadian ATS is required to provide in Form 21-101F3 *Quarterly Report of Marketplace Activities* (**Form 21-101F3**).

1.2.49. Finally, a FINRA-member broker-dealer is required under FINRA Rule 4530 to report to FINRA certain specified events, including the broker-dealer's conclusion that it has discovered significant, widespread, or systemic violations of securities and investment related laws by the broker-dealer or any of its associated persons. Rule 4530 not only requires self-reporting of violations of securities law and regulation, but also of specified events, such as certain criminal convictions, certain customer complaints, and ongoing regulatory actions. Finally, the self-reporting and reporting rule also requires that a broker-dealer report to FINRA certain statistical and summary information regarding written customer complaints on a quarterly-basis.

1.2.50. Regulation ATS requires that an ATS, including Dealerweb, that intends to cease carrying on business as an ATS must file a cessations report with the SEC promptly upon ceasing to operate as an ATS. This requirement is similar to the requirement for a Canadian ATS to provide prior notice to the regulator of an intention to cease carrying on business as an ATS and the requirement to file a Form 21-101F4 *Cessation of Operations Report for Alternative Trading System.*

The protection of customer funds and securities by market intermediaries who may deal with Canadian Participants

1.2.51. The Exchange Act Rule 15c3-3, which is commonly known as the "customer protection rule," is intended to protect customers' funds held by their broker-dealers and prohibit broker-dealers from using customer funds and securities to finance any part of their business that is unrelated to servicing securities customers. The rule requires a broker-dealer that maintains custody of customer securities and cash to comply with two primary requirements. First, the rule requires broker-dealers to maintain physical possession or control over customers' fully paid and excess margin securities. For purposes of the first requirement, physical possession or control means that the broker-dealer must hold fully paid and excess margin securities in certain specified locations and that the securities shall remain free of any liens or other security interests. One such permissible location is a US bank; another such location is on the books and records of a registered clearing agency, such as certain subsidiaries and affiliates of the DTC. As a practical matter, most fixed-income securities are held by DTC (or an affiliate of DTC). A broker-dealer can establish possession and control for purposes of the customer protection rule by holding securities in non-US control locations (called "foreign control locations"); provided that the non-US custodian provides certain representations to the US broker-dealer regarding the status of the securities and the absence of liens.

1.2.52. Second, the broker-dealer must maintain a reserve of cash or qualifying securities in an account at a bank that is at least equal in value to the net cash the broker-dealer owes to customers. The calculation of net cash set forth in the customer protection rule requires that the broker-dealer add all customer credit items (such as an amount equal to any free cash in customer securities accounts) and deduct from such credit items, any customer debit items (such as margin loans). The net amount by which customer credit items exceed customer debit items, if any, must be on deposit in the broker-dealer's customer reserve account.

1.2.53. Deposits in the broker-dealer's customer reserve account must take the form of cash or certain qualifying securities. Generally, weekly computations of the reserve are required. The reserve account is for the exclusive benefit of customers, and as such, funds may not be withdrawn unless an updated reserve formula calculation reflects that the reserve requirement has decreased.

1.2.54. As noted above, an additional layer of customer protection, FINRA members, such as Dealerweb, are required to maintain membership with SIPC.

Article 2 GOVERNANCE

2.1. Governance – the governance structure and governance arrangements of the alternative trading system ensure:

(a) Effective oversight of Dealerweb and the Platform

2.1.1. Dealerweb has independent departments handling product development, testing, change management (code deployment), infrastructure and system operation. Further, Dealerweb employs real-time monitoring of the ATS with end-of-day checks by management. Trades, and trading in employee personal accounts, are also regularly reviewed by a third-party, compliance consulting firm.

2.1.2. The Dealerweb Technology Support and Development Departments are responsible for all new development, upgrades, product development and management, quality assurance, production support, network, and system administration of the Platform, including its applications, the matching engine, market data systems, networks

and environments. The development group is responsible for development of new products, maintenance of existing products, and resolution of any systems issues. Within the Technology Support and Development Departments, the Quality Assurance group is responsible for testing of all new code, bug fixes, and patches produced by the development teams. The Dealerweb Production Support Department is solely responsible for all migration of new code, bug fixes, patches, configuration changes, upgrades, etc. to the production environment.

2.1.3. Internal control processes are monitored on an ongoing basis. This monitoring helps to determine whether control deficiencies identified are addressed and includes regular management and supervisory activities.

2.1.4. Dealerweb's controls provide reasonable assurance that application and system processing on the Platform relevant to clients' internal control over financial reporting are authorized and executed in a complete, accurate, and timely manner and deviations, problems, and errors that may affect clients' internal control over financial reporting are identified, tracked, recorded, and resolved in a complete, accurate, and timely manner.

2.1.5. Dealerweb is a wholly-owned subsidiary of Tradeweb Markets LLC, a leading operator of electronic marketplaces.

(b) Appropriate provisions for directors and officers

2.1.6. The Dealerweb board of directors is comprised of three individuals. Each director is an employee of Tradeweb Markets Inc., the parent company of Dealerweb and, because of this, none of the directors are independent.

2.1.7. The directors are elected at each annual meeting of shareholders of Dealerweb and in accordance with the terms of Dealerweb's constating documents and applicable corporate law. Dealerweb takes reasonable steps to ensure: (i) appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors and officers; and (ii) each officer and director is a fit and proper person. While FINRA does not review or approve the directors, each director is registered with FINRA and is subject to all FINRA rules and requirements. The directors are subject to the duties and obligations imposed under New York law. The directors and officers of Dealerweb also have the benefit of directors' and officers' liability insurance.

2.1.8. Each director has experience in the financial and securities markets and is nominated on the basis of his or her skills, qualifications and experience. The directors have extensive experience in fixed-income trading and the operation of electronic marketplaces. Each director is subject to detailed disclosure requirements under Form BD, which includes information as to criminal or civil sanctions and regulatory actions, and such disclosures are publicly accessible on Dealerweb's Form BD filing.

(c) Dealerweb has policies and procedures to appropriately identify and manage conflicts of interest

2.1.9. Dealerweb has established, maintains and reviews compliance with policies and procedures that identify and manage any conflicts of interest arising from the operation of the marketplace or the services it provides.

2.1.10. Further, there is no proprietary trading on the Platform by Dealerweb or any of its affiliates which reduces the possibility that Dealerweb will have a conflict of interest with a participant.

2.1.11. Directors, officers and employees of Dealerweb are prohibited from acting as directors, employees or consultants of any competitor to Dealerweb. All employees of Dealerweb are subject to Dealerweb's Code of Conduct which sets out the controls implemented to identify, manage and disclose conflicts of interest.

2.1.12. To ensure compliance with FINRA Rules 3110 and 3310, MSRB Rules G-27 and G-41, Dealerweb has implemented compliance policies and procedures outlining its regulatory obligations and written supervisory procedures and designed to achieve compliance with applicable securities laws and regulations. As a broker-dealer, Dealerweb has an obligation to identify and respond to existing material conflicts of interest and any material conflicts of interest it expects to arise between Dealerweb, including each individual acting on Dealerweb's behalf, and a subscriber or other party. Further, Dealerweb must design its organizational structures, lines of reporting and physical locations to control conflicts of interest. Dealerweb must ensure that before or at the time it provides a service that gives rise to a conflict, that it discloses the conflict. Dealerweb also produces an annual compliance report which addresses these issues.

2.1.13. Dealerweb has implemented effective oversight procedures, including compliance monitoring and testing, internal and external risk assessments, and annual internal, external and regulatory audits, to ensure that the safeguards and procedures established by Dealerweb are followed.

Article 3 REGULATION OF PRODUCTS

3.1. Review and Approval of Products – Business lines must be approved by the Foreign Regulator

3.1.1. The SEC and FINRA establish a range of requirements that must be met before any new product is admitted for trading on the Platform. New products must be capable of being traded in a fair, orderly and efficient manner and the ATS must be designed so as to allow for its orderly pricing.

3.1.2. Business lines, including the operation of an ATS, must be approved by FINRA, listed on a broker-dealer's Form BD, as filed with the SEC, and listed on the broker-dealer's membership agreement with FINRA. Any addition of business lines to Dealerweb must be approved by FINRA prior to implementation by the broker-dealer.

3.1.3. Pursuant to Regulation ATS, when filing its initial operation report on Form ATS, an ATS is required to provide the SEC with a list of the types of securities the ATS trades or expects to trade, as well as a list of the securities the ATS trades or expects to trade. As noted above, an ATS is required to update its Form ATS, as necessary, to correct any previously provided information that becomes inaccurate for any reason. Canadian Participants will only be able to trade the Treasury Products on the Platform.

3.1.4. Pursuant to FINRA Rule 3110, each broker-dealer must establish, maintain, and enforce written procedures to supervise the activities of its registered representatives and associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations and with applicable FINRA rules. In this regard, Dealerweb must ensure that the operation of the Platform, as well as the Operating Procedures, comply with applicable securities laws and regulations and with applicable FINRA rules. In addition, the Market Access Rule, which Dealerweb is subject to, imposes additional financial and regulatory risk management controls and supervisory procedure requirements on the ATS or broker-dealer. This includes the requirement for Dealerweb to establish, maintain and ensure compliance with risk management and supervisory controls, policies, and procedures that are reasonably designed to manage, in accordance with prudent business practices, the financial, regulatory and other risks associated with market access or providing clients with market access.

3.1.5. Dealerweb maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the ATS as required by regulation. These include, but are not limited to, conformance to daily trading limits, 'market access' controls (SEC 15c3-5) and internal controls.

Article 4 ACCESS

4.1. The requirements of the ATS relating to access to the facilities of the ATS are fair, transparent and reasonable

a) has written standards for granting access to trading on its facilities to ensure users have appropriate integrity and fitness;

b) has and enforces financial integrity standards for those persons who enter orders for execution on the system, including, but not limited to, credit or position limits and clearing membership;

c) does not unreasonably prohibit or limit access by a person or company to services offered by it;

d) keeps records of each grant and denial or limitation of access, including reasons for granting, denying or limiting access; and

e) restricts access to adequately trained system users who have demonstrated competence in the functions that they perform.

4.1.1. Dealerweb has written standards for granting access to the Platform to ensure participants are appropriately eligible to access the Platform. Dealerweb keeps records of each grant of access including the reasons for granting access to an applicant, and each denial or limitation of access, including the reasons for denying or limiting access to an applicant. Potential participants also undergo a review for compliance with AML and KYC requirements and are also subject to a credit risk review which sets trading limits on the participant based on the manner in which the participant will settle trades.

4.1.2. While the "fair access" requirements under Regulation ATS do not apply to the Platform, Dealerweb operates within the spirit of this rule as it ensures that access to the Platform is fair and non-discriminatory.

4.1.3. Dealerweb's criteria for granting access to the Platform are set forth in Dealerweb's Market Control Procedures which defines the policies and procedures for participants. Each new participant or new authorized signatory for a participant is required to complete a Participation Agreement and User Authorization Form. For each additional

product traded by a participant, a corresponding Addendum and User Authorization Form must be completed and signed. The Participant Agreement includes Dealerweb's Anti-Money Laundering Form.

4.1.4. When an applicant applies for access to the Platform, the applicant must confirm its regulatory status and SEC registration number (where applicable) and provide additional information and documentation. A similar process is proposed to be implemented for Canadian Participants.

4.1.5. The Participation Agreement does not permit a participant to trade on the Platform unless that participant can validly enter into trades in accordance with US law and any other applicable law or regulation.

4.1.6. Dealerweb offers training to all participants via the Market Support group. In addition, all approved participants have access to the Dealerweb Online Help Manual which provides an overview on the different functions and features available within the Platform.

Due Diligence and Ongoing Supervision

4.1.7. Dealerweb conducts a robust due diligence procedure to ensure that its participants are fit and proper, in order to protect the integrity of the Platform and the orderliness of its business. Once a participant has been admitted, controls are also applied to any additional system users. Platform users are also subject to supervision on an ongoing basis.

4.1.8. Tradeweb maintains a Credit Committee which is the credit review body responsible for the oversight and management of Dealerweb's credit risk management framework which considers all significant counterparty credit risk and delivery settlement risk issues that Dealerweb is exposed to during day-to-day operations.

4.1.9. As part of the onboarding process, the Credit Risk Department within the Tradeweb Enterprise Risk Management group is responsible for reviewing and approving all new participants for the Platform and approving the appropriate credit limits when applicable. In addition, the Credit Risk Department monitors all trading exposure for each participant on a daily basis against the approved trading limits. The Credit Risk Department approves counterparties when submitted by the business. The Tradeweb Credit Committee meets on a monthly basis and re-affirms all credit approvals and recommended trading limits. The Tradeweb Credit Committee members consist of various employees from all of the different Tradeweb entities.

4.1.10. Dealerweb's risk management team follows a holistic approach to credit, which involves looking at all aspects of credit approval including a combination of quantitative and qualitative factors such as financial details, ownership structure, business type, and trade settlement model. The methodology used in the evaluation of counterparties and transactions promotes accuracy and consistency of rating assignments across all counterparties. The Risk Team uses limits to manage and control counterparty credit and market risks. This includes notional limit which is the maximum unsettled cash volume allowed per counterparty and exposure limit which represents the change in value of all unsettled buy and sell trades. The Risk Team utilizes indicators which will help reflect the credit risk stressed exposure across a variety of instruments.

4.1.11. Limits and exposure are monitored and controlled by the company's bespoke in-house credit risk screen built within an internal database known as GdB which operates with near real-time monitoring. GdB delivers a summary of Tradeweb's overall exposure and enables it to further monitor exposure at the counterparty and instrument level. Further, as a limit threshold is approaching and reached, GdB will issue an alert message based on the thresholds set. The settings within GdB can be configured where only Dealerweb employees are able to view and review Dealerweb trade details and information. As indicated above, the Tradeweb Credit Risk Team utilizes GdB to monitor all credit counterparty exposure against approved trading limits on a real time basis. Specifically, there is an Actives Monitoring function within GdB that provides real time trade exposure against approved trading limits for each participant. This information is not provided or made available to anyone outside of the Tradeweb entities. The Credit Risk Team sits within the Tradeweb parent company and is responsible for overseeing credit risk for all of the Tradeweb entities.

4.1.12. The Dealerweb Regulatory Compliance team is responsible for AML and KYC compliance. Before accessing the Platform, each participant is subject to Dealerweb's AML and KYC policies and procedures. As part of this process, Dealerweb requests detailed information about the participant, including audited financial statements. Dealerweb also maintains AML policies and procedures.

4.1.13. Access to the Platform in the Jurisdictions will be limited to Canadian Participants who meet Dealerweb's eligibility requirements. Before being provided direct access to the Platform, each Canadian Participant will be required to confirm that it is a "permitted client" as that term is defined in NI 31-103. Retail customers will not be provided access to the Platform.

Article 5 REGULATION OF PARTICIPANTS ON THE ATS

Regulation – The ATS has the authority, resources, capabilities, systems and processes to set requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them by exclusion from participation in the marketplace.

5.1. Members and other participants are required to demonstrate their compliance with these requirements

5.1.1. Dealerweb, FINRA and the SEC maintain appropriate systems and resources for conducting member regulation and market regulation, for evaluating compliance with ATS, FINRA and SEC requirements and disciplining participants.

5.1.2. Subscribers to an ATS are subject to SEC rules and regulations applicable to securities transactions generally, and the SEC has investigation, examination, and enforcement power with respect to subscribers who violate these rules and regulations. In addition, subscribers that are FINRA-member broker-dealers are subject to FINRA rules, with FINRA having investigation, examination, and enforcement power with respect subscribers who violate applicable FINRA rules.

5.2. Dealerweb Operating Procedures

5.2.1. A new participant on the Platform goes through an onboarding process prior to being permitted to trade. This involves being provided with Dealerweb's materials, policies and the Participant Agreement, undergoing the KYC and AML process described at paragraph 4.1.12, undergoing the credit check process described at paragraph 4.1.3 and being provided with the training described at paragraph 4.1.12. As part of the onboarding process, Dealerweb obtains detailed information about the participant which enables Dealerweb to comply with applicable SEC and FINRA requirements.

5.2.2. Once a participant is fully onboarded, Dealerweb requires authorized administrator approval for each new user on the Platform. When a new user is added, Dealerweb offers in-person or virtual training to ensure users are adequately trained and can carry out their functions on the Platform.

5.2.3. Authorized administrators for each participant are required to notify Dealerweb of any changes to user eligibility. This includes users no longer having trading access, changing access to view-only or granting access to a new user.

5.2.4. All participants are subject to Dealerweb's Error Trade Policy. Critical to the Error Trade Policy is a mechanism through which participants can promptly address transactions executed on the Platform at clearly erroneous prices. To that end, the objective of the Error Trade Policy is to define those trades that are considered clear and obvious errors, and to describe the process for handling any disputes related to trade errors that are not "clear and obvious." With all participants informed of the Error Trade Policy and its scope, Dealerweb can quickly and efficiently determine whether a trade should stand as is or whether it should be cancelled or repriced. In so doing, the time required to address and, if necessary, rectify any trade dispute will be reduced, and will provide participants with a clear understanding of the protections and risks involved with trading on the platform.

5.2.5. In keeping with the purpose and scope of the Error Trade Policy, Dealerweb has established "No-Break" trade parameters for the different types of products and trades on Dealerweb. Dealerweb will not unilaterally break/cancel trades that occur away from the existing market level at the time of the trade, but are inside the parameters. These trades will either stand as written or, upon the consent of both parties, will be adjusted for price or be broken.

5.2.6. Any trade disputes must be reported to the Dealerweb Market Support Department. Participants should report potential trade disputes immediately, but no later than five minutes after the end time of the transaction (the **Permitted Time**). Handle Errors are not subject to the Permitted Time restriction, but are required to be reported immediately to Dealerweb Market Support, prior to any give up. Trades questioned within the Permitted Time will be evaluated in accordance with the Error Trade Policy. Dealerweb has the authority, but not the obligation, to consider potentially erroneous trades which are reported outside the Permitted Time. If Dealerweb is notified after the Permitted Time, or if a trader makes an error inside the parameters, the trade will stand. At the request of the trader, Dealerweb may attempt to get a price adjustment from the counterparties to the trade.

5.2.7. Dealerweb can, in its sole (but reasonable) discretion, unilaterally break a trade that falls outside the parameters or is an obvious handle error; provided, however, that Dealerweb reserves the right, in its sole discretion, to have trades stand in market environments too volatile to discern the true market level of the issue at trade time.

5.2.8. Additionally, Dealerweb has "fat finger limits" and exposure limits which are required for all non-FICC members. These limits can be added for any participant on the Platform. The Platform also has built-in duplicative order

controls which reject duplicate orders based on pre-configured settings. Orders that are outside of the trading bands on the Platform or which are clearly erroneous are also blocked. Further, each participant can adjust its Platform settings to minimize order entry errors such as settings related to price deviation or size. Dealerweb sets limits for non-FICC participants but all other participants are responsible for setting their own limits. These are set at the participants' discretion and take effect in real time.

5.2.9. As noted above, broker-dealers, including those that operate an ATS, are subject to market surveillance by the SEC and FINRA, which is largely accomplished through various trade-reporting forms and systems, including OATS, TRACE, ACT, CAT, and SEC Form 13H. Regulation ATS also requires ATSs to report certain information regarding marketplace activity on a quarterly basis on Form ATS-R.

5.2.10. An ATS is not permitted to set rules governing the conduct of subscribers other than the conduct of such subscribers' trading on the system; or (ii) discipline subscribers other than by exclusion from trading. To the extent that a subscriber breaches Dealerweb's trading related rules, Dealerweb is limited to either suspending or terminating their access to the Platform. Dealerweb can also sue for monetary damages under the terms of the Participant Agreement.

Article 6 CLEARING AND SETTLEMENT

6.1. Clearing arrangements – The ATS has appropriate arrangements for the clearing and settlement of transactions through a clearing broker.

6.1.1. The clearing flow for Dealerweb depends on whether the participant is a member of FICC or a non-FICC member, regardless of whether the trades are generated from a CLOB, Direct Streams or Sweep session. Trades involving a FICC member are submitted to FICC for comparison and novation. Trades involving non-FICC members are sent to SG Americas, a third party clearer and FICC member, who settles them on Dealerweb's behalf at Fedwire on the settlement date. Dealerweb has entered into a fully disclosed clearing relationship with SG Americas which was approved by FINRA. This clearing relationship is not a sponsored arrangement with SG Americas. For those transactions which are cleared through Fedwire via Dealerweb's relationship with SG Americas, Dealerweb opens a DVP account for each such participant. The DVP accounts record a buy and/or sell depending upon the specific type of trading activity and then facilitate the delivery and/or receipt of the security to the participant's clearing firm. There are no balances or securities held in these DVP accounts as they remain flat at all times.

6.1.2. Dealerweb stands in the middle of each transaction on the Platform from a riskless principal standpoint, regardless of whether the transaction is settled through FICC or SG Americas. Dealerweb does not act as the central clearing counterparty for the transactions on the Platform. All executed transactions that are FICC eligible from a clearing and settlement perspective will go through the novation and netting process at FICC.

6.1.3. Dealerweb is a member of FICC. The OSC and the AMF have each issued an order exempting FICC from the requirement to be recognized as a clearing agency.

6.1.4. As Dealerweb does not hold any securities or funds on behalf of participants, it is not required to have any custody arrangements.

Article 7 SYSTEMS AND TECHNOLOGY

7.1. Systems and technology – Each of the ATSs critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the ATS to properly carry on its business. Critical systems are those that support the following functions:

a) order entry,

b) execution,

c) trade reporting,

d) trade comparison,

e) data feeds,

f) market surveillance,

g) trade clearing, and

h) financial reporting.

7.1.1. For each of its systems that support order entry, execution, data feeds, trade reporting, trade comparison and system-enforced rules, Dealerweb maintains a level of capacity that allows it to properly carry on its business and has in place processes to ensure the integrity of each system. This includes maintaining reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

7.1.2. Dealerweb's critical systems have appropriate internal controls. On a daily basis, Dealerweb Production Support Department personnel monitor user performance. Automated system checks monitor metrics for critical processes such as CPU utilization, memory, and disk space usage and availability. In the event that a metric exceeds a pre-set threshold, automated email alerts are sent to notify support personnel for review and resolution.

7.1.3. On a daily basis, the Dealerweb Production Support Department performs systems and database monitoring checks in the morning and evening to determine performance and overall system and database health throughout the day.

7.1.4. Dealerweb Production Support Department personnel monitor each participant's performance for user disconnections, trade date checks, system errors, and that trading volumes and products are available for trading for each participant on the Platform.

Market Continuity Provision

7.1.5. Tradeweb maintains a Business Continuity Plan including redundant networks, hardware, data centers and alternate operational facilities to address interruptions to its normal course of business. The Business Continuity Plan applies to Dealerweb. These plans are reviewed periodically and updated as necessary. The plans outline the actions Tradeweb will take in the event of significant business interruptions including relocating technology and operational personnel to pre-assigned alternate facilities. Data is replicated in real-time and mission critical systems can be switched to alternate data centers if required. Tradeweb alternate operational facilities are equipped for continuation and resumption of business and settlement responsibilities, and are used and tested on an ongoing basis. Tradeweb recovery time objectives for business resumption, including those involving a relocation of personnel or technology are in line with industry standards.

Information technology risk management procedures – The ATS has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

7.1.6. Dealerweb's Error Trade Policy is described above in section 5.2.4.

7.1.7. Dealerweb can halt trading to prevent and reduce the potential risk of price distortions and market disruptions. Under the Error Trade Policy, Dealerweb has the authority to suspend trading on the Platform at any time and for any reason, including without limitation if issues arise in relation to the matching engine or with regard to the pricing of instruments, or during extraordinary circumstances where there has been a major market movement without any apparent economic or fundamental basis for movement to have occurred.

7.1.8. Within the Platform, there are pre-set trading bands and parameters that will prevent a trade from being executed if the price is away from these bands and parameters, which are outlined in the Error Policy. In addition, in the event of a system glitch and / or for other reasons, in order to protect participants, Dealerweb has a Kill Switch Function available which can cancel and remove all resting orders and prevent all new orders from being entered. Dealerweb maintains a separate Kill Switch Policy.

7.1.9. Tradeweb maintains a dedicated information security program, which is designed to preserve the confidentiality, integrity, and availability of systems and information used, owned, or managed by Tradeweb and its subsidiaries, including Dealerweb. The information security program aligns with the Information Security Policy, which follows guidelines from ISO/IEC 27001, the NIST Cybersecurity Framework, Tradeweb's Enterprise Risk Management policy, and industry best practices. This policy and the entire information security program are compliant with all legal, regulatory and contractual requirements relevant to the business.

7.1.10. The primary objectives for the Tradeweb information security program are to:

- effectively manage the technology risk of information exposure or compromise within systems owned or managed by Tradeweb;
- establish and communicate the responsibilities for the protection of data, systems and information of Tradeweb and its customers;

- establish a secure processing environment for Tradeweb's business applications;
- reduce the opportunity for fraud and errors within Tradeweb applications and systems; and
- promote a technology risk-aware culture within Tradeweb.

7.1.11. Tradeweb's information security program uses a risk-based approach for developing and implementing controls to address various security and privacy objectives while balancing business and operational strategies. Tradeweb acknowledges that it processes and stores sensitive Personally Identifiable Information (**PII**) as part of its daily business operations. The company considers the safeguarding of PII to be one of its primary responsibilities.

Fees Paid by Participants to Dealerweb

7.1.12. There are no subscription fees for participants on the Platform. Liquidity providers pay a fee based on the dollar value of their trade while liquidity consumers pay a tiered fee which is based on monthly average daily volume. Participants pay their fees either at the end of the month or on the transaction settlement date if the fees are embedded. Participants negotiate their fees with Dealerweb and, as such, fees vary between participants. Participants pay fees, which may be tiered, that are generally based on either the dollar value of their trades or on their monthly average daily volume. The fees can be paid at the end of the month or on the transaction settlement date if the fees are embedded. While U.S. Treasury securities are not subject to the "fair access" requirements under Regulation ATS, fees are applied in a non-discriminatory manner.

Article 8 FINANCIAL VIABILITY, TRANSPARENCY AND REPORTING

8.1. Financial viability – The ATS has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

8.1.1. Pursuant to Exchange Act Rule 15c3-1, Dealerweb must have financial resources sufficient for the proper performance of its functions as an ATS. Dealerweb maintains more than the current minimum capital amounts needed, and will maintain any future minimum capital amounts needed to meet SEC and FINRA requirements. Dealerweb also does not trade on the platform and does not handle customer funds. As a direct member of FICC, Dealerweb facilitates settlement between FICC members. For those trades executed with a non-FICC member, Dealerweb facilitates the settlement of those transactions through SG Americas on its behalf on a bilateral basis. These transactions are settled at the Federal Reserve's Fedwire system through SG Americas. In these instances, Dealerweb uses SG Americas to represent Dealerweb in the bilateral settlement with the non-FICC member. Dealerweb is notified constantly throughout the day on settlement of any open items and hence any failed settlements. Dealerweb has sufficient financial resources to carry out these functions.

8.2. Transparency – The ATS has adequate arrangements to record and publish accurate and timely trade and order information. This information is provided to all participants on an equitable basis.

8.2.1. Regulation ATS does not require the publication of prices or trades to the public. Dealerweb does not offer the Platform to retail investors. All participants trading on the Platform's central limit order books have access to the same information on the Platform and can see bids and offers entered but do not know which participant entered each bid and offer as they are entered anonymously. For disclosed Direct Stream trading, those participants which are liquidity takers are able to see the prices and information offered by the liquidity provider. All executed transactions are reported to TRACE within the required time period, but this information is not disseminated to the public. All participants receive an immediate confirmation / trade message upon the execution of a transaction.

8.2.2. All trades on the Platform are for Treasury Products which are TRACE-eligible. Dealerweb displays orders of the Treasury Products (with the exception of anonymous trades on Dealerweb Streams) and provides accurate and timely information regarding orders. Additionally, Dealerweb also reports all transactions to TRACE in a timely manner, and automatically, via FIX, and would report transactions of Canadian-based participants in the same manner as it reports US-based participant trades. Dealerweb's reporting does not absolve any participants of their own regulatory reporting requirements.

8.2.3. In terms of price discovery, the Platform serves as a live active marketplace where bids and offers are entered by participants and which are available for all participants to see and act upon (with the exception of anonymous trades on Dealerweb Streams). Dealerweb does not offer or provide an opening or closing price for the Treasury Products traded on the platform. The Platform also has built-in price parameters which prevent an out-of-the-market trade from being executed. In terms of post-trade transparency, all executed transactions are reported to TRACE, which are viewed by FINRA's Market Regulation Department daily, but this information is not disseminated to the public.

8.2.4. Dealerweb has implemented and continues to work to enhance its utilization of NASDAQ's SMARTS Trade Surveillance system to assist it with monitoring pricing and ensuring that trading on the Platform is fair and free from manipulation.

Article 9 RECORDKEEPING

9.1. Recordkeeping – The ATS has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the ATS, audit trail information on all trades, and compliance with, and/or violations of the ATS requirements.

9.1.1. Rule 302 of Regulation ATS requires ATSs to make and keep the records necessary to create a meaningful audit trail. Specifically, ATSs are required to maintain daily summaries of trading, volume and time-sequenced records of order information, including the date and time the order was received, the date, time, and price at which the order was executed, and the identity of the parties to the transaction. In addition, ATSs are required to maintain a record of subscribers and any affiliations between subscribers and the ATS and of all notices provided to subscribers, including notices addressing hours of operation, system malfunctions, changes to system procedures, and instructions pertaining to access to the ATS.

9.1.2. ATSs are required to keep documents made (if any) in the course of complying with the system's capacity, integrity, and security standards in Rule 301(b)(6). These documents include all reports to an ATS' senior management, and records concerning current and future capacity estimates, the results of any stress tests conducted, procedures used to evaluate the anticipated impact of new systems when integrated with existing systems, and records relating to arrangements made with a service bureau to operate any automated systems. Regulation ATS establishes the time period for which records must be retained and preserved.

9.1.3. As a FINRA-registered broker-dealer, Dealerweb is subject to all applicable requirements relating to record retention policies. These polices are reflected in Dealerweb's written supervisory procedures which ensure that Dealerweb remains in compliance with all relevant regulatory requirements, which include SEC and FINRA rules. Dealerweb also engages third-party vendors and external compliance consultants to advise on and assist with its record review and retention policies. Records are kept in electronic form and are readily accessible.

9.1.4. The SEC and FINRA have mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the Platform for supervisory and enforcement purposes is available to the US Regulators on a timely basis. The SEC and FINRA conduct periodic compliance reviews and examinations and require that records comply with SEC and FINRA rules and are readily accessible, on an ongoing basis.

Article 10 OUTSOURCING

10.1. Outsourcing – Where the ATS has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations, and that are in accordance with industry best practices.

10.1.1. Dealerweb does not outsource any key services or systems to a service provider. However, Dealerweb and Tradeweb are party to an inter-affiliate service agreement described at paragraph 0. The technology used by Dealerweb and the Platform is owned by an affiliate of Dealerweb or by Tradeweb Markets LLC or Tradeweb Markets Inc., each of which is a parent company of Tradeweb.

10.1.2. Should Dealerweb enter into agreements to outsource any key services or systems in the future, it will do so in compliance with applicable regulations, including FINRA Rule 3110. Further, Dealerweb would implement policies and procedures governing the use of outsourcing, conduct due diligence of prospective service providers and review any such third party service providers on a periodic basis.

Article 11 FEES

11.1. The ATS's process for setting fees is fair, transparent and appropriate. Any and all fees imposed by the ATS on its participants are equitably allocated, do not have the effect of creating barriers to access and are balanced with the criterion that the ATS has sufficient revenues to satisfy its responsibilities.

11.1.1. All fees imposed by the ATS are reasonable, fair, transparent, non-discretionary and equitably allocated and do not have the effect of creating unreasonable conditions or limits on access by participants to the services offered on the Platform. Fees are balanced with the criterion that the Platform has sufficient revenues to satisfy its responsibilities. See section 7.1.12 for further details regarding the fees paid by participants.

Article 12 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

12.1. Information sharing and regulatory cooperation – The ATS has mechanisms in place to enable it to share information and otherwise co-operate with the ATS Decision Makers, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

12.1.1. Dealerweb shall notify staff of the ATS Relief Decision Makers promptly if any of its representations made by it in this Application cease to be true or correct in any material respect, or become incomplete or misleading.

12.1.2. As noted above, the ATS Relief Decision Makers and the SEC are parties to a memorandum of understanding related to securities market oversight and enforcement. The OSC and the AMF are parties to the memoranda of understanding with FINRA related to securities market oversight and enforcement. See Section 1.2.4, above.

12.1.3. Dealerweb has an obligation to maintain a fair and orderly Platform and, in terms of ensuring the integrity of the platform, if Dealerweb were to discover a material breach or any type of misconduct, it would be reviewed internally and then a decision would be made as to whether to discuss directly with the participant or the applicable regulator. Similarly, regulators such as FINRA and the SEC send inquiries to Dealerweb requesting information and data about certain transactions that have been executed on the Platform. Dealerweb's Participation Agreements discuss the sharing of data as a part of a regulatory request or audit.

Article 13 IOSCO PRINCIPLES

13.1. *IOSCO Principles – To the extent it is consistent with the laws of the foreign jurisdiction, the ATS adheres to the standards of the International Organization of Securities Commissions (IOSCO).*

13.1.1. Dealerweb adheres to the IOSCO principles by virtue of the fact that it must comply with the rules and regulations of the SEC and FINRA, which reflect the IOSCO standards.

13.1.2. Dealerweb adheres to the IOSCO principles set out in the "Objectives and Principles of Securities Regulation" (2003) applicable to exchanges and trading systems. Dealerweb maintains operations to achieve the following:

(a) ensure the integrity of trading through fair and equitable rules that strike an appropriate balance between the demands of different market participants;

(b) promote transparency of trading;

(c) detect and deter manipulation and other unfair trading practices;

(d) ensure proper management of market disruption; and

(e) ensure that clearing and settlement of transactions are fair, effective and efficient, and that they reduce systemic risk.

PART III – SUBMISSIONS BY DEALERWEB

Article 14 Submissions Concerning the Requested Relief

14.1.1. Dealerweb is a US-based service provider of trading software for broker-dealers and qualified institutional clients. Its Platform, which is offered over the internet, provides access to an electronic application that allows participants to access available trades in Treasury Products. Dealerweb is regulated and operates in the US as an ATS and, therefore, may be considered an "alternative trading system" as defined in section 1.1 of NI 21-101 and is prohibited from carrying on business in the Jurisdictions unless it (a) is registered as a dealer, (b) is a member of a self-regulatory entity and (c) complies with the provisions of the Marketplace Rules. Dealerweb seeks to provide Canadian Participants that trade in Treasury Products with access to trade on the Platform and, therefore, may be considered to be engaging in the business of trading in the Jurisdictions. Dealerweb is not registered as an investment dealer in the Jurisdictions and is not a member of any Canadian self-regulatory entity.

14.1.2. Dealerweb is registered with the SEC as a broker-dealer and an ATS and is a member of FINRA, a self-regulatory organization in the US with a mandate similar to that of IIROC in Canada. Dealerweb satisfies all of the criteria for registration with the SEC as a broker-dealer and continues to satisfy the requirements under Regulation ATS and is a member of FINRA. Dealerweb submits that it is subject to a substantially similar regulatory regime in the US to that in the Jurisdictions.

14.1.3. In Staff Notice 21-328, CSA staff provide an exemption model where foreign ATSs may be permitted to offer direct access to Canadian Participants without having to establish a Canada-based affiliate provided they meet

certain terms and conditions, including a requirement that they comply with the applicable regulations in their home jurisdiction. In Staff Notice 21-328, CSA staff state that to offer direct access to Canadian Participants, a foreign ATS would need to apply for an exemption from the Marketplace Rules and provide details of the application process, exemption criteria, and sample terms and conditions that may be included in a foreign ATS' exemption order. A foreign ATS may be exempt from the Marketplace Rules provided that certain conditions of the CSA's proposed exemption and regulatory framework are met, including maintaining regulatory compliance in its home jurisdiction, providing the ATS Relief Decision Makers with ongoing information about its operations and trading activity in the Jurisdictions and ensuring that there is sufficient transparency for participants of the regulatory structure, specifically the substitute compliance model. Although the proposed exemption would grant foreign ATSs relief from the Marketplace Rules, depending on their model of operations, foreign ATSs or their participants may still be subject to registration under applicable securities legislation, for example, the dealer registration requirements under applicable securities legislation in the Jurisdictions for engaging in the business of trading.

14.1.4. Dealerweb submits that it satisfies the criteria in the exemption model for foreign ATSs to offer direct access to Canadian Participants without having to establish a Canadian-based affiliate, as set out in Staff Notice 21-328. Dealerweb has submitted this Application for an exemption from the Marketplace Rules and has provided details demonstrating how it meets the CSA's criteria set out in Staff Notice 21-328, including maintaining regulatory compliance in its home jurisdiction, providing the ATS Relief Decision Makers with ongoing information about its operations and trading activity in Canada and ensuring that there is sufficient transparency for participants of the regulatory structure, specifically the substitute compliance model. Based on Dealerweb's model of operations, Dealerweb has determined that it may be subject to the dealer registration requirement under applicable Canadian securities legislation. As a result, Dealerweb has confirmed that it meets the requirements to rely on the "international dealer exemption" under section 8.18 of NI 31-103 in the Jurisdictions prior to granting Canadian Participants access to the Platform.

14.1.5. The robust US regulatory regime governing ATSs provides adequate investor protection and oversight and supervision of Dealerweb. It is appropriate for Dealerweb to rely on the regulatory regime in the US as a substitute for the regulatory regime in the Jurisdictions, as the oversight, supervision and regulatory requirements are sufficiently similar to that of the regulatory regime applicable to ATSs in the Jurisdictions. By complying with the regulatory regime applicable to ATSs in the US, Dealerweb considers that it will be complying with the substantially similar requirements of the regulatory regime applicable to ATSs in the Jurisdictions.

14.1.6. Access to the Platform will be limited to Canadian Participants who must meet Dealerweb's eligibility criteria and onboarding requirements related to KYC/AML and creditworthiness. Before being provided direct access to the Platform, Dealerweb will confirm that each Canadian Participant is a "permitted client" as that term is defined in NI 31-103. This representation by each Canadian Participant will be deemed to be repeated by each Canadian Participant each time that it enters an order for a trade on the Platform. A Canadian Participant will be required to confirm that it continues to satisfy the eligibility criteria for access to the Platform on an ongoing basis. A Canadian Participant must also comply with the terms and conditions of the Participation Agreement and all applicable laws pertaining to the use of the Platform.

14.1.7. Canadian Participants that trade in Treasury Products would benefit from the ability to trade on Dealerweb's Platform, as they would have access to a level of liquidity, which is not currently available in the Jurisdictions. Customers of Canadian Participants who trade or invest in Treasury Products would also benefit from the ability of Canadian Participants to trade on the Platform. Dealerweb would offer Canadian Participants a transparent, efficient market to trade Treasury Products. Dealerweb uses sophisticated information systems and has adopted rules and compliance functions that will ensure that Canadian Participants are adequately protected. Dealerweb therefore submits that it would not be prejudicial to the public interest to grant the Requested Relief.

14.1.8. In Canada, an ATS can only execute trades in exchange-traded securities, corporate debt securities, government debt securities, or foreign exchange-traded securities, as defined in section 1.1 of NI 21-101. Dealerweb wishes to accommodate negotiation of Repos in categories of collateral broader than this and Staff Notice 21-328 seems well-adapted to permitting this objective for foreign ATSs and this result is therefore not at odds with the basic objectives of NI 21-101 insofar as Repos are concerned.

14.1.9. In the US, Dealerweb is not subject to pre-trade or post-trade transparency requirements. In Canada, pre-trade transparency requirements are not applicable to Dealerweb pursuant to sections 7.1 and 8.1 of NI 21-101 because orders capable of acceptance in foreign exchange-traded securities and exchange-traded securities and debt securities will not be displayed on the Platform as there is no outright trading in these instruments on the Platform.

14.1.10. The Canadian rules as to post-trade transparency are somewhat different than in the US where no such rules apply to Repos. Section 7.4 of NI 21-101 imposes post-trade transparency requirements for exchange-traded

securities and foreign exchange-traded securities and subsection 8.2(3) of NI 21-101 imposes post-trade transparency requirements for government debt securities and corporate debt securities. These provisions were not drafted with Repos in mind.

14.1.11. Repos do not need and cannot accommodate the same level of transparency as a marketplace in which outright trading in fixed income instruments occurs. Repos are uniquely driven by credit risk determinations with respect to the borrower. For this reason, if Staff Notice 21-328 were not relied upon, exemptive relief from transparency requirements would likely have been granted in Canada following the decision *In the Matter of Equilend Canada Corp* (December 19, 2019). This would make the resulting Canadian regulatory approach consistent with the one in the US and should not therefore be a basis for denying the exemption sought.

14.1.12. Dealerweb notes that exemptive relief similar to the Requested Relief has been granted in: (i) *In the Matter of GLMX Technologies, LLC* (October 6, 2021); (ii) *In the Matter of Execution Access, LLC* (July 22, 2021), (iii) *In the Matter of Trumid Financial, LLC* (March 4, 2021); and (iii) *In the Matter of ICE Bonds Securities Corporation* (June 19, 2020).

PART IV – FEES AND OTHER MATTERS

Article 15 Fees and Other Matters

15.1. Fees and Other Matters

15.1.1. Filing fees have been paid to the ATS Relief Decision Makers in the Jurisdictions.

15.1.2. In connection with this Application, we enclose: Appendix A – Draft Decision and Appendix B – Authorization and Verification Statement of Dealerweb.

15.1.3. Should you have any questions regarding this Application, please contact me at the number above with any questions regarding this Application.

Yours very truly,

(signed) *"Andrew Grossman"*
Andrew Grossman
Partner

Encl.

Cc: Devi Shanmugham, Tradeweb
Michael Sullivan, Tradeweb
Mark Bissegger, Norton Rose Fulbright Canada LLP

ANNEX B

Appendix A

DRAFT DECISION

[Citation: [neutral citation] **[Date of decision]]**

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO,
QUEBEC AND
NOVA SCOTIA
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
DEALERWEB INC.

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) has received an application (the **Application**) from Dealerweb Inc. (**Dealerweb**) for an exemption under the securities legislation of the Jurisdictions (the **Legislation**) and under section 15.1 of National Instrument 21-101 - *Marketplace Operation* (**NI 21-101**), section 12.1 of National Instrument 23-101 – *Trading Rules* (**NI 23-101**), and section 10 of National Instrument 23-103 - *Electronic Trading and Direct Access to Marketplaces* (**NI 23-103** and, together with NI 21-101 and NI 23-101, the **Marketplace Rules**) exempting Dealerweb from the application of all provisions of the Marketplace Rules that apply to a person or company carrying on business as an alternative trading system (**ATS**) in the Jurisdictions (the **Requested Relief**).

Under National Policy 11-203 (for a coordinated review application):

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other of the Decision Makers.

Interpretation

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

Representations

The Decision is based on the following facts represented by Dealerweb:

1. Dealerweb is a corporation existing under the laws of New York in the United States (**US**), with its head office located in New York, New York, US.

2. Dealerweb is a wholly-owned subsidiary of Tradeweb Markets LLC (**Tradeweb**). Tradeweb operates a global network of electronic marketplaces which offer institutional, wholesale and retail market participants access to trading in government bonds, mortgage securities, municipal bonds, credit and derivatives across a range of platforms. Tradeweb is wholly-owned by Tradeweb Markets Inc., a public company that is majority owned by Refinitiv Holdings Ltd., a company that is currently indirectly wholly-owned by London Stock Exchange Group plc.

3. Dealerweb facilitates trading in on-the-run US treasuries, off-the-run US treasuries, US treasury bills, US treasury floating rate notes and overnight and term repurchase transactions (collectively the **Treasury Products**) through its web-based interface (the **Platform**). The Platform facilitates trades in the Treasury Products through a central limit order book (for

on-the-run US treasuries, off-the-run US treasuries (in a hybrid manner), US treasury bills, repurchase transactions and US treasury floating rate notes), a direct streaming mechanism (for on-the-run US treasuries) and sweep trading sessions (for off-the-run US treasuries, US treasury bills and US treasury floating rate notes). Repurchase transactions can be for specific collateral, general collateral, and general collateral financing, which consist of US treasury bills, US treasury notes, US treasury bonds, agency bonds, US treasury floating rate notes, agency mortgage backed securities and adjustable rate mortgages. Treasury Products are traded electronically with the exception of trades on the central limit order book for off-the-run US treasuries which are provided to a voice broker and then executed on the Platform. Dealerweb also maintains a voice trading desk which facilitates trades in off-the-run US treasuries, US treasury bills, US treasury floating rate notes and US treasury inflation-protected securities as well as a voice trading desk which facilitates trades in repurchase transactions.

4. It is expected that certain institutional investors in the Jurisdictions wish to become clients of Dealerweb in order to access the liquidity provided by the Platform.

5. The prospective clients in the Jurisdictions (the **Canadian Participants**) will be comprised only of institutional investors that qualify as permitted clients as that term is defined in section 1.1 of National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

6. Dealerweb will confirm that each prospective Canadian Participant that seeks to participate on the Platform is an institutional investor that qualifies as a permitted client as such term is defined in section 1.1 of NI 31-103, by obtaining a representation from the Canadian Participant for access to the Platform in their onboarding documentation. The documentation will specify that this representation is deemed to be repeated by the Canadian Participant each time it enters an order for a trade on the Platform.

7. Dealerweb relies on the "international dealer exemption" under section 8.18 of NI 31-103 in the Jurisdictions for any trading in securities with permitted clients located in the Jurisdictions. Dealerweb is not registered in any capacity under the securities legislation of the Jurisdictions.

8. Dealerweb is regulated and operating in the US as an ATS registered with the US Securities and Exchange Commission (**SEC**) (SEC#: 8-38103) as a broker-dealer pursuant to Rule 301(b) of the *Regulation ATS under 1934 Securities Exchange Act* and is a member of the Financial Industry Regulatory Authority (**FINRA**) (CRD#: 19662), the US equivalent of the Investment Industry Regulatory Organization of Canada. Dealerweb is a member of the Municipal Securities Rulemaking Board (**MSRB**) and the National Futures Association. Dealerweb is also an introducing broker pursuant to the *Commodity Exchange Act* and is regulated as an introducing broker by the Commodity Futures Trading Commission and the National Futures Association. As such, Dealerweb is subject to a comprehensive regulatory regime in the US.

9. Dealerweb is not in default of securities legislation in its home jurisdiction nor in any of the Jurisdictions except as set out in representation 10 below

10. Between October 5, 2016 and December 13, 2021, without being registered as an ATS or receiving exemptive relief, Dealerweb permitted one Quebec participant to access the Platform. Dealerweb became aware of this access on November 18, 2021 and, after prompt internal investigation and review, brought it to the attention of the Ontario Securities Commission and the Autorité des marchés financiers on December 7 and 8, 2021, respectively. Dealerweb removed this access on December 13, 2021 and is taking steps to ensure compliance with the securities legislation in Quebec.

11. Dealerweb does not have any offices or maintain other physical installations in the Jurisdictions or any other Canadian province or territory.

12. Dealerweb seeks to provide institutional investors in the Jurisdictions with direct, electronic, hybrid and voice access to trading in only the Treasury Products and is therefore considered to be an ATS in the Jurisdictions, as defined in applicable securities legislation.

13. As an ATS, Dealerweb is prohibited from carrying on business in the Jurisdictions unless it complies with or is exempted from the Marketplace Rules.

14. In order to obtain direct access to the Platform, a Canadian Participant must agree to abide by the Dealerweb terms and conditions contained in Dealerweb's Participation Agreement.

15. Dealerweb will also require Canadian Participants to sign a Participant Agreement agreeing to the terms and conditions of the use of the Platform, including clear and transparent access criteria and requirements for all market participants on the Platform to maintain the integrity of the Platform. Dealerweb applies these criteria to all Platform participants in an impartial manner.

16. In addition to complying with the Participant Agreement and all applicable laws pertaining to the use of the Platform, prospective clients must also satisfy Dealerweb's credit, know-your-client and anti-money laundering verifications,

suitability analyses and other account supervision procedures prior to being granted access to the Platform and on an ongoing basis in accordance with securities laws applicable in the Jurisdictions and Dealerweb's requirements.

17. Dealerweb will only permit trading in the Treasury Products that are permitted to be traded in the United States under applicable securities laws and regulations.

18. All trades on the Platform are for securities which are Trade Reporting and Compliance Engine (**TRACE**) eligible. Dealerweb displays orders of the Treasury Products and provides accurate and timely information regarding orders. Additionally, Dealerweb automatically reports all transactions to TRACE in a timely manner (within fifteen (15) minutes) via FIX or at month end as require under FINRA Rule 6723, and would report transactions of Canadian Participants in the same manner as it reports US-based participant trades. Trade information is consistent with FINRA TRACE reporting standards. Dealerweb's reporting does not absolve any participants of their own regulatory reporting requirements. Dealerweb is a FINRA TRACE reporting firm and as such these transactions are reported to TRACE and MSRB on an anonymized basis, identifying only that it was a "customer" that traded with Dealerweb. Dealerweb's market participant identifier is DLWB.

Dealerweb acknowledges that the Decision Makers will monitor developments in international and domestic capital markets and Dealerweb's activities on an ongoing basis to determine whether it is appropriate for the Decision Makers to continue to grant the Requested Relief and, if so, whether it is appropriate for the Requested Relief to continue to be granted subject to the terms and conditions set out in Schedule A to this decision.

Dealerweb has acknowledged to the Decision Makers that the scope of the Requested Relief and the terms and conditions imposed by the Decision Makers set out in Schedule A to this decision may change as a result of the Decision Makers monitoring of developments in international and domestic capital markets or Dealerweb's activities, or as a result of any changes to the laws in the Jurisdictions affecting trading in derivatives, commodity futures contracts, commodity futures options or securities.

Decision

The Decision Maker 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 Maker under the Legislation is that the Requested Relief is granted provided that Dealerweb complies with the terms and conditions attached hereto as Schedule A.

DATED THIS [●] day of [●], 2022.

[signature]

Schedule A

TERMS AND CONDITIONS

Regulation and Oversight

1. Dealerweb will continue to be subject to the regulatory oversight of the regulator in its home jurisdiction;

2. Dealerweb will either be registered in an appropriate category or rely on an exemption from registration under Canadian securities laws;

3. Dealerweb will promptly notify the Decision Makers if its status in its home jurisdiction has been revoked, suspended, or amended, or the basis on which its status has significantly changed;

Access

4. Dealerweb will not provide direct access to a Canadian Participant unless the Canadian Participant is a permitted client as that term is defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

5. Dealerweb will require Canadian Participants to provide prompt notification to Dealerweb if they no longer qualify as permitted clients;

6. Dealerweb must make available to Canadian Participants appropriate training for each person who has access to trade on the Platform;

Trading by Canadian Participants

7. Trading on the Platform by Canadian Participants must be cleared and settled through a direct clearing member of the Fixed Income Clearing Corporation (**FICC**) or on Fedwire, the Federal Reserve Bank securities settlement network, through such clearing member of FICC or recognized "Depository Institution" such as SG Americas.

8. Dealerweb will permit Canadian Participants to only trade the fixed income securities, including the collateral for Repos, listed in representation number three of this Decision;

9. Dealerweb will permit Canadian Participants to only trade those securities which are permitted to be traded in the United States under applicable securities laws and regulations;

10. Dealerweb will automatically report all transactions of Canadian Participants to TRACE in a timely manner (within fifteen (15) minutes via FIX). This trade information is consistent with FINRA TRACE reporting standards;

Reporting

11. Dealerweb will promptly notify staff of the Decision Makers of any of the following:

    a. any material change to its business or operations or the information provided in its application for exemptive relief, including, but not limited to:

        i. changes to its regulatory oversight;

        ii. the access model, including eligibility criteria, for Canadian Participants;

        iii. systems and technology; and

        iv. its clearing and settlement arrangements;

    b. any material change in its regulations or the laws, rules, and regulations in the home jurisdiction relevant to the products traded;

    c. any known investigations of, or regulatory action against, Dealerweb by the regulator in its home jurisdiction or any other regulatory authority to which it is subject;

    d. any matter known to Dealerweb that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption; and

    e. any default, insolvency, or bankruptcy of any participant known to Dealerweb or its representatives that may have a material, adverse impact upon Dealerweb or any Canadian Participant;

12. Dealerweb will maintain the following updated information and submit such information in a manner and form acceptable to staff of the Decision Makers on a bi-annual basis (within 30 days of the end of each six-month period), and at any time promptly upon the request of staff of the Decision Makers:

    a. a current list of all Canadian Participants, organized on a per province basis, specifically identifying for each Canadian Participant the basis upon which it represented to Dealerweb that it could be provided with direct access;

    b. a list of all Canadian applicants for status as a Canadian Participant on a per province basis who were denied such status or access or who had such status or access revoked during the period:

        i. for those applicants for status as Canadian Participants who had their access to such status denied, an explanation as to why their access was denied;

        ii. for those Canadian Participants who had their status revoked, an explanation as to why their status was revoked;

    c. for each product:

        iii. the total trading volume and value originating from Canadian Participants, presented on a per province basis, and

        iv. the proportion of worldwide trading volume and value on the Platform conducted by Canadian Participants, presented in the aggregate for such Canadian Participants on a per province basis; and

    d. a list of any system outages that occurred for any system impacting Canadian Participants' trading activity on the Platform which were reported to the regulator in Dealerweb's home jurisdiction;

Disclosure

13. Dealerweb will provide to its Canadian Participants disclosure that states that:

    a. rights and remedies against it may only be governed by the laws of the home jurisdiction, rather than the laws of Canada, and may be required to be pursued in the home jurisdiction rather than in Canada;

    b. the rules applicable to trading on Dealerweb may be governed by the laws of the home jurisdiction, rather than the laws of Canada; and

    c. Dealerweb is regulated by the regulator in the home jurisdiction, rather than the Decision Makers;

Submission to Jurisdiction and Appointment of Agent for Service

14. With respect to a proceeding brought by the Decision Makers or staff of the Decision Makers arising out of, related to, concerning, or in any other manner connected with the Decision Makers' regulation and oversight of the activities of Dealerweb in Canada, Dealerweb will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Canada, and (ii) an administrative proceeding in Canada;

15. Dealerweb will submit to the Decision Makers a valid and binding appointment of an agent for service in Canada upon which the Decision Makers may serve a notice, pleading, subpoena, summons, or other process in any action, investigation, or administrative, criminal, quasi-criminal, penal, or other proceeding arising out of or relating to or concerning the Decision Makers' regulation and oversight of Dealerweb's activities in Canada;

Information Sharing

16. Dealerweb must, and must cause its affiliated entities, if any, to promptly provide to the Decision Makers, on request, any and all data, information, and analyses in the custody or control of Dealerweb or any of its affiliated entities, without limitations, redactions, restrictions or conditions, including, without limiting the generality of the foregoing:

    a. data, information, and analyses relating to all of its or their businesses; and

    b. data, information, and analyses of third parties in its or their custody or control; and

17. Dealerweb must share information and otherwise cooperate with other recognized or exempt exchanges, recognized self-regulatory organizations, recognized or exempt clearing agencies, investor protection funds, and other appropriate regulatory bodies.

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