The Ontario Securities Commission

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

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Editor's Note: On Friday, April 29, 2022, the Securities Commission Act, 2021 (SCA), came into force by proclamation of the Lieutenant Governor of Ontario. The SCA's proclamation implemented key structural and governance changes to the OSC: the separation of the OSC Chair and Chief Executive Officer roles, and the creation of a new Capital Markets Tribunal. These new structural and governance changes are now reflected in the Bulletin, with one section to report and record the activities of the Capital Markets Tribunal and one section to report and record the activities of the Ontario Securities Commission: www.capitalmarketstribunal.ca/en/resources.

A. Capital Markets Tribunal

A.1
Notices of Hearing

A.1.1 Stableview Asset Management Inc. and Colin Fisher – ss. 127(1), 127.1

FILE NO.: 2020-40

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT INC. and
COLIN FISHER

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

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: June 24, 2022 at 10:00 a.m.

LOCATION: By videoconference

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Capital Markets Tribunal to approve the Settlement Agreement dated June 21, 2022 between Staff of the Commission, Stableview Asset Management Inc., and Colin Fisher in respect of the Statement of Allegations filed by Staff of the Commission dated December 16, 2020.

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 Tribunal 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 Tribunal par écrit dès que possible si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 22nd day of June, 2022.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For more information

Please visit http://www.capitalmarketstribunal.ca/en or contact the Registrar at registrar@osc.gov.on.ca.

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A.2
Other Notices

A.2.1 Mek Global Limited and PhoenixFin Pte. Ltd.

FOR IMMEDIATE RELEASE
June 22, 2022

MEK GLOBAL LIMITED AND
PHOENIXFIN PTE. LTD.,
File No. 2021-18

TORONTO – The Tribunal issued its Reasons and Decision and an Order in the above noted matter.

A copy of the Reasons and Decision and the Order dated June 21, 2022 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

A.2.2 Stableview Asset Management Inc. and Colin Fisher

FOR IMMEDIATE RELEASE
June 22, 2022

STABLEVIEW ASSET MANAGEMENT INC. and
COLIN FISHER,
File No. 2020-40

TORONTO – The Tribunal issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission, Stableview Asset Management Inc., and Colin Fisher in the above named matter.

The hearing will be held on June 24, 2022 at 10:00 a.m.

A copy of the Notice of Hearing dated June 22, 2022 is available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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inquiries@osc.gov.on.ca

A.2.3 Stableview Asset Management Inc. and Colin Fisher

FOR IMMEDIATE RELEASE
June 22, 2022

STABLEVIEW ASSET MANAGEMENT INC. and COLIN FISHER,
File No. 2020-40

TORONTO – Take notice that the merits hearing in the above named matter scheduled to be heard on July 18, 19, 20, 21, 22, and 25, 2022 will not proceed as scheduled.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

A.2.4 Bybit Fintech Limited

FOR IMMEDIATE RELEASE
June 22, 2022

BYBIT FINTECH LIMITED,
File No. 2021-21

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

A copy of the Order dated June 22, 2022, Settlement Agreement dated June 9, 2022 and Oral Reasons for Approval of a Settlement dated June 22, 2022 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

A.2.5 Stableview Asset Management Inc. and Colin Fisher

FOR IMMEDIATE RELEASE
June 24, 2022

STABLEVIEW ASSET MANAGEMENT INC. and COLIN FISHER,
File No. 2020-40

TORONTO – Following a hearing held today, the Tribunal issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission, Stableview Asset Management Inc., and Colin Fisher.

A copy of the Order dated June 24, 2022 and Settlement Agreement dated June 21, 2022, and Oral Reasons for Approval of a Settlement dated June 24, 2022 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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inquiries@osc.gov.on.ca

A.2.6 Trevor Rosborough et al.

FOR IMMEDIATE RELEASE
June 24, 2022

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

TORONTO – Take notice that an attendance in the above named matter is scheduled to be heard on July 7, 2022 at 1:00 p.m.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

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

A.2.7 Plateau Energy Metals Inc. et al.

FOR IMMEDIATE RELEASE
June 28, 2022

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

TORONTO – Take notice of the following merits hearing date changes in the above named matter:

(1) the merits hearing days scheduled on October 20 and 21, 2022 are vacated; and

(2) the merits hearing shall commence on October 12, 2022 at 10:00 a.m., and continue on October 14, 17, 18, 19, 24, 26, 27, 28, 31, 2022, November 1, 2, 2022 and January 11 and 12, 2023 at 10:00 a.m. on each day.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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media_inquiries@osc.gov.on.ca

For General Inquiries:

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inquiries@osc.gov.on.ca

A.3
Orders

A.3.1 Mek Global Limited and PhoenixFin Pte. Ltd. – ss. 127(1), 127.1

IN THE MATTER OF
MEK GLOBAL LIMITED
AND
PHOENIXFIN PTE. LTD.

File No. 2021-18

Adjudicator: M. Cecilia Williams

June 21, 2022

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

WHEREAS the Capital Markets Tribunal held a combined merits and sanctions and costs hearing in writing to consider whether to make findings against, and impose sanctions on, Mek Global Limited and PhoenixFin Pte. Ltd. (collectively, the **Respondents**) pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

AND WHEREAS the Tribunal made findings against the Respondents in its Reasons and Decision issued on June 21, 2022;

ON READING the materials filed by Staff of the Ontario Securities Commission, no one appearing on behalf of the Respondents, although having been properly served;

IT IS ORDERED THAT:

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

2. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents shall cease permanently;

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

4. pursuant to paragraph 8.5 of subsection 127(1) of the Act, the Respondents are prohibited permanently from becoming or acting as a registrant or as a promoter;

5. pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondents, on a joint and several basis, shall pay an administrative penalty in the amount of $2,000,000; and

6. pursuant to section 127.1 of the Act, the Respondents, on a joint and several basis, shall pay $96,550.35 for the costs of the Commission's investigation and hearing.

"M. Cecilia Williams"

A.3.2 Bybit Fintech Limited with Settlement Agreement – ss. 127(1), 127.1

IN THE MATTER OF
BYBIT FINTECH LIMITED

File No. 2021-21

Adjudicator: Timothy Moseley

June 22, 2022

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

WHEREAS on June 22, 2022, the Capital Markets Tribunal (the **Tribunal**) held a hearing by videoconference to consider the request for approval of a settlement agreement dated June 9, 2022 (the **Settlement Agreement**) with respect to Bybit Fintech Limited (**Bybit**);

ON READING the joint request for a settlement hearing, including the Statement of Allegations dated June 21, 2021, the Settlement Agreement, and the written submissions, on hearing the submissions of the representatives for each of the parties, on considering that Bybit has paid US$2,468,910.00 and C$10,000.00 to the Commission in accordance with the terms of the Settlement Agreement, and on considering the undertaking of Bybit dated June 9, 2022, attached as Schedule "A" to this Order;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved pursuant to s. 127(1) of the *Securities Act* (the **Act**);

2. Bybit is reprimanded, pursuant to paragraph 6 of s. 127(1) of the Act; and

3. Bybit shall:

   a. disgorge to the Commission US$2,468,910.00, pursuant to paragraph 10 of s. 127(1) of the Act; and

   b. pay costs of the Commission's investigation in the amount of C$10,000.00, pursuant to s. 127.1 of the Act.

"Timothy Moseley"

Schedule "A" – UNDERTAKING

IN THE MATTER OF
BYBIT FINTECH LIMITED

UNDERTAKING

1. This Undertaking is given by Bybit Fintech Limited (**Bybit**) to the Ontario Securities Commission (the **Commission**) in connection with the settlement agreement dated June 9, 2022 in the matter of Bybit Fintech Limited (the **Settlement Agreement**).

2. For the purposes of this Undertaking:

   (a) "**Restricted Products**" means any contracts that involve leverage, margin, or the extension of credit, including but not limited to contracts that are marketed/labelled by Bybit as:

      (i) futures;

      (ii) forward contracts;

      (iii) OTC contracts on margin;

      (iv) perpetual swaps and futures;

      (v) rolling spot;

      (vi) contracts for difference;

      (vii) options; or

      (viii) leveraged tokens.

   (b) "**Retail Customers**" means investors who are not "permitted clients" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Undertaking in respect of Retail Customers

3. In respect of Retail Customers, Bybit undertakes to:

   (a) within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), determine which existing Ontario accounts are held by Retail Customers, including implementing appropriate systems and procedures, acceptable to the Commission, to make that determination;

   (b) within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), implement systems and procedures, acceptable to the Commission, to prevent any Ontario Retail Customers from opening new positions in Restricted Products;

   (c) within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), notify existing Ontario Retail Customers, in a form acceptable to the Commission, that (i) they are only permitted to reduce their existing positions in Restricted Products, (ii) they must close out and settle their existing positions in Restricted Products (including for greater certainty, any margined positions) within 90 days from the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission); and (iii) any funds or assets remaining in Ontario Retail Customer accounts can continue to be used for non-Restricted Products or withdrawn from the Bybit Platform.

Undertaking in respect of permitted clients

4. In respect of permitted clients (as defined in National Instrument 31-103), Bybit undertakes to, within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), take steps, acceptable to the Commission, to determine which, if any, Ontario accounts are held by permitted clients, including implementing appropriate systems and procedures to make that determination;

Undertaking to engage in registration discussions regarding registrable business

5. Bybit undertakes to engage in discussions with the Commission, with diligence and good faith, with a view to bringing the operations of the crypto asset trading platform www.bybit.com (the **Bybit Platform**) into compliance with Ontario securities law, on the following terms:

    (a) While these discussions are ongoing, Bybit will abide by the following limitations:

        (i) Bybit will stop accepting new accounts for investors identified as residents of Ontario. Bybit will implement the following procedures and controls to prevent Ontario investors from opening new accounts on the Bybit Platform:

            (1) within 5 days of the approval of the Settlement Agreement, Bybit will update the terms of use of the Bybit Platform to indicate that, as of a date to be determined by Bybit, but no later than 30 days from the approval of the Settlement Agreement, residents of Ontario are not permitted to open new accounts on the Bybit Platform;

            (2) as of a date to be determined by Bybit, but no later than 30 days from the approval of the Settlement Agreement, Bybit will ensure that potential investors who are identified as residents of Ontario based on the address or identification provided through the account onboarding process are not permitted to open an account with Bybit; and

            (3) as of a date to be determined by Bybit, but no later than 30 days from the approval of the Settlement Agreement, Bybit will screen the IP address location of potential investors and ensure that potential investors accessing the Bybit Platform from an Ontario based IP address are not permitted to open an account with Bybit;

            (collectively, the **Enhanced Procedures and Controls**);

        (ii) Bybit will not offer any new products to existing accounts held by Ontario investors;

        (iii) Bybit will not engage in any marketing or promotional activities specifically directed at Ontario investors, which include marketing or promotional activities at events that take place in Ontario; and

        (iv) Bybit will comply with any additional restrictions that the Commission may require as a condition of continuing registration discussions, or if not prepared to comply with such additional restrictions, terminate registration discussions in accordance with paragraph 6.

Undertaking to wind up Ontario operations if registration discussions fail

6. If at some time during registration discussions (the **Decision Date**) the Commission concludes and communicates to Bybit that it will not be feasible for the Bybit Platform to operate in a manner that is compliant with Ontario securities law, or Bybit, acting in good faith, elects to terminate registration discussions, Bybit undertakes to:

    (a) identify the accounts on the Bybit Platform associated with Ontario investors (**Ontario Accounts**) and report to the Commission on the number of Ontario Accounts and the aggregate holdings in the Ontario Accounts within 30 days of the Decision Date;

    (b) cease trading in all Ontario Accounts with no funds or assets remaining in them and close those accounts within 30 days of the Decision Date;

    (c) with respect to Ontario Accounts with funds or assets remaining in them (**Funded Ontario Accounts**), initiate steps to return all funds or assets to the account holders by completing the following steps:

        (i) send correspondence to account holders of the Funded Ontario Accounts within 30 days of the Decision Date, indicating that:

            (1) no new deposits of funds or other assets shall be made in the Funded Ontario Accounts;

            (2) account holders will have a grace period to trade and withdraw their existing holdings, which period expires within 90 days of the Decision Date;

            (3) upon the expiry of the grace period, no further trading will be permitted in the Funded Ontario Accounts and any funds or assets remaining in the Funded Ontario Accounts will be returned to the account holders; and

(4) account holders must contact Bybit to provide instructions regarding the return of funds or assets in their Funded Ontario Accounts.

(ii) attempt to contact the account holders by any other means provided by the account holder if no response to the correspondence referred to above is received within 30 days of sending the correspondence;

(iii) on instruction from the account holders, return the funds or assets in the Funded Ontario Accounts without charging fees;

(iv) close the Funded Ontario Accounts where the funds or assets have been returned to the account holders;

(v) provide email reminders to all remaining Funded Ontario Account holders every 30 days in relation to unreturned funds until all funds are returned;

(vi) deliver to the Commission, on the first and second anniversary of the Decision Date, certificates signed by a senior officer of Bybit, certifying, on behalf of Bybit, that, based on the senior officer's knowledge, after exercising reasonable due diligence:

(1) Bybit did not open any accounts for clients resident in Ontario since the Decision Date;

(2) Bybit has ceased trading in and closed all Ontario Accounts with no funds or assets remaining in them;

(3) the Enhanced Procedures and Controls remain in place on the Bybit Platform; and

(4) Bybit shall also provide a list of the Funded Ontario Accounts with funds or assets remaining in them and confirm that Bybit has taken the steps set out above to attempt to obtain instructions from each account holder; and

(vii) if Bybit has not obtained instructions regarding the return of any remaining funds or assets in the Funded Ontario Accounts by the second anniversary of the Decision Date, Bybit shall segregate and maintain control of the remaining funds or assets, or sufficient funds or assets to satisfy all claims by the holders of these accounts, and shall not dispose of them other than in accordance with the relevant user's instructions, or as required by law, or as agreed in writing by the Commission, and provide confirmation to the Commission that it has done so.

Undertaking to donate ongoing Ontario revenues

7. Bybit shall donate, to the University of Waterloo (to be allocated to the general trust fund for the Engineering Department), revenues earned from Ontario accounts between the date of the Settlement Agreement and either (i) the date registration discussions are successfully completed or (b) if registration discussions are terminated without registration, the date that Bybit has ceased trading in and closed all Ontario accounts.

Undertaking to abide by Ontario securities law

8. Bybit will refrain from any non-compliance with Ontario securities law in the future.

Dated this 9th day of June, 2022.

BYBIT FINTECH LIMITED

"Ben Zhou"

We have authority to bind the corporation

FILE NO.: 2021-21

IN THE MATTER OF
BYBIT FINTECH LIMITED

SETTLEMENT AGREEMENT

Part I - INTRODUCTION

1. Regulators across the globe serve to protect the investing public and preserve the integrity of the capital markets in their respective jurisdictions; therefore, it is imperative that foreign market participants, including online crypto asset trading platforms, make a real and meaningful effort to identify and comply with local securities laws prior to entering a jurisdiction.

2. Foreign companies in the business of online trading of securities or derivatives for Ontario residents are subject to Ontario securities law. The registration and prospectus requirements of the Act foster integrity, fairness and enhance protection for Ontario investors.

3. Bybit Fintech Limited (**Bybit** or the **Respondent**) operates an online crypto asset trading platform under the trade name "Bybit" on which Ontario investors could trade in securities and derivatives based on exposure to underlying assets that included crypto assets.

4. Bybit contravened sections 25 and 53 of the Act by operating as an unregistered dealer of securities to Ontario investors and issuing securities without a prospectus or any exemption from the prospectus requirements.

Part II - JOINT SETTLEMENT RECOMMENDATION

5. A Notice of Hearing was issued and a Statement of Allegations was published in respect of a proceeding against Bybit (the **Proceeding**) on June 21, 2021.

6. The parties shall jointly file a request that the Capital Markets Tribunal (the **Tribunal**) issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S5, as amended (the **Act**), it is in the public interest for the Tribunal to make certain orders in respect of Bybit described herein.

7. The Respondent agrees to the making of an order substantially in the form attached as Schedule "A" (the **Order**) based on the facts set out below. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, the Respondent agrees with the facts set out in Part III and the conclusions in Part IV of this Settlement Agreement (the **Settlement Agreement**).

PART III - AGREED FACTS

A. Bybit

8. Bybit was first incorporated in March 2018 under the laws of the British Virgin Islands but has since continued its operations through a Seychelles company of the same name with a registered office at House of Francis, Room 303, Ile Du Port, Mahe, Seychelles.

9. Bybit has never been registered with the Ontario Securities Commission (the **Commission**) to engage in the business of trading or obtained an exemption from the registration requirement. Bybit has never filed a prospectus with the Commission or obtained an exemption from the prospectus requirement.

10. Bybit operates the crypto asset trading platform www.bybit.com (the **Bybit Platform**).

11. Investors access the Bybit Platform by first creating an account on the Platform using an online account opening process. After opening an account, an investor may deposit crypto assets into the account. An investor makes a crypto asset deposit by transferring crypto assets to a wallet controlled by Bybit. Through third-party payment providers, an investor may also use fiat currency to purchase crypto assets, which are then credited to the investor's account.

12. Investors may trade crypto assets credited to their account for a variety of other crypto assets. The crypto assets available on the platform include, among others, Bitcoin and Ether.

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

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

15. The primary focus of the Bybit Platform is facilitating the trading of crypto asset futures contracts. Investors may trade crypto asset futures contracts on the Bybit Platform that constitute securities and derivatives. The Bybit Platform also allows investors to engage in leveraged trading of up to 100:1 on various futures contracts.

16. Bybit charges fees for trades made on the Bybit Platform and a fee for crypto asset withdrawals.

B. Ontario Investors

17. Bybit made the Bybit Platform available to Ontario investors. There was no restriction in the Bybit Platform's terms of service to disallow Ontario investors from using the Bybit Platform. Bybit's website indicated that investors may, through third-party payment providers, use Canadian fiat currency to purchase crypto assets on the Bybit Platform. Ontario was also not identified in the list of restricted jurisdictions on Bybit's website.

18. As of the date of this Settlement Agreement, Bybit had opened and operated approximately 368 accounts for investors resident in Ontario since the launch of its trading platform in December 2018.

19. Ontario investors deposited crypto assets into these accounts, and used these accounts to trade the products offered on the Bybit Platform, as described above.

20. The total revenue Bybit obtained from these Ontario accounts was approximately $2,468,910.00 USD as of the date of this Settlement Agreement. Although Bybit incurred overhead expenses in obtaining this revenue, the amount of $2,468,910.00 USD is a gross figure, and does not credit Bybit with any deduction in respect of those expenses. This amount was obtained entirely from Restricted Products.[1] Bybit obtained no other revenues from these Ontario accounts.

C. Communications with Bybit

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

22. Despite this warning, Bybit did not contact the Commission by April 19, 2021 to start registration discussions.

23. In June 2021, the Commission took steps to inform Bybit that it may be conducting registrable activity in Ontario. Bybit did not respond until after this proceeding was commenced, which was on June 21, 2021.

D. Mitigating Factors

24. Starting on or around July 5, 2021, Bybit took steps to explore the registration and compliance process with the Commission. To that end, Bybit is prepared to give a comprehensive undertaking to restrict its Ontario business while it pursues registration, and to leave Ontario in an orderly fashion if registration discussions terminate (as further described below).

25. Bybit maintained an open dialogue, and expressed an early interest in exploring resolution. Bybit also provided all requested information promptly and in a transparent manner. In particular, Bybit's co-operation was instrumental in ascertaining the amounts obtained by Bybit, making a disgorgement order possible.

PART IV- BREACHES OF ONTARIO SECURITIES LAW

26. The Respondent admits and acknowledges that it breached Ontario securities law by, without lawful exemption:

    (i) engaging in the business of trading in securities without registration in accordance with Ontario securities law, contrary to subsection 25(1) of the Act; and

    (ii) engaging in trading in securities which constitute distributions without a preliminary prospectus or a prospectus having been filed with the Commission, contrary to subsection 53(1) of the Act.

[1] "Restricted Products" means any contracts that involve leverage, margin, or the extension of credit, including but not limited to contracts that are marketed or labelled by Bybit as: (i) futures; (ii) forward contracts; (iii) OTC contracts on margin; (iv) perpetual swaps and futures; (v) rolling spot; (vi) contracts for difference;(vii) options; or (viii) leveraged tokens.

PART V - TERMS OF SETTLEMENT

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

    a) the Settlement Agreement is approved;

    b) Bybit is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

    c) Bybit shall:

        (i) Disgorge $2,468,910.00 USD by wire transfer to the Commission before the commencement of the Settlement Hearing, pursuant to paragraph 10 of subsection 127(1) of the Act. This amount represents the total revenue earned from Ontario accounts up to the date of the Settlement Agreement, which was earned entirely from Restricted Products.; and

        (ii) pay costs of the Commission's investigation in the amount of $10,000.00 CAD by wire transfer to the Commission before the commencement of the Settlement Hearing, pursuant to section 127.1 of the Act

28. Bybit has given the undertaking (the **Undertaking**) to the Commission attached as Schedule "B" to this Settlement Agreement, pursuant to which Bybit undertakes as follows:

    a) ByBit will take the steps outlined in the Undertaking to wind down its existing Ontario business in respect of Restricted Products (as defined in the Undertaking) for Retail Customers (as defined in the Undertaking);

    b) ByBit will engage in discussions with the Commission, with diligence and good faith, with a view to bringing the operations of the Bybit Platform into compliance with Ontario securities law, on terms that include the following limitations while such discussions are ongoing:

        (i) Bybit will stop accepting new accounts for investors identified as residents of Ontario;

        (ii) Bybit will not offer any new products to existing accounts held by Ontario investors;

        (iii) Bybit will not engage in any marketing or promotional activities specifically directed at Ontario investors, which include marketing or promotional activities at events that take place in Ontario; and

        (iv) Bybit will comply with any additional restrictions that the Commission may require as a condition of continuing registration discussions, or if not prepared to comply with such additional restrictions, terminate registration discussions in accordance with the terms prescribed in the Undertaking;

    c) If at any time during registration discussions, the Commission concludes and communicates to Bybit that it will not be feasible for the Bybit Platform to operate in a manner that is compliant with Ontario securities law, or Bybit, acting in good faith, elects to terminate registration discussions, ByBit will wind down its Ontario operations within the time frame and on the terms prescribed in the Undertaking;

    d) Bybit will donate to the University of Waterloo (to be allocated to the general trust fund for the Engineering Department), ongoing revenues from Ontario accounts until Bybit either (i) becomes registered, or (ii) has wound down its operations;

    e) Bybit will refrain from any non-compliance with Ontario securities law in the future.

29. Bybit agrees to attend at the hearing before the Tribunal to consider the proposed settlement by video conference.

PART VI - FURTHER PROCEEDINGS

30. If the Tribunal approves this Settlement Agreement, no enforcement proceeding will be commenced or continued under Ontario securities law against Bybit in relation to the facts set out in Part III of this Settlement Agreement, subject to paragraphs 31 and 32 below.

31. This Settlement Agreement is premised on, among other things, representations made by Bybit, including about the number of Ontario accounts (approximately 368) and the amounts obtained by Bybit (approximately $2,468,910.00 USD in revenue from the Ontario accounts) as of the date of this Settlement Agreement. If Bybit opened and operated materially more Ontario accounts or if Bybit obtained materially more funds than it represented, enforcement proceedings under Ontario securities law may be brought against the Respondent.

32. If the Respondent fails to comply with any term in this Settlement Agreement or the Undertaking, enforcement proceedings under Ontario securities law may be brought against the Respondent.

33. A proceeding referenced in paragraph 31 or 32 may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement or the Undertaking.

34. The Respondent waives any defences to a proceeding referenced in paragraph 31 or 32 that are based on the limitation period in the Act, provided that no proceeding referenced in paragraph 32 shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement or the Undertaking.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

35. The parties will seek approval of this Settlement Agreement at a public hearing (the **Settlement Hearing**) before the Tribunal, according to the procedures set out in this Settlement Agreement and the Tribunal's *Rules of Procedure and Forms*.

36. The parties agree that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

37. If the Tribunal approves this Settlement Agreement:

    (i) Bybit irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and

    (ii) neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

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

PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT

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

    (i) this Settlement Agreement and all discussions and negotiations between the parties before the Settlement Hearing takes place will be without prejudice to either party; and

    (ii) the parties will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations. Any such proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this Settlement Agreement.

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

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this 9th day of June, 2022.

BYBIT FINTECH LIMITED

By: "Ben Zhou"
CEO

We have authority to bind the corporation

ONTARIO SECURITIES COMMISSION

By: "Johanna Superina" per:

Jeff Kehoe
Director, Enforcement Branch

Schedule "A" – DRAFT ORDER

FILE NO.: 2021-21

IN THE MATTER OF
BYBIT FINTECH LIMITED

ORDER
(Subsections 127(1) and 127.1)

WHEREAS on [date], the Capital Markets Tribunal (the **Tribunal**) held a hearing by videoconference to consider the request for approval of a settlement agreement dated June 9, 2022 (the **Settlement Agreement**) *in the matter of Bybit Fintech Limited (**Bybit**)*;

ON READING the joint request for a settlement hearing, including the Statement of Allegations dated June 21, 2021, the Settlement Agreement, and the written submissions, on hearing the submissions of the representatives for each of the parties, on considering that Bybit has paid $2,468,910.00 USD and $10,000.00 CAD to the Commission in accordance with the terms of the Settlement Agreement, and on considering the undertaking of Bybit dated June 9, 2022 and attached as Schedule "A" to this Order;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved pursuant to subsection 127(1) of the *Securities Act* (the **Act**)

2. Bybit is reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act; and

3. Bybit shall:

   (a) disgorge $2,468,910.00 USD, pursuant to paragraph 10 of subsection 127(1) of the Act; and

   (b) pay costs of the Commission's investigation in the amount of $10,000.00 CAD, pursuant to section 127.1 of the Act.

Schedule "B" – UNDERTAKING

IN THE MATTER OF
BYBIT FINTECH LIMITED

UNDERTAKING

1. This Undertaking is given by Bybit Fintech Limited (**Bybit**) to the Ontario Securities Commission (the **Commission**) in connection with the settlement agreement dated June 9, 2022 in the matter of Bybit Fintech Limited (the **Settlement Agreement**).

2. For the purposes of this Undertaking:

   (a) "**Restricted Products**" means any contracts that involve leverage, margin, or the extension of credit, including but not limited to contracts that are marketed/labelled by Bybit as:

      (i) futures;

      (ii) forward contracts;

      (iii) OTC contracts on margin;

      (iv) perpetual swaps and futures;

      (v) rolling spot;

      (vi) contracts for difference;

      (vii) options; or

      (viii) leveraged tokens.

   (b) "**Retail Customers**" means investors who are not "permitted clients" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Undertaking in respect of Retail Customers

3. In respect of Retail Customers, Bybit undertakes to:

   (a) within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), determine which existing Ontario accounts are held by Retail Customers, including implementing appropriate systems and procedures, acceptable to the Commission, to make that determination;

   (b) within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), implement systems and procedures, acceptable to the Commission, to prevent any Ontario Retail Customers from opening new positions in Restricted Products;

   (c) within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), notify existing Ontario Retail Customers, in a form acceptable to the Commission, that (i) they are only permitted to reduce their existing positions in Restricted Products, (ii) they must close out and settle their existing positions in Restricted Products (including for greater certainty, any margined positions) within 90 days from the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission); and (iii) any funds or assets remaining in Ontario Retail Customer accounts can continue to be used for non-Restricted Products or withdrawn from the Bybit Platform.

Undertaking in respect of permitted clients

4. In respect of permitted clients (as defined in National Instrument 31-103), Bybit undertakes to, within 60 days of the approval of the Settlement Agreement (unless a different time frame is agreed to in writing by the Commission), take steps, acceptable to the Commission, to determine which, if any, Ontario accounts are held by permitted clients, including implementing appropriate systems and procedures to make that determination;

Undertaking to engage in registration discussions regarding registrable business

5. Bybit undertakes to engage in discussions with the Commission, with diligence and good faith, with a view to bringing the operations of the crypto asset trading platform www.bybit.com (the **Bybit Platform**) into compliance with Ontario securities law, on the following terms:

    (a) While these discussions are ongoing, Bybit will abide by the following limitations:

        (i) Bybit will stop accepting new accounts for investors identified as residents of Ontario. Bybit will implement the following procedures and controls to prevent Ontario investors from opening new accounts on the Bybit Platform:

            (1) within 5 days of the approval of the Settlement Agreement, Bybit will update the terms of use of the Bybit Platform to indicate that, as of a date to be determined by Bybit, but no later than 30 days from the approval of the Settlement Agreement, residents of Ontario are not permitted to open new accounts on the Bybit Platform;

            (2) as of a date to be determined by Bybit, but no later than 30 days from the approval of the Settlement Agreement, Bybit will ensure that potential investors who are identified as residents of Ontario based on the address or identification provided through the account onboarding process are not permitted to open an account with Bybit; and

            (3) as of a date to be determined by Bybit, but no later than 30 days from the approval of the Settlement Agreement, Bybit will screen the IP address location of potential investors and ensure that potential investors accessing the Bybit Platform from an Ontario based IP address are not permitted to open an account with Bybit;

            (collectively, the **Enhanced Procedures and Controls**);

        (ii) Bybit will not offer any new products to existing accounts held by Ontario investors;

        (iii) Bybit will not engage in any marketing or promotional activities specifically directed at Ontario investors, which include marketing or promotional activities at events that take place in Ontario; and

        (iv) Bybit will comply with any additional restrictions that the Commission may require as a condition of continuing registration discussions, or if not prepared to comply with such additional restrictions, terminate registration discussions in accordance with paragraph 6.

Undertaking to wind up Ontario operations if registration discussions fail

6. If at some time during registration discussions (the **Decision Date**) the Commission concludes and communicates to Bybit that it will not be feasible for the Bybit Platform to operate in a manner that is compliant with Ontario securities law, or Bybit, acting in good faith, elects to terminate registration discussions, Bybit undertakes to:

    (a) identify the accounts on the Bybit Platform associated with Ontario investors (**Ontario Accounts**) and report to the Commission on the number of Ontario Accounts and the aggregate holdings in the Ontario Accounts within 30 days of the Decision Date;

    (b) cease trading in all Ontario Accounts with no funds or assets remaining in them and close those accounts within 30 days of the Decision Date;

    (c) with respect to Ontario Accounts with funds or assets remaining in them (**Funded Ontario Accounts**), initiate steps to return all funds or assets to the account holders by completing the following steps:

        (i) send correspondence to account holders of the Funded Ontario Accounts within 30 days of the Decision Date, indicating that:

            (1) no new deposits of funds or other assets shall be made in the Funded Ontario Accounts;

            (2) account holders will have a grace period to trade and withdraw their existing holdings, which period expires within 90 days of the Decision Date;

            (3) upon the expiry of the grace period, no further trading will be permitted in the Funded Ontario Accounts and any funds or assets remaining in the Funded Ontario Accounts will be returned to the account holders; and

(4) account holders must contact Bybit to provide instructions regarding the return of funds or assets in their Funded Ontario Accounts.

(ii) attempt to contact the account holders by any other means provided by the account holder if no response to the correspondence referred to above is received within 30 days of sending the correspondence;

(iii) on instruction from the account holders, return the funds or assets in the Funded Ontario Accounts without charging fees;

(iv) close the Funded Ontario Accounts where the funds or assets have been returned to the account holders;

(v) provide email reminders to all remaining Funded Ontario Account holders every 30 days in relation to unreturned funds until all funds are returned;

(vi) deliver to the Commission, on the first and second anniversary of the Decision Date, certificates signed by a senior officer of Bybit, certifying, on behalf of Bybit, that, based on the senior officer's knowledge, after exercising reasonable due diligence:

(1) Bybit did not open any accounts for clients resident in Ontario since the Decision Date;

(2) Bybit has ceased trading in and closed all Ontario Accounts with no funds or assets remaining in them;

(3) the Enhanced Procedures and Controls remain in place on the Bybit Platform; and

(4) Bybit shall also provide a list of the Funded Ontario Accounts with funds or assets remaining in them and confirm that Bybit has taken the steps set out above to attempt to obtain instructions from each account holder; and

(vii) if Bybit has not obtained instructions regarding the return of any remaining funds or assets in the Funded Ontario Accounts by the second anniversary of the Decision Date, Bybit shall segregate and maintain control of the remaining funds or assets, or sufficient funds or assets to satisfy all claims by the holders of these accounts, and shall not dispose of them other than in accordance with the relevant user's instructions, or as required by law, or as agreed in writing by the Commission, and provide confirmation to the Commission that it has done so.

Undertaking to donate ongoing Ontario revenues

7. Bybit shall donate, to the University of Waterloo (to be allocated to the general trust fund for the Engineering Department), revenues earned from Ontario accounts between the date of the Settlement Agreement and either (i) the date registration discussions are successfully completed or (b) if registration discussions are terminated without registration, the date that Bybit has ceased trading in and closed all Ontario accounts.

Undertaking to abide by Ontario securities law

8. Bybit will refrain from any non-compliance with Ontario securities law in the future.

Dated this 9th day of June, 2022.

BYBIT FINTECH LIMITED

We have authority to bind the corporation

A.3.3 Stableview Asset Management Inc. and Colin Fisher with Settlement Agreement – ss. 127, 127.1

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT INC.
AND
COLIN FISHER

File No. 2020-40

Adjudicators: M. Cecilia Williams (chair of the panel)
Sandra Blake
Andrea Burke

June 24, 2022

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

WHEREAS on June 24, 2022, the Capital Markets Tribunal held a hearing by videoconference to consider an application made jointly by the parties for approval of a settlement agreement dated June 21, 2022 (the **Settlement Agreement**);

ON READING the joint request for a settlement hearing, including the Settlement Agreement and the Statement of Allegations dated December 16, 2020, the Statement of Financial Condition sworn by Colin Fisher (**Fisher**) on June 13, 2022 (the **Statement of Financial Condition**), and the written submissions, on hearing the submissions of the representatives for each of the parties, and on considering the undertaking of Fisher dated June 21, 2022, which is attached as Schedule "A" to this Order (the **Undertaking**);

IT IS ORDERED THAT:

1. Pursuant to subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the ***Act***), the Settlement Agreement is approved; and

2. Pursuant to subsection 127(2) of the *Act*, the approval of the Settlement Agreement is subject to the following terms and conditions:

   (a) Fisher shall comply with the Undertaking.

   (b) commencing on the date the receivership of Stableview Asset Management Inc. (**Stableview**) is wound up by order of the Ontario Superior Court of Justice:

      i. the registration of Stableview under Ontario securities law is terminated permanently, pursuant to paragraph 1 of subsection 127(1) of the *Act*;

      ii. trading in any securities or derivatives, and the acquisition of any securities, by Stableview shall cease permanently, pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*; and

      iii. any exemptions contained in Ontario securities law shall not apply to Stableview permanently, pursuant to paragraph 3 of subsection 127(1) of the *Act*;

   (c) pursuant to paragraph 1 of subsection 127(1) of the *Act*, the registration granted to Fisher under Ontario securities law is terminated permanently commencing on the date of this Order;

   (d) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*, trading in any securities or derivatives, and the acquisition of any securities, by Fisher shall cease permanently commencing on the date of this Order, except that following full payment of the amounts required to be paid by paragraphs (l), (m) and (n) of this Order, evidenced by a certificate issued by the Commission that will be provided to Fisher upon the Commission being satisfied that all such payments have been made (the **Certificate**), Fisher may trade in securities or derivatives or acquire securities in his own name, and only in accounts over which he has sole legal and beneficial ownership and/or joint ownership with a spouse or child, through only one registrant who has been given copies of the Settlement Agreement, this Order and the Certificate;

   (e) pursuant to paragraph 3 of subsection 127(1) of the *Act*, commencing on the date of this Order, any exemptions contained in Ontario securities law shall not apply to Fisher permanently, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph of this Order;

(f) pursuant to paragraph 6 of subsection 127(1) of the *Act*, Fisher is reprimanded;

(g) pursuant to paragraph 7 of subsection 127(1) of the *Act*, Fisher shall immediately resign any position that he holds as a director or officer of an issuer;

(h) pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the *Act*, Fisher shall immediately resign any position that he holds as a director or officer of a registrant, including an investment fund manager;

(i) pursuant to paragraph 8 of subsection 127(1) of the *Act*, Fisher is prohibited from becoming or acting as a director or officer of any issuer permanently commencing on the date of this Order, except that following full payment of the amounts set out in paragraphs (l), (m) and (n) of this Order, evidenced by the Certificate, Fisher may act as a director or officer of an issuer, other than a reporting issuer or a registrant;

(j) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the *Act*, Fisher is prohibited from becoming or acting as a director or officer of any registrant or investment fund manager, permanently commencing on the date of this Order;

(k) pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Fisher is prohibited from becoming or acting as a registrant, as an investment fund manager, or as a promoter permanently commencing on the date of this Order;

(l) pursuant to paragraph 9 of subsection 127(1) of the *Act*, Fisher shall pay to the Commission an administrative penalty in the amount of $750,000;

(m) pursuant to paragraph 10 of subsection 127(1) of the *Act*, Fisher shall disgorge to the Commission the amount of $300,000;

(n) pursuant to section 127.1 of the *Act*, Fisher shall pay to the Commission costs in the amount of $270,000;

(o) Fisher shall pay installments of at least $50,000 to the Commission at least every twelve months from the date of this Order, until the amounts ordered against Fisher set out in subparagraphs (l), (m) and (n) are paid in full to the Commission;

(p) pursuant to Rule 22(4) of the *Capital Markets Tribunal's Rules of Procedure and Forms*, the Statement of Financial Condition, which was marked as Exhibit 1 at the public settlement hearing, shall be kept confidential;

(q) to the extent that the full amount of the financial sanctions for which Fisher is responsible set out in sub-paragraphs (l), (m) and (n) of this Order remain unpaid, Fisher shall provide to the Commission an updated sworn Statement of Financial Condition within five business days of the unpaid installment deadline for the period starting six months prior thereto and a further updated sworn Statement of Financial Condition every twelve months until the installments that are due and payable are paid to the Commission; and

(r) with respect to the periodic payments specified in sub-paragraph (o) of this Order, Fisher shall make periodic payments first towards the amounts set out in sub-paragraph (m) of this Order, then towards the amount set out in sub-paragraph (l), and finally towards the amount set out in sub-paragraph (n) of this Order.

"Sandra Blake"

"M. Cecilia Williams"

"Andrea Burke"

Schedule "A"

UNDERTAKING

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT
AND
COLIN FISHER

1. This Undertaking is given by Colin Fisher (the **Respondent**) to the Ontario Securities Commission (the **Commission**) in connection with the settlement agreement dated June 21, 2022 (the **Settlement Agreement**) between the Respondent and the Commission.

2. The Respondent hereby undertakes to not cause Stableview to bring any claim against any person, corporation or entity, except to the extent requested by Grant Thornton Limited in its capacity as receiver for Stableview and the Stableview funds (the **Stableview Receiver**).

3. The Respondent hereby undertakes not to bring any claims, applications, motions or other proceedings in the Stableview Receivership, on behalf of himself or on behalf of Stableview including any claim for entitlement to management fees, performance fees or any other payment.

4. The Respondent hereby renounces any claim or entitlement to any and all funds or assets remaining in Stableview, and directs that any such funds or assets may be used by the Stableview Receiver first, for payment of its receivership fees and/or reimbursement to the Stableview Funds for receivership fees incurred and charged to date, and second, with any remainder to be distributed pro-rata to investors of the Pooled Funds (as such terms are defined in the Settlement Agreement).

Dated this 21st day of June, 2022

"Brendan Morrison" "Colin Fisher"

Witness: **COLIN FISHER**

FILE NO.: 2020-40

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT INC.
AND
COLIN FISHER

SETTLEMENT AGREEMENT
(Stableview Asset Management Inc. and Colin Fisher)

PART I - INTRODUCTION

1. This proceeding centres on registrants acting as a portfolio manager (**PM**) and investment fund manager (**IFM**) who disregarded investment restrictions when managing client money. The registrants advised clients that certain investment parameters and restrictions designed to limit risk would be respected in the registrants' discretionary management of client funds. The registrants then ignored these restrictions and increasingly invested client monies in a thinly-traded penny stock company that was suffering from a deteriorating financial position. The registrants did not tell clients about these investments or their deleterious effect on the restrictions set out in the registrants' agreements with clients. Nor did the registrants tell clients about the corporate registrant's receipt of various fees from the penny stock company. The registrants made prohibited misleading or untrue representations to their clients and failed in their duties as registrants including in their duty to deal fairly, honestly and in good faith with their clients.

2. Stableview Asset Management Inc. (**Stableview**) and its principal and directing mind, Colin Fisher (**Fisher**) managed and advised two investment funds that were distributed to Stableview's separately managed account (**SMA**) clients.

3. Stableview advised its SMA clients that their portfolios would be diversified and that Stableview would follow certain investment parameters and restrictions including limits on investments in private debt. For most SMA clients, this limit was set at 10% of the client's holdings.

4. From 2016 to 2019, Fisher caused Stableview's investment funds to become increasingly concentrated in the private debt of a penny stock company, Clarocity Corporation (**Clarocity**), formerly known as Zaio Corporation. Stableview received compensation from Clarocity for various consulting, advising and financial services including cash payments totalling $105,000, 1,360,000 shares of Clarocity common stock, and a $150,000 Clarocity debenture which Stableview later sold to two of the funds it managed. While the agreements with investors contained some boilerplate disclosure that the PM may receive fees from providing financial advisory services to corporations whose securities are purchased for the investment account, details of the fees from Clarocity were not communicated to SMA clients. Fisher is the sole owner of Stableview, and Fisher benefitted from Stableview's misconduct.

5. Prior to and while these investments were made, Clarocity was continually operating at a loss. Clarocity repeatedly stated in its public filings that its ability to continue as a going concern was threatened by its financial position. Fisher was aware of Clarocity's financial condition. Stableview eventually sought and obtained a receiver over Clarocity's assets in June 2019.

6. Throughout Clarocity's growing financial deficit, Stableview continued to value the funds' investments in the Clarocity debentures at cost or at par. Clients received account statements and had access to an online portal that showed the number of units they held in the funds and the net asset value of those units. They were not informed of the specific investments held by the funds. As a result, they did not know that their investments were primarily concentrated in Clarocity debentures or that the value of their holdings in the fund(s) was in doubt at certain periods given Clarocity's significant financial issues.

7. In 2019, the Compliance and Registrant Regulation Branch (**CRR**) of the Ontario Securities Commission (**Commission**) conducted a compliance review of Stableview's compliance with Ontario securities law and identified numerous significant deficiencies. As a result, terms and conditions were placed on Stableview's registration that included trading and financial restrictions. In the spring of 2020, the Commission applied for and had a receiver appointed over Stableview and the funds' assets (**Stableview Receivership**).

8. Clients placed their trust in Fisher and gave Stableview discretionary authority to manage their hard-earned savings. Fisher and Stableview disregarded the investment restrictions they promised to follow and knowingly breached representations they made to their clients.

9. The setting of investment parameters is an important part of the client/registrant relationship. Registrants have a duty under securities law to respect these parameters. Registrants who disregard investment parameters and fail to disclose material facts to investors about their investments significantly undermine the integrity of Ontario's capital markets.

PART II - JOINT SETTLEMENT RECOMMENDATION

10. A Notice of Hearing was issued and a Statement of Allegations (the **Statement of Allegations**) was published in respect of a proceeding against Fisher and Stableview (the **Proceeding**) on December 16, 2020.

11. The parties will jointly file a request that the Capital Markets Tribunal (the **Tribunal**) issue a Notice of Hearing to announce that it will hold a hearing (the **Settlement Hearing**) to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the **Act**), it is in the public interest for the Tribunal to make certain orders against Stableview and Fisher (the **Respondents**).

12. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts set out in Part III of this Settlement Agreement and the conclusion in Part IV of this Settlement Agreement.

PART III - AGREED FACTS

Stableview and the Creation of the Pooled Funds

13. Fisher was continuously registered with the Commission beginning January 1, 2008 and was in good standing prior to the events giving rise to this proceeding. He has not worked in a registered capacity since Stableview was placed under receivership on June 9, 2020.

14. Prior to founding Stableview, Fisher was registered under the Act as a Salesperson under the category of Investment Dealer with Manulife Securities, a Salesperson under the category of Broker and Investment Dealer with Raymond James Ltd., a Dealing Representative under the category of Investment Dealer with Raymond James Ltd., and an Advising Representative under the category of Portfolio Manager with Kingship Capital Corp.

15. Stableview is registered under the Act as an IFM, PM, and exempt market dealer. Stableview was the PM for approximately 100 SMA clients.

16. Stableview managed and advised the following two funds that were distributed to its SMA clients:

    a. Stableview Progressive Growth Fund (the **Progressive Fund**); and

    b. Stableview Yield & Growth Fund (the **Yield Fund**) (collectively the **Pooled Funds**).

17. All investment decisions for the Pooled Funds were made by Fisher, who is Stableview's sole director and officer, and is registered under the Act as its sole Advising Representative, sole Dealing Representative, Chief Compliance Officer and Ultimate Designated Person. Fisher was the directing mind of Stableview and made all decisions on its behalf.

18. Stableview also managed a third fund, the Insight Fund LP (the **Insight Fund**) that was made available to high net worth clients outside of Stableview's SMA client base and was distributed to approximately 8 clients (the Insight Fund and the Pooled Funds are collectively referred to as the **Stableview Funds**). Other than with respect to the Inter-Fund Loans (described below at paragraph 49), there are no allegations in this proceeding with respect to the management of the Insight Fund or communications with investors thereof.

19. The Pooled Funds were formed and pooled in July 2016. The features of each fund, including restrictions on their investment activities, were set out in a legal constating document the Respondents called a "regulation", with each fund having its own regulation (collectively, the **Regulations**). The Pooled Funds are both unit trusts with Stableview acting as the trustee. Following their creation, the Pooled Funds were distributed to Stableview's SMA clients as part of its discretionary portfolio management of the assets of those clients. As of November 30, 2018, the Pooled Funds had 102 investors.

20. After the creation of the Pooled Funds, Stableview primarily invested SMA client monies in one or more of the Pooled Funds for which Stableview received a management fee.

21. Prior to the creation of the Pooled Funds, Stableview began investing in an Alberta corporation called Zaio Corporation. Zaio Corporation was incorporated under the laws of the province of Alberta and was a reporting issuer in British Columbia, Alberta and Ontario that traded on the TSX Venture Exchange. On or about October 14, 2016, Zaio Corporation changed its name to Clarocity.

22. Clarocity was a public company, in the business of providing customers in the property valuation, underwriting and lending industries with real-time access to certified appraisal reports from the company's patented database of proactively maintained residential property valuations prepared by licensed appraisers across the United States.

23. Fisher began investing in Clarocity on behalf of investors before the creation of Stableview in August 2013. Fisher's investment in Clarocity also continued after the creation of Stableview and also after the creation of the Pooled Funds in July 2016.

24. From August 2016 to June 30, 2019, Fisher caused the Pooled Funds to become increasingly over-concentrated in Clarocity debt, by acquiring approximately $16.5 million in Clarocity debentures. Clarocity operated at a loss over this entire period. At all relevant times, Fisher and Stableview knew of Clarocity's financial performance.

25. While Fisher was investing SMA client monies (and subsequently the Pooled Funds' monies) in Clarocity, he caused Stableview to enter into fee arrangements with Clarocity. Stableview entered into two agreements with Clarocity. The first agreement dated January 25, 2016, and subsequently amended, involved Stableview entering into a debt facility that Stableview was to coordinate for Clarocity, with funds to be supplied by, among other sources, Stableview's SMA clients (the **Debt Coordination Agreement**).

26. The second agreement was a financial advisory and consulting agreement made effective as of March 28, 2016 (the **Fiscal Advisory/Consulting Agreement**). Under this agreement, Stableview was to assist Clarocity in reorganizing its capital structure.

27. Stableview received the following compensation from Clarocity (collectively, the **Clarocity Compensation**):

    a. **Debentures:** Stableview received a $150,000 debenture under the terms of the Debt Coordination Agreement.

    b. **Common Shares:** Stableview received 1.36 million common shares of Clarocity under the Fiscal Advisory/Consulting Agreement as compensation for assisting Clarocity to reorganize its capital structure.

    c. **Cash:** Stableview received $105,000 under the terms of the Debt Coordination Agreement, paid in 6 quarterly payments of $17,500 each.

28. In 2018, Stableview, Clarocity and a company called iLookabout Corp. (**iLookabout**) entered into a non-binding term sheet for iLookabout's acquisition of Clarocity and assumption of its debt, but the term-sheet was terminated in 2019.

29. On January 29, 2019, Clarocity announced an event of default had occurred with respect to $20,050,000 principal amount of secured debentures which had become due and payable on January 25, 2019. As the holder of approximately 90% of those debentures, Stableview sought the appointment of a receiver over the business and affairs of Clarocity. On June 11, 2019, a receiver was appointed over Clarocity.

30. According to the first report of Clarocity's receiver filed June 13, 2019, the total indebtedness owing by Clarocity to debenture holders was $23.7 million, including interest (the **First Report**) (in respect of over $16.5 million that was invested by the Pooled Funds). The three Stableview Funds were the largest of the debenture holders, holding in aggregate approximately 90% of the total outstanding indebtedness owed by Clarocity to the debenture holders (a face value of approximately $21.5 million).

31. As part of the receivership, Stableview negotiated a transaction with Clarocity's receiver and iLookabout, which provided that iLookabout acquired all assets of Clarocity for a purchase price in the amount of the indebtedness owed by Clarocity to iLookabout and the debenture holders payable in common shares, warrants and convertible debentures of iLookabout (the **iLookabout Transaction**).

32. Following the court's approval of the iLookabout Transaction, the Pooled Funds received an interest in iLookabout encompassing 18,947,182 common shares, 15,652,000 warrants and a $7,166,971 convertible debenture.

Untrue/Misleading Statements and Failing to deal Fairly, Honestly and in Good Faith

33. By engaging in the conduct described below, Fisher and Stableview made untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship and/or omitted information necessary to prevent statements from being false or misleading in the circumstances in which they were made and failed to deal fairly, honestly and in good faith with their clients.

34. In order to open an SMA at Stableview, clients signed a Portfolio Management Agreement and Investment Policy Statement (the **PMA & IPS**). The PMA & IPS represented to investors that their portfolio would be "diversified over multiple industry sectors" (**Diversification Representation)**.

35. The PMA & IPS also contained a restriction on Stableview's ability to invest funds in illiquid investments, referred to as "alternative investments". The PMA & IPS described "alternative investments" as "investments in non-conventional instruments" that "would include but are not limited to such instruments as hedge funds, venture capital, commodities

and private equity funds, private companies, private debt issuance." The investments made by Stableview at Fisher's direction in Clarocity debentures are "alternative investments" under the PMA & IPS.

36. Even if some or all of the Clarocity debentures could be characterized as "fixed income" investments, Stableview represented to its SMA clients in the PMA & IPS that the fixed income component of the client's portfolio would be "primarily invested in investment grade bonds as at the date of purchase" (**Fixed Income Representation**). The Clarocity debentures did not constitute investment grade bonds.

37. Pursuant to the PMA & IPS, Stableview's authority to perform discretionary management over client funds was subject to the investment objectives, policies and restrictions contained in the client's PMA & IPS.

38. For some long-standing clients of Fisher, the only PMA & IPS that Stableview had on file was the PMA & IPS between the client and Fisher's predecessor employer. Those PMA & IPSs contained the same representations and restrictions as referred to above.

39. All but 2 of the 85 PMA & IPSs on file for Stableview's SMA clients stipulated a maximum investment in alternative investments of 10% (**10% Alternative Investment Restriction**).

40. The Pooled Funds were created in July 2016. According to the Pooled Funds' Regulations, which constituted their legal constating documents, the intention was for the Pooled Funds to be invested "primarily in a diversified group of securities in both public and private companies which are deemed to represent solid return on equity for as minimal a risk as possible for the given return" (**Diversification Provision**) and leverage was supposed to be limited to 20% (**20% Leverage Restriction**).

41. By August 2016, Fisher caused the Pooled Funds to invest more than 10% of their holdings in private debt. This caused SMA client investments in the Pooled Funds to be offside the 10% Alternative Investment Restriction. By December 31, 2016, 22% of the Pooled Funds' holdings were in private debt. Thereafter, Fisher disregarded the Diversification Representation, the 10% Alternative Investment Restriction, the Fixed Income Representation and the Diversification Provision in making investment decisions on behalf of the Pooled Funds.

42. According to Clarocity's publicly-filed financial statements, Clarocity had a cumulative deficit of $91.2 million as of December 31, 2015. This cumulative deficit continued to grow during the period of the Pooled Funds' direct and indirect investments in Clarocity debentures from August 2016 to July 2019.

43. On August 7, 2018, the custodian of the Pooled Funds issued a margin call to Stableview whereby it restricted Stableview's margin accounts to redemptions only. The custodian of the Pooled Funds thereafter began liquidating securities in the Pooled Funds, which increased the level of the Pooled Funds' concentration in Clarocity debentures.

44. The following summarizes the Pooled Funds' investments in Clarocity debentures as a percentage of the Pooled Funds' portfolio holdings from August 31, 2016 to June 30, 2019 (prior to the Clarocity receivership and iLookabout Transaction):

Date	Progressive Fund	Yield Fund
Aug 31, 2016	13%	14%
Dec 31, 2016	22%	22%
May 31, 2017	27%	31%
Sep 30, 2017	37%	43%
Dec 31, 2017	38%	42%
July 31, 2018	44%	48%
Dec 31, 2018	70%	83%
Jun 30, 2019	67%	96%

45. SMA clients' total exposure to one issuer (Clarocity) and one sector (technology) was even greater than the percentages set out above because the Pooled Funds held other Clarocity securities and Fisher caused some SMA clients to hold direct investments in Clarocity securities over and above their exposure to Clarocity through their investments in the Pooled Funds.

46. As part of the Clarocity receivership, Fisher initiated the iLookabout Transaction, which resulted in the Pooled Funds continuing to be overconcentrated in debentures and in the securities of one issuer and one sector. As of October 31,

2019, investments in iLookabout debentures as a percentage of the Pooled Funds' portfolio holdings was 60% for the Yield Fund, and 39% for the Progressive Fund and investments in iLookabout securities (shares and debentures) as a percentage of the Pooled Fund's holdings was 95% for the Yield Fund and 62% for the Progressive Fund.

47. The Pooled Funds' over-concentrations in Clarocity debentures arose as a result of:

a. Fisher causing the Pooled Fund to continuously over-invest in Clarocity debentures from August 2016 to August 2018;

b. A margin call from the custodian of the Pooled Funds' holdings in August of 2018, which resulted in the sale of other more liquid securities in the portfolio of the Pooled Funds in order to satisfy the margin call;

c. Fisher directing the Yield Fund, in August 2018, to purchase $75,000 of the $150,000 Clarocity debenture Stableview received as compensation from Clarocity when the Yield Fund's concentration in Clarocity debentures was already at 48%; and

d. Fisher causing the Progressive Fund, in March and July 2019, to purchase units in the Yield Fund (a fund that was almost entirely comprised of Clarocity debentures by that time) for $1,742,000 in order to bring needed cash into the illiquid Yield Fund to reduce its use of margin in its margin account at an investment dealer when the Progressive Fund's concentration in Clarocity debentures was already at 66%. These transactions increased the Progressive Fund's concentration in Clarocity debentures to 76%.

48. Fisher also repeatedly disregarded the 20% Leverage Restriction when making investment decisions on behalf of the Pooled Funds. As of the end of 2017, the Yield Fund and Progressive Fund leverage ratios were double and triple the 20% limit. The following summarizes leverage as a percentage of the Pooled Funds' net assets as of the end of 2017 to the end of 2018:

Date	Yield Fund	Progressive Fund
Dec 31, 2017	64%	45%
July 31, 2018	78%	45%
Dec 31, 2018[1]	45%	26%

49. In addition, from December 2019 to February 2020, Fisher caused the Progressive Fund to make loans of approximately $45,000 and $117,000 to the Insight Fund and the Yield Fund respectively either to cover their negative cash balances that arose from the payment of invoices, including the payment of monthly management fees to Stableview or to allow them to pay such invoices (**Inter-Fund Loans**).

50. In causing the transactions referred to in paragraphs 33 to 49 to occur, the Respondents repeatedly disregarded and breached the Diversification Representation, the 10% Alternative Investment Restriction, the Fixed Income Representation, the Diversification Provision, and the 20% Leverage Restriction.

51. The Respondents failed to disclose the facts referred to in paragraphs 41 to 49 above to SMA clients. Other facts the Respondents omitted to disclose to SMA clients included:

a. Stableview's receipt of the Clarocity Compensation; and

b. Clarocity's financial difficulties, which eventually led Stableview to seek the appointment of a receiver over Clarocity's assets.

(Collectively the **Omitted Facts**)

52. Through the representations they made to investors in the PMA & IPS and their withholding that client accounts were in breach of the Diversification Representation, the 10% Alternative Investment Restriction and the Fixed Income Representation, Fisher and Stableview made untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship and/or omitted information necessary to prevent statements from being false or misleading in the circumstances in which they were made. Further, by withholding these facts and the other Omitted Facts, Fisher and Stableview also failed in their duties as registrants, including in their duty to deal fairly, honestly and in good faith with their clients.

[1] On August 7, 2018, the Pooled Funds' custodian (an investment dealer) restricted Stableview's margin accounts to redemptions only. By the end of 2018, the Pooled Funds' leverage ratios reflected the custodian's externally-imposed leverage restriction but were still considerably offside the 20% Leverage Restriction.

Management Fees Earned by Stableview

53. Since inception, as compensation for managing the Pooled Funds, Stableview received $1,599,854 in cash, broken down as follows:

    a. Yield Fund – Management Fee: $397,672; and

    b. Progressive Fund – Management Fee: $1,202,182.

54. Most of this compensation was used to pay rent, salaries and other expenses relating to Stableview. Fisher also personally benefitted from the management fees. The parties agree it is appropriate for Fisher to personally disgorge the amount of $300,000 on account of the management fees received by Stableview.

Effect on SMA clients

55. Yield Fund investors have been unable to access any of their investments and Progressive Fund investors have been unable to fully access their investments for over two years because of the Pooled Funds' investments in iLookabout (now called Voxtur Analytics Corp. (**Voxtur**)) securities. It is not known when this situation will change.

56. The iLookabout securities comprised a significant portion of the Pooled Funds as at the date of the Stableview Receivership. They were subject to the terms of a standstill agreement that had been executed as part of the sales transaction between Clarocity and iLookabout (the **Standstill Agreement**). Among other things, the Standstill Agreement restricts Stableview from the following:

    > "selling, in any single day, a number of Common Shares greater than two and a fifth percent (2.2%) of the average daily trading volume of Common Shares on any applicable securities exchange for the five (5) preceding trading days, (ii) selling a number of Common Shares greater than five and a half percent (5.5%) of the Common Shares held by StableView on a non-diluted basis in any calendar quarter, (iii) selling a number of common shares greater than five and a half percent (5.5%) of the Common Shares held by StableView on a non-diluted basis to any one person or group of persons acting jointly, each unless with the prior written consent of ILA."

57. The Stableview Receivership has been in effect since June 9, 2020 and remains in effect today. According to the Third Report to the Court dated March 22, 2021 submitted by Grant Thornton Limited in its capacity as receiver for Stableview and the Stableview Funds (the **Stableview Receiver**), the Standstill Agreement contains significant trading restrictions which "severely limits the monetization and redemption" of the iLookabout securities.

58. Notwithstanding the Standstill Agreement, on or about July 29, 2020, iLookabout management provided the Stableview Receiver with an unsolicited term sheet, setting out an offer to purchase the iLookabout securities from the Stableview Receiver. The Stableview Receiver noted this offer "is the only practical available alternative to speedy monetization of the Stableview Funds" but expressed concern that it was "significantly less than the current market value for the Shares". The Stableview Receiver determined that accepting this deal was not in the best interests of investors.

59. Of the shares held by the Pooled Funds, approximately 70% were in two companies: iLookabout and Acuity Ads Holding Inc. (**Acuity**). By November 9, 2020, shares in both those companies had substantially increased in their trading price since the Stableview Receiver's appointment. Acuity had increased in value by more than 1,700%. Between December 21, 2020 and January 6, 2021, the Stableview Receiver liquidated the Pooled Funds' holdings in Acuity (primarily held by the Progressive Fund), netting an average sale price of $17.58 per share and net proceeds of $16,693,763, for a capital gain of $15,107,781 in the Progressive Fund. This gain represented an estimated 90% of the Progressive Fund investors' average invested capital.

60. Following the disposition of the Acuity shares, the Stableview Receiver sought and obtained approval to make a $10 million distribution to investors in the Progressive Fund, proportionate to their units in the Progressive Fund. The distribution to Progressive Fund investors represented an estimated 60% on the dollar of the Progressive Fund investors' average invested capital. However, no distribution was made in respect of the Yield Fund, which had insufficient liquidity to make distributions.

61. None of the Voxtur shares held by the Pooled Funds have been liquidated by the Stableview Receiver. Liquidation of those securities is currently restricted by the Standstill Agreement and by strategic considerations. Although the current trading price for those shares (which trade on the TSX-V and in the OTC markets in the U.S.) is significantly higher than its trading price at the commencement of the Stableview Receivership, it is not known when the Voxtur securities may be liquidated or at what price and when SMA clients may be able to access or have further access to funds from their RESP, RRSP, RRIF, TFSA and unregistered accounts in the future.

Breaches of Securities Law

62. Through their conduct described above, Fisher and Stableview made untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship and/or omitted information necessary to prevent statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

63. At all material times, Fisher and Stableview were registrants. The conduct described above resulted in numerous breaches of the Respondents' duties and obligations as registrants, including the duty to deal fairly, honestly and in good faith with clients, as set out in Part IV below.

64. At all material times, Fisher was the sole directing mind of Stableview and authorized and directed the conduct of Stableview described above and is responsible for Stableview's breaches of Ontario securities law pursuant to section 129.2 of the Act.

Mitigating Factors for Fisher

65. Fisher has been continuously registered with the Commission since January 1, 2008, and is also registered in the provinces of Alberta and British Colombia. He has not worked in a registered capacity since Stableview entered receivership on June 9, 2020. He has no prior disciplinary record with any securities regulatory authority, including the Commission.

66. Fisher was forthright in his interviews in this matter, candidly admitting from the outset of the investigation to exceeding the concentration/diversification provisions of the PMA & IPS' and the leverage provision in the Regulations of the Pooled Funds.

67. Fisher consented to the appointment of a receiver over the administration and assets of Stableview and the Pooled Funds.

68. Fisher cooperated with the administration of the Stableview Receivership. The Stableview Receiver has relied on a variety of sources to manage and make decisions regarding the Pooled Funds, including Fisher's insight on his intended plan for the Pooled Funds, which has assisted the Stableview Receiver in its decision-making process.

69. Fisher is currently impecunious.

Fisher's Position

70. As to the investments in Clarocity securities, Fisher's position is that Clarocity had growth potential based on what he considered to be the unique products and services Clarocity offered, and Fisher considered Clarocity's balance sheet to be consistent with many successful early-stage firms in the technology industry. However, Fisher concedes that Clarocity missed its earning targets, failed for years to raise capital from any source other than Stableview, and was unable to avoid paying out debentures that pre-dated (and were senior to) the Stableview debentures.

71. Fisher also considered Clarocity's cumulative deficit to have value as a tax asset, which could be monetized. However, Fisher concedes that this value never materialized.

72. As to Stableview's failure to identify, respond to and disclose material conflicts of interest in relation to Stableview's receipt of compensation from Clarocity, Fisher's position is as follows.

    a. The PMA & IPS agreements contained a provision stating: "The Client acknowledges that the Portfolio Manager may from time to time provide financial advisory services to corporations (including as serving as a member of a board of directors) including corporations whose securities the Portfolio Manager may purchase, sell or otherwise trade in for the Investment Account. The Client acknowledges that the Portfolio Manager may receive fees for services provided in this regard and that such fees are for the account of the Portfolio Manager only."

    b. In addition, on January 26, 2016 (the date after the effective date of the Debt Coordination Agreement, Clarocity (then known as Zaio) issued a press release announcing that it had closed $1.585 million in gross proceeds through a private placement financing, that it had issued debentures to subscribers, and that Stableview was the "Lender Representative" on behalf of the debenture holders. The press release also indicated that Clarocity would pay the Lender Representative various fees, including: (i) a $150,000 facility administration fee, payable as to $100,000 by way of the issuance of 1,666,667 Common Shares and as to $50,000 through the issuance of $50,000 Debentures; and (ii) a fixed annual fee of $70,000, payable quarterly. The press release made no mention of the Pooled Funds or their investors.

73. At the time, Fisher believed that these two documents were sufficient to discharge Stableview's duty to identify, respond to and disclose material conflicts of interest. He later realized he was incorrect.

74. A proposed class action was commenced in the Ontario Superior Court of Justice by a Stableview investor. The plaintiff later asked the Court to dismiss the proposed action on the basis that Stableview did not have a policy of insurance that would respond to the claim, that Fisher did not have assets that could be used to satisfy the claim, and that the iLookabout shares had increased in value such that it was likely that the losses of the plaintiff and putative class members had been made good. The action was dismissed on consent, on a without-costs basis on February 8, 2022, with the court holding "it now appears [Stableview investors] have suffered no losses." Since that time, the iLookabout shares have not been liquidated.

75. The portfolios of the Pooled Funds are currently in gain positions. Two days after the Stableview Receiver was appointed, the share price of iLookabout common shares was $0.13. The share price on May 31, 2022 was $0.92, an unrealized gain of approximately 608%. If the iLookabout shares could be monetized at their current trading value, the investors would realize a significant profit. However, Fisher acknowledges it is currently uncertain as to when these securities may be liquidated and at what price, given the terms of the Standstill Agreement amongst other considerations.

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

76. Stableview acknowledges and admits that, during the time of the conduct referred to above:

    a. Stableview made prohibited misleading or untrue representations, contrary to s. 44(2) of the Act;

    b. Stableview, as a portfolio manager, breached its duty to identify, respond and disclose material conflicts of interest, contrary to s. 32(1) of the Act and s. 13.4 and 14.2 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**);

    c. Stableview, as a portfolio manager, breached its obligations to deliver to clients all information that a reasonable investor would consider important about their relationship with Stableview, contrary to s. 14.2 of NI 31-103;

    d. Stableview, as a portfolio manager, failed to fulfill the obligation to make suitable investments, contrary to s. 13.3 of NI 31-103;

    e. Stableview, as a portfolio manager, breached the duty to deal fairly, honestly and in good faith with clients, contrary to s. 2.1 of OSC Rule 31-505 – *Conditions of Registration* (**Rule 31-505**);

    f. Stableview, as an investment fund manager, breached the duties owed to the Pooled Funds to act honestly, in good faith and in the best interests of the Pooled Funds, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, contrary to s. 116 of the Act;

    g. Stableview, as a portfolio manager, breached the prohibition against knowingly causing an investment portfolio to purchase a security from a responsible person, contrary to s. 13.5(2)(b)(i) of NI 31-103;

    h. Stableview, as an investment fund manager, breached the prohibition against inter-fund loans and the requirement to file the appropriate documentation, contrary to s. 111 and s. 117 of the Act.

77. Fisher acknowledges and admits that, during the time of the conduct referred to above:

    a. he made prohibited misleading or untrue representations, contrary to s. 44(2) of the Act;

    b. in his capacity as advising representative and dealing representative, he breached the duty to deal fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505;

    c. in his capacity as advising representative, he failed to fulfill the obligation to make suitable investments, contrary to s. 13.3 of NI 31-103;

    d. as Ultimate Designated Person, he breached the duties prescribed by s. 5.1 of NI 31-103, including promoting compliance with securities legislation;

    e. as Chief Compliance Officer, he breached the duties prescribed by s. 5.2 of NI 31-103, including monitoring and assessing compliance with securities legislation;

    f. as the officer and director of Stableview, he authorized, permitted or acquiesced in Stableview's breaches of the obligations and duties set out above at paragraph 76, and is thereby liable for those breaches under s. 129.2 of the Act; and

g. As set out in sub-paragraphs (a) to (f), above, Fischer engaged in conduct contrary to the public interest

PART V - TERMS OF SETTLEMENT

78. The Respondents agree to the terms of the settlement set forth below.

79. The Respondents consent to the Order substantially in the form attached as Schedule "A", pursuant to which it is ordered that:

a. this Settlement Agreement is approved;

b. commencing on the date the Stableview Receivership is wound up by order of the Superior Court of Justice:

i. the registration of Stableview under Ontario securities law be terminated permanently, pursuant to paragraph 1 of subsection 127(1) of the Act;

ii. trading in any securities or derivatives, and the acquisition of any securities, by Stableview cease permanently, pursuant to paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act; and

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

c. the registration of Fisher under Ontario securities law be terminated permanently commencing on the date of the Order, pursuant to paragraph 1 of subsection 127(1) of the Act;

d. trading in any securities or derivatives, and the acquisition of any securities, by Fisher cease permanently commencing on the date of the Order, pursuant to paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act, except that following full payment of the amounts required to be paid by paragraphs (k), (l) and (m) below, evidenced by a certificate of the Commission that will be provided to Fisher upon the Commission being satisfied that all such payments have been made (the **Certificate**), Fisher may trade in securities or derivatives or acquire securities in his own name and only in accounts over which he has sole legal and beneficial ownership and/ or joint ownership with a spouse or child, only through one registrant who has been given copies of the Settlement Agreement, the settlement approval decision and the Certificate;

e. any exemptions contained in Ontario securities law do not apply to Fisher permanently, commencing on the date of the Order, pursuant to paragraph 3 of subsection 127(1) of the Act, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph;

f. Fisher be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

g. Fisher immediately resign any position that he holds as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

h. Fisher be prohibited permanently from becoming or acting as a director or officer of any issuer, pursuant to paragraph 8 of subsection 127(1) of the Act, except that following full payment of the amounts required to be paid by paragraphs (k), (l) and (m) below, evidenced by the Certificate, Fisher may act as a director or officer of an issuer, other than a reporting issuer or registrant;

i. Fisher be prohibited permanently from becoming or acting as a director of officer of any registrant or investment fund manager, pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act;

j. Fisher be prohibited permanently from becoming or acting as a registrant, as an investment fund manager, or as promoter pursuant to paragraph 8.5 of subsection 127(1) of the Act;

k. Fisher shall pay an administrative penalty in the amount of $750,000, pursuant to paragraph 9 of subsection 127(1) of the Act;

l. Fisher shall disgorge to the Commission the amount of $300,000, pursuant to paragraph 10 of subsection 127(1) of the Act;

m. Fisher shall pay costs in the amount of $270,000, pursuant to section 127.1 of the Act;

n. Fisher shall pay installments of at least $50,000 to the Commission at least every twelve months from the date on which the Settlement Agreement is approved, until the amounts ordered against Fisher set out in sub-paragraphs (k), (l) and (m) be paid in full to the Commission;

o. pursuant to Rule 22(4) of the Tribunal's *Rules of Procedure and Forms*, the sworn Statements of Financial Condition referred to in the Settlement Agreement shall be kept confidential;

p. to the extent that the installments for which Fisher is responsible set out in sub-paragraph (n) above are not paid and remain unpaid, Fisher agrees to provide the Commission with an updated sworn Statement of Financial within five business days of the unpaid installment deadline for the period starting six months prior thereto and a further updated sworn Statement of Financial Condition every twelve months until the installments that are due and payable are paid to the Commission; and

q. with respect to the periodic payments specified in sub-paragraph (n) above, Fisher agrees to make periodic payments first towards the amounts set out in sub-paragraph (l) above, then towards the amount set out in sub-paragraph (k), and finally towards the amount set out in sub-paragraph (m) above.

80. Fisher has provided the Commission with a sworn Statement of Financial Condition indicating a limited ability to make full, up-front payments of the agreed financial sanctions. These Statements of Financial Condition will be provided to the Tribunal at the confidential settlement conference and public settlement hearing, but will not be made public.

81. Fisher acknowledges that, in addition to any proceedings referred to in paragraphs 85 to 87 below, failure to pay the amounts ordered in accordance with the schedule will result in the Respondent's name being added to the list of "Delinquent Respondents" with unpaid sanctions published on the Commission's and/or the Tribunal's website.

Undertaking of the Respondent

82. Fisher has given the undertaking (the **Undertaking**) to the Commission attached as Schedule "B" to this Settlement Agreement. The parties are agreed that Fisher's compliance with the Undertaking is a term and condition of the Order. Fisher undertakes as follows.

a. Fisher hereby undertakes to not cause Stableview to bring any claim against any person, corporation or entity, except to the extent requested by the Stableview Receiver.

b. Fisher hereby undertakes not to bring any claims, applications, motions or other proceedings in the Stableview Receivership, on behalf of himself or on behalf of Stableview including any claim for entitlement to management fees, performance fees or any other payment.

c. Fisher hereby renounces any claim or entitlement to any and all funds or assets remaining in Stableview, and directs that any such funds or assets may be used by the Stableview Receiver first, for payment of its receivership fees and/or reimbursement to the Stableview Funds for receivership fees incurred and charged to date, and second, with any remainder to be distributed pro-rata to investors of the Pooled Funds.

Reciprocal Orders

83. The Respondents consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 79, other than sub-paragraphs 79 (k) through (q). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

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

PART VI - FURTHER PROCEEDINGS

85. If the Tribunal approves this Settlement Agreement, no enforcement proceeding will be commenced or continued against the Respondents under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondents fail to comply with any term in this Settlement Agreement, in which case enforcement proceedings may be brought under Ontario securities law against the Respondents that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

86. Fisher acknowledges that, if the Tribunal approves this Settlement Agreement and Fisher fails to comply with any term in it, proceedings may be brought in order to, among other things, recover the amounts set out in sub-paragraphs 79(k), 79(l) and 79(m), above.

87. The Respondents waive any defences to a proceeding referenced in paragraph 85 or 86 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

88. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Tribunal, which shall be held on a date determined by the Tribunal's Governance and Tribunal Secretariat in accordance with this Settlement Agreement and the Tribunal's *Rules of Procedure and Forms.*

89. Fisher will attend the Settlement Hearing by video conference.

90. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

91. If the Tribunal approves this Settlement Agreement:

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

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

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

PART VIII - DISCLOSURE OF SETTLEMENT AGREEMENT

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

    a. this Settlement Agreement and all discussions and negotiations between the parties before the Settlement Hearing will be without prejudice to any party; and

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

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

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

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

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

DATED at **Toronto**, **Ontario** this **21st** day of June 2022.

"Brendan Morrison"	"Colin Fisher"
Witness:	**COLIN FISHER**

DATED at Toronto, Ontario, this 21st day of June, 2022.

STABLEVIEW ASSET MANAGAMENT INC.

By: "Maya Poliak"

Grant Thornton Limited in its capacity as receiver
for Stableview Asset Management Inc.

DATED at Toronto, Ontario, this 21st day of June, 2022

ONTARIO SECURITIES COMMISSION

By: "Jeff Kehoe"

Name: Jeff Kehoe
Title: Director, Enforcement Branch

SCHEDULE "A"

FORM OF ORDER

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT INC.
and
COLIN FISHER

File No. 2020-40

(Names of panelists comprising the panel)

(Day and date order made)

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

WHEREAS on June 24, 2022, the Capital Markets Tribunal held a hearing by videoconference to consider an application made jointly by the parties for approval of a settlement agreement dated June 21, 2022 (the **Settlement Agreement**);

ON READING the joint request for a settlement hearing, including the Settlement Agreement dated June 21, 2022, the Statement of Allegations dated December 16, 2020, and the written submissions, on hearing the submissions of the representatives for each of the parties, and on considering the undertaking of Colin Fisher (**Fisher**) dated [**date**], which is attached as Schedule "A" to this Order (the **Undertaking**);

IT IS ORDERED THAT:

1. Pursuant to subsection 127(1) of the Act, the Settlement Agreement is approved; and

2. Pursuant to subsection 127(2) of the Act, the approval of the Settlement Agreement is subject to the following terms and conditions:

   (a) Fisher shall comply with the Undertaking.

   (b) commencing on the date the receivership of Stableview Asset Management Inc. (**Stableview**) is wound up by order of the Superior Court of Justice:

      i. the registration of Stableview under Ontario securities law is terminated permanently, pursuant to paragraph 1 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the ***Act***);

      ii. trading in any securities or derivatives, and the acquisition of any securities, by Stableview shall cease permanently, pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*; and

      iii. any exemptions contained in Ontario securities law shall not apply to Stableview permanently, pursuant to paragraph 3 of subsection 127(1) of the *Act*;

   (c) pursuant to paragraph 1 of subsection 127(1) of the *Act*, the registration granted to Fisher under Ontario securities law is terminated permanently commencing on the date of this Order;

   (d) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*, trading in any securities or derivatives, and the acquisition of any securities, by Fisher shall cease permanently commencing on the date of this Order, except that following full payment of the amounts required to be paid by paragraphs (l), (m) and (n) of this Order, evidenced by a certificate issued by the Commission that will be provided to Fisher upon the Commission being satisfied that all such payments have been made (the **Certificate**), Fisher may trade in securities or derivatives or acquire securities in his own name, and only in accounts over which he has sole legal and beneficial ownership and/or joint ownership with a spouse or child, through only one registrant who has been given copies of the Settlement Agreement, this Order and the Certificate;

   (e) pursuant to paragraph 3 of subsection 127(1) of the *Act*, commencing on the date of this Order, any exemptions contained in Ontario securities law shall not apply to Fisher permanently, except to the extent necessary to allow him to trade securities or derivatives or acquire securities as permitted by the preceding paragraph of this Order;

   (f) pursuant to paragraph 6 of subsection 127(1) of the *Act*, Fisher is reprimanded;

(g) pursuant to paragraph 7 of subsection 127(1) of the *Act*, Fisher shall immediately resign any position that he holds as a director or officer of an issuer;

(h) pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the *Act*, Fisher shall immediately resign any position that he holds as a director or officer of a registrant, including an investment fund manager;

(i) pursuant to paragraph 8 of subsection 127(1) of the *Act*, Fisher is prohibited from becoming or acting as a director or officer of any issuer permanently commencing on the date of this Order, except that following full payment of the amounts set out in paragraphs (l), (m) and (n) of this Order, evidenced by the Certificate, Fisher may act as a director or officer of an issuer, other than a reporting issuer or a registrant;

(j) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the *Act*, Fisher is prohibited from becoming or acting as a director or officer of any registrant or investment fund manager, permanently commencing on the date of this Order;

(k) pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Fisher is prohibited from becoming or acting as a registrant, as an investment fund manager, or as a promoter permanently commencing on the date of this Order;

(l) pursuant to paragraph 9 of subsection 127(1) of the *Act*, Fisher shall pay to the Commission an administrative penalty in the amount of $750,000;

(m) pursuant to paragraph 10 of subsection 127(1) of the *Act*, Fisher shall disgorge to the Commission the amount of $300,000;

(n) pursuant to section 127.1 of the *Act*, Fisher shall pay to the Commission costs in the amount of $270,000;

(o) Fisher shall pay installments of at least $50,000 to the Commission at least every twelve months from the date of this Order, until the amounts ordered against Fisher set out in subparagraphs (l), (m) and (n) are paid in full to the Commission;

(p) pursuant to Rule 22(4) of the *Capital Markets Tribunal's Rules of Procedure and Forms*, the sworn Statements of Financial Condition referred to in the Settlement Agreement shall be kept confidential;

(q) to the extent that the full amount of the financial sanctions for which Fisher is responsible set out in sub-paragraphs (l), (m) and (n) of this Order remain unpaid, Fisher shall provide to the Commission an updated sworn Statement of Financial within five business days of the unpaid installment deadline for the period starting six months prior thereto and a further updated sworn Statement of Financial Condition every twelve months until the installments that are due and payable are paid to the Commission; and

(r) with respect to the periodic payments specified in sub-paragraph (o) of this Order, Fisher shall make periodic payments first towards the amounts set out in sub-paragraph (m) of this Order, then towards the amount set out in sub-paragraph (l), and finally towards the amount set out in sub-paragraph (n) of this Order.

[Adjudicator]

[Adjudicator] [Adjudicator]

SCHEDULE "B" – UNDERTAKING

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT
AND
COLIN FISHER

1. This Undertaking is given by Colin Fisher (the **Respondent**) to the Ontario Securities Commission (the **Commission**) in connection with the settlement agreement dated ____ (the **Settlement Agreement**) between the Respondent and the Commission.

2. The Respondent hereby undertakes to not cause Stableview to bring any claim against any person, corporation or entity, except to the extent requested by Grant Thornton Limited in its capacity as receiver for Stableview and the Stableview funds (the **Stableview Receiver**).

3. The Respondent hereby undertakes not to bring any claims, applications, motions or other proceedings in the Stableview Receivership, on behalf of himself or on behalf of Stableview including any claim for entitlement to management fees, performance fees or any other payment.

4. The Respondent hereby renounces any claim or entitlement to any and all funds or assets remaining in Stableview, and directs that any such funds or assets may be used by the Stableview Receiver first, for payment of its receivership fees and/or reimbursement to the Stableview Funds for receivership fees incurred and charged to date, and second, with any remainder to be distributed pro-rata to investors of the Pooled Funds (as such terms are defined in the Settlement Agreement).

Dated this ____ day of May, 2022

Witness: ●

COLIN FISHER

A.4
Reasons and Decisions

A.4.1 Mek Global Limited and PhoenixFin Pte. Ltd. – ss. 127(1), 127.1

Citation: *Mek Global Limited (Re)*, 2022 ONCMT 15
Date: 2022-06-21
File No. 2021-18

IN THE MATTER OF
MEK GLOBAL LIMITED
AND
PHOENIXFIN PTE. LTD.

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

Adjudicator:	M. Cecilia Williams	
Hearing:	In Writing	
Appearances:	Aaron Dantowitz Vincent Amartey	For Staff of the Ontario Securities Commission
	No submissions were made on behalf of Mek Global Limited or PhoenixFin Pte. Ltd.	

REASONS AND DECISION

1. DECISION AND OVERVIEW

[1] Staff of the Ontario Securities Commission alleges that Mek Global Limited (**Mek Global**) and PhoenixFin Pte Ltd. (**PhoenixFin**) (collectively, **KuCoin** or the **Respondents**), sold crypto contracts and crypto futures contracts through their global online crypto asset trading platform (**KuCoin Platform**), without complying with the registration and prospectus requirements under Ontario securities law.

[2] This enforcement proceeding combines the merits and sanctions and costs hearings against the Respondents and is being conducted in writing, pursuant to an order dated December 13, 2021.[1]

[3] The Respondents did not participate in this proceeding and did not file any materials with respect to the merits and sanctions and costs hearing. Section 7(2) of the *Statutory Powers Procedure Act* (**SPPA**)[2] authorizes a tribunal to proceed without participation of a party when that party has been given notice of the written hearing. As noted below, I am satisfied that I can proceed with the merits and sanctions and costs hearing without the Respondents' participation.

[4] Staff filed two affidavits in this proceeding. The first is from Jocelyn Wang, a Forensic Accountant with the Commission's Enforcement Branch.[3] The second is from Yolanda Leung, a Law Clerk with the Commission's Enforcement Branch.[4] No further evidence was presented.

[5] For the reasons set out below, I find that the Respondents engaged in the business of trading securities without being registered and without an available exemption contrary to s. 25(1) of the Ontario *Securities Act* (the **Act**)[5] and distributed securities without a prospectus contrary to s. 53(1) of the Act, and without an available exemption to the prospectus requirement. Their serious misconduct warrants permanent market participation bans, a $2 million administrative penalty and costs of $96,550.35. The administrative penalty and the costs are ordered on a joint and several basis.

1 (2021) 44 OSCB 10150
2 RSO 1990, c S.22
3 Exhibit 1, Affidavit of Jocelyn Wang, sworn February 15, 2022 (**Wang Affidavit**)
4 Exhibit 2, Affidavit of Yolanda Leung, sworn February 15, 2022 (**Leung Affidavit**)
5 RSO 1990, c S.5

2. BACKGROUND FACTS

[6] Launched in 2017, the KuCoin Platform is available to residents of Ontario. Ontario residents have opened accounts on the KuCoin Platform and have used the platform to deposit and trade in crypto asset products. Staff alleges, and I conclude below, that both Respondents are involved in operating the KuCoin Platform.

[7] Mek Global is a corporation incorporated under the laws of the Republic of Seychelles. It has been identified on KuCoin's website (the **Website**) as the corporate entity behind the KuCoin Platform. Based on evidence presented by Staff, it appears that Mek Global remains the corporate entity behind the platform and sets the terms to which investors must agree when using the KuCoin Platform.

[8] PhoenixFin is a corporation incorporated under the laws of Singapore and is the owner of "kucoin.com", the Website's domain name. Investors access the KuCoin Platform through "kucoin.com".

[9] The KuCoin Platform is a significant player in the global crypto asset investment market. As of May 2021, the Website claimed that the KuCoin Platform was the top crypto asset exchange platform, with more than 760 million accumulated trades and over USD 223 billion in accumulated transaction volume. KuCoin has over six million users globally, supports 53 national currencies (including CAD), and has appeared to grow over time.

[10] The KuCoin Platform offers investors a wide range of services and charges them fees. The major services that are offered and accessible to investors are the buying and trading of crypto asset products, the trading of crypto asset derivatives and crypto asset lending. On the KuCoin Platform, investors can use fiat currency to facilitate purchases of crypto assets, deposit their own crypto assets, engage in "spot" and margin trading, and trade perpetual futures contracts whose value is derived from crypto assets.

[11] Ontario investors can trade on the KuCoin Platform. KuCoin does not prohibit Ontario investors from trading on the KuCoin Platform, and rather encourages them (and Canadians generally) to do so.

[12] On March 29, 2021, the Commission issued a press release notifying crypto asset trading platforms, such as KuCoin, that was then offering trading in derivatives or securities to persons or companies located in Ontario, that they had to bring their operations into compliance with Ontario securities law or face potential regulatory action. The press release followed regulatory guidance issued by the Canadian Securities Administrators and the Investment Industry Regulatory Organization of Canada on the application of securities legislation to crypto asset trading platforms.[6]

[13] KuCoin did not contact the Commission by the imposed deadline of April 19, 2021, or at any time after that to start compliance discussions.

3. ANALYSIS OF THE MERITS

3.1 Introduction

[14] Staff asks that I:

a. proceed without the participation of the Respondents;

b. draw adverse inferences in the absence of evidence from the Respondents;

c. determine that crypto asset products offered on the KuCoin Platform are securities;

d. determine that KuCoin has engaged in the business of trading in securities without being registered and without an available exemption, contrary to s. 25(1) of the Act;

e. determine that KuCoin has engaged in the distribution of securities without a prospectus, contrary to s. 53(1) of the Act, and without an available exemption from the prospectus requirement; and

f. make an order of sanctions and costs against the Respondents in the public interest.

[15] I address each of these points below. In addition, I address the issue of Mek Global's and PhoenixFin's involvement with KuCoin and in the operation of the KuCoin Platform.

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

3.2 Preliminary Matters

3.2.1 Should I proceed without the Respondents?

[16] Section 7(2) of the SPPA provides that where notice of a written hearing has been given to a party to a proceeding, the tribunal may proceed without the party's participation.

[17] On December 13, 2021, I issued an order that the merits and sanctions and costs hearings would be heard together in writing. The order included a timeline for the Respondents to provide written submissions for the hearing. They failed to do so.

[18] Similarly, the Respondents also failed to participate in any of the oral attendances in this matter, including the first attendance on July 6, 2021. At that time, I determined that they had been properly served with notice of the hearing and have proceeded in their absence ever since.

[19] Rule 21(3) of the Capital Markets Tribunal Rules of Procedure and Forms also provides that if a Notice of Hearing is served on a party and the party does not attend a hearing, the proceeding may continue in the party's absence. The Registrar has provided notice to the Respondents of all of the attendances in this proceeding and a copy of all orders issued. Staff provided evidence of comments on the "kucoin_moderator" Reddit account (the platform's official account) that appear to me to indicate that the Respondents are aware of this proceeding, including a claim on June 26, 2021, that "[We] are aware of this issue and are following up on it".[7]

[20] Given that the Respondents have been notified and have chosen not to participate in this proceeding, I conclude that it is appropriate to proceed in their absence.

3.2.2 Should I draw adverse inferences against the Respondents?

[21] Staff submits that because the Respondents have failed to adduce any evidence in this proceeding, I should draw an adverse inference against the Respondents wherever necessary.

[22] Previous panels have held that where Staff establishes evidence that appears to be credible and reliable and that is sufficiently strong for a respondent to be called on to answer it regarding a particular factual conclusion, it would be appropriate to draw an adverse inference against a party for their failure to testify, in respect of that conclusion.[8] The Respondents' failure to call evidence amounts to an implied admission that their evidence would not have been helpful to their case.[9]

[23] Staff submits that in a written hearing such as this one, where a participating party may not anticipate a particular concern the Panel may have about the evidence, it is sufficient for that party to ask that an adverse inference be drawn regarding any factual point on which the Panel is not otherwise convinced that the requesting party's evidentiary burden has been met.

[24] I disagree with the broad nature of this submission. In the absence of the Respondents, Staff retains the burden of establishing all elements of their case. If the panel does not consider Staff's evidence to be cogent, reliable and requiring a response from the Respondents, the basis for drawing an adverse inference has not been satisfied.

[25] However, as noted in my analysis, where I conclude that Staff has provided cogent and reliable evidence on a factual point, in the absence of any evidence from the Respondents I draw an adverse inference.

[26] Before I turn to the remaining substantive issues in this matter, I address Mek Global's and PhoenixFin's relationship with KuCoin and the KuCoin Platform.

3.2.3 Mek Global's and PhoenixFin's involvement with KuCoin and the operation of the KuCoin Platform

[27] I conclude that Mek Global is the corporate entity behind the KuCoin Platform, based on the following evidence in the Wang Affidavit:

a. the Website's Terms of Use from August 2019 identifies the terms as Mek Global's, including statements such as:

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7 Exhibit 1, Wang Affidavit, Reddit post by kucoin_moderator on June 26, 2021

8 *Hutchinson (Re)*, 2019 ONSEC 36, (2019) 42 OSCB 8543 at para 76 (***Hutchinson***), citing *Dwyer v Mark II Investments Ltd*, 2006 CanLII 9406 (ON CA) at para 4

9 *Sextant Capital Management Inc (Re)*, 2011 ONSEC 15, (2011) 34 OSCB 5829 at paras 245-246; *Hutchinson* at paras 64-65, 268 and 388; *Money Gate Mortgage Investment Corporation (Re)*, 2019 ONSEC 40, (2020) 43 OSCB 35 at paras 71 and 77 (***Money Gate***); *Mega-C Power Corporation (Re)*, 2010 ONSEC 19, (2010) 33 OSCB 8290 at paras 275-276

> *"We Mek Global Limited (hereinafter referred to as "KuCoin", "we" or "us"), summarize below our Terms of Use to give an overview of the key terms that apply to your use of our website and trading services" and*
>
> *"These Terms of Use and any terms expressly incorporated herein ("Terms") apply to the website operated and maintained by Mek Global Limited";*[10]

b. the Website's updated Privacy Policy, posted in February 2022, states that "This privacy notice applies to the processing of personal data by Mek Global Limited in connection with: a) Use of any of our product, services or applications (together the "Services") b) Visit or use of our websites or mobile application ("APP")";[11]

c. the current Terms of Use and Privacy Policy both make reference to being governed by the law of the Seychelles, Mek Global's jurisdiction of incorporation;

d. in February 2021, the Seychelles Financial Services Authority issued an alert and advisory indicating that Mek Global appeared to be associated with the KuCoin Platform, that Mek Global was not licensed to conduct such activities and that Mek Global was removed from the Seychelles Register of International Business Companies but was yet to be dissolved; and

e. on June 22, 2021, the KuCoin Platform's subreddit account, the platform's official account, in response to a question about whether the Chinese government's ban on cryptocurrency businesses could affect KuCoin, stated that "KuCoin is a global platform registered in the Seychelles. We take our responsibilities under the Constitution of the Seychelles [sic] and strictly comply with the applicable law, order of regulatory body, governmental or regulatory requirements of the country".[12]

[28] I conclude that, as the owner of the domain name, PhoenixFin ultimately controls the gateway through which investors pass in order to trade on the KuCoin Platform through the Website. PhoenixFin is an integral facilitator of all investor activity conducted on the KuCoin Platform through the Website.

[29] There is also evidence of certain individuals being involved with both Mek Global and PhoenixFin. Chun Gan is identified in corporate documentation as the sole director and beneficial owner of Mek Global. He is also listed as a former shareholder and director of PhoenixFin. Ke Tang is identified in corporate documentation as a beneficial owner of Mek Global. He is also listed as a former shareholder and director of PhoenixFin. Michael Gan is identified on his Linkedin profile as the Founder and former CEO of KuCoin and the Founder and Chair of KuGroup. Michael Gan's twitter page identifies him, in May 2021, as the Founder and Chair of KuGroup. On this page his contact information is listed as "@gan_chun".

[30] Staff submits that the sole director and co-beneficial owner of Mek Global, Chun Gan, is the same person as Michael Gan, the person publicly identified as a Founder and former CEO of KuCoin and the Founder and Chairman of "KuGroup". Because of the link to "gan_chun" on Michael Gan's twitter page, and in the absence of any evidence from the Respondents to the contrary, I conclude that Chun Gan and Michael Gan are the same person.

[31] I further conclude that Mek Global and PhoenixFin are linked together in the operation of the KuCoin Platform, because Mek Global is the entity behind the KuCoin Platform, PhoenixFin controls access to the KuCoin Platform and there are two individuals holding positions with both companies.

3.3 Are the crypto asset products offered on the KuCoin Platform "securities"?

[32] As a preliminary issue, I must determine whether the crypto asset products offered by KuCoin constitute securities, as that term is defined in the Act.

[33] Staff submits that at least two categories of crypto asset products offered on the KuCoin Platform constitute securities. First, an investor's contractual right to the assets they deposit, purchase and sell on the KuCoin Platform (the **Crypto Contracts**), constitutes a security. Second, KuCoin offers investors the ability to purchase and sell perpetual futures contacts whose value is derived from underlying crypto assets. These perpetual futures contracts (**Crypto Futures Contracts**) also constitute securities.

3.3.1 Are Crypto Contracts "securities"?

[34] "Security" is defined in s. 1(1) of the Act. The definition consists of a non-exhaustive list of 16 categories of instruments expressed in general terms, "evidencing an intention of breadth".[13] The Ontario Court of Appeal, in the recent case of

[10] Exhibit 1, Wang Affidavit, KuCoin Privacy Policy dated February 6, 2022
[11] Exhibit 1, Wang Affidavit, KuCoin Privacy Policy dated February 6, 2022
[12] Exhibit 1, Wang Affidavit, KuCoin's reddit post dated June 22, 2021
[13] *Ontario Securities Commission v Tiffin*, 2020 ONCA 217 at para 29 (***Tiffin***)

Tiffin, stated that the Act uses very broad terms "and thereby captures a great many instruments and activities in its wide regulatory scope" and then provides many exemptions "to tailor this regulatory scope to its purposes".[14]

[35] Staff submits that Crypto Contracts fall within several categories of "security" as defined in s. 1(1) of the Act. They constitute either "evidence of indebtedness" or "evidence of title or interest", and additionally, constitute "investment contracts".

[36] In interpreting "security", the Tribunal must adopt a purposive approach. This includes considering the Commission's investor protection objective.[15] Investor protection is an "overarching lens" through which an instrument must be assessed, to ensure that the interpretation of the term "security" "is flexible and capable of adaptation to address the breadth and variability of investment schemes devised in the capital markets".[16]

[37] Staff submits that investor protection is at the heart of this proceeding. Platforms such as KuCoin, Staff submits, that allow broad public access to their trading platforms and retain control of investor assets create risk for investors. Staff cites two examples of the risks KuCoin poses to investors: i) the September 2020 systems hack of the KuCoin Platform that resulted in the theft of $285 million; and ii) a 2022 complaint from an Ontario investor citing losses due to unauthorized activity in his KuCoin account.

[38] In addition to the above risks inherent to investors from KuCoin's control over investors' crypto assets, Staff submits that KuCoin promotes high-risk trading on the KuCoin Platform. KuCoin offers leverage up to 10x for trading in an investor's margin account, and an initial margin of up to 100x on Crypto Futures Contracts. Margin trading on the KuCoin Platform also carries the risk of forced liquidation. Promotional coupons are provided to investors to encourage the use of margin. In addition, KuCoin promotes some of the features on their platform as "games", such as the "Futures Brawl". This feature permits investors to bet against each other on the price change of a particular crypto asset.

[39] For the reasons below, I find the Crypto Contracts are "investment contracts". As Staff need only demonstrate that Crypto Contracts fall within one category of "security", it is not necessary to consider whether Crypto Contracts constitute "evidence of indebtedness" or "evidence of title or interest".

[40] The well-established elements of an "investment contract" are:

a. an investment of money,

b. with an intention or an expectation of profit,

c. in a common enterprise in which the fortunes of the investor are interwoven with and dependent upon the efforts and success of those seeking the investment or of third parties, and

d. where the efforts made by those other than the investor are undeniably significant, essential managerial efforts which affect the failure or success of the enterprise.[17]

[41] A purposive, rather than a formulaic, approach is required when analyzing whether a product is an investment contract under the Act.[18] As noted above, previous panels have held that the attributes of a product should be assessed through the overarching lens of "investor protection".

[42] I consider the elements of the test for an "investment contract" in turn below.

3.3.1.a Investment of money

[43] In *Furtak*, the panel stated that "[a] plain reading of *Pacific Coast Coin* and other cases favour the straightforward question: Was there a payment?"[19] The investors in Furtak paid money for software licenses. Investors on the KuCoin Platform deposited either fiat currency or crypto currency on the platform to support their trading in crypto asset products available on the platform, including Crypto Contracts. I conclude there was, therefore, a payment and that the first element of the "investment contract" test is met.

3.3.1.b Intention or expectation of profit

[44] Staff submits, and I agree, that investors who use the KuCoin Platform expect to profit from their trading.

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14 *Tiffin* at para 28
15 *VRK Forex & Investments Inc (Re)*, 2022 ONSEC 1, (2022) 45 OSCB 1084 at para 22 (***VRK***)
16 *VRK* at para 24
17 *Furtak* (*Re*), 2016 ONSEC 35, (2016) 39 OSCB 9731 at para 66 (***Furtak***), citing *Pacific Coast Coin Exchange v Ontario Securities Commission,* [1978] 2 SCR 112 (***Pacific Coast Coin***)
18 *VRK* at para 22; *Furtak* at para 67; *Pacific Coast Coin* at 127
19 *Furtak* at para 78

[45] The Terms of Use on the Website state that "you must rely on your own judgement for any investment decision you make in relation to your KuCoin Account".[20] The Website's guide on margin trading identifies the increased prospect of profit as an advantage of margin trading: "Compared with spot trading, the biggest advantage of margin trading is that it can leverage large capital through small one [sic], increase position and enlarge profit".[21] KuCoin encourages investors to trade on margin by issuing promotional coupons.

[46] I conclude that investors trading Crypto Contracts on the KuCoin Platform expected to earn a profit from their trading. Therefore, the second element of the "investment contract" test is met.

3.3.1.c Common enterprise and reliance on KuCoin's significant efforts

[47] I consider the third and fourth elements of the investment contract test together, as has been done in other decisions. Staff submits, and I agree, that investors are dependent on KuCoin's actions, custody and solvency to manage and deliver on the Crypto Contracts issued to investors.

[48] Crypto assets deposited onto the KuCoin Platform are held in wallets controlled by KuCoin. Investors must rely on KuCoin to operate, maintain and provide access to the online platform and properly hedge its credit, performance and misappropriation risks to successfully hold or trade client assets and satisfy its payment and performance obligations.

[49] KuCoin's Terms of Use state that KuCoin is not required to honour requests to withdraw assets from the KuCoin Platform. Once on the platform, therefore, an investor's chance of failure or success (including the return of the investor's initial investment) is strictly tied to, and within, KuCoin's control.

[50] I conclude that investors in Crypto Contracts were engaged in a common enterprise with KuCoin and were dependent on KuCoin's significant efforts for the failure or success of their investment.

3.3.1.d Conclusion

[51] I conclude that all the elements of the test of whether a product is an investment contract have been met. The investors paid money into the enterprise, expected a profit and were completely dependent on KuCoin for the success of the enterprise.

[52] In addition, in coming to this conclusion, I considered the overarching investor protection concerns presented by this product. The inherent risks Staff identified (broad public access to the platform and the risk of hacking linked to the platform's retaining control of the investor's assets) are not sufficiently distinct from the risks associated with other products not generally considered to be securities to assist in my analysis in this instance. However, the availability of significant leverage in margin accounts and the encouragement to use margin through promotional coupons raises serious investor protection concerns.

[53] The Crypto Contracts are investment contracts and, therefore, securities within the meaning of the Act.

3.3.2 Are Crypto Futures Contracts "securities"?

[54] Staff submits that in addition to Crypto Contracts, the Crypto Futures Contracts offered on the KuCoin Platform meet the definition of "investment contract" and are, therefore, securities under the Act. I agree. I apply the elements of the test for an investment contract to the Crypto Futures Contracts in turn below.

3.3.2.a Investment of money

[55] The first element of the investment contract test is met as, in order to trade Crypto Futures Contracts on the KuCoin Platform, clients must first deposit their funds or assets into a KuCoin account.

3.3.2.b Expectation of profit

[56] The Crypto Futures Contracts are structured such that investors do not expect any delivery of the underlying asset. An investment in a Crypto Futures Contract is a bet on the future price of the underlying asset in hopes of turning a profit.

[57] The Website's guide on futures trading describes the use of leverage as a means to enhance earnings. "The leverage is utilized to multiply your earnings. The higher the leverage is, the greater the earnings you will have and so does the losses you will have to bear…".[22] Initial leverage of up to 100x is available for these contracts on the KuCoin Platform.

[20] Exhibit 1, Wang Affidavit, KuCoin Terms of Use dated August 13, 2019
[21] Exhibit 1, Wang Affidavit, Guide by KuCoin titled "The Descriptions for margin trading" captured on May 4, 2021
[22] Exhibit 1, Wang Affidavit, KuCoin Futures New User Guide dated July 9, 2019

[58] I conclude that investors in Crypto Futures Contracts on the KuCoin Platform expected to earn a profit from their trading. Therefore, the second element of the "investment contract" test is met.

3.3.2.c Common enterprise and reliance on KuCoin's significant efforts

[59] In *VRK*, the panel relied on the following attributes of an online platform to determine that investors were in a common enterprise with the platform and that they relied on the platform operator's efforts:

a. the respondent provided access to, and operated, an online proprietary platform for trading contracts for differences (**CFDs**). The CFDs gave clients exposure to underlying assets that might not otherwise be directly available;

b. the respondent allowed clients to leverage their investment using margin;

c. the respondent was required to hedge risk, including credit risk, performance risk and misappropriation risk, so that they could satisfy payment and performance obligations of the CFDs; and

d. CFDs were not transferable off the platform. They could only be closed on the platform.[23]

[60] Staff submits that the KuCoin Platform shares many of the same attributes, namely:

a. KuCoin owns and operates the platform that allows clients to purchase Crypto Futures Contracts. These provide exposure to a variety of underlying crypto assets, without the need for clients to purchase or hold the underlying assets directly;

b. KuCoin clients can leverage their purchases of Crypto Futures Contracts;

c. KuCoin is necessarily required to hedge risk, including credit, performance and misappropriation risk, so that KuCoin can satisfy payment and performance obligations of the Crypto Futures Contracts; and

d. Crypto Futures Contracts must be closed on the KuCoin Platform as there is no mechanism to transfer them off the platform.

[61] In addition, the value of the Crypto Futures Contract is directly related to KuCoin's design efforts to ensure the contracts' value closely tracks the spot market.

[62] I conclude that investors in Crypto Futures Contracts were engaged in a common enterprise with KuCoin and were dependent on KuCoin's significant efforts for the failure or success of their investment.

3.3.2.d Conclusion

[63] I conclude that all the elements of the "investment contract" test have been met regarding Crypto Futures Contracts. Investors paid money into the enterprise, expected a profit and were completely dependent on KuCoin for the success of the enterprise.

[64] In addition, in coming to this conclusion, I have considered the overarching investor protection concerns presented by this product. There are serious investor protection concerns with offering retail Ontario investors a product like the Crypto Futures Contracts. These include their inherent risks, complexity, the use of margin or leverage, and the potential volatility of the underlying assets. The underlying assets are themselves Crypto Contracts that are wholly dependant on the solvency and willingness of KuCoin to redeem under its Terms of Use.

[65] Staff submits that the Crypto Futures Contracts are analogous to CFDs. CFDs have previously been accepted as securities (and derivatives) under the Act.[24] While I agree that the Crypto Futures Contracts are analogous to CFDs, I find that the elements of the investment contract test are met by the attributes of the Crypto Futures Contracts and by the overarching investor protection concerns. I do not need to consider whether they are akin to CFDs.

[66] For these reasons, I conclude the Crypto Futures Contracts are an investment contract and, therefore, a security within the meaning of the Act.

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23 *VRK* at paras 31-32

24 *VRK* at para 35; *eToro (Europe) Limited (Re),* 2018 ONSEC 49, (2018) 41 OSCB 8179 at para 8 (***eToro***); *Vantage Global Prime Pty Ltd (Re)*, 2021 ONSEC 18, (2021) 44 OSCB 6401 at para 7 (***Vantage***); *Ava Trade Ltd (Re)*, 2019 ONSEC 27, (2019) 42 OSCB 6520 at para 3 (***Ava Trade***); *International Capital Markets Pty Ltd (Re)*, 2019 ONSEC 28, (2019) 42 OSCB 6522 at paras 3-5 (***IC Markets***)

3.4 Did the Respondents engage in the business of trading in securities without being registered and without an available exemption?

[67] A person or company must be registered under Ontario securities law to engage in the business of trading in securities unless an exemption applies.[25]

[68] The registration requirement is a cornerstone of the securities regulatory regime designed to ensure that those who engage in trading in securities are proficient and solvent, and that they act with integrity. Unregistered trading defeats these necessary legal protections and undermines investor protection and the integrity of the capital markets.

[69] Neither of the Respondents was ever registered in any capacity under the Act or claimed an exemption from the registration requirements.

[70] I must determine whether the Respondents engaged in the business of trading in securities. To do so, I must determine whether their conduct constituted "trading", and if so, whether that conduct was carried out for a business purpose – this threshold is often referred to as the "business trigger".

[71] Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, sets out criteria to be considered in determining whether the business trigger requirement has been met. The criteria include:

a. trading with repetition, regularity or continuity;

b. directly or indirectly soliciting securities transactions;

c. receiving, or expecting to receive, compensation for trading; and

d. engaging in activities similar to those of a registrant, such as by setting up a company to sell securities or by promoting the sale of securities.

[72] Previous panels have adopted these factors and applied them in assessing possible contraventions of s. 25(1) of the Act.[26] While these factors are helpful, it is important to ask whether the evidence viewed as a whole indicates that a respondent engaged in the business of trading in securities.

[73] Staff submits that as the corporate entity behind the KuCoin Platform, Mek Global operates the securities trading business conducted on that platform and is therefore engaged in the business of trading securities. PhoenixFin owns and maintains the Website kucoin.com. The Website houses the KuCoin Platform on which all KuCoin's securities trading occurs. For this reason, PhoenixFin is also engaged in the securities trading business conducted on that platform.

[74] Staff submits that Mek Global engaged in direct trading as well as acts in furtherance of trading, and PhoenixFin engaged in acts in furtherance of trading.

[75] I conclude that Mek Global directly engages in securities trading with the investing public. Mek Global engages in a "sale or disposition of a security for valuable consideration" in each instance when an investor:

a. deposits crypto assets on the KuCoin Platform or trades crypto assets for other assets; and

b. opens or closes a position in a Crypto Futures Contract on the KuCoin Platform.

[76] I also conclude that Mek Global engaged in numerous acts in furtherance of trading, including by:

a. creating and maintaining a securities trading market on the KuCoin Platform;

b. carrying out trade matching functions;

c. creating and maintaining means for investors to create and fund accounts on the KuCoin Platform;

d. providing information to investors to assist them in accessing and trading on the platform; and

e. promoting the platform.

[25] Act, s 25(1)
[26] See, for example, *Meharchand (Re)*, 2018 ONSEC 51, (2018) 41 OSCB 8434 at para 111 and *Money Gate* at para 145

[77] Previous panels have held that creating and maintaining a website to solicit investors or setting up a website to offer securities to investors, are acts in furtherance of a trade.[27]

[78] I found above that PhoenixFin is the owner of the kucoin.com domain. Therefore, PhoenixFin owns and maintains the Website that houses the KuCoin Platform. All KuCoin's trading business is carried out on the KuCoin Platform. The existence and maintenance of the Website are critical to KuCoin's securities trading business. I conclude that PhoenixFin is engaged in acts in furtherance of trading.

[79] Staff submits that all of the factors of the "business trigger" test are satisfied as they relate to the KuCoin Platform. They take this position because the central purpose of the platform is to trade in, and facilitate the trading in, securities, and KuCoin collects fees for that trading. These factors are:

a. KuCoin trades with regularity – each day, billions of dollars of trading in Crypto Contracts and Crypto Futures Contracts is carried out on the KuCoin Platform;

b. KuCoin solicits investors – KuCoin makes the KuCoin Platform broadly available to the investing public through their Website and app and makes public statements and offers designed to attract investors to trade on the platform;

c. KuCoin is compensated for trading – KuCoin charges its users fees to trade on its platform; and

d. KuCoin acts similar to a registrant – by establishing and maintaining a securities trading platform, KuCoin's activities fall squarely within conduct similar to that of a registrant.

[80] The Respondents bear the burden of establishing any possible entitlement to available exemptions from the registration requirement. The Respondents have neither claimed an exemption nor filed any evidence that would support such a claim. I draw an adverse inference against the Respondents and conclude that no exemption was available to them.

[81] I find that the Respondents were engaged in the business of trading in securities within the meaning of the Act without being registered to do so and without an available exemption. As a result, the Respondents contravened s. 25(1) of the Act.

3.5 Did the Respondents engage in the distribution of securities without a prospectus and without an available exemption?

[82] A person or company must not distribute a security without a prospectus,[28] unless an exemption applies.

[83] The prospectus requirement is another cornerstone of Ontario's securities regulatory regime. A prospectus is fundamental to protecting the investing public because it ensures that investors have full, true and plain disclosure of information to properly assess the risks of an investment and make an informed decision.

[84] Staff submits that KuCoin engaged in illegal distributions because it is trading in securities that have not previously been issued without having filed a prospectus or relying on any exemption from the prospectus requirement.

[85] Staff submits, and I agree, that KuCoin issued a security that had not been previously issued when an investor:

a. deposited crypto assets into the investor's account on the KuCoin Platform and KuCoin creates and sells a Crypto Contract to the investor; and

b. opened Crypto Futures Contract on the KuCoin Platform and KuCoin creates and sells to that investor a KuCoin security.

[86] Some of these distributions were made to Ontario investors as illustrated by the distributions of KuCoin securities to Staff's investigator witness, carried out as part of Staff's investigation, and by an investor complaint received just before the commencement of this proceeding.

[87] No prospectus or preliminary prospectus was ever filed or receipted in connection with the distribution of the KuCoin securities. No discretionary relief was granted in respect of the prospectus requirement.

[88] The Respondents bear the burden of establishing any possible entitlement to available exemptions from the prospectus requirements. The Respondents have neither claimed an exemption nor filed any evidence that would support such a claim. I draw an adverse inference against the Respondents and conclude that no exemption was available to them.

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27 *XI Biofuels Inc (Re),* 2010 ONSEC 6, (2010) 33 OSCB 3077 at para 120; *Winick (Re),* 2013 ONSEC 31, (2013) 36 OSCB 8202 at para 99; *Al-Tar Energy Corp (Re),* 2010 ONSEC 11, (2010) 33 OSCB 5535 at para 85

28 Act, s 53(1)

[89] I find that the Respondents engaged in a distribution of securities without filing a preliminary prospectus or prospectus, and without an available exemption from the prospectus requirement. As a result, the Respondents contravened s. 53(1) of the Act.

3.5.2 Conclusion on the Merits

[90] I conclude that the Respondents have breached ss. 25(1) and 53(1) of the Act. Given this conclusion, it is not necessary for me to consider Staff's alternate argument that the Respondents engaged in conduct that engaged an animating principle of the Act. I now turn to consider the appropriate sanctions and costs in this matter.

4. SANCTIONS

[91] Having found that the Respondents breached Ontario securities law, I will now address the appropriate sanctions against them.

4.1 Introduction

[92] Staff seeks the following orders against the Respondents for their breaches of Ontario securities law:

a. trading in any securities or derivatives by the Respondents cease permanently;

b. the acquisition of any securities by the Respondents cease permanently;

c. any exemptions contained in Ontario securities law do not apply to the Respondents permanently;

d. the Respondents be reprimanded;

e. the Respondents be permanently prohibited from becoming or acting as a registrant or as a promoter; and

f. the Respondents, jointly and severally, pay an administrative penalty of $2 million.

[93] Staff submits that severe sanctions, including a significant administrative penalty, are necessary to send a strong deterrence signal to the crypto sector that ignoring Ontario securities laws will not be tolerated.

[94] Staff submits that KuCoin owns and operates a top, global crypto asset trading platform, trading billions of dollars' worth of securities daily. By disregarding cornerstone provisions of the Act, KuCoin, Staff submits, is flouting Ontario securities law.

[95] Although KuCoin has acknowledged to investors that it was aware of this proceeding and is "following up on it", and that it respects local law and is focused on compliance, Staff submits KuCoin has ignored Staff's communications, has not participated in this proceeding, and is continuing its illegal activity.

[96] Staff submits that "bad actors" like KuCoin put investors at risk, undermine efforts to bring the crypto asset trading sector into compliance with Ontario securities law, and contribute to an uneven playing field among crypto asset trading platforms and other registered firms.

4.2 Legal Framework for Sanctions

[97] The Tribunal may impose sanctions under s. 127(1) of the Act where it finds it is in the public interest to do so. In imposing sanctions, the Tribunal's role is to protect investors and the capital markets from similar conduct in the future.[29]

[98] Previous panels have identified a number of non-exhaustive factors to be considered with respect to sanctions generally, including the seriousness of the misconduct, the respondent's experience in the marketplace, whether the respondent recognizes the seriousness of the improprieties, whether the conduct is isolated, and general and specific deterrence. Sanctions must be proportionate to the respondent's conduct in the circumstances.[30]

4.3 Appropriate Sanctions

4.3.1 Market Participation Bans

[99] Staff submits that permanent market participation bans against the Respondents are necessary for the following reasons:

[29] *Bradon Technologies Ltd (Re)*, 2016 ONSEC 19, (2016) 39 OSCB 4907 at para 27

[30] *MCJC Holdings Inc (Re)*, (2002) 25 OSCB 1133 at 1134-1135; *Cartaway Resources Corp (Re)*, 2004 SCC 26 at para 60; *Norshield Asset Management (Canada) Ltd (Re)*, 2010 ONSEC 16, (2010) 33 OSCB 7171 at paras 92-93

a. KuCoin and others in the crypto industry need to be deterred;

b. KuCoin's misconduct is serious and aggravated;

c. KuCoin's level of activity in the marketplace is exceptionally high;

d. KuCoin's violations are recurrent; and

e. KuCoin has not recognized the seriousness of its improprieties.

[100] I consider each of these factors in turn below.

4.3.1.a Seriousness of the misconduct

[101] Staff submits that the misconduct at issue is severe. KuCoin has been trading and distributing securities in violation of key investor protection provisions in Ontario securities law. This misconduct undermines the purposes of the Act and erodes public confidence in Ontario's capital markets. I agree. Unregistered trading and illegal distributions undermine investor protections and the integrity of the capital markets.[31]

[102] The registration and prospectus requirements play an essential role in the protection of investors. The registration requirements "ensure that those who sell or promote securities are proficient, solvent and act with integrity".[32]

[103] The prospectus requirement ensures that prospective investors have the requisite information to make informed investment decisions.[33] In this instance, retail investors using the KuCoin Platform and trading in Crypto Contracts and Crypto Futures Contracts, without the benefit of a prospectus, are at risk of not being fully informed of the risks associated with margin and being wholly dependent on a foreign-based platform for custody and delivery of their assets.

[104] I agree with Staff that KuCoin's misconduct is aggravated by two facts. KuCoin persists in its behaviour breaching Ontario's securities laws, despite warnings and the commencement of this proceeding. KuCoin has ignored this proceeding. Secondly, KuCoin appears to be misleading investors about its respect for local laws and regulations and its attention to this proceeding. For example, on June 26, 2021, in response to a question on Reddit about the impact of these allegations on investor accounts, KuCoin responded: "We are aware of this issue and are following up on it. We respect the laws and regulations of local markets, with compliance having always been a major part of our activities".[34] KuCoin made similar claims on Reddit in November 2021, despite there having been two preliminary attendances in this matter in which KuCoin had failed to participate.

4.3.1.b Experience in the marketplace

[105] KuCoin has operated since 2017. It is a top global crypto asset trading platform. KuCoin claims that 25 percent of the world's crypto holders are users of its platform. As of May 4, 2021, the Website claimed that the KuCoin Platform was the top crypto asset exchange platform, with more than 760 million accumulated trades and over USD 223 billion in accumulated transaction volume. On Apple's app store, KuCoin claims to be one of the top 3 crypto exchanges.

[106] KuCoin has over six million users globally and supports 53 national currencies including Canadian dollars. As of May 4, 2021, KuCoin was ranked as the fourth largest global crypto trading platforms on CoinMarketCap for "spot" platforms and 16th for derivatives platforms with a reported daily trading volume of more than USD 2.8 billion and USD 1.3 billion, respectively. KuCoin does not appear to have curtailed its activities since this proceeding was commenced. As of January 31, 2022, KuCoin ranked fifth on CoinMarketCap for spot platforms with 24-hour spot volume of more than USD 2 billion and 11th for derivatives platforms with a 24-hour trading volume of over USD 3.2 billion.

[107] I conclude that KuCoin is a significant and experienced presence in the emerging crypto trading sector.

4.3.1.c Is the misconduct isolated?

[108] Staff submits, and I agree, that KuCoin's misconduct is recurrent and continuing. Despite the commencement of this proceeding, investors, including those in Ontario, continue to use the KuCoin Platform to purchase, trade and withdraw billions of dollars' worth of crypto assets daily. Staff's investigator witness was able to access and conduct trades on the KuCoin Platform as recently as January 28, 2022.

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31 *Vantage* at para 17
32 *Vantage* at para 17
33 *M P Global Financial Ltd (Re),* 2011 ONSEC 22, (2011) 34 OSCB 8897 at para 117
34 Exhibit 1, Wang Affidavit, Reddit post by kucoin_moderator on June 26, 2021

4.3.1.d Recognition of the seriousness of the misconduct

[109] I conclude that KuCoin has not recognized the seriousness of its misconduct. KuCoin has not admitted the seriousness of its breaches of Ontario securities law. It has ignored this proceeding. In fact, KuCoin has exacerbated the situation by making statements to investors about its engagement with this proceeding and its commitment to compliance with local laws, when that is not the case.

4.3.1.e Conclusion

[110] Participation in Ontario's capital markets is a privilege, not a right.[35] Staff submits that KuCoin's conduct ought to result in the loss of that privilege. Permanent trading and acquisition bans will protect Ontario investors from KuCoin and deliver the necessary deterrent message to other members of the crypto asset sector. Staff submits that the previous panels have similarly issued permanent bans in various cases involving breaches of the registration and prospectus provisions of the Act.[36]

[111] It is in the public interest to permanently bar the Respondents from participating in Ontario's capital markets. In my view, permanent bans are necessary to protect investors, are proportionate to the Respondents' misconduct, and would act as a necessary deterrent to other like-minded persons.

4.3.2 Reprimand

[112] With respect to the requested reprimand, Staff submits that a reprimand would further the goals of both general and specific deterrence. Staff submits that a reprimand presents an opportunity for the Tribunal to speak directly to the Respondents, drive home to them how unacceptable their conduct is to the Tribunal and Ontario's investing public, and warn them against further breaches of Ontario securities law.

[113] In my view, a reprimand is generally unnecessary, duplicative and not in the public interest when, as is the case here, there are explicit findings of breaches of Ontario securities law and the reasons for the Tribunal's decision include a clear denunciation of that conduct.[37]

[114] I, therefore, decline to make such an order.

4.3.3 Administrative Penalty

[115] Staff submits that a significant financial sanction is necessary and points to precedent decisions, particularly settlements, involving online trading platforms for comparison.

[116] The Act states that if a person or company has not complied with Ontario securities law, an administrative penalty of not more than $1 million for each failure to comply may be ordered.[38] Staff submits that an administrative penalty in the amount of $2 million, representing $1 million per breach, is appropriate in this case given the seriousness of the misconduct, the high amount of risk to Ontario investors, the blatant disregard for Ontario's securities laws and the strong need for general deterrence in the crypto asset sector. Further, since the amounts KuCoin obtained by contravening the Act are not readily ascertainable, disgorgement is not available in this case.

[117] As panels have previously noted, there is no formulaic approach to determining the quantum of an administrative penalty. Prior decisions provide some context for considering proportionality. However, the sanctions in each proceeding must be determined based on the specific factual context and circumstances.[39]

[118] Staff submits that although the administrative penalty requested is larger than the administrative penalties awarded in the cases they put before me, KuCoin is distinct from the respondents in those cases, who co-operated, admitted their misconduct in some cases and took steps to remedy their breaches. To the contrary, in this case KuCoin displayed a cavalier attitude towards Ontario securities law, the protection of Ontario investors and Staff's investigation and the proceeding against it.

[119] Staff submits that the administrative penalty should prevent KuCoin from reaping a windfall, especially since no disgorgement order is available in this case. Further, the administrative penalty should be large enough to act as a

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35 *Borealis International Inc (Re),* 2011 ONSEC 11, (2011) 34 OSCB 5261 at para 51, citing *Erikson v Ontario (Securities Commission)* (2003), 26 OSCB 1622, 2003 CanLII 2451 (ON SC) at para 56; *MOAG Copper Gold Resources Inc (Re),* 2020 ONSEC 29, (2020) 43 OSCB 9467 at para 36

36 *Limelight Entertainment Inc (Re),* 2008 ONSEC 28, (2008), 31 OSCB 12030 at paras 12, 41 & 42; *Blue Gold Holdings Ltd (Re),* 2016 ONSEC 37, (2016) 39 OSCB 10177 at paras 2, 6 63-68, 79 & 87-89; *Miner Edge Inc (Re),* 2021 ONSEC 31, (2022) 45 OSCB 81 at paras 78 and 110 (***Miner Edge***)

37 *Money Gate Mortgage Investment Corporation (Re),* 2021 ONSEC 10, (2021) 44 OSCB 2983 at para 39; *Hutchinson (Re),* 2020 ONSEC 1, (2020) 43 OSCB 431 at para 49

38 Act, s 127(1)9

39 *Miner Edge* at para 89

sufficient deterrent to KuCoin and others. There is a need for regulatory sanctions to create economic incentives to foster compliance or, alternatively, remove economic incentives for non-compliance.[40]

[120] I find an administrative penalty of $2 million against the Respondents, to be paid jointly and severally, is appropriate and proportionate to the Respondents' conduct.

[121] The administrative penalty sought in this instance would exceed the penalties levied in the settlement decisions Staff referred to in their submissions.[41] Those cases are distinguishable from this case. They were all negotiated settlements and the respondents co-operated with Staff, admitted their misconduct and, in some cases, took steps to remedy their breaches.

[122] I agree it is appropriate to consider the fact that, unlike the settlements Staff highlighted in their submissions, disgorgement is not possible in this instance. KuCoin's failure to co-operate with Staff prevented Staff from obtaining information about what fees or other amounts KuCoin earned from its operations in Ontario. Such information was also not readily available to Staff, as Mek Global and PhoenixFin are offshore entities. Amounts KuCoin earned from operations in Ontario in breach of Ontario securities law are not reasonably ascertainable, making disgorgement unavailable.

[123] The administrative penalty sought will prevent KuCoin from reaping a windfall, considering that there is no offsetting disgorgement order.

[124] In order for an administrative penalty to act as a sufficient specific deterrent it needs to be proportionate to the benefit obtained from non-compliance.[42] While Staff was prevented from obtaining specific information about fees and other amounts earned from their activities in Ontario, it is evident that the KuCoin Platform is a significant player in the global crypto asset investment market, with a significant user base. It supports a broad range of currencies and appears to be growing.

[125] Given the size of KuCoin's operations, I conclude that an administrative penalty of $2 million is appropriate to act as a specific deterrent to the Respondents. It will also act as a general deterrent to others in the crypto investment industry who choose to ignore the requirements of Ontario securities law when engaging in Ontario's capital markets.

4.3.4 Conclusion on Sanctions

[126] I conclude that permanent market participation bans and a $2 million administrative penalty are appropriate in these circumstances.

5. COSTS

[127] I will now consider Staff's request that the Respondents pay some of the costs associated with this proceeding.

[128] Section 127.1 of the Act gives the Tribunal discretion to order a person or company to pay the costs of an investigation or a hearing if the Tribunal is satisfied that the person or company has not complied with Ontario securities law or has not acted in the public interest. A costs order is not a sanction but rather a means to recover the costs of an investigation or hearing from the person or company.

[129] In this case, Staff seeks an order that the Respondents pay costs of $96,550.35 (comprised of $95,096.25 for fees and $1,454.10 for disbursements).[43] The amount of Staff time is based on hourly rates previously approved by the Commission.

[130] The costs requested by Staff reflect time spent on this matter by various individuals, including litigation counsel, investigation counsel, a forensic accountant and a law clerk in the Enforcement Branch. Often, Staff offers a discount to the costs incurred in a matter. Staff has not done so in this instance.

[131] Staff submits that the costs incurred and requested are reasonable for a matter of this nature. KuCoin's failure to participate in this proceeding has meant that there has been no opportunity for narrowing the issues or potential agreement to streamline the proceeding, and, thus, to reduce costs.

[132] The costs sought in the precedent cases submitted by Staff were significantly less than what is sought here. Those cases are distinguishable on this point, as they were all settlements where the respondents co-operated to some degree with Staff. Staff has excluded from its claim amounts from Staff members who spent less than 35 hours on this matter. Therefore, the costs requested are not all of Staff's costs. The Respondents' decision to not engage with Staff during the

40 *Rowan (Re)*, 2009 ONSEC 46, (2009) 33 OSCB 91 at para 74 (***Rowan***)
41 See *IC Capital Markets*; *Vantage; Ava Trade; eToro;* and *Coinsquare Ltd (Re),* 2020 ONSEC 19, (2020) 43 OSCB 6267
42 *Rowan* at para 74
43 Exhibit 2, Leung Affidavit at 4

investigation and their failure to participate in this proceeding meant there was no opportunity to narrow issues or reach agreements that might have led to more efficiencies, thereby reducing costs.

[133] Staff's cost request is appropriate and reasonable in the circumstances.

6. CONCLUSION

[134] For the reasons set out above, I find that the Respondents engaged in:

a. the business of trading in securities without the necessary registration or available exemption from the registration requirement, contrary to s. 25(1) of the Act; and

b. the distribution of securities without a prospectus contrary to s. 53(1) of the Act, and without an available exemption from the prospectus requirement.

[135] I will therefore issue an order that the Respondents:

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

b. are prohibited from acquiring any securities permanently, pursuant to paragraph 2.1 of s. 127(1) of the Act;

c. are prohibited from utilizing any exemptions contained in Ontario securities law permanently, pursuant to paragraph 3 of s. 127(1);

d. are prohibited from becoming or acting as a registrant or as a promoter permanently, pursuant to paragraph 8.5 of s. 127(1) of the Act;

e. pay, on a joint and several basis, an administrative penalty of $2,000,000, pursuant to paragraph 9 of s. 127(1) of the Act; and

f. pay, on a joint and several basis, the costs of the Commission's investigation and hearing in the amount of $96,550.35, pursuant to s. 127.1 of the Act.

Dated at Toronto this 21st day of June, 2022.

"M. Cecilia Williams"

A.4.2 Bybit Fintech Limited – ss. 127(1), 127.1

Citation: *Bybit Fintech Limited (Re)*, 2022 ONCMT 16
Date: 2022-06-22
File No. 2021-21

IN THE MATTER OF
BYBIT FINTECH LIMITED

ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

Adjudicator:	Timothy Moseley	
Hearing:	By videoconference, June 22, 2022	
Appearances:	Aaron Dantowitz Vincent Amartey	For Staff of the Ontario Securities Commission
	Brigeeta Richdale Rebecca Sim	For Bybit Fintech Limited

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

The following reasons have been prepared for publication, based on the reasons delivered orally at the hearing, as edited and approved by the panel, to provide a public record of the oral reasons.

[1] Staff of the Ontario Securities Commission has alleged that Bybit Fintech Limited contravened the *Securities Act*[1] (the **Act**) by engaging in the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement. Staff also alleges that Bybit engaged in trades of securities that were distributions under the Act, without complying with or being exempt from the prospectus requirements.

[2] Staff and Bybit seek approval of a settlement agreement they have entered into regarding these allegations. I conclude that it would be in the public interest to approve the settlement, for the following reasons.

[3] The factual background is set out in more detail in the settlement agreement, but I summarize the most important facts here.

[4] Bybit operates a crypto asset trading platform. Investors can open an account, and can then deposit crypto assets or use fiat currency to buy crypto assets. In either case, the crypto assets reside in a wallet that Bybit controls. Investors may use the platform to trade crypto assets.

[5] The investors have neither possession of, nor control over, the crypto assets. Bybit maintains custody. An investor who wants to take possession of their crypto assets must ask Bybit for the assets and then transfer those assets to a wallet that the investor controls.

[6] Bybit provides its customers instruments or contracts involving crypto assets (*e.g.*, crypto asset futures contracts), as opposed to the crypto assets themselves. As Bybit has admitted in the settlement agreement, the instruments or contracts in this case are securities and derivatives.

[7] From the time that Bybit launched its platform in December 2018 to the date of the settlement agreement, Bybit opened approximately 368 accounts for Ontario investors. From those accounts, Bybit obtained gross revenue of approximately 2,468,910 US dollars.

[8] Canadian securities regulators, including the Commission, have publicized their concerns about unregistered crypto asset trading platforms. The Commission issued a news release in March 2021 advising that those platforms must bring their operations into compliance with Ontario securities law or they may face regulatory action. The press release included a deadline of April 19, 2021, for such platforms to begin registration discussions.

[9] Bybit did not contact the Commission by the deadline set out in that news release. Commission staff tried to inform Bybit directly, and after not receiving a response, Staff commenced this proceeding.

[1] RSO 1990, c S.5

[10] Soon after that, Bybit took steps to explore the Commission's registration and compliance process. Bybit communicated openly with Commission staff, and expressed an early interest in exploring a way to resolve the concerns. Bybit co-operated with Staff, providing all requested information promptly and transparently. Bybit's co-operation was instrumental in determining the amount of revenue that it had obtained from the Ontario accounts.

[11] Bybit admits that its conduct breached the registration and prospectus requirements I mentioned earlier, and that it thereby contravened ss. 25(1) and 53(1) of the Act.

[12] Staff and Bybit have agreed that Bybit will disgorge to the Commission the 2,468,910 US dollars that it obtained in the form of revenue, and 10,000 Canadian dollars for costs of the Commission's investigation. Bybit paid those amounts to the Commission before this hearing, and they are being held in escrow pending approval of the settlement.

[13] Bybit has also given a written undertaking to the Commission. That undertaking provides, among other things, that:

a. Bybit will wind down a specified portion of its Ontario business;

b. Bybit will work diligently and in good faith with the Commission to bring its operations into compliance with Ontario securities law;

c. until Bybit either becomes registered or has wound down its operations, Bybit will donate ongoing revenues from Ontario accounts to a payee named in the undertaking; and

d. Bybit will refrain from any non-compliance with Ontario securities law in the future.

[14] I have reviewed the settlement agreement in detail. In addition, I had the benefit of a confidential settlement conference, and follow-up communication, with counsel for both parties.

[15] My role at this settlement hearing is to determine whether the negotiated result falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement.

[16] I have considered Bybit's failure to obtain registration and to comply with the prospectus requirements, both of which requirements are cornerstones of securities regulation in Ontario. I have also considered that while Bybit did not immediately respond to the Commission's communications to unregistered crypto asset trading platforms, once Staff commenced this proceeding, Bybit was co-operative and transparent, and responded promptly to Staff's requests.

[17] This Tribunal respects the negotiation process and accords significant deference to the resolution reached by the parties. In my view, given the mitigating factors, the full amount of the disgorgement, Bybit's undertaking, and the avoidance of significant resource consumption that would be required for a contested hearing, it is in the public interest for me to approve the settlement, including the negotiated result.

[18] I will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 22nd day of June, 2022

"Timothy Moseley"

A.4.3 Stableview Asset Management Inc. and Colin Fisher – ss. 127(1), 127.1

Citation: *Stableview Asset Management Inc (Re)*, 2022 ONSEC 17
Date: 2022-06-24
File No. 2020-40

IN THE MATTER OF
STABLEVIEW ASSET MANAGEMENT INC.
AND
COLIN FISHER

ORAL REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

Adjudicators:	M. Cecilia Williams (chair of the panel) Sandra Blake Andrea Burke	
Hearing:	By videoconference, June 24, 2022	
Appearances:	Johanna Braden Sarah McLeod	For Staff of the Ontario Securities Commission
	Brendan F. Morrison Sarah Bittman	For Colin Fisher
	Maya Poliak	For Grant Thornton Ltd. in its capacity as receiver for Stableview Asset Management Inc.

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

The following reasons have been prepared for publication, based on the reasons delivered orally at the hearing, as edited and approved by the panel, to provide a public record of the oral reasons.

1. OVERVIEW

[1] Enforcement Staff of the Ontario Securities Commission (**Staff**) alleged, amongst other things, that Stableview Asset Management Inc. (**Stableview**) and Colin Fisher (Stableview and Mr. Fisher are collectively the **Respondents**) contravened the *Securities Act* (the ***Act***) by making untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship and/or omitted information necessary to prevent statements from being false or misleading in the circumstances in which they were made and by failing in their duties as registrants, to deal fairly, honestly and in good faith with their clients.

[2] Staff and the Respondents have jointly submitted it is in the public interest to approve a settlement agreement among the parties dated June 21, 2022 (the **Settlement Agreement**).

[3] We agree. These are our reasons for approving the Settlement Agreement.

2. FACTS

[4] The relevant facts and admissions, which are set out in detail in the Settlement Agreement, include:

a. Stableview is registered as an investment fund manager, portfolio manager and exempt market dealer. Mr. Fisher, Stableview's principal and directing mind, is the sole officer, director and shareholder of Stableview. He is also Stableview's Chief Compliance Officer, Ultimate Designated Person and sole Advising Representative.

b. The Respondents advised their clients that certain investment parameters and restrictions designed to limit risk would be followed in managing the clients' accounts.

c. The Respondents disregarded these restrictions and increasingly invested client monies in pooled investment funds holding debentures of a public company that did not constitute investment grade bonds. During the period the Respondents were investing client funds (via the pooled investment funds) in that company, the company was suffering from a deteriorating financial position.

d. Stableview received fees from the company in which their money was invested. This conflict of interest was not disclosed to clients. As the sole owner of Stableview, Mr. Fisher benefited from Stableview's misconduct.

e. The Respondents did not advise their clients about the breaches of certain investment parameters and restrictions applicable to their accounts. In addition, they failed in their duties as registrants, to deal fairly, honestly and in good faith with their clients.

f. On June 9, 2020, Grant Thornton Limited was appointed receiver of Stableview and the investment funds managed by Stableview. The receivership remains in effect.

3. THE SETTLEMENT AGREEMENT

3.1 Approval is in the Public Interest

[5] We have reviewed the Settlement Agreement in detail and have had the benefit of a confidential settlement conference, held by video conference, with the parties' counsel. We asked questions of counsel and heard their submissions.

[6] Our obligation at this hearing is to determine whether the negotiated result reflected in the Settlement Agreement falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the Settlement Agreement.[1]

[7] The Settlement Agreement is the product of negotiation between Staff and the Respondents. When considering settlements for approval, the Tribunal respects the negotiation process and accords significant deference to the resolution reached by the parties.[2]

[8] The terms under which Staff and the Respondents have agreed to settle this matter are detailed in the Settlement Agreement and need not be repeated here. They include:

a. Mr. Fisher shall:

i. pay an administrative penalty of $750,000;

ii. disgorge to the Commission $300,000;

iii. pay costs in the amount of $270,000; and

iv. pay installments of at least $50,000 to the Commission at least every twelve months from today's date, until the ordered amounts are paid in full;

b. Mr. Fisher is subject to permanent market participation bans; and

c. Stableview, commencing on the date its receivership is wound up by court order, will be subject to permanent market participation bans.

[9] In arriving at our decision, we have applied the relevant factors from the non-exhaustive list of factors the Tribunal has identified as relevant to sanctions orders in general.[3]

[10] These breaches of Ontario securities law are serious. Establishing investment parameters is an essential part of the client/registrant relationship. Registrants have a duty under securities law to respect these parameters. The integrity of Ontario's capital markets is significantly undermined by registrants who disregard investment parameters, fail to ensure that their representations about compliance with applicable investment parameters do not become false and misleading, and fail to deal fairly, honestly and in good faith with their clients.

[11] Mr. Fisher has been registered with the Commission since 2008. Registrants are expected to have a high level of awareness of securities law requirements and the importance of those requirements to the functioning of the capital markets.[4] Therefore, breaches of securities law requirements by a registrant, such as Mr. Fisher, are serious.

[12] The Respondents benefited from the misconduct. Stableview received management fees as well as compensation from the company in which client funds were invested. As Stableview's sole shareholder, Mr. Fisher benefited from these payments and both Staff and the Respondents are in agreement that Mr. Fisher's benefit was consistent with the amount ordered for disgorgement.

1 *Research in Motion Limited (Re)*, 2009 ONSEC 19 at paras 44–46.
2 *Katanga Mining Limited (Re)*, 2018 ONSEC 59 at para 18.
3 *Belteco Holdings Inc (Re)*, (1998) 21 OSCB 7743 at paras 23–26; *MCJC Holdings Inc (Re)*, (2002) 25 OSCB 1133 at paras 25–26.
4 *MRS Sciences Inc*, 2014 ONSEC 14 at para 88.

[13] This settlement will, in our view, achieve specific and general deterrence. The permanent market participation bans will prevent Mr. Fisher from returning to the industry he has worked in since 2008 and prevent him from earning a living in his profession of choice. This will protect the public and promote confidence in Ontario's capital markets. In addition, the Settlement Agreement sends a strong message to registrants that investment parameters must be respected, that conflicts of interest are to be properly disclosed and that transparency and good faith are cornerstones of the registrant-client relationship.

3.2 Mitigating factors

[14] As mitigating factors, we have considered that:

a. Mr. Fisher has been continuously registered with the Commission since January 1, 2008. He is also registered in Alberta and British Columbia. He has no prior disciplinary record with any securities regulatory authority.

b. Mr. Fisher was forthright in his interviews with the Commission. He candidly admitted from the outset of the investigation to exceeding the clients' investment parameters and regulatory leverage provisions.

c. Mr. Fisher consented to the appointment of a receiver over Stableview and its pooled investment funds.

d. Mr. Fisher cooperated with the administration of the Stableview receivership. This assisted the receiver with its decision-making process.

[15] In addition, Mr. Fisher is impecunious. While a respondent's ability to pay can be a relevant factor in determining appropriate sanctions, it is not a predominant or determining factor.[5] The Panel have reviewed Mr. Fisher's Statement of Financial Condition, which the Panel agrees shall remain confidential for the reason that the desirability of avoiding disclosure of Mr. Fisher's personal financial matters outweighs adherence to the principle that adjudicative records should be available to the public. On the basis of this review, the Panel is satisfied of Mr. Fisher's impecuniosity and also that installment payments as a feature of the order is appropriate in the circumstances.

3.3 Monetary Sanctions

3.3.1 Administrative Penalty

[16] Staff cited several cases for our consideration. While previous decisions are helpful to our assessment of whether the Settlement Agreement falls within a reasonable range of outcomes, they are of limited value in determining the appropriate length of a market participation ban or the amount of an administrative penalty.[6]

[17] The cases Staff cited involved respondents who made deliberate misrepresentations to investors, failed to disclose conflicts of interest and breached the obligation to deal fairly, honestly and in good faith with clients.[7] These decisions assisted us in determining that the Settlement Agreement fell within a reasonable range of outcomes.

[18] We conclude that the $750,000 administrative penalty against Mr. Fisher is appropriate given the different types, repetition and severity of the misconduct. The amount is within the range of the precedents we considered. We also conclude the amount will act as a deterrent to Mr. Fisher and other like-minded individuals.

3.3.2 Disgorgement

[19] The Tribunal has authority to order disgorgement of any amounts obtained from non-compliance with Ontario securities law. The purpose of disgorgement is to ensure that respondents do not benefit from their misconduct, and to provide specific and general deterrence.[8] The Tribunal has found a disgorgement order to be appropriate in circumstances where an investment fund manager used investor funds in a manner inconsistent with Ontario securities law and statements made to investors.[9]

[20] In this instance, the parties have agreed that Mr. Fisher will disgorge $300,000 from the approximate $1.6 million in management fees Stableview earned since the inception of the pooled investment funds, the subject of this matter, and to the date of the Stableview receivership.

[21] There are several approaches to calculating the "amounts obtained" from non-compliance with Ontario securities law for the purposes of a disgorgement order. Where amounts obtained were in contravention of Ontario securities law, but there was a legitimate underlying investment business, disgorgement is calculated based on the amounts obtained by the

5 *Sabourin (Re)*, 2010 ONSEC 10 at para 60.
6 *Money Gate Mortgage Investment Corp (Re)*, 2021 ONSEC 10 at para 11 (***Money Gate* 2021**).
7 *Money Gate Mortgage Investment Corporation (Re),* 2019 ONSEC 40; *Money Gate* 2021; *Coinsquare Ltd (Re)*, 2020 ONSEC 19 (***Coinsquare***); *Caldwell Investment Management Ltd (Re)*, 2019 ONSEC 25 (***Caldwell***).
8 *MP Global Financial Ltd (Re)*, 2012 ONSEC 35 at paras 46, 49 (***MP Global***).
9 *Money Gate* 2021 at para 46.

respondents and used for their personal benefit.[10] The parties submit, and we agree, that this is the appropriate approach in this instance because Stableview operated a legitimate investment management business, it earned management fees from that business, and also incurred and paid legitimate business expenses in relation to the business. The parties are agreed that Mr. Fisher, as the sole director, officer and shareholder, personally benefited from those fees to the amount of the disgorgement order.

3.3.3 Payment Plan

[22] The parties have agreed that, while significant monetary sanctions are warranted, a payment plan is appropriate given Mr. Fisher's financial situation, and that it is fair and realistic. The administrative penalty should reflect sanctioning factors even where the Commission may not be able to currently recover the amount ordered.[11] In this case, we conclude the agreed monetary sanctions fall within the reasonable range of sanction outcomes. We accept the parties' negotiated assessment that the installment plan is fair and realistic.

3.3.4 Costs

[23] Mr. Fisher has agreed to pay costs in the amount of $270,000. The parties have agreed that this is a fraction of the costs Staff has incurred in this matter. Settlements on similar matters have had costs awards ranging from $190,000 to $300,000.[12] We agree that the costs agreed to are within a reasonable range and appropriate in this instance.

3.4 Non-monetary sanctions

[24] With respect to the non-financial sanctions, Stableview (once the receivership is wound up) and Mr. Fisher will be permanently banned from participating in Ontario's capital markets. There are limited carveouts permitting Mr. Fisher to have a personal investment account and to act as a director or officer of an issuer, other than a reporting issuer or registrant, only once all the monetary sanctions in this matter have been paid in full.

[25] We conclude the permanent market participation bans are appropriate. The misconduct here was serious and occurred while Mr. Fisher was a registrant. We conclude that he should not hold future positions of trust in the capital markets. In addition, Mr. Fisher held senior positions within Stableview that carried with them heightened responsibilities for Stableview's activities. The permanent market participation ban reflects the fact that Mr. Fisher failed to bring to bear the diligence and judgment required of those roles.[13]

[26] The parties have agreed that Mr. Fisher be reprimanded. Reprimands censure misconduct and reinforce the importance of compliance with Ontario securities law.[14] We find that a reprimand of Mr. Fisher is appropriate, given the seriousness of the conduct over the period of time and considering that he is a registrant and also considering that he held senior positions within Stableview that carried with them heightened responsibilities for Stableview's activities.

4. CONCLUSION

[27] In our view, the terms of the Settlement Agreement fall within a range of reasonable outcomes in the circumstances. The Settlement Agreement also properly reflects the principles applicable to sanctions, including recognition of the seriousness of the misconduct and the importance of fostering investor protection and confidence in the capital markets.

[28] For these reasons, we conclude that it is in the public interest to approve the Settlement Agreement. We will, therefore, issue an Order substantially in the form attached to the Settlement Agreement.

[29] Mr. Fisher is hereby reprimanded.

Dated at Toronto this 24th day of June, 2022

"M. Cecilia Williams"

"Sandra Blake"

"Andrea Burke"

10 *MP Global* at para 49.
11 *Money Gate* 2021, at para 72; *Miner Edge Inc (Re)*, 2021 ONSEC 31 at para 98.
12 *El-Bouji (Re)*, 2020 ONSEC 8 ($190,000); *Caldwell* ($250,000); *Coinsquare* ($300,000).
13 *Quadrexx (Re)*, 2017 ONSEC 3 at para 381, citing *Sterling Grace & Co Ltd*, 2014 ONSEC 24 at para 255.
14 *Maple Leaf Investment Fund Corp*, 2012 ONSEC 8 at para 28.

B. Ontario Securities Commission

B.1
Notices

B.1.1 CSA Staff Notice 11-345 – Extension of Comment Period – CSA Consultation Paper 43-401 Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 11-345

Extension of Comment Period

CSA Consultation Paper 43-401 *Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects*

June 30, 2022

On April 14, 2022, the Canadian Securities Administrators (**CSA** or **we**) published for comment CSA Consultation Paper 43-401 *Consultation on National Instrument 43-101 Standards of Disclosure for Mineral Projects* to obtain feedback from stakeholders about the efficacy of several key provisions of NI 43-101, priority areas for revision, and whether regulatory changes would address concerns expressed by certain stakeholders.

The comment period is scheduled to close on July 13, 2022. As we have received feedback from stakeholders that it would be beneficial to have additional time to properly review and assess the issues outlined in the Consultation Paper and to provide comments, we are extending the comment period from July 13, 2022 to September 13, 2022.

Questions

If you have any comments or questions, please contact any of the following:

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B.2
Orders

B.2.1 LedgerEdge Limited – s. 15.1(2) of NI 21-101, s. 12.1(2) of NI 23-101, s. 10(2) of NI 23-103

Headnote

Application for relief under s. 15.1 of National Instrument 21-101 Marketplace Operation, s. 12.1 of National Instrument 23-101 Trading Rules, and s. 10 of National Instrument 23-103 Electronic Trading and Direct Access to Marketplaces – relief 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 in Ontario – relief granted subject to terms and conditions.

Applicable Legislative Provisions

National Instrument 21-101 Marketplace Operation, s. 15.1.
National Instrument 23-101 Trading Rules, s. 12.1.
National Instrument 23-103 Electronic Trading and Direct Access to Marketplaces, s. 10.

June 22, 2022

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

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 21-101 *MARKETPLACE OPERATION*
(NI 21-101)

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 23-101 *TRADING RULES*
(NI 23-101)

AND

IN THE MATTER OF
NATIONAL INSTRUMENT 23-103 *ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES*
(NI 23-103)

AND

IN THE MATTER OF
LEDGEREDGE LIMITED

ORDER
(Section 15.1(2) of NI 21-101 and section 12.1(2) of NI 23-101 and section 10(2) of NI 23-103)

Background

LedgerEdge Limited ("**LedgerEdge"**) has filed an application (the "**Application"**) with the Ontario Securities Commission (the "**OSC"**) requesting an order under Section 15.1(2) of National Instrument 21-101 – *Marketplace Operation* ("**NI 21-101**"), Section 12.1(2) of National Instrument 23-101 – *Trading Rules* ("NI 23-101") and Section 10(2) of National Instrument 23-103 – *Electronic Trading and Direct Electronic Access to Marketplaces* ("**NI 23-103**" and, together with NI 21-101 and NI 23-101, the "**Marketplace Rules"**) exempting LedgerEdge 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 Ontario (the "**Requested Relief**").

Interpretation

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

Representations

This Order is based on the following facts represented by LedgerEdge:

1. LedgerEdge is a private company limited by shares, existing under the *Companies Act 2006* of the United Kingdom (the "**U.K.**"), with its head office located in London, England, U.K.

2. LedgerEdge was founded in 2020 and operates as the electronic service provider of a trading platform for institutional clients (the "**Platform**") that facilitates trading in European and U.S. high-grade bonds and high-yield bonds, sovereign, supranational and agency bonds, non-Canadian government bonds and emerging market bonds (collectively, the "**Fixed Income Securities**").

3. LedgerEdge does not have any offices or maintain other physical installations in Ontario.

4. LedgerEdge is a wholly-owned subsidiary of LedgerEdge Inc., which is controlled 76.15% by Co-Founder David E. Rutter, 3.85% by Flow Traders U.S. Holding LLC and 20% by LedgerEdge Holding Company LP. LedgerEdge has no subsidiaries, but it is affiliated with LedgerEdge Securities Inc., a U.S. incorporated company formed to conduct similar activities from the U.S., which has applied for registration as a broker-dealer and ATS under U.S. securities legislation. All entities are under common management and control.

5. Trading of the Fixed Income Securities is facilitated through the Platform, which is intended to bring together multiple buyers and sellers of corporate, government and public securities in the European Union (the "**EU**") and the U.K. The buying and selling of MiFID financial instruments (corporate, government and public security) will be governed by non-discretionary rules in a way that results in contracts on the Platform. LedgerEdge will have no discretion in determining how the members on the Platform interact with each other. The Platform will use distributed ledger technology to manage pre-trade information flows.

6. LedgerEdge is subject to a comprehensive regulatory regime in the United Kingdom (the "**U.K.**"). LedgerEdge is regulated and operating in the U.K. as a multilateral trading facility ("**MTF**"), registered with the U.K. Financial Conduct Authority (the "**FCA**"), a U.K. equivalent of the OSC, pursuant to articles 64 and 25D of the *Financial Services and Markets Act 2000* (Regulated Activities) Order 2001 ("**RAO**") and for dealing in investments as agent pursuant to article 21 RAO.

7. LedgerEdge is not in default of securities legislation in any jurisdiction.

8. It is expected that certain Ontario institutional investors wish to become clients of LedgerEdge in order to access the liquidity afforded by the robust, existing network of clients.

9. LedgerEdge seeks to provide institutional investors in Ontario with direct, electronic access to trading in any debt security that is a foreign security or a debt security that is denominated in foreign currency, as such terms are defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**"), including:

   (a) debt securities issued by a foreign government (including agencies or instrumentalities thereof);

   (b) debt securities issued by corporate or other non-governmental issuers incorporated, formed or created under the laws of a foreign jurisdiction; or

   (c) asset-backed securities (including mortgage backed securities), denominated in Euro, US dollars or other foreign currency.

   (collectively, "**Foreign Fixed Income Securities**").

10. LedgerEdge trading platform's operation and functionalities are akin to those of an ATS in that:

   - the LedgerEdge MTF trading system is multilateral and brings together multiple third-party buying and selling interests in financial instruments;

   - trading arrangements have a characteristic of a system, as the Platform operates in accordance with a set of defined rules setting the parameters through which orders can interact (as set out in the LedgerEdge Rulebook);

   - the execution of transactions will take place on the trading system and in accordance with the rules of the trading system;

- once orders are matched in the trading system, a contract which is in accordance with the applicable legislation (i.e. Title II of MiFID) will be formed;
- orders will be matched on the trading system in accordance with non-discretionary rules and LedgerEdge as the operator of the trading system will have no discretion in relation to the matching of orders;
- LedgerEdge does not require any issuer to enter into an agreement to have its securities traded on the trading system;
- LedgerEdge does not provide, directly or through one or more subscribers, a guarantee of a two-sided market for a security or derivative on a continuous or reasonably continuous basis;
- LedgerEdge does not set requirements governing the conduct of participants, other than conduct in respect of the trading by those participants on the trading system; and
- LedgerEdge does not have any regulatory or enforcement powers over the participants on the trading system, other than the authority to terminate, suspend or limit the participants' access to the trading system in case of misconduct and does not discipline participants other than by exclusion from participation in the trading system.

11. Pursuant to the CSA Staff Notice 21-322 Applicability of Regulation to the Operation of MTFs or OTFs in Canada (the "**CSA Staff Notice 21-322**"), LedgerEdge is prohibited from carrying on business in Ontario unless it complies with or is exempted from the Marketplace Rules.

12. The prospective participants in Ontario (the "**Ontario Participants**") will be comprised only of institutional investors that qualify as permitted clients as that term is defined in Section 1.1 of NI 31-103.

13. LedgerEdge will confirm that Ontario Participants that seek to participate on the Platform are institutional investors who qualify as permitted clients, as such term is defined in section 1.1 of NI 31-103, by obtaining a representation from the Ontario Participants for access to the Platform in their onboarding documentation. The documentation will specify that this representation is deemed to be repeated by the Ontario Participant each time it enters an order for a trade on the Platform.

14. LedgerEdge relies on the "international dealer exemption" under section 8.18 of NI 31-103 in Ontario for any trading in securities with permitted clients located in Ontario. LedgerEdge is not registered in any capacity under the *Securities Act* (Ontario) (the "**OSA**").

15. In order to obtain direct access to the Platform, an Ontario Participant must agree to abide by the LedgerEdge Rulebook**.**

16. LedgerEdge will also require the Ontario Participants to sign a Participation 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, as well as requirements for participants to maintain the integrity of the Platform. LedgerEdge applies these criteria to all Platform participants in an impartial manner.

17. In addition to complying with the LedgerEdge Rulebook and all applicable laws pertaining to the use of the Platform, prospective clients must also satisfy the LedgerEdge onboarding requirements. For the purpose of trading on the Platform, LedgerEdge acts as executing broker and will complete credit, know-your-client and anti-money laundering verifications, suitability analyses and other account supervision procedures prior to being allowed access on the Platform and on an ongoing basis in accordance with the Ontario law and LedgerEdge requirements.

18. LedgerEdge will only permit trading in Foreign Fixed Income Securities that are permitted to be traded in the U.K., European Union or United States under applicable securities laws and regulations.

19. LedgerEdge is required under Article 8 of Markets in Financial Instruments Regulation (EU) No 600/2014 ("**MiFIR**") and Regulatory Technical Standards 2 ("**RTS 2**") to immediately publish trading interests in instruments admitted to trading on the Platform, unless a pre-trade transparency waiver applies pursuant to article 9(1)(a), (b) and (c) of MiFIR and RTS 2. Where a pre-trade transparency waiver does not apply, all orders will be made available by Tradeweb on the website operated on behalf of LedgerEdge. LedgerEdge will, in all cases, ensure that data is made available five (5) minutes after publication (where no pre-trade transparency waiver applies). LedgerEdge will, in accordance with Article 10 of MiFIR and RTS 2, immediately publish through an "Approved Publication Arrangement" ("**APA**") operated by a Data Reporting Service Provider authorized by UK FCA, details of relevant trades executed on the Platform (including price, volume and trade time), unless a post-trade deferral applies pursuant to article 11(1) and (3) of MiFIR and article 8(1) and 11(1) of RTS 2. LedgerEdge will apply for post-trade deferrals. Where the post-trade deferrals do not apply, LedgerEdge will ensure that all data is made available free of charge 5 minutes after publication and is available on a reasonable commercial basis before the 5 minute time period in line with European Securities and Markets Authority ("**ESMA**") guidelines. LedgerEdge will report transactions of the Ontario Participants in the same manner as it reports other

participant transactions. LedgerEdge's reporting does not absolve any participants of their own regulatory reporting requirements.

20. LedgerEdge acknowledges that the OSC will monitor developments in international and domestic capital markets and LedgerEdge's activities on an ongoing basis to determine whether it is appropriate for the OSC 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.

21. LedgerEdge acknowledges that the scope of the Requested Relief and the terms and conditions imposed by the OSC set out in Schedule A to this decision may change as a result of the OSC's monitoring of developments in international and domestic capital markets or LedgerEdge's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives, commodity futures contracts, commodity futures options or securities.

Decision

Based on the Application, together with the representations made by and acknowledgments of LedgerEdge to the OSC, the OSC is satisfied that the granting of the Requested Relief would not be prejudicial to the public interest.

It is hereby ordered by the OSC that pursuant to section 15.1(2) of NI 21-101, section 12.1(2) of NI 23-101 and section 10(2) of NI 23-103, the Requested Relief is granted, provided that LedgerEdge complies with the terms and conditions attached hereto as Schedule A.

"Michelle Alexander"
Manager, Market Regulation
Ontario Securities Commission

Schedule A
TERMS AND CONDITIONS

Regulation and Oversight

1. LedgerEdge will continue to be subject to the regulatory oversight of the regulator in its home jurisdiction;

2. LedgerEdge will either be registered in an appropriate category or rely on an exemption from registration under Ontario securities laws;

3. LedgerEdge will not enter into an agreement or understanding with any issuer with respect to the admission of the issuer's securities to its trading system or continued trading of the issuer's securities on its trading system;

4. LedgerEdge will not charge any issuer a fee with respect to the admission or continued trading of the issuer's securities on its trading system;

5. LedgerEdge will not provide, directly or through one or more subscribers, a guarantee of a two-sided market for a security or derivative on a continuous or reasonably continuous basis;

6. LedgerEdge will not set requirements governing the conduct of subscribers, other than conduct in respect of the trading by those subscribers on its trading system;

7. LedgerEdge will not discipline participants other than by exclusion from participation in its trading system;

8. LedgerEdge will promptly notify the OSC if its status in its home jurisdiction has been revoked, suspended, or amended, or the basis on which its status has significantly changed;

Access

9. LedgerEdge will not provide direct access to an Ontario Participant unless the Ontario Participant is a permitted client as that term is defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

10. LedgerEdge will require Ontario Participants to provide prompt notification to LedgerEdge if they no longer qualify as permitted clients;

11. LedgerEdge must make available to Ontario Participants appropriate training for each person who has access to trade on the Platform;

Trading by Ontario Participants

12. Trading on LedgerEdge by Ontario Participants must be cleared and settled through a clearing agency that is regulated as a clearing agency by the clearing agency's applicable regulator;

13. LedgerEdge will permit Ontario Participants to only trade those securities which are permitted to be traded in the United Kingdom, European Union or United States under applicable securities laws and regulations;

14. LedgerEdge will only allow Ontario Participants to trade those fixed income securities listed in representation number 9 of this decision;

15. LedgerEdge will report all transactions of Ontario Participants to which pre-trade transparency waiver or post-trade deferrals do not apply in a timely manner (within five (5) minutes) in accordance with ESMA guidelines;

Reporting

16. LedgerEdge will promptly notify Staff of the OSC 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) changes to its functions or operations that will cause LedgerEdge to not be able to comply with the terms and conditions in sections 3 through 7 above;

        (iii) the access model, including eligibility criteria, for Ontario Participants;

(iv) systems and technology; and

(v) 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, LedgerEdge by the regulator in the home jurisdiction or any other regulatory authority to which it is subject;

(d) any matter known to LedgerEdge 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 LedgerEdge or its representatives that may have a material, adverse impact upon LedgerEdge or any Ontario Participant;

17. LedgerEdge will maintain the following updated information and submit such information in a manner and form acceptable to staff of the OSC on a semi-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 OSC:

(a) a current list of all Ontario Participants, specifically identifying for each Ontario Participant the basis upon which it represented to LedgerEdge that it could be provided with direct access;

(b) a list of all Ontario applicants for status as an Ontario Participant who were denied such status or access or who had such status or access revoked during the period;

(i) for those Ontario applicants for status as Ontario Participants who had their access to such status denied, an explanation as to why their access was denied;

(ii) for those Ontario Participants who had their status revoked, an explanation as to why their status was revoked;

(c) for each product:

(i) the total trading volume and value originating from Ontario Participants, and

(ii) the proportion of worldwide trading volume and value on LedgerEdge conducted by Ontario Participants, presented in the aggregate for such Ontario Participants; and

(d) a list of any system outages that occurred for any system impacting Ontario Participants' trading activity on the Platform which were reported to the regulator in LedgerEdge's home jurisdiction;

Disclosure

18. LedgerEdge will provide to its Ontario 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 Ontario, and may be required to be pursued in the home jurisdiction rather than in Ontario;

(b) the rules applicable to trading on LedgerEdge may be governed by the laws of the home jurisdiction, rather than the laws of Ontario; and

(c) LedgerEdge is regulated by the regulator in its home jurisdiction, rather than the OSC;

Submission to Jurisdiction and Appointment of Agent for Service

19. With respect to a proceeding brought by the OSC, arising out of, related to, concerning, or in any other manner connected with the OSC's regulation and oversight of the activities of LedgerEdge in Ontario, LedgerEdge will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario, and (ii) an administrative proceeding in Ontario;

20. LedgerEdge will submit to the OSC a valid and binding appointment of an agent for service in those jurisdictions upon which the OSC 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 OSC's regulation and oversight of LedgerEdge's activities in Ontario;

Information Sharing

21. LedgerEdge must, and must cause its affiliated entities, if any, to promptly provide to the OSC, on request, any and all data, information, and analyses in the custody or control of LedgerEdge 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

22. LedgerEdge 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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B.3
Reasons and Decisions

B.3.1 GameSquare Esports Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer granted relief from certain restricted security requirements under National Instrument 41-101 General Prospectus Requirements, National Instrument 44-101 Short Form Prospectus Distributions, and National Instrument 51-102 Continuous Disclosure Obligations – relief granted subject to conditions.

OSC Rule 56-501 Restricted Shares – Issuer granted relief from certain restricted share requirements under OSC Rule 56-501 – relief granted subject to conditions.

Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, ss. 12.2, 12.3, and 19.1.
Form 41-101F1 Information Required in a Prospectus, ss. 1.13 and 10.6.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
Form 44-101F1 Short Form Prospectus, ss. 1.12 and 7.7.
National Instrument 51-102 Continuous Disclosure Obligations, Part 10 and s. 13.1.
OSC Rule 56-501 Restricted Shares, Parts 2 and 3, and s. 4.2.

June 21, 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
GAMESQUARE ESPORTS 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**) that the requirements under:

a) section 12.2 of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), relating to the use of restricted security terms, and sections 1.13 and 10.6 of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) and sections 1.12 and 7.7 of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**), relating to restricted security disclosure, shall not apply to the common shares (the **Common Shares**) in the capital of the Filer (the **Prospectus Disclosure Exemption**) in connection with any prospectuses that may be filed by the Filer (the "**Prospectuses**") under National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**), including a prospectus filed under National Instrument 44-102 *Shelf Distributions*;

b) section 12.3 of NI 41-101 relating to prospectus filing eligibility for distributions of restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for,

restricted securities or subject securities, shall not apply to distributions of Common Shares, PV Shares (as defined below) or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, Common Shares or PV Shares (the **Prospectus Eligibility Exemption**) in connection with the Prospectuses;

c) Part 2 of Ontario Securities Commission Rule 56-501 *Restricted Shares* (**OSC Rule 56-501**) relating to the use of restricted share terms and restricted share disclosure shall not apply to the Common Shares (the **OSC Rule 56-501 Disclosure Exemption**) in connection with dealer and adviser documentation, rights offering circulars and offering memoranda (collectively, **OSC Rule 56-501 Documents**) of the Filer;

d) Part 3 of OSC Rule 56-501 relating to the withdrawal of prospectus exemptions for distributions of restricted shares, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted shares or subject securities, shall not apply to the distribution of the Common Shares, PV Shares (as defined below) or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, Common Shares or PV Shares (the **OSC Rule 56-501 Withdrawal Exemption**) in connection with stock distributions (as defined in OSC Rule 56-501) of the Filer; and

e) Part 10 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) relating to the use of restricted security terms and restricted security disclosure shall not apply to the Common Shares (the **CD Disclosure Exemption**) in connection with continuous disclosure documents (the **CD Documents**) that may be filed by the Filer under NI 51-102.

The aforementioned requirements are collectively referred to as the **Restricted Security Rules**. The Prospectus Disclosure Exemption, the Prospectus Eligibility Exemption, the OSC Rule 56-501 Disclosure Exemption, the OSC Rule 56-501 Withdrawal Exemption and the CD Disclosure Exemption are collectively referred to as 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 Alberta and British Columbia (other than with respect to the OSC Rule 56-501 Disclosure Exemption and the OSC Rule 56-501 Withdrawal Exemption), which, pursuant to subsection 8.2(2) of National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (**NP 11-202**) and subsection 5.2(6) of National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**), also satisfies the notice requirement of paragraph 4.7(1)(c) of MI 11-102.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NP 11-202, NP 11-203, NI 41-101, NI 44-101, NI 51-102 and OSC Rule 56-501 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation governed under the *Business Corporations Act* (Ontario) and is a reporting issuer in Alberta, British Columbia and Ontario. The Filer is not in default of securities legislation in any jurisdiction.

2. The head and registered office of the Filer is located in Toronto, Ontario.

3. The authorized capital of the Filer consists of an unlimited number of common shares (**Common Shares**).

4. As of May 31, 2022, the Filer had 264,422,329 Common Shares issued and outstanding. The Filer has no other shares outstanding.

5. The Common Shares are currently listed and posted for trading on the Canadian Securities Exchange (**CSE**) under the symbol “GSQ”, on the OTCQB Venture Market under the symbol “GMSQF” and on the Frankfurt Stock Exchange under the symbol “29Q1”.

6. At the annual general and special meeting (**Meeting**) of the shareholders of the Filer held on June 21, 2022, the Filer put to vote a special resolution to authorize and approve an amendment of the articles of the Filer to amend the rights and restrictions of the existing class of Common Shares and to create a new class of shares to be designated as “proportionate voting shares” (**PV Shares**, and together with the Common Shares, the **Shares**) (**Reclassification**). The Reclassification was approved by special resolution of the shareholders of the Filer at the Meeting. On June 21, 2022, the Filer amended its articles to reflect the Reclassification.

7. The Reclassification is intended to minimize the proportion of the outstanding voting securities of the Filer that are held by "U.S. persons" for purposes of determining whether the Filer is a "foreign private issuer", for purposes of United States securities laws.

8. Following the implementation of the Reclassification by the Filer, the PV Shares constitute subject securities (as defined in NI 41-101, NI 51-102 and OSC Rule 56-501) and the Filer's only issued and outstanding subject securities are the PV Shares.

9. Following the implementation of the Reclassification by the Filer:

   a) A new class of PV Shares was created.

   b) The Common Shares may at any time, at the option of the holder thereof, be converted into PV Shares at a ratio of one (1) PV Share for one hundred (100) Common Shares.

   c) The PV Shares may at any time, at the option of the holder thereof, be converted into Common Shares on the basis of one hundred (100) Common Shares for one (1) PV Share, with fractional PV Shares convertible into Common Shares on the same ratio.

   d) If the board of directors of the Filer determines that it is no longer advisable to maintain the PV Shares as a separate class of shares, then the PV Shares shall be converted into Common Shares on the basis of one hundred (100) Common Shares for one (1) PV Share, with fractional PV Shares convertible into Common Shares on the same ratio.

   e) Holders of Common Shares and PV Shares will be entitled to dividends if, as and when dividends are declared by the board of directors of the Filer, with each PV Share being entitled to one hundred (100) times the amount of the dividend declared per Common Share (or, if a stock dividend is declared on the Common Shares payable in Common Shares, only if the board of directors of the Filer simultaneously declares a stock dividend in: (A) PV Shares on the PV Shares, in a number of shares per PV Share (or fraction thereof) equal to the number of shares declared per Common Share (or fraction thereof); or (B) Common Shares on the PV Shares, in a number of shares per PV Share (or fraction thereof) equal to the number of shares declared per Common Share (or fraction thereof) multiplied by one hundred (100)), and fractional PV Shares will be entitled to the application thereof, and otherwise without preference or distinction among or between the shares.

   f) In the event of the liquidation, dissolution or winding-up of the Filer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Filer among its shareholders for the purpose of winding up its affairs, the holders of Common Shares and PV Shares will, subject to the prior rights of the holders of any shares of the Filer ranking in priority to the Common Shares and the PV Shares, be entitled to participate ratably along with the holders of the Common Shares and the PV Shares, with each PV Share being entitled to one hundred (100) times the amount distributed per Common Share and fractional PV Shares being entitled to the applicable fraction thereof, and otherwise without preference or distinction among or between the Common Shares and PV Shares.

   g) Holders of Common Shares and PV Shares will be entitled to notice of and to attend and to vote at any meeting of the shareholders of the Filer, except those meetings at which holders of another particular class or series of shares of the Filer are entitled to vote separately as a class or series under applicable law.

   h) The Common Shares will carry one (1) vote per share and the PV Shares will carry one hundred (100) votes per share. Fractional PV Shares will be entitled to the number of votes calculated by multiplying the fraction by one hundred (100).

10. The rights, privileges, conditions and restrictions attaching to the Shares may be modified if the amendment is authorized by not less than 66⅔% of the votes cast at a meeting of holders of the Shares duly held for that purpose. However, holders of Common Shares and holders of PV Shares shall each be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment that would prejudice or interfere with any rights or special rights of the holders of Common Shares or PV Shares, as applicable, or that would affect the rights of the holders of the Common Shares and the holders of PV Shares differently, on a per share basis that differs from the basis of one (1) per share in the case of the Common Shares and one hundred (100) per share in the case of the PV Shares.

11. No subdivision or consolidation of the Common Shares or PV Shares may be carried out unless, at the same time, the shares of the other class are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each such class of shares.

12. In addition to the conversion rights described above, if an offer (**PV Offer**) is made for PV Shares where: (a) by reason of applicable securities legislation or stock exchange requirements, the PV Offer must be made to all holders of the class of PV Shares; and (b) no equivalent offer is made for the Common Shares for consideration per Common Share equal to 0.01 of the consideration offered per PV Share, the holders of Common Shares shall have the right, at their option, to convert their Common Shares into PV Shares (or fraction thereof) on the basis of one hundred (100) Common Shares for one (1) PV Share for the purposes of allowing the holders of the Common Shares to tender to the PV Offer, provided however that such conversion will be solely for the purpose of tendering the PV Shares to the PV Offer in question and that any PV Shares that are tendered to the PV Offer but that are not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Common Shares on the basis of one (1) PV Share for one hundred (100) Common Shares that existed prior to such conversion.

13. In addition to the conversion rights described above, if an offer (**CS Offer**) is made for Common Shares where: (a) by reason of applicable securities legislation or stock exchange requirements, the CS Offer must be made to all holders of the class of Common Shares; and (b) no equivalent offer is made for the PV Shares for consideration per PV Share equal to one hundred (100) times the consideration offered per Common Share, the holders of PV Shares shall have the right, at their option, to convert their PV Shares into Common Shares (or fraction thereof) on the basis of one hundred (100) Common Shares for one (1) PV Share for the purposes of allowing the holders of the PV Shares to tender to the CS Offer, provided however that such conversion will be solely for the purpose of tendering the PV Shares to the CS Offer in question and that any Common Shares that are tendered to the CS Offer but that are not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the PV Shares on the basis of one hundred (100) Common Shares for one (1) PV Share that existed prior to such conversion.

14. The Filer is seeking the Exemption Sought in respect of, among other things, references to the Common Shares in Prospectuses and CD Documents.

15. Section 12.2 of NI 41-101 requires that an issuer must not refer to a security in a prospectus by a term or a defined term that includes the word “common” unless the security is an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding security of the issuer.

16. Section 12.3 of NI 41-101 requires that an issuer must not file a prospectus under which restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless:

    a) the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer, or

    b) at the time of any restricted security reorganization related to the securities to be distributed:

        i) the restricted security reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer,

        ii) the issuer was a reporting issuer in at least one jurisdiction, and

        iii) no purposes or business reasons for the creation of restricted securities were disclosed that are inconsistent with the purpose of the distribution.

17. Sections 1.13 and 10.6 of Form 41-101F1 and sections 1.12 and 7.7 of Form 44-101F1 require that an issuer provide certain restricted security disclosure.

18. Section 2.2 of OSC Rule 56-501 requires dealer and adviser documentation to include the appropriate restricted share term if restricted shares and the appropriate restricted share term or a code reference to restricted shares or the appropriate restricted share term are included in a trading record published by the CSE or other exchange listed in OSC Rule 56-501.

19. Section 2.3 of OSC Rule 56-501 requires that a rights offering circular or offering memorandum for a stock distribution prepared for a reporting issuer comply with certain requirements including, among others, that restricted shares may not be referred to by a term or a defined term that includes “common”, “preference” or “preferred” and that such shares shall be referred to using a term or a defined term that includes the appropriate restricted share term.

20. Section 3.2 of OSC Rule 56-501 provides that the prospectus exemptions under Ontario securities law are not available for a stock distribution of securities of a reporting issuer unless either the stock distribution received minority approval of

shareholders or all the conditions set out in subsection 3.2(2) are satisfied and the information circular relating to the shareholders' meeting held to obtain such minority approval for the stock distribution included prescribed disclosure.

21. Section 10.1 of NI 51-102 requires a reporting issuer that has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, to provide specific disclosure with respect to such securities in its information circular, a document required by NI 51-102 to be delivered upon request by a reporting issuer to any of its securityholders, an annual information form prepared by the reporting issuer as well as any other documents that it sends to its securityholders.

22. Section 10.2 of NI 51-102 sets out the procedure to be followed with respect to the dissemination of disclosure documents to holders of restricted securities.

23. Pursuant to the Restricted Security Rules, a "restricted security" means an equity security of a reporting issuer if any of the following apply:

    a) there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security,

    b) the conditions attached to the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer's constating documents have provisions that nullify or, to a reasonable person, appear to significantly restrict the voting rights of the equity securities, or

    c) the reporting issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities.

24. As the PV Shares will entitle the holders thereof to multiple votes per PV Share held, it will technically represent a class of securities to which multiple votes are attached. The multiple votes attaching to the PV Shares would, absent the Exemption Sought, have the following consequences in respect of the technical status of the Common Shares:

    a) pursuant to NI 41-101 and NI 44-101, the Filer would be unable to use the word "common" to refer to the Common Shares in the Prospectuses and the Filer would be required to provide the specific disclosure required by NI 41-101 and NI 44-101 because the PV Shares would represent a security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are more, per security, than the voting rights attached to the Common Shares,

    b) the Common Shares would be considered "restricted shares" pursuant to OSC Rule 56-501 and the Filer would be subject to the dealer and advisor documentary disclosure obligations and distribution restrictions in OSC Rule 56-501 because the PV Shares would represent a security to which is attached voting rights exercisable in all circumstances, irrespective of the number of percentage of shares owned, that are more, on a per share basis, than the voting rights attaching to the Common Shares and the Filer would be unable to use the word "common" to refer to the Common Shares in a rights offering circular or offering memorandum for a stock distribution, and

    c) the Common Shares could be considered "restricted securities" pursuant to para. (a) of the definition of the term in NI 51-102 and the Filer would be required to provide the specific disclosure required by NI 51-102 in respect of the Common Shares because the PV Shares would represent another class of securities of the Filer that, to a reasonable person, appears to carry a greater number of votes per security relative to the Common Shares.

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) in connection with the Prospectus Disclosure Exemption and the Prospectus Eligibility Exemption as they apply to Prospectuses, at the time the Filer relies on the Exemption Sought:

        i) the representations in paragraphs 8-15, above, continue to apply;

        ii) the Filer has no restricted securities (as defined in section 1.1 of NI 41-101) issued and outstanding other than the Common Shares; and

iii) the Prospectuses should include disclosure consistent with the representations in paragraphs 8-15 above;

b) in connection with the OSC Rule 56-501 Disclosure Exemption as it applies to the OSC Rule 56-501 Documents, at the time the Filer relies on the Exemption Sought:

i) the representations in paragraphs 8-15, above, continue to apply; and

ii) the Filer has no restricted shares (as defined in section 1.1 of OSC Rule 56-501) issued and outstanding other than the Common Shares;

c) in connection with the OSC Rule 56-501 Withdrawal Exemption, at the time the Filer relies on the Exemption Sought:

i) the representations in paragraphs 8-15, above, continue to apply; and

ii) the Filer has no restricted shares (as defined in section 1.1 of OSC Rule 56-501) issued and outstanding other than the Common Shares; and

d) in connection with the CD Disclosure Exemption as it applies to the CD Documents, at the time the Filer relies on the Exemption Sought:

i) the representations in paragraphs 8-15, above, continue to apply; and

ii) the Filer has no restricted securities (as defined in subsection 1.1(1) of NI 51-102) issued and outstanding other than the Common Shares.

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2022/0236

B.3.2 Dream Residential Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from provisions in section 8.4 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) permitting the filer to include alternative financial disclosure in the business acquisition report pursuant to section 13.1 of NI 51-102 – filer acquired four properties for which it cannot obtain certain historical financial information – missing financial information is not material and would not be more meaningful or relevant to investors than financial information that will be included in the BAR.

Applicable Legislative Provisions

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

June 22, 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
DREAM RESIDENTIAL REAL ESTATE
INVESTMENT TRUST
(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 Part 13 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) exempting the Filer from the requirements to include in a business acquisition report (**BAR**) certain financial statements required pursuant to Item 3 of Form 51-102F4 *Business Acquisition Report* and Part 8 of NI 51-102 relating to an indirect acquisition (**Acquisition**) of a portfolio of 16 multi-residential properties by the Filer constituting a "significant acquisition" for the purpose of NI 51-102, provided that the Filer include the Alternative BAR Financial Statements (as defined herein) in the BAR (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 (the **Principal Regulator**); and

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated open-ended real estate investment trust governed by the laws of the Province of Ontario.

2. The Filer's head office is located at 30 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 3H1.

3. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and is not in default of securities legislation in any jurisdiction of Canada.

4. The units of the Filer (**Units**) are listed and posted for trading on the Toronto Stock Exchange under the symbol "DRR.U".

5. The financial year end of the Filer is December 31.

6. On May 6, 2022, the Filer completed its initial public offering (**Offering**) of 9,620,000 Units pursuant to a long form prospectus (the **Prospectus**) dated April 29, 2022. The Principal Regulator issued a receipt in respect of the Prospectus on April 29, 2022.

7. In connection with the closing of the Offering, the Filer indirectly acquired an initial portfolio of 16 garden-style multi-residential properties (the **Initial Properties** or the **Initial Portfolio**) in the United States. The Initial Portfolio is comprised of: (a) 13 multi-residential properties (the **AWH Properties** or the **AWH Portfolio**) indirectly acquired by the Filer from AWH Holdings, LLC (**AWH Owner**); and (b) three multi-residential properties (the **Legacy Properties**) indirectly acquired by the Filer from DRR Keystone LLC.

8. The Filer was formed on February 24, 2022 and, accordingly, will not have completed a full fiscal year until December 31, 2022. The applicable audited historical financial statements of the Filer in

the Prospectus only reflect assets of US$5.00, unitholders' equity of US$5.00 and cash flow generated from financing activities of US$5.00 as a result of the issuance of the initial Units upon its formation and prior to the completion of the Offering.

9. As such, the Acquisition of the Initial Properties is a "significant acquisition" as contemplated by Part 8 of NI 51-102. Accordingly, the Filer is also required to file a BAR in respect of the Acquisition.

10. On May 6, 2022, upon completion of the Acquisition of the Initial Properties, the Filer had consolidated assets of approximately US$394.9 million (i.e., the total assets set out in the Prospectus in the unaudited pro forma consolidated statement of financial position as at December 31, 2021 giving effect to the Acquisition of the Initial Properties as if it occurred on January 1, 2021).

11. The Filer does not have the necessary financial information for the years ended December 31, 2021 and 2020 in respect of two properties in the AWH Portfolio (the **Exempt Properties**).

12. It is impracticable for the Filer to produce audited financial statements for the Exempt Properties in respect of certain periods prior to the acquisition by AWH Owner for the following reasons:

    (a) The Exempt Properties were acquired by AWH Owner in 2020 and 2021.

    (b) Audited financial statements of the Exempt Properties for periods prior to their acquisition by AWH Owner do not exist and the Filer is unable to produce such excluded financial statements. Prior to the acquisition by AWH Owner, the Exempt Properties were owned and managed by two different arm's length vendors. The Filer does not possess, does not have access to and is not entitled to or able to obtain access to, sufficient financial information for the Exempt Properties for any period prior to acquisition by AWH Owner.

    (c) The Filer has, without success, made every reasonable effort to obtain access to, or copies of, historical accounting records in respect of the Exempt Properties for the period from January 1, 2020 to the respective acquisition date by AWH Owner for each Exempt Property.

13. The Filer proposes to include (by incorporating by reference) the following financial statements and information in the BAR (collectively, the **Alternative BAR Financial Statements**):

    (a) audited combined carve-out financial statements of the Legacy Properties as at December 31, 2021 and December 31, 2020 and for each of the years ended December 31, 2021 and 2020, including the related notes thereto;

    (b) audited combined carve-out financial statements of the AWH Properties as at December 31, 2021 and December 31, 2020 and for each of the years ended December 31, 2021 and 2020, including the related notes thereto, excluding certain financial information for the Exempt Properties;

    (c) unaudited combined carve-out financial statements of the Legacy Properties as at March 31, 2022 and for the three months ended March 31, 2022 and 2021, including the related notes thereto;

    (d) unaudited combined carve-out financial statements of the AWH Properties as at March 31, 2022 and for the three months ended March 31, 2022 and 2021, including the related notes thereto, excluding certain financial information for the Exempt Properties;

    (e) unaudited pro forma financial statements of the Filer as at and for the three months ended March 31, 2022 and for the year ended December 31, 2021;

    (f) the financial forecast included in the Prospectus for the 12 months ended June 30, 2023. The forecast includes information with respect to all of the Initial Properties and is accompanied by a signed auditor's report with respect to the examination of the forecast made by the Filer's auditors; and

    (g) summary information of appraisals including an estimate of the sum of the individual market values of the Initial Properties as at February 15, 2022, such appraisals having been filed on SEDAR.

    The Alternative BAR Financial Statements have been prepared in accordance with International Financial Reporting Standards and audited (where applicable) in accordance with Canadian Generally Accepted Auditing Standards.

14. The Filer submits that the excluded financial information that is missing from the BAR is not material. The historical financial information in respect of the Exempt Properties represent an insignificant amount of the overall Initial Portfolio based on and weighted by (a) total assets as at December 31, 2021; (b) revenues for the period from January 1, 2021 to December 31, 2021; (c) number of units; (d) net operating income for the period from January 1, 2021 to December 31, 2021; and (e) gross leasable area as at December

31, 2021. The Exempt Properties will not be significant or otherwise material (individually or in the aggregate) to the Filer having regard to the overall size and value of the Filer's business and operations.

15. The audited historical financial statements for the applicable periods in respect of the Exempt Properties were not relevant to AWH Owner's decision to acquire the Exempt Properties. Given that such audited financial statements were not considered relevant to the investment decision made to acquire the Exempt Properties, the Filer believes that the Alternative BAR Financial Statements will provide sufficient historical information for an investor to make an informed decision regarding the Initial Properties as a portfolio.

16. The financial information the Filer intends to provide in the BAR in respect of the Exempt Properties is substantially the same as that provided in the Prospectus, for which the Filer obtained similar relief from Item 32.2(1) of Form 41-101F1 *Information Required in a Prospectus*.

17. The Filer believes that the Alternative BAR Financial Statements will provide sufficient historical information for an investor to make an informed decision regarding the Initial Properties as a portfolio.

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 the Filer includes the Alternative BAR Financial Statements in the BAR in respect of the Acquisition.

"Erin O'Donovan"
Manager (Acting), Corporate Finance
Ontario Securities Commission

OSC File #: 2022/0254

B.3.3 Great Canadian Gaming Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Section 171 of the Securities Act and section 3.3 of National Instrument 55-104 Insider Reporting Requirements and Exemptions – Revocation of exemptive relief order from insider reporting obligations – An order was granted allowing insiders of the issuer to report trades under an automatic securities deposition plan on an annual basis rather than within 5 days of the trade; the Commission is revoking the order following a review of automatic securities deposition plans and the publication of CSA Staff Notice 55-317 Automatic Securities Disposition Plans.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Revocation of exemptive relief from insider reporting requirements with respect to the sale of common shares of an issuer by certain insiders of the issuer under an automatic securities disposition plan – Automatic securities disposition plans (ASDPs).

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, ss. 107(2), 144, 171.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 3.3.

This order revokes 2015 BCSECCOM 20

Citation: 2022 BCSECCOM 236

May 25, 2022

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

AND

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

AND

IN THE MATTER OF
GREAT CANADIAN GAMING CORPORATION
(the Issuer)

DECISION

Interpretation

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

Background

¶ 2

1. on January 7, 2015, the securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) granted exemptive relief, subject to certain conditions, from insider reporting requirements contained in the securities legislation of the Jurisdictions (the Legislation) with respect to the sale of common shares of the Issuer by certain insiders of the Issuer under an automatic securities disposition plan (the Relief);

2. on December 10, 2020, Canadian Securities Administrators (CSA) members published CSA Staff Notice 55-317 *Automatic Securities Disposition Plans* (Guidance) that provides guidance on the use of Automatic Securities Disposition Plans (ASDPs); the processes outlined in the Guidance were intended to be consistent with good corporate governance and transparency in connection with the establishment and use of ASDPs and the reporting of trades under the plans; the news release announcing the publication of the Guidance states that, in the interest of promoting transparency of trading by insiders, staff of the CSA are unlikely to recommend insider reporting relief for trades under ASDPs;

3. the Jurisdictions have determined that the Relief is inconsistent with the principles articulated in CSA SN 55-317; and

4. the Decision Makers are satisfied, having considered the potential impact of ASDPs on public confidence in the fairness of our capital markets, that it is appropriate to revoke the Relief.

Decision

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

(a) the British Columbia Securities Commission is the principal regulator for the decision; and

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

Each of the Decision Makers, considering that to do so would not be prejudicial to the public interest, is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make the decision.

The decision of the Decision Makers under the Legislation is that the Relief is revoked.

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

OSC File #: 2022/0246

B.3.4 MYM Nutraceuticals

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Revocation of exemptive relief from insider reporting requirements with respect to the sale of common shares of an issuer by certain insiders of the issuer under an automatic securities disposition plan – Automatic securities disposition plans (ASDPs).

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Section 171 of the Securities Act and section 3.3 of National Instrument 55-104 Insider Reporting Requirements and Exemptions – revocation of exemptive relief order from insider reporting obligations – An order was granted allowing insiders of the issuer to report trades under an automatic securities deposition plan on an annual basis rather than within 5 days of the trade; the Commission is revoking the order following a review of automatic securities deposition plans and the publication of CSA Staff Notice 55-317 Automatic Securities Disposition Plans.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990 c. S.5, as am., ss. 107(2), 171, 144.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 3.3.

This order revokes 2018 BCSECCOM 151

Citation: 2022 BCSECCOM 246

May 25, 2022

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

AND

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

AND

IN THE MATTER OF
MYM NUTRACEUTICALS
(the Issuer)

DECISION

Interpretation

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

Background

¶ 2

1. on May 2, 2018, the securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) granted exemptive relief, subject to certain conditions, from insider reporting requirements contained in the securities legislation of the Jurisdictions (the Legislation) with respect to the sale of common shares of the Issuer by certain insiders of the Issuer under an automatic securities disposition plan (the Relief);

2. on December 10, 2020, Canadian Securities Administrators (CSA) members published CSA Staff Notice 55-317 *Automatic Securities Disposition Plans* (Guidance) that provides guidance on the use of Automatic Securities Disposition Plans (ASDPs); the processes outlined in the Guidance were intended to be consistent with good corporate governance and transparency in connection with the establishment and use of ASDPs and the reporting of trades under the plans; the news release announcing the publication of the Guidance states that, in the interest of promoting transparency of trading by insiders, staff of the CSA are unlikely to recommend insider reporting relief for trades under ASDPs;

3. the Jurisdictions have determined that the Relief is inconsistent with the principles articulated in CSA SN 55-317; and

4. the Decision Makers are satisfied, having considered the potential impact of ASDPs on public confidence in the fairness of our capital markets, that it is appropriate to revoke the Relief.

Decision

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

(a) the British Columbia Securities Commission is the principal regulator for the decision; and

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

Each of the Decision Makers, considering that to do so would not be prejudicial to the public interest, is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make the decision.

The decision of the Decision Makers under the Legislation is that the Relief is revoked.

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

OSC File #: 2022/0248

B.3.5 Fortress Global Enterprises Inc. (formerly Fortress Paper Ltd.)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Revocation of exemptive relief from insider reporting requirements with respect to the sale of common shares of an issuer by certain insiders of the issuer under an automatic securities disposition plan – Automatic securities disposition plans (ASDPs).

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Section 171 of the Securities Act and section 3.3 of National Instrument 55-104 Insider Reporting Requirements and Exemptions – revocation of exemptive relief order from insider reporting obligations – An order was granted allowing insiders of the issuer to report trades under an automatic securities deposition plan on an annual basis rather than within 5 days of the trade; the Commission is revoking the order following a review of automatic securities deposition plans and the publication of CSA Staff Notice 55-317 Automatic Securities Disposition Plans.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 107(2), 144, 171.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 3.3.

This order revokes 2011 BCSECCOM 77

Citation: 2022 BCSECCOM 245

May 25, 2022

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

AND

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

AND

IN THE MATTER OF
FORTRESS GLOBAL ENTERPRISES INC.
(formerly Fortress Paper Ltd.)
(the Issuer)

DECISION

Interpretation

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

Background

¶ 2

1. on February 1, 2011, the securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) granted exemptive relief, subject to certain conditions, from insider reporting requirements contained in the securities legislation of the Jurisdictions (the Legislation) with respect to the sale of common shares of the Issuer by certain insiders of the Issuer under an automatic securities disposition plan (the Relief);

2. on December 10, 2020, Canadian Securities Administrators (CSA) members published CSA Staff Notice 55-317 *Automatic Securities Disposition Plans* (Guidance) that provides guidance on the use of Automatic Securities Disposition Plans (ASDPs); the processes outlined in the Guidance were intended to be consistent with good corporate governance and transparency in connection with the establishment and use of ASDPs and the reporting of trades under the plans; the news release announcing the publication of the Guidance states that, in the interest of promoting transparency of trading by insiders, staff of the CSA are unlikely to recommend insider reporting relief for trades under ASDPs;

3. the Jurisdictions have determined that the Relief is inconsistent with the principles articulated in CSA SN 55-317; and

4. the Decision Makers are satisfied, having considered the potential impact of ASDPs on public confidence in the fairness of our capital markets, that it is appropriate to revoke the Relief.

Decision

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

(a) the British Columbia Securities Commission is the principal regulator for the decision; and

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

Each of the Decision Makers, considering that to do so would not be prejudicial to the public interest, is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make the decision.

The decision of the Decision Makers under the Legislation is that the Relief is revoked.

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

OSC File #: 2022/0247

B.3.6 LFT Securities, LLC

Headnote

Application for a decision exempting the Filer, a US-registered broker-dealer, from the dealer registration requirement to permit the Filer to provide services through a technology platform that facilitates education, marketing, and trading of structured products relating to Canadian securities – all execution of trades in securities are made through an executing broker for execution, clearance, and settlement – time-limited registration relief granted to allow the Filer to provide the Services on the basis of the regulatory framework established in the US and on the basis of the additional terms and conditions as set out in the decision.

Applicable Legislative Provisions

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

Instruments Cited

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

June 24, 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
LFT SECURITIES, LLC
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the dealer registration requirement in the Legislation in respect of providing Services (as defined below) relating to securities of issuers to Institutional Permitted Clients (as defined below) in the Jurisdictions (as defined below) (the **Exemption Sought).**

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

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

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

Interpretation

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

"Institutional Permitted Client" means a "permitted client" as defined in section 1.1 of NI 31-103, except for:

(a) an individual;

(b) a person or company acting on behalf of a managed account of an individual;

(c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as an Institutional Permitted Client under another paragraph of that definition; or

(d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least $100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition; and

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

Representations

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

1. The Filer is a limited liability company formed under the laws of Delaware. The head office of the Filer is located at 425 Walnut Street, Suite 2410, Cincinnati, OH 45202-3931, United States of America.

2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority **(FINRA).** The Filer currently conducts, and is approved to perform, a single type of regulated business in the U.S. as per FINRA regulations under the "Other" category.

3. The Filer's primary line of business is providing a technology platform (the **Platform**) that facilitates education, marketing, and trading of structured products (collectively, **Securities**).

4. The Platform features customized tools for: advisor education; product due diligence; product marketing and education; product comparison; historical pricing and performance analysis; and an indication of interest management tool (the **Services**). The Services do not include trade execution, clearance, or settlement services.

5. The subscribers (**Subscribers**) to the Platform in Canada are anticipated to be sell-side investment banks and commercial banks, buy-side institutional users, including financial advisors and portfolio managers, and similar institutional users.

6. The Filer has applied for the Exemption Sought as it wishes to provide similar services to Institutional Permitted Clients in the Jurisdictions (the **Canadian Subscribers**) in respect of the Securities.

Nature of the Services to be provided to Canadian Subscribers

7. The Filer will enter into a written agreement with each Canadian Subscriber to allow such Canadian Subscriber to access the Services via the Platform.

8. Using the Services, Canadian Subscribers may choose to enter into trades with respect to Securities. All execution of trades in securities will be made through an investment dealer or other appropriately registered or exempt dealer (the **Executing Broker**) selected by the Canadian Subscriber. Each Executing Broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration in the Jurisdictions that permits such person or company to execute trades for Canadian Subscribers.

9. A Canadian Subscriber may communicate indications of interest through the Platform to the Executing Broker selected by the Canadian Subscriber.

10. The Filer will not require Canadian Subscribers to use specific Executing Brokers through whom trades must be executed. The Filer will not direct or otherwise communicate trades to Executing Brokers and no trade orders will be matched on the Platform.

11. The Filer will track trading instructions of Canadian Subscribers for the purpose of maintaining an audit trail.

12. Executing Brokers will execute transactions on behalf of Canadian Subscribers by: (i) accepting the trade orders received from the Canadian Subscriber; (ii) transmitting and executing the securities transactions or acting as counterparty to an over-the-counter (OTC) transaction; (iii) taking financial responsibility for the completion of the transaction; (iv) making and/or monitoring records related to such transactions, as required by applicable laws, rules, and regulations; (v) effecting settlement of the transaction; and (vi) providing all post trade confirmations and reports directly to the Canadian Subscriber.

13. The compensation for the Services provided by the Filer will be a fee based on the notional volume of trades executed based on information exchanged on the Platform by Canadian Subscribers, and will be paid by the issuers of the Securities. This compensation will be in addition to any compensation paid by Canadian Subscribers directly to the applicable Executing Brokers. Canadian Subscribers will not pay any fees to the Filer to access the Services.

Why is relief required?

14. The Filer is not registered under NI 31-103 and is in the business of trading in securities by virtue of providing the Services. Only dealers that are registered or firms relying on an applicable exemption from the dealer registration requirement are permitted to engage in the business of trading in securities in the Jurisdictions.

15. In the absence of the Exemption Sought, the Filer cannot provide the Services in the Jurisdictions without registration, except as permitted under section 8.5 *[Trades through or to a registered dealer],* the exemptions found in paragraphs (a), (b), and (f) of subsection 8.18(2) *[International dealer],* and under section 8.21 *[Specified debt],* of NI 31-103.

16. The "international dealer exemption" under section 8.18 *[International dealer]* of NI 31-103 is unavailable as the exemption under section 8.18 does not apply to certain of the Securities on the Platform, including certain Canadian debt securities.

17. The Filer does not hold, take custody of, remit, or exchange money or Securities on behalf of Canadian Subscribers.

18. The Filer will not lend money, extend credit, or provide margin to Canadian Subscribers.

19. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934* (**1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**).

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

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

22. The Filer is in compliance in all material respects with U.S. securities laws. The Filer is not in default of securities legislation in any jurisdiction in Canada.

23. The Filer submits that the Exemption Sought would not be prejudicial to the public interest because:

    (a) the Filer is regulated as a broker-dealer under the securities legislation of the United States, and is subject to the requirements listed above;

    (b) the availability of, and access to, the Services is important to Canadian institutional investors who are active participants in the international marketplace;

    (c) the Filer will provide Services in the Jurisdictions only to Institutional Permitted Clients;

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

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

24. The Filer is a "market participant" as defined under subsection 1(1) of the *Securities Act* (Ontario) (**Act**). As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the Act, which include the requirement to keep such books, records, and other documents as are necessary for the proper recording of business transactions and financial affairs and the transactions executed on behalf of others and to deliver such records to the OSC if required.

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 so long as the Filer:

(a) has its head office or principal place of business in the United States;

(b) is registered as a broker-dealer under the securities legislation of the United States, which permits the Filer to provide the Services in the United States;

(c) is a member of FINRA;

(d) limits its provision of Services in the Jurisdictions under this decision in respect of Institutional Permitted Clients;

(e) does not provide Services in relation to Securities with or for Institutional Permitted Clients except as permitted under Canadian securities laws;

(f) enters into an agreement with each Canadian Subscriber;

(g) does not require its Canadian Subscribers to use specific executing brokers through which Canadian Subscribers must execute trades;

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

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

(j) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;

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

(l) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 Fees, including, for clarity, participation fees based on its specified Ontario revenues attributable to capital markets activities conducted in reliance on the "international dealer exemption" under section 8.18 [International dealer] of NI 31-103, if applicable, and capital markets activities conducted in reliance on the exemption in this Decision;

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

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

This decision shall expire three (3) years after the date hereof.

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

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

APPENDIX "A"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of 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	

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

		Yes	No
(a)	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?	____	____
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	____	____
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	____	____
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	____	____
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	____	____
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	____	____
(g)	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] "specified affiliate" means a person or company that is a parent of a firm, a specified subsidiary of a firm, or a specified subsidiary of a firm's parent.

If yes, provide the following information for each action:

Name of entity	
Regulator/organization	
Date of settlement (yyyy/mm/dd)	Reason for Action
Details of settlement	
Jurisdiction	

3. 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: LFT Securities, LLC	
Name of firm's authorized signing officer or partner:	
Title of firm's authorized signing officer or partner:	
Signature:	
Date (yyyy/mm/dd):	20●●/●●/●●

Witness:

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

Name of witness:	
Title of witness:	
Signature:	
Date (yyyy/mm/dd):	20●●/●●/●●

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal: https://www.osc.gov.on.ca/filings

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B.4
Cease Trading Orders

B.4.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Sedibelo Resources Limited (formerly Platmin Limited)	May 9, 2014	May 21, 2014	May 21, 2014	June 27, 2022

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
GHP Noetic Science-Psychedelic Pharma Inc.	June 3, 2022	June 23, 2022

B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

B.4.3 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	
Gatos Silver, Inc.	April 1, 2022	
Gatos Silver, Inc.	April 12, 2022	
RYAH Group Inc.	May 3, 2022	
Red White & Bloom Brands Inc.	May 4, 2022	
Emerald Health Therapeutics, Inc.	May 5, 2022	
Magnetic North Acquisition Corp.	May 5, 2022	
CoinAnalyst Corp.	May 6, 2022	

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B.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).

B.9
IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

[Editor's Note: this report covers the date range of June 14, 2022 to June 27, 2022 inclusive]

Issuer Name:
Lysander-Canso Corporate Treasury ActivETF
Lysander-Canso Floating Rate ActivETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Jun 13, 2022
NP 11-202 Preliminary Receipt dated Jun 14, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3398890

Issuer Name:
North Growth Canadian Equity Fund
North Growth U.S. Equity Advisor Fund
Principal Regulator – British Columbia
Type and Date:
Final Simplified Prospectus dated Jun 15, 2022
NP 11-202 Final Receipt dated Jun 15, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3384345

Issuer Name:
IA Clarington Global Equity Exposure Fund
IA Clarington Target Click 2025 Fund
IA Clarington Target Click 2030 Fund
Principal Regulator – Quebec
Type and Date:
Final Simplified Prospectus dated Jun 15, 2022
NP 11-202 Final Receipt dated Jun 20, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3380538

Issuer Name:
Stone American Dividend Growth Fund
Stone Covered Call Canadian Banks Plus Fund
Stone Dividend Growth Class
Stone Dividend Yield Hog Fund
Stone Global Balanced Fund
Stone Global Growth Fund
Stone Global Sustainability Fund
Stone Growth Fund
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 17, 2022
NP 11-202 Final Receipt dated Jun 20, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3385123

Issuer Name:
CI Global Investment Grade ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Jun 17, 2022
NP 11-202 Preliminary Receipt dated Jun 20, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3400341

Issuer Name:
Arrow Canadian Advantage Alternative Class (formerly, Exemplar Canadian Focus Portfolio)
Arrow EC Income Advantage Alternative Fund
Arrow Global Advantage Alternative Class
Wavefront Global Diversified Investment Class (formerly, Exemplar Diversified Portfolio)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jun 15, 2022
NP 11-202 Final Receipt dated Jun 16, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3384256

Issuer Name:
TD Alternative Risk Focused Pool
TD North American Sustainability Bond Fund
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 17, 2022
NP 11-202 Preliminary Receipt dated Jun 20, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3400349

Issuer Name:
Dynamic Sustainable Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jun 17, 2022
NP 11-202 Final Receipt dated Jun 17, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3382314

Issuer Name:
Harvest Banks & Buildings Income Fund
Harvest Canadian Income & Growth Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jun 17, 2022
NP 11-202 Final Receipt dated Jun 20, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3385860

Issuer Name:
Mackenzie Ivy European Fund
Mackenzie Ivy Foreign Equity Currency Neutral Fund
Mackenzie Ivy International Fund II
Principal Regulator - Ontario
Type and Date:
Amendment #3 to Final Annual Information Form dated June 17, 2022
NP 11-202 Final Receipt dated Jun 20, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3229016

Issuer Name:
CI Global Investment Grade Class
Principal Regulator - Ontario
Type and Date:
Amendment #4 to Final Simplified Prospectus dated June 9, 2022
NP 11-202 Final Receipt dated Jun 15, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3225323

Issuer Name:
Vanguard Canadian Aggregate Bond Index ETF
Vanguard Canadian Corporate Bond Index ETF
Vanguard Canadian Government Bond Index ETF
Vanguard Canadian Long-Term Bond Index ETF
Vanguard Canadian Short-Term Bond Index ETF
Vanguard Canadian Short-Term Corporate Bond Index ETF
Vanguard FTSE Canada All Cap Index ETF
Vanguard FTSE Canada Index ETF
Vanguard FTSE Canadian Capped REIT Index ETF
Vanguard FTSE Canadian High Dividend Yield Index ETF
Vanguard FTSE Developed All Cap ex North America Index ETF
Vanguard FTSE Developed All Cap ex North America Index ETF (CAD-hedged)
Vanguard FTSE Developed All Cap ex U.S. Index ETF
Vanguard FTSE Developed All Cap ex U.S. Index ETF (CAD-hedged)
Vanguard FTSE Developed Asia Pacific All Cap Index ETF
Vanguard FTSE Developed Europe All Cap Index ETF
Vanguard FTSE Developed ex North America High Dividend Yield Index ETF
Vanguard FTSE Emerging Markets All Cap Index ETF
Vanguard FTSE Global All Cap ex Canada Index ETF
Vanguard Global Aggregate Bond Index ETF (CAD-hedged)
Vanguard Global ex-U.S. Aggregate Bond Index ETF (CAD-hedged)
Vanguard S&P 500 Index ETF
Vanguard S&P 500 Index ETF (CAD-hedged)
Vanguard U.S. Aggregate Bond Index ETF (CAD-hedged)
Vanguard U.S. Dividend Appreciation Index ETF
Vanguard U.S. Dividend Appreciation Index ETF (CAD-hedged)
Vanguard U.S. Total Market Index ETF
Vanguard U.S. Total Market Index ETF (CAD-hedged)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Jun 22, 2022
NP 11-202 Final Receipt dated Jun 23, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3388260

Issuer Name:
Friedberg Asset Allocation Fund
Friedberg Global-Macro Hedge Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jun 24, 2022
NP 11-202 Final Receipt dated Jun 27, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3384963

Issuer Name:
PIMCO Canadian Total Return Bond Fund
PIMCO Climate Bond Fund (Canada)
PIMCO Diversified Multi-Asset Fund (Canada)
PIMCO ESG Income Fund (Canada)
PIMCO Flexible Global Bond Fund (Canada)
PIMCO Global Short Maturity Fund (Canada)
PIMCO Investment Grade Credit Fund (Canada)
PIMCO Low Duration Monthly Income Fund (Canada)
PIMCO Managed Conservative Bond Pool
PIMCO Managed Core Bond Pool
PIMCO Monthly Income Fund (Canada)
PIMCO Unconstrained Bond Fund (Canada)
Principal Regulator – Ontario
Type and Date:
Final Forma Simplified Prospectus dated Jun 24, 2022
NP 11-202 Final Receipt dated Jun 27, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3383458

Issuer Name:
Sun Life Aditya Birla India Fund
Sun Life Amundi Emerging Markets Debt Fund
Sun Life BlackRock Canadian Equity Fund
Sun Life Core Advantage Credit Private Pool
Sun Life Crescent Specialty Credit Private Pool
Sun Life Dynamic Equity Income Fund
Sun Life Dynamic Strategic Yield Fund
Sun Life Global Tactical Yield Private Pool
Sun Life Granite Balanced Class
Sun Life Granite Balanced Growth Class
Sun Life Granite Balanced Growth Portfolio
Sun Life Granite Balanced Portfolio
Sun Life Granite Conservative Class
Sun Life Granite Conservative Portfolio
Sun Life Granite Enhanced Income Portfolio
Sun Life Granite Growth Class
Sun Life Granite Growth Portfolio
Sun Life Granite Income Portfolio
Sun Life Granite Moderate Class
Sun Life Granite Moderate Portfolio
Sun Life JPMorgan International Equity Fund
Sun Life KBI Global Dividend Private Pool
Sun Life KBI Sustainable Infrastructure Private Pool
Sun Life MFS Canadian Bond Fund
Sun Life MFS Canadian Equity Fund
Sun Life MFS Dividend Income Fund
Sun Life MFS Global Growth Class
Sun Life MFS Global Growth Fund
Sun Life MFS Global Total Return Fund
Sun Life MFS Global Value Fund
Sun Life MFS International Opportunities Class
Sun Life MFS International Opportunities Fund
Sun Life MFS International Value Fund
Sun Life MFS Low Volatility Global Equity Fund
Sun Life MFS Low Volatility International Equity Fund
Sun Life MFS U.S. Equity Fund
Sun Life MFS U.S. Growth Class
Sun Life MFS U.S. Growth Fund
Sun Life MFS U.S. Mid Cap Growth Fund
Sun Life MFS U.S. Value Fund
Sun Life Milestone 2025 Fund
Sun Life Milestone 2030 Fund
Sun Life Milestone 2035 Fund
Sun Life Money Market Class
Sun Life Money Market Fund
Sun Life Multi-Strategy Bond Fund
Sun Life NWQ Flexible Income Fund
Sun Life Real Assets Private Pool
Sun Life Schroder Emerging Markets Fund
Sun Life Schroder Global Mid Cap Fund
Sun Life Tactical Balanced ETF Portfolio
Sun Life Tactical Conservative ETF Portfolio
Sun Life Tactical Equity ETF Portfolio
Sun Life Tactical Fixed Income ETF Portfolio
Sun Life Tactical Growth ETF Portfolio
Sun Life Wellington Opportunistic Fixed Income Private Pool
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 21, 2022
NP 11-202 Final Receipt dated Jun 23, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3380519

Issuer Name:
FÉRIQUE Aggressive Growth Portfolio
FÉRIQUE American Equity Fund
FÉRIQUE Asian Equity Fund
FÉRIQUE Balanced Portfolio
FÉRIQUE Canadian Bond Fund
FÉRIQUE Canadian Dividend Equity Fund
FÉRIQUE Canadian Equity Fund
FÉRIQUE Conservative Portfolio
FÉRIQUE Emerging Markets Equity Fund
FÉRIQUE European Equity Fund
FÉRIQUE Global Innovation Equity Fund
FÉRIQUE Global Sustainable Development Bond Fund
FÉRIQUE Global Sustainable Development Equity Fund
FÉRIQUE Globally Diversified Income Fund
FÉRIQUE Growth Portfolio
FÉRIQUE Moderate Portfolio
FÉRIQUE Short-Term Income Fund
FÉRIQUE World Dividend Equity Fund
Principal Regulator – Quebec
Type and Date:
Final Simplified Prospectus dated Jun 21, 2022
NP 11-202 Final Receipt dated Jun 22, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3371712

Issuer Name:
Maple Leaf Resource Class
Principal Regulator – British Columbia
Type and Date:
Preliminary Simplified Prospectus dated Jun 17, 2022
NP 11-202 Preliminary Receipt dated Jun 21, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3387826

Issuer Name:
TD Alternative Risk Reduction Pool
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jun 23, 2022
NP 11-202 Preliminary Receipt dated Jun 23, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3401664

Issuer Name:
CI Global Investment Grade Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jun 21, 2022
NP 11-202 Preliminary Receipt dated Jun 21, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3400867

Issuer Name:
Pender Bond Universe Fund
Pender Corporate Bond Fund
Pender Enhanced Income Fund
Pender Small Cap Opportunities Fund
Pender Small/Mid Cap Dividend Fund
Pender Strategic Growth and Income Fund
Pender Strategic Investment Fund
Pender US All Cap Equity Fund
Pender Value Fund
Pender Value Fund II
Principal Regulator – British Columbia
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 25, 2022
NP 11-202 Final Receipt dated Jun 25, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3227138

Issuer Name:
IA Clarington Canadian Dividend Fund
IA Clarington Canadian Leaders Class
IA Clarington Canadian Small Cap Class
IA Clarington Canadian Small Cap Fund
IA Clarington Core Plus Bond Fund
IA Clarington Dividend Growth Class
IA Clarington Floating Rate Income Fund
IA Clarington Global Equity Fund
IA Clarington Global Risk-Managed Income Portfolio
IA Clarington Global Value Fund
IA Clarington Inhance Balanced SRI Portfolio
IA Clarington Inhance Bond SRI Fund
IA Clarington Inhance Canadian Equity SRI Class
IA Clarington Inhance Conservative SRI Portfolio
IA Clarington Inhance Global Equity SRI Class
IA Clarington Inhance Global Equity SRI Fund
IA Clarington Inhance Growth SRI Portfolio
IA Clarington Inhance High Growth SRI Portfolio
IA Clarington Inhance Moderate SRI Portfolio
IA Clarington Inhance Monthly Income SRI Fund
IA Clarington Loomis Global Allocation Class
IA Clarington Loomis Global Allocation Fund
IA Clarington Loomis Global Equity Opportunities Fund
IA Clarington Loomis Global Multisector Bond Fund
IA Clarington Loomis U.S. All Cap Growth Fund
IA Clarington Money Market Fund
IA Clarington Monthly Income Balanced Fund
IA Clarington Strategic Corporate Bond Fund
IA Clarington Strategic Equity Income Class
IA Clarington Strategic Equity Income Fund
IA Clarington Strategic Income Fund
IA Clarington Tactical Income Class
IA Clarington Thematic Innovation Class
IA Clarington U.S. Dividend Growth Fund
IA Clarington U.S. Dollar Floating Rate Income Fund
IA Clarington U.S. Equity Class
IA Clarington U.S. Equity Currency Neutral Fund
IA Wealth Balanced Portfolio
IA Wealth Conservative Portfolio
IA Wealth Core Bond Pool
IA Wealth Enhanced Bond Pool
IA Wealth Growth Portfolio
IA Wealth High Growth Portfolio
IA Wealth Moderate Portfolio
Principal Regulator – Quebec
Type and Date:
Final Simplified Prospectus dated Jun 15, 2022
NP 11-202 Final Receipt dated Jun 21, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3380535

Issuer Name:
CIBC Asia Pacific Fund
CIBC Asia Pacific Index Fund
CIBC Balanced Fund
CIBC Balanced Growth Passive Portfolio
CIBC Balanced Index Fund
CIBC Balanced Passive Portfolio
CIBC Canadian Bond Fund
CIBC Canadian Bond Index Fund
CIBC Canadian Equity Fund
CIBC Canadian Equity Value Fund
CIBC Canadian Index Fund
CIBC Canadian Real Estate Fund
CIBC Canadian Resources Fund
CIBC Canadian Short-Term Bond Index Fund
CIBC Canadian Small-Cap Fund
CIBC Canadian T-Bill Fund
CIBC Conservative Passive Portfolio
CIBC Dividend Growth Fund
CIBC Dividend Income Fund
CIBC Emerging Markets Fund
CIBC Emerging Markets Index Fund
CIBC Energy Fund
CIBC European Equity Fund
CIBC European Index Fund
CIBC Financial Companies Fund
CIBC Global Bond Fund
CIBC Global Bond Index Fund
CIBC Global Equity Fund
CIBC Global Monthly Income Fund
CIBC Global Technology Fund
CIBC International Equity Fund
CIBC International Index Fund
CIBC International Small Companies Fund
CIBC Managed Aggressive Growth Portfolio
CIBC Managed Balanced Growth Portfolio
CIBC Managed Balanced Portfolio
CIBC Managed Growth Portfolio
CIBC Managed Income Plus Portfolio
CIBC Managed Income Portfolio
CIBC Managed Monthly Income Balanced Portfolio
CIBC Money Market Fund
CIBC Monthly Income Fund
CIBC Nasdaq Index Fund
CIBC Precious Metals Fund
CIBC Short-Term Income Fund
CIBC Smart Balanced Growth Solution
CIBC Smart Balanced Income Solution
CIBC Smart Balanced Solution
CIBC Smart Growth Solution
CIBC Smart Income Solution
CIBC Sustainable Balanced Growth Solution
CIBC Sustainable Balanced Solution
CIBC Sustainable Canadian Core Plus Bond Fund (formerly, CIBC ex. Fossil Fuel Canadian Core Plus Bond Fund)
CIBC Sustainable Canadian Equity Fund (formerly, CIBC ex. Fossil Fuel Canadian Equity Fund)
CIBC Sustainable Conservative Balanced Solution
CIBC Sustainable Global Equity Fund (formerly, CIBC ex. Fossil Fuel Global Equity Fund)
CIBC U.S. Broad Market Index Fund
CIBC U.S. Dollar Managed Balanced Portfolio
CIBC U.S. Dollar Managed Growth Portfolio
CIBC U.S. Dollar Managed Income Portfolio
CIBC U.S. Dollar Money Market Fund
CIBC U.S. Equity Fund
CIBC U.S. Index Fund
CIBC U.S. Small Companies Fund
Type and Date:
Final Simplified Prospectus dated Jun 20, 2022
NP 11-202 Final Receipt dated Jun 21, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3367469

Issuer Name:
Mackenzie FuturePath Canadian Balanced Fund
Mackenzie FuturePath Canadian Core Bond Fund
Mackenzie FuturePath Canadian Core Fund
Mackenzie FuturePath Canadian Core Plus Bond Fund
Mackenzie FuturePath Canadian Dividend Fund
Mackenzie FuturePath Canadian Equity Balanced Fund
Mackenzie FuturePath Canadian Fixed Income Portfolio
Mackenzie FuturePath Canadian Growth Fund
Mackenzie FuturePath Canadian Money Market Fund
Mackenzie FuturePath Canadian Sustainable Equity Fund
Mackenzie FuturePath Global Balanced Fund
Mackenzie FuturePath Global Core Fund
Mackenzie FuturePath Global Core Plus Bond Fund
Mackenzie FuturePath Global Equity Balanced Fund
Mackenzie FuturePath Global Equity Balanced Portfolio
Mackenzie FuturePath Global Equity Portfolio
Mackenzie FuturePath Global Fixed Income Balanced Portfolio
Mackenzie FuturePath Global Growth Fund
Mackenzie FuturePath Global Neutral Balanced Portfolio
Mackenzie FuturePath Global Value Fund
Mackenzie FuturePath International Equity Fund
Mackenzie FuturePath Monthly Income Balanced Portfolio
Mackenzie FuturePath Monthly Income Conservative Portfolio
Mackenzie FuturePath Monthly Income Growth Portfolio
Mackenzie FuturePath US Core Fund
Mackenzie FuturePath US Growth Fund
Mackenzie FuturePath US Value Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jun 22, 2022
NP 11-202 Final Receipt dated Jun 23, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3352477

Issuer Name:
AGF Balanced Growth Portfolio Fund
AGF Canadian All Cap Strategic Equity Fund
AGF Canadian Strategic Balanced Fund
AGF Canadian Strategic Bond Fund
AGF Conservative Portfolio Fund
AGF Defensive Portfolio Fund
AGF Emerging Markets Strategic Equity Fund
AGF Global Alternatives Strategic Equity Fund
AGF Global ESG Equity Fund
AGF Global Strategic Equity Fund
AGF Global Unconstrained Strategic Bond Fund
AGF Growth Portfolio Fund
AGF High Interest Savings Account Fund
AGF Income Portfolio Fund
AGF Moderate Portfolio Fund
AGF Monthly Canadian Dividend Income Fund
AGF North American Small-Mid Cap Fund
AGF US All Cap Growth Equity Fund
AGF US Sector Rotation Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jun 22, 2022
NP 11-202 Final Receipt dated Jun 23, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3352370

Issuer Name:
Emerge ARK AI & Big Data ETF
Emerge ARK Autonomous Tech & Robotics ETF
Emerge ARK Fintech Innovation ETF
Emerge ARK Genomics & Biotech ETF
Emerge ARK Global Disruptive Innovation ETF
Emerge ARK Space Exploration ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jun 22, 2022
NP 11-202 Final Receipt dated Jun 24, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3388363

Issuer Name:
Ninepoint Energy Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Annual Information Form dated June 22, 2022
NP 11-202 Final Receipt dated Jun 24, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3323477

Issuer Name:
Mackenzie Ivy Canadian Fund
Mackenzie Ivy International Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Annual Information Form dated June 17, 2022
NP 11-202 Final Receipt dated Jun 21, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3286843

Issuer Name:
Mackenzie Ivy Global Equity ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated June 17, 2022
NP 11-202 Final Receipt dated Jun 21, 2022
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #3230419

NON-INVESTMENT FUNDS

Issuer Name:
E-Power Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated June 23, 2022
Preliminary Receipt dated June 23, 2022
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3401605

Issuer Name:
Padlock Partners UK Fund III
Principal Regulator - Ontario
Type and Date:
Amendment dated June 21, 2022 to Preliminary Long Form Prospectus dated June 3, 2022
Preliminary Receipt dated June 22, 2022
Offering Price and Description:
Minimum: $25,000,000.00 of Class A Units, Class F Units, Class C Units and/or Class U Units
Maximum: $60,000,000.00 of Class A Units, Class F Units, Class C Units and/or Class U Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RICHARDSON WEALTH LIMITED
WELLINGTON-ALTUS PRIVATE WEALTH INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
Promoter(s):
PADLOCK CAPITAL PARTNERS III, LLC
CLEAR SKY CAPITAL INC.
Project #3396318

Issuer Name:
Southern Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 23, 2022
Preliminary Receipt dated June 24, 2022
Offering Price and Description:
$22,672,200.00 - 26,060,000 Common Shares
$0.87 per Common Share
Underwriter(s) or Distributor(s):
EIGHT CAPITAL
HAYWOOD SECURITIES INC.
Promoter(s):
Martin Pawlitschek
Project #3401994

Issuer Name:
Arctic Fox Minerals Corp. (formerly Melius Capital Corp.)
Type and Date:
Final Long Form Prospectus dated June 15, 2022
Receipted on June 21, 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:
Kiboko Gold Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated June 22, 2022
Receipt dated June 23, 2022
Offering Price and Description:
8,000,000.00 UNITS
$0.25 PER UNIT
5,520,000 FLOW-THROUGH UNITS
$0.29 PER FLOW-THROUGH UNIT
3,750,000 QUÉBEC CHARITY FLOW-THROUGH UNITS
$0.44 PER QUÉBEC CHARITY FLOW-THROUGH UNIT
Underwriter(s) or Distributor(s):
-
Promoter(s):
Jeremy Link, Craig Williams, Olivier Féménias, Bradley Boland, and Ivor Jones
Project #3379177

Issuer Name:
Platinum Group Metals Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated June 21, 2022
Receipt dated June 21, 2022
Offering Price and Description:
US$250,000,000 Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3399567

Issuer Name:
Sanu Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated June 21, 2022
Receipt dated June 23, 2022
Offering Price and Description:
$6,660,030.00 - 9,875,000 Common Shares on conversion of 9,875,000 Outstanding Subscription Receipts 10,466,000 Common Shares on deemed exercise of 10,466,000 Outstanding Special Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
Martin Pawlitschek
Project #3347262

Issuer Name:
Silverfish Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated June 24, 2022
Receipt dated June 24, 2022
Offering Price and Description:
$1,000,000.00 - 4,000,000
Price: $0.25
Underwriter(s) or Distributor(s):
Leede Jones Gable Inc.
Promoter(s):
Joseph Cullen
Project #3347067

Issuer Name:
Trillion Energy International Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated June 24, 2022
Receipt dated June 24, 2022
Offering Price and Description:
Up to $19,999,960.00 - Up to 64,516,000 Units
$0.31 per Unit
Underwriter(s) or Distributor(s):
Echelon Wealth Partners Inc.
Promoter(s):
-
Project #3396154

Issuer Name:
Verses Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated June 21, 2022
Receipt dated June 23, 2022
Offering Price and Description:
0.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
Gabriel René
Dan Mapes
Project #3368663

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Registration Category	GS Investment Strategies Canada Inc.	From: Portfolio Manager and Investment Fund Manager To: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	June 21, 2022
New Registration	Langdon Equity Partners Ltd.	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	June 22, 2022
Voluntary Surrender	AGF Securities (Canada) Limited	Investment Dealer	June 23, 2022
Change of Registration Category	Walter Public Investments Inc.	From: Portfolio Manager and Investment Fund Manager To: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	June 23, 2022

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B.11
SROs, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 LedgerEdge Limited – Application for Exemptive Relief – Notice of Commission Order

June 30, 2022

On June 22, 2022, the Commission issued an order under s. 15.1 of National Instrument 21-101 *Marketplace Operation* (**NI 21-101**), s. 12.1 of National Instrument 23-101 *Trading Rules* (**NI 23-101**), and s. 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 LedgerEdge Limited (**LedgerEdge**) from the application of all provisions of the Marketplace Rules in Ontario subject to terms and conditions as set out in the order (the **Order**).

The Order is consistent with CSA Staff Notice 21-328 *Regulatory Approach to Foreign Marketplaces Trading Fixed Income Securities* (**CSA SN 21-328**)[1] that outlines an exemption approach that is based on a substituted compliance model of ATS oversight.

A copy of the Order is published in the OSC Bulletin of June 30, 2022.

The Commission published LedgerEdge's application and draft order for comment on May 12, 2022 on the OSC website. No comments were received.

[1] Published on March 5, 2020 and available at https://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20200305_21-328_foreign-marketplaces-trading-fixed-income-securities.htm.

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Editor's Note: On Friday, April 29, 2022, the Securities Commission Act, 2021, came into force by proclamation of the Lieutenant Governor of Ontario. The new structural and governance changes are now reflected in the Bulletin index with the use of the "Capital Markets Tribunal" designation to differentiate those proceedings from the proceedings of the Ontario Securities Commission: www.capitalmarketstribunal.ca.