The Ontario Securities Commission

OSC Bulletin

February 23, 2023

Volume 46, Issue 8

(2023), 46 OSCB

The Ontario Securities Commission carries out the powers, duties and functions given to it pursuant to the *Securities Commission Act, 2021* (S.O. 2021, c. 8, Sched. 9).

The Ontario Securities Commission exercises its regulatory oversight function through the administration and enforcement of Ontario's *Securities Act* (R.S.O. 1990, c. S.5) and *Commodity Futures Act* (R.S.O. 1990, c. C.20), and administration of certain provisions of the *Business Corporations Act* (R.S.O. 1990, c. B.16).

The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Contact Centre:
Toll Free: 1-877-785-1555
Local: 416-593-8314
TTY: 1-866-827-1295
Fax: 416-593-8122
Email: inquiries@osc.gov.on.ca

Capital Markets Tribunal:
Local: 416-595-8916
Email: registrar@osc.gov.on.ca

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

43062567

The OSC Bulletin is published weekly by Thomson Reuters Canada, under the authority of the Ontario Securities Commission.

Thomson Reuters Canada offers every issue of the Bulletin, from 1994 onwards, fully searchable on S*ecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

https://www.westlawnextcanada.com/westlaw-products/securitiessource/

or call Thomson Reuters Canada Customer Support at 1-416-609-3800 (Toronto & International) or 1-800-387-5164 (Toll Free Canada & U.S.).

Claims from *bona fide* subscribers for missing issues will be honoured by Thomson Reuters Canada up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Printed in the United States by Thomson Reuters.

ISSN 0226-9325

THOMSON REUTERS®

Address

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Support

1-416-609-3800 (Toronto & International)
1-800-387-5164 (Toll Free Canada & U.S.)
Fax 1-416-298-5082 (Toronto)
Fax 1-877-750-9041 (Toll Free Canada Only)
Email CustomerSupport.LegalTaxCanada@TR.com

Table of Contents

A. Capital Markets Tribunal

A.1
Notices of Hearing

A.1.1 Aaron Wolfe – ss. 127(1), 127.1

FILE NO.: 2023-5

IN THE MATTER OF
AARON WOLFE

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

PROCEEDING TYPE: Public Settlement Hearing
HEARING DATE AND TIME: February 22, 2023, at 1:00 p.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 February 17, 2023, between Staff of the Commission and Aaron Wolfe in respect of the Statement of Allegations filed by Staff of the Commission dated February 17, 2023.

REPRESENTATION

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

FAILURE TO ATTEND

IF A PARTY DOES NOT, 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 17th day of February, 2023.

Registrar, Governance & Tribunal Secretariat

Ontario Securities Commission

For more information

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

IN THE MATTER OF
AARON WOLFE

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

A. OVERVIEW

1. This case involves illegal insider trading, which is is unfair to investors, erodes public confidence in Ontario's capital markets, and is a significant breach of Ontario securities law.

2. Aaron Wolfe ("Wolfe") engaged in illegal insider trading in November 2018 in the shares of Tahoe Resources Inc. ("Tahoe"), which at the time was a reporting issuer in Ontario and publicly listed on the Toronto Stock Exchange.

3. Wolfe obtained material non-public information from a third party to a proposed acquisition of Tahoe before the proposed acquisition was generally disclosed. With knowledge of this information, Wolfe purchased shares of Tahoe on November 9, 2018 and sold all of these shares five days later for a profit of $125,064. His profitable trade was a result of illegal insider trading and a breach of Ontario securities law.

B. FACTS

The following allegations of fact are made:

(a) Background

4. Tahoe was a reporting issuer in Ontario with its securities publicly traded on the Toronto Stock Exchange under the symbol THO.

5. On November 14, 2018, Tahoe and Pan American Silver Corp. ("Pan American") announced that the two companies had entered into a definitive agreement for Pan American to acquire Tahoe. The agreement and preceding negotiations had not been generally disclosed prior to the Announcement.

6. The Announcement was material in respect of Tahoe. After the Announcement, the closing price of Tahoe shares rose by 49% relative to the closing price of the previous day. Tahoe filed a material change report on November 26, 2018.

(b) Insider Trading of Tahoe Shares

7. Wolfe is a resident of Ontario. He has never been registered with the Ontario Securities Commission.

8. On or prior to November 9, 2018, Wolfe received material, non-public information from a third party to the Transaction who was in a special relationship with Tahoe (the "Third Party"). Wolfe knew or reasonably ought to have known that the Third Party was in a special relationship with Tahoe. Wolfe became a person in a special relationship with Tahoe.

9. On November 9, 2018, Wolfe, armed with knowledge of the material, non-public information received from the Third Party, purchased 100,000 shares in Tahoe valued at approximately $302,935 in two accounts he controlled:

    a. 50,000 shares in the cash account of his investment corporation, Asset Strategy Corp. held at Echelon Wealth Partners Inc. ("Echelon"); and

    b. 50,000 shares in the Echelon margin account held under his wife's name.

10. Wolfe had never purchased Tahoe shares prior to November 9, 2018.

11. At the time, Wolfe did not have sufficient cash to settle the purchases. On November 13, 2018, Wolfe wired $100,000 to Echelon. Half of these funds came from a close personal friend on November 8, 2018 on a partial repayment of a loan. The other half came from Asset Strategy's line of credit. Wolfe took no further substantive steps to fund the remainder of his purchases prior to the Announcement.

12. Wolfe sold his Tahoe position on the morning of November 14, 2018. He realized a profit of $125,064, a return of 41%, in five days.

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

13. The following breach of Ontario securities law and conduct contrary to the public interest is alleged:

    a. Wolfe, while in a special relationship with Tahoe, traded securities of Tahoe with knowledge of material facts before the information was generally disclosed, contrary to subsection 76(1) of the *Securities Act*, R.S.O 1990, c. S.5, as amended (the "*Act*") and contrary to the public interest.

D. ORDER SOUGHT

14. It is requested that the Capital Markets Tribunal (the **Tribunal**) make an order pursuant to subsection 127(1) and section 127.1 of the Act to approve the settlement agreement dated February 17, 2023 entered into by Wolfe with respect to the matters set out herein.

DATED at Toronto, Ontario, this 17th day of February, 2023

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

"Hanchu Chen"
Litigation Counsel
Enforcement Branch
Tel: 416-593-3660
Email: HChen@osc.gov.on.ca

This page intentionally left blank

A.2
Other Notices

A.2.1 Nvest Canada Inc. et al.

FOR IMMEDIATE RELEASE
February 16, 2023

NVEST CANADA INC.,
GX TECHNOLOGY GROUP INC.,
SHORUPAN PIRAKASPATHY AND
WARREN CARSON,
File No. 2023-1

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

A copy of the Order dated February 16, 2023 is 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 Aaron Wolfe

FOR IMMEDIATE RELEASE
February 17, 2023

AARON WOLFE,
File No. 2023-5

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 and Aaron Wolfe in the above-named matter.

The hearing will be held on February 22, 2023 at 1:00 p.m.

A copy of the Notice of Hearing dated February 17, 2023 and Statement of Allegations dated February 17, 2023 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.2.3 First Global Data Ltd. et al.

FOR IMMEDIATE RELEASE
February 21, 2023

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

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

A copy of the Order dated February 21, 2023 is 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.3
Orders

A.3.1 Nvest Canada Inc. et al.

IN THE MATTER OF
NVEST CANADA INC.,
GX TECHNOLOGY GROUP INC.,
SHORUPAN PIRAKASPATHY AND
WARREN CARSON

File No. 2023-1

Adjudicator: James Douglas

February 16, 2023

ORDER

WHEREAS on February 15, 2023, the Capital Markets Tribunal held a hearing by videoconference;

ON HEARING the submissions of the representative for Staff of the Commission (**Staff**) and no one appearing for Nvest Canada Inc., GX Technology Group Inc., Shorupan Pirakaspathy, or Warren Carson and on reading the material filed by Staff;

IT IS ORDERED that by 4:30 p.m. on March 10, 2023, Staff shall serve and file their Notice of Motion and motion materials with respect to waiver of service and further relief.

“James Douglas”

A.3.2 First Global Data Ltd. et al.

IN THE MATTER OF
FIRST GLOBAL DATA LTD.,
GLOBAL BIOENERGY RESOURCES INC.,
NAYEEM ALLI,
MAURICE AZIZ,
HARISH BAJAJ AND
ANDRE ITWARU

File No. 2019-22

Adjudicator: Timothy Moseley

February 21, 2023

ORDER

WHEREAS the Capital Markets Tribunal held a hearing in writing to consider a request from Staff of the Ontario Securities Commission to vary the schedule set out in the Tribunal's order of November 15, 2022, relating to the exchange of materials for the sanctions and costs hearing in this proceeding;

ON READING Staff's request and on considering that no party opposes the request;

IT IS ORDERED THAT the November 15, 2022, order is varied, such that: Staff shall serve and file reply written evidence, if any, and written reply submissions on sanctions and costs, if any, by 4:30 p.m. on March 9, 2023.

"Timothy Moseley"

B. Ontario Securities Commission

B.1
Notices

B.1.1 CSA Staff Notice 25-309 Matters Relating to Cessation of CDOR and Expected Cessation of Bankers' Acceptances

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 25-309

Matters Relating to Cessation of CDOR and Expected Cessation of Bankers' Acceptances

February 23, 2023

Introduction

Staff of the Canadian Securities Administrators (**we**) are publishing this notice to help ensure that market participants are aware of certain developments and transition issues regarding the upcoming cessation of the Canadian Dollar Offered Rate (**CDOR**) and the expected related cessation of the issuance of Bankers' Acceptances (**BAs**).

Part A: June 2024 cessation of CDOR and replacement rates

CDOR is a domestically important interest rate benchmark that is currently published in tenors of 1, 2 and 3 months. CDOR is used for a variety of purposes, including to:

- calculate the floating-rate component of certain over-the-counter and exchange-traded derivatives,
- determine interest payments on certain floating-rate notes (**FRNs**) and other securities, and
- determine the base interest rate on certain loan agreements between corporate borrowers and banks.

In 2021, the Ontario Securities Commission (**OSC**)[1] and the Autorité des marchés financiers (**AMF**)[2] designated CDOR as a critical benchmark and an interest rate benchmark, and Refinitiv Benchmark Services (UK) Limited (**RBSL**) as its designated benchmark administrator, for purposes of Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (**MI 25-102**).

On May 16, 2022, RBSL announced that CDOR will cease to be published after a final publication on Friday, June 28, 2024 (the **CDOR Cessation Date**).[3] On the same day, the OSC[4] and the AMF[5] authorised RBSL to cease providing CDOR on the CDOR Cessation Date as provided for in a cessation plan submitted by RBSL and following a two-stage transition period.

Two-stage transition period

The May 16, 2022 announcement of RBSL followed the issuance of a white paper dated December 16, 2021 by the Canadian Alternative Reference Rate working group (**CARR**).[6] Among other things, the CARR white paper recommended that CDOR be discontinued over a two-stage transition period as follows:

1 See OSC decision dated September 15, 2021 at https://www.osc.ca/en/securities-law/orders-rulings-decisions/canadian-dollar-offered-rate-and-refinitiv-benchmark-services-uk-limited-0
2 See AMF decision dated September 15, 2021 at https://lautorite.qc.ca/fileadmin/lautorite/professionnels/structures-marche/indice-reference/7-5a.pdf
3 See RBSL announcement at https://www.refinitiv.com/en/media-center/press-releases/2022/may/rbsl-issues-canadian-dollar-offered-rate-cessation-notice
4 See OSC decision dated May 16, 2022 at https://www.osc.ca/en/securities-law/orders-rulings-decisions/canadian-dollar-offered-rate-and-refinitiv-benchmark-services-uk-limited-1
5 See AMF decision dated May 16, 2022 at https://lautorite.qc.ca/fileadmin/lautorite/professionnels/structures-marche/indice-reference/2022-PDG-0032-cessation-CEDOR.pdf
6 See CARR white paper at https://www.bankofcanada.ca/2021/12/carr-publishes-white-paper-recommended-future-cdor

- the first stage would run until the end of June 2023, and the second stage would run until the end of June 2024,
- by the end of the first stage, all new derivative contracts and securities would be expected to transition to using an alternative rate like the Canadian Overnight Repo Rate Average (**CORRA**),[7] with no new CDOR exposure after that date with limited exceptions,
- those exceptions would include derivatives that hedge or reduce CDOR exposures of derivatives or securities transacted before the end of June 2023 or in loan agreements transacted before the end of June 2024, and
- the second stage to June 30, 2024 would provide market partcipants with additional time to transition their loan agreements and deal with potential issues related to the redocumentation of "legacy" securities.

Alternative rates: CORRA and potential Term CORRA

It is expected that market participants will use CORRA as the alternative rate for most instruments that currently reference CDOR. CARR has published:

- recommended conventions for FRNs and loan agreements that use CORRA as a reference rate, and
- a methodology for calculating CORRA in arrears.[8]

However, on January 11, 2023, CARR provided an update[9] on its plans for a new forward-looking "Term CORRA" benchmark to replace CDOR for certain instruments or, when appropriate, for related derivatives. In particular,

- CARR confirmed that efforts are underway to develop a 1-month and 3-month Term CORRA benchmark, with the objective of making such a benchmark available for use by the end of Q3 2023,
- we understand that CARR is taking steps to ensure that Term CORRA will be a robust benchmark that complies with the International Organization of Securities Commissions *Principles for Financial Benchmarks* and MI 25-102,
- CARR indicated that a prior consultation with market participants clearly indicates that there is a strong demand from Canadian companies for a forward-looking Term CORRA benchmark,
- Term CORRA's use will be limited through its licensing agreement to only certain instruments (i.e., trade finance, loans and derivatives associated with loans), and
- when Term CORRA is launched, any market participants referencing Term CORRA in their instruments are expected to have robust fallback language[10] in place, in most cases specifying CORRA as an alternative rate should Term CORRA cease to be published in the future.

Transition arrangements

New instruments

When preparing contractual provisions for new instruments, we encourage market participants to consider the use of a replacement rate if they were planning to use CDOR. If a market participant still wishes to use CDOR in a new instrument, we encourage the market participant to include robust fallback language in any new instrument that references CDOR and that will extend, or might extend, past the CDOR Cessation Date.

7 CORRA is an existing interest rate benchmark administered by the Bank of Canada. CORRA measures the cost of overnight general collateral funding in Canadian dollars using Government of Canada treasury bills and bonds as collateral for repurchase transactions. For more information on how CORRA is calculated, see https://www.bankofcanada.ca/rates/interest-rates/corra/
The Bank of Canada also publishes the CORRA Compounded Index, which is a measure of the cumulative impact of CORRA compounding over time, starting from a base value of 100 on June 12, 2020. The index can be used to calculate CORRA compounded between any two dates. For more information on the CORRA Compounded Index, see https://www.bankofcanada.ca/rates/interest-rates/corra/#index

8 See latest version of these documents on CARR's website at https://www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group/

9 See CARR update at https://www.bankofcanada.ca/2023/01/carr-announces-development-term-corra-benchmark/

10 "Fallback language" refers to the contractual provisions in an instrument that set out the process by which a replacement rate is to be used if a benchmark is not available for use.

Existing instruments

We encourage appropriate action by market participants that have issued or hold securities, or that are parties to derivatives[11] or loan agreements, which:

- use CDOR as a reference rate, and
- extend, or might extend, past the CDOR Cessation Date.

In particular, we encourage these market participants to make plans for appropriate transition arrangements well in advance of the CDOR Cessation Date. These transition arrangements might involve:

- the adoption of a replacement rate,
- changes to information technology systems,
- reviewing the existing fallback language in the relevant contractual provisions for these securities, derivatives and loan agreements that would apply when CDOR ceases to be published,[12] and
- in the case of issuers of securities, the disclosure of any replacement rate or other key transition arrangements to investors.

We encourage market participants to focus on these transition issues now to avoid business and market disruptions after the CDOR Cessation Date.

CARR has published a "roadmap" on CDOR transition issues and regularly updates it. We encourage market participants to review that roadmap.[13]

Fallback language

CARR recommended fallbacks

CARR has published recommended fallback language for:

- FRNs and loan agreements that use CDOR as a reference rate, and
- FRNs that use CORRA as a reference rate.[14]

ISDA IBOR fallbacks

On May 16, 2022, the International Swaps and Derivatives Association, Inc. (**ISDA**) published a notice[15] indicating that:

- RBSL's announcement on May 16, 2022 of the cessation of CDOR on the CDOR Cessation Date constitutes an "index cessation event" under the ISDA 2020 IBOR Fallbacks Supplement, the 2021 ISDA Interest Rate Derivatives Definitions and the ISDA 2020 IBOR Fallbacks Protocol,
- as a result, the fallback spread adjustment published by Bloomberg is fixed as of May 16, 2022 for all remaining CDOR settings, and
- the fallbacks (i.e., to the adjusted risk-free rate plus spread) will automatically occur after June 28, 2024 for outstanding derivatives contracts that incorporate the ISDA 2020 IBOR Fallbacks Supplement, including as a result of both parties adhering to the ISDA 2020 IBOR Fallbacks Protocol or the 2021 ISDA Interest Rate Derivatives Definitions.

Previously, on October 23, 2020, ISDA launched:[16]

- the ISDA 2020 IBOR Fallbacks Supplement,[17] which amended ISDA's standard definitions for interest rate derivatives to incorporate fallbacks for derivatives linked to certain interbank offered rates (**IBORs**), including

11 For derivatives, see the discussion in this notice under the heading "ISDA IBOR fallbacks".
12 In the absence of appropriate fallback language, issuers or market participants may need to take actions to mitigate risk, such as renegotiating a contractual provision in an instrument or amending the instrument to include robust fallback language.
13 See latest roadmap on CDOR transition issues on CARR's website at https://www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group/
14 See the latest version of these documents on CARR's website at: https://www.bankofcanada.ca/markets/canadian-alternative-reference-rate-working-group/
15 See May 16, 2022 ISDA announcement at https://www.isda.org/2022/05/16/isda-statement-on-rbsl-cdor-announcement/
16 See October 23, 2020 ISDA announcement at https://www.isda.org/2020/10/23/isda-launches-ibor-fallbacks-supplement-and-protocol/
17 See IBOR Fallbacks Supplement at http://assets.isda.org/media/3062e7b4/23aa1658-pdf/

CDOR, with the changes coming into effect on January 25, 2021 (from that date, all new cleared and non-cleared derivatives that reference the definitions included the fallbacks), and

- the ISDA 2020 IBOR Fallbacks Protocol,[18] which enables market participants to incorporate the revisions into their legacy non-cleared derivatives trades with other counterparties that choose to adhere to the ISDA 2020 IBOR Fallbacks Protocol.

The ISDA 2020 IBOR Fallbacks Protocol has been open for adherence since October 23, 2020 and became effective on the same date as the ISDA 2020 IBOR Fallbacks Supplement (January 25, 2021).

For those market participants that are parties to legacy non-cleared derivatives that reference CDOR but have not yet adhered to the ISDA 2020 IBOR Fallbacks Protocol for those derivatives, we suggest that they now do so.

Written transition plans for certain market participants

Subsection 21(1) of MI 25-102 provides that if certain specified market participants use a designated benchmark like CDOR, and if the cessation of the benchmark could have a significant impact on the market participant, a security issued by the market participant or a derivative to which the market participant is a party, the market participant must establish and maintain a written plan setting out the actions that the market participant will take in the event of the cessation of the designated benchmark.[19]

Subsection 21(1) of MI 25-102 only applies to a market participant that is a registrant, a reporting issuer, a recognized exchange, a recognized quotation and trade reporting system or a recognized clearing agency within the meaning of National Instrument 24-102 *Clearing Agency Requirements*.[20]

Prospectuses

If an issuer files a prospectus with a securities regulatory authority for an offering of debt securities that use CDOR as a reference rate, we would expect the following:

- the relevant trust indenture (or other contractual document) to include robust fallback language in contemplation of CDOR ceasing to be available while the debt securities are outstanding, and
- the prospectus, or the applicable supplement to a base shelf prospectus, to include disclosure on the fallback language and risks related to the fallback language and CDOR ceasing to be available while the debt securities are outstanding.

Part B: Expected cessation of the issuance of BAs and replacement products

On January 16, 2023, the Canadian Fixed-Income Forum (**CFIF**) published a white paper noting that the cessation of CDOR is also expected to result in the cessation of the issuance of BAs and that certain institutional investors may need to consider the use of alternative investment products to BAs.[21]

In particular, the CFIF white paper indicated that:

- money market mutual funds seeking to use alternative short term investment products to BAs may need exemptive relief from certain provisions in National Instrument 81-102 *Investment Funds*,
- other market participants seeking to issue or use alternative investment products to BAs should consider whether they need exemptive relief from any other provisions of applicable securities legislation, and
- to facilitate an orderly transition away from BAs, market participants are encouraged to retain legal counsel, if necessary, and file applications for exemptive relief with the applicable securities regulators as early as possible.

We remind market participants that novel applications for exemptive relief take longer to process than routine applications and there is no assurance that exemptive relief will be granted.

18 See IBOR Fallbacks Protocol at http://assets.isda.org/media/3062e7b4/08268161-pdf/
19 See the full text of section 21 of MI 25-102 for additional requirements that apply in respect of the written plan.
20 In Ontario, there is a similar requirement in section 21 of OSC Rule 25-501 (Commodity Futures Act) *Designated Benchmarks and Benchmark Administrators* (**OSC Rule 25-501**) that applies to a market participant that is registrant, a recognized commodity futures exchange, a registered commodity futures exchange or a recognized clearing house under Ontario commodity futures law. OSC Rule 25-501 was enacted in Ontario because MI 25-102 would not apply to Ontario commodity futures law. The OSC has designated CDOR as a designated benchmark for purposes of OSC Rule 25-501.
21 See CFIF white paper at https://www.bankofcanada.ca/2023/01/cfif-cdor-cessation-bankers-acceptance-market/

Questions

Please refer your questions to any of the following:

Michael Bennett
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
416-593-8079
mbennett@osc.gov.on.ca

Melissa Taylor
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
416-596-4295
mtaylor@osc.gov.on.ca

Serge Boisvert
Senior Policy Advisor
Autorité des marchés financiers
514-395-0337 poste 4358
serge.boisvert@lautorite.qc.ca

Roland Geiling
Derivatives Product Analyst
Autorité des marchés financiers
514-395-0337 poste 4323
roland.geiling@lautorite.qc.ca

Harvey Steblyk
Senior Legal Counsel, Market Regulation
Alberta Securities Commission
403-297-2468
harvey.steblyk@asc.ca

Janice Cherniak
Senior Legal Counsel, Market Regulation
Alberta Securities Commission
403-585-6271
janice.cherniak@asc.ca

Michael Brady
Deputy Director, Capital Markets Regulation
British Columbia Securities Commission
604-899-6561
mbrady@bcsc.bc.ca

Faisel Kirmani
Senior Analyst, Derivatives
British Columbia Securities Commission
604-899-6844
fkirmani@bcsc.bc.ca

B.1.2 CSA Staff Notice 21-332 Crypto Asset Trading Platforms: Pre-Registration Undertakings – Changes to Enhance Canadian Investor Protection

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 21-332

Crypto Asset Trading Platforms: Pre-Registration Undertakings

Changes to Enhance Canadian Investor Protection

February 22, 2023

1. Purpose of this Notice

The Canadian Securities Administrators (the **CSA** or **we**) are publishing this notice (the **Notice**) to describe a change in the CSA staff practice in connection with our expectation that crypto asset trading platforms (**CTPs**) that continue to operate in Canada while they seek registration and related exemptive relief file a pre-registration undertaking (a **PRU**) with the CSA, and to provide additional guidance to CTPs.

In light of recent insolvencies involving a number of CTPs, including Voyager Digital, Celsius Network, the FTX group of companies, BlockFi and Genesis Global (collectively **recent CTP insolvency events**), we are introducing important new investor protection provisions into the standard form of PRU. The PRU is required by CSA members as a precondition to CSA members allowing unregistered CTPs to continue to operate while the CTPs pursue their applications for registration and related relief. PRUs contain commitments by CTPs that the CTPs will operate in a certain manner during the registration process. These commitments are generally consistent with requirements currently applicable to registered CTPs and are intended to address investor protection and level-playing-field concerns, as explained below.

The new commitments we are now requesting from unregistered CTPs relate to the following areas:

- enhanced commitments in relation to the custody and segregation of crypto assets held on behalf of Canadian clients;
- enhanced commitments to preclude the unregistered CTP from pledging, re-hypothecating or otherwise using crypto assets held on behalf of Canadian clients;
- a prohibition on the part of the CTP offering margin, credit or other forms of leverage to any type of client in connection with the trading of crypto contracts or crypto assets on the CTP's platform;
- new commitments from controlling mind(s) and global affiliates that affect the CTP entity seeking registration and relief;
- restrictions on the part of the CTP relying on crypto assets, including proprietary tokens issued by the CTP or an affiliate of the CTP, in determining the capital of the CTP for excess working capital purposes and in determining the capital base of the CTP;
- enhanced commitments in relation to the filing by the CTP of financial information with the CSA on a regular basis;
- enhanced commitments in relation to the retention of a qualified Chief Compliance Officer (**CCO**) during the pre-registration process;
- a prohibition on the part of the CTP in respect of clients buying or depositing Value-Referenced Crypto Assets (commonly referred to as stablecoins) through crypto contracts without the prior written consent of the CSA; and
- a prohibition on the part of the CTP in respect of trades in crypto contracts based on proprietary tokens, except with the prior written consent of the CSA.

We believe the recent CTP insolvency events noted above highlight the significant investor protection risks to Canadian investors of trading crypto assets, particularly where such trading is conducted through unregistered CTPs based outside of Canada.

We remind investors that trading in crypto assets comes with elevated levels of risk that may not be suitable for many investors, in particular retail investors. Generally speaking, purchasing crypto assets is a speculative activity and the value and liquidity of crypto assets are highly volatile. Unregistered CTPs accessible by Canadians may not have essential safeguards that help protect investors' assets from loss, theft or misuse.

CTPs that operate in Canada and trade securities or derivatives are required to comply with Canadian securities law requirements, including registering[1] with securities regulators. While this regulatory oversight plays an important role in investor protection, investors should know that registration cannot eliminate all risks associated with CTPs.

Accordingly, unregistered CTPs that are continuing to operate in Canada while pursuing applications for registration and related relief are expected

- to give a revised PRU based on the template set out by CSA staff (the **enhanced PRU**) within 30 days of the publication of this Notice, and
- to implement such systems changes as may be necessary to give effect to the provisions of the PRU within timeframes set out in the PRU.

PRUs given by CTPs will be posted on the CSA Website[2] and may also be posted on local websites maintained by individual members of the CSA.[3]

As explained below, where an unregistered CTP is unable or unwilling to provide an enhanced PRU in a form acceptable to CSA staff or implement the required systems changes within these timelines, we will expect the CTP to take appropriate steps to identify and off-board existing users in Canada (**off-boarding**), to impose meaningful restrictions to prevent access to products and services offered by the CTP to users in Canada (**access restrictions**) and to provide notice and timelines to the principal regulator (**PR**) and other members of the CSA for the implementation of such steps and restrictions. Nothing in this Notice should be interpreted as limiting any enforcement recourse the CSA may take against any CTP[4].

The focus of this Notice is on unregistered CTPs that continue to operate in Canada while they seek registration and related exemptive relief. However, some of the guidance in this Notice may be relevant to registered CTPs and to investment funds that invest in crypto assets. Staff of the PR for a registered CTP will separately contact the registered CTP to discuss whether any changes to the registered CTP's registration or related relief may be required.

2. Background

On August 15, 2022, the CSA published[5] an important update in respect of CTPs that continue to operate in Canada while they take steps to comply with applicable securities legislation.[6]

The CSA announced that CSA members now expect unregistered CTPs to provide a PRU to their PR while their applications for registration and related relief are reviewed. By giving these undertakings, unregistered CTPs agree to comply with provisions that address investor protection concerns and are consistent with requirements currently applicable to registered CTPs.

The CSA introduced the PRU to address

- investor protection and risk management concerns in relation to the activities of unregistered CTPs that have submitted a substantially complete application to be registered and are continuing to operate while they proceed through the registration process and seek related exemptive relief; and
- level-playing-field concerns in relation to CTPs that have obtained registration as a restricted dealer or investment dealer and that are operating in accordance with their obligations as a registered firm and the terms and conditions applicable to their registration and exemptive relief.

1 https://www.securities-administrators.ca/crypto-trading-platforms-regulation-and-enforcement-actions/
2 https://www.securities-administrators.ca/resources/regulatory-sandbox/decisions/
https://www.autorites-valeurs-mobilieres.ca/ressources/bac-a-sable-reglementaire-des-acvm/decisions/
3 See, e.g., https://www.osc.ca/en/industry/registration-and-compliance/registered-crypto-asset-trading-platforms; or https://lautorite.qc.ca/grand-public/registres/plateformes-de-negociation-de-cryptoactifs
4 For greater certainty, this includes any recourse the OSC may take against CTPs that did not contact the OSC by the April 19, 2021 deadline set out in its March 29, 2021 announcement. See https://www.osc.ca/en/news-events/news/osc-working-ensure-crypto-asset-trading-platforms-comply-securities-law.
5 https://www.securities-administrators.ca/news/canadian-securities-regulators-expect-commitments-from-crypto-trading-platforms-pursuing-registration/.
6 As defined in National Instrument 14-101 *Definitions.* The term securities legislation includes legislation related to both securities and derivatives. For more information about when and in what circumstances a CTP may be subject to securities legislation, please refer to CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* and Joint CSA/IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements*.

The provisions of the standard form of PRU represent a number of core business conduct and risk management obligations (**core obligations**) that are consistent with the core obligations that would apply to the unregistered CTP if the CTP becomes a registered firm and pursuant to the terms and conditions set out in recent exemptive relief decisions granted to registered CTPs.

Specifically, the current standard form of PRU includes, among other things, a public commitment by the unregistered CTP to comply with the following:

- core business conduct obligations as set out in Schedule I in relation to
    - acting fairly, honestly and in good faith
    - system of controls and supervision, including policies and procedures relating to material, non-public information and personal trading by employees
    - conflicts of interest
    - restrictions on products and services
    - restriction on margin and leverage for retail clients
    - no recommendations or advice
    - advertising and social media use
    - account opening
    - investment limits
    - account appropriateness assessment
    - risk statement
    - custody of crypto assets
    - insurance
    - confidentiality of clients' order and trade information
    - books and records
- reporting provisions as set out in Schedule II
- marketplace provisions as set out in Schedule III (applicable only if the CTP is a marketplace)
- an obligation to notify the PR of any material change affecting the CTP that may reasonably be considered material by the PR or a client
- an obligation to notify the PR of any breach or failure of the CTP's systems of controls (e.g., a hack) and steps taken to address such breach or failure
- an obligation to notify the PR if any regulatory authority initiates compliance or enforcement action against the CTP
- an obligation to notify the PR if the CTP becomes subject to any bankruptcy or insolvency proceedings
- a commitment to work diligently to advance the applications for registration and relief and an acknowledgement that if this cannot be achieved within 12 months, the CTP will cease to carry on registerable activities in Canada
- certain other acknowledgements and commitments as set out in the PRU

The standard form of PRU includes an acknowledgement that the filing of the PRU by the CTP does not mean that the CTP has been or will be granted registration in any CSA jurisdiction or that the relief requested in the application for relief will be granted in any CSA jurisdiction. There is no assurance that the CTP will be registered or be granted its requested relief, and if it fails to become registered or obtain the necessary exemptive relief within a specified period, it will have to cease carrying on registerable activity in each jurisdiction of Canada in which it is not registered.

3. New Provisions

On December 12, 2022, the CSA announced[7] that, in light of recent CTP insolvency events, expanded commitments would be expected in the standard form of PRU. These commitments are a precondition to CSA staff considering an application for registration and related relief.

(a) *Custody and segregation of crypto assets held on behalf of Canadian clients*

The existing standard form of PRU includes a number of principles-based representations and commitments as follows:

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

- The Filer has and will retain the services of third-party custodians to hold not less than 80% of the total value of Crypto Assets held on behalf of clients.

In light of recent CTP insolvency events as noted above, and in light of the concern that Canadian investors, who believe they are purchasing Bitcoin or other crypto assets on a CTP, may find themselves as unsecured creditors in the event the CTP becomes insolvent, we are introducing additional commitments under this heading.

Specifically, the enhanced PRU will include additional commitments from the CTP to hold assets, including cash, securities and crypto assets that are not securities, of a Canadian client

(a) separate and apart from its own property,

(b) in trust for the benefit of the client,

(c) in the case of cash, in a designated trust account or in an account designated for the benefit of clients with a Canadian custodian or Canadian financial institution, and

(d) in the case of crypto assets, in a designated trust account or in an account designated for the benefit of clients with a custodian that comes within the definition of "Acceptable Third-party Custodian".

"Acceptable Third-party Custodian" means an entity that

(i) is one of the following:

a. a Canadian custodian or Canadian financial institution;

b. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [*Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada*] of National Instrument 81-102 *Investment Funds*;

c. a custodian that meets the definition of an "acceptable securities location" in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of New Self-Regulatory Organization of Canada (**New SRO**);

d. a foreign custodian for which the Filer has obtained the prior written consent from the PR and the regulator or securities regulatory authority of the Applicable Jurisdiction(s); or

e. an entity that does not meet the criteria for a qualified custodian and for which the Filer has obtained the prior written consent from the PR and the regulator or securities regulatory authority of the Applicable Jurisdiction(s);

(ii) is functionally independent of the Filer within the meaning of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**);

(iii) has obtained audited financial statements within the last twelve months which

a. are audited by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction,

[7] https://www.securities-administrators.ca/news/csa-provides-update-to-crypto-trading-platforms-operating-in-canada/

b. are accompanied by an auditor's report that expresses an unqualified opinion, and

c. discloses on its statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset;[8] and

(iv) has obtained a Systems and Organization Controls (**SOC**) 2 Type 1 or SOC 2 Type 2 report within the last twelve months or has obtained a comparable report recognized by a similar accreditation board satisfactory to the Filer's PR and the regulator or securities regulatory authority of the Applicable Jurisdiction(s).

In addition, the CTP commits to provide an authorization and direction in a form acceptable to CSA staff that allows CSA staff to obtain information about the status of Canadian client accounts directly from the custodian(s) and without going through the CTP.

(b) *Restrictions on the ability of unregistered CTPs to pledge, re-hypothecate or otherwise use crypto assets held on behalf of Canadian clients*

The existing standard form of PRU includes a principles-based representation as follows:

- The Filer will hold Crypto Assets in trust for the benefit of clients separate and apart from its own assets and from the assets of any custodial service provider. The Filer will not pledge, re-hypothecate or otherwise use any Crypto Assets owned by its clients.

The enhanced PRU will maintain this commitment. In the context of our reviews of the applications by the CTPs for registration and related relief, CSA staff will be asking for evidence of meaningful compliance systems and corporate governance controls to provide reasonable assurance that the CTP complies with this provision.

(c) *Restrictions on the offering of margin, credit or other forms of leverage*

The existing standard form of PRU includes a prohibition on the CTP offering margin, credit or other forms of leverage to clients other than clients that are "permitted clients" (as defined in NI 31-103) in connection with the trading of crypto contracts or crypto assets on the CTP's platform.

The existing prohibition is based on the restriction on registered dealers offering margin, credit or other forms of leverage to clients as set out in section 13.12 [*Restriction on borrowing from, or lending to, clients*] of NI 31-103. However, section 9.3 of NI 31-103 provides an exemption from the restriction in section 13.12 for IIROC investment dealers provided they comply with the IIROC requirements (now New SRO requirements).

In light of the recent CTP insolvency events as noted above, the enhanced PRU includes a commitment that the CTP not offer or provide margin, credit or other forms of leverage to any client, including both retail and permitted clients. This activity introduces additional and heightened risks to CTPs and has the potential to elevate solvency risk if not managed appropriately, even if margin and leverage were to be restricted to permitted clients only.

(d) *Commitments from controlling mind(s) and global affiliates that affect the Canadian Filer*

To ensure the independence of the Canadian Filer, the Filer's global affiliates, parent entities and/or their controlling minds will be expected to co-sign the enhanced PRU.

In co-signing the enhanced PRU, the Filer's global affiliates, parent entities and/or their controlling minds will undertake

- Not to interfere with the Canadian Filer's activities and its directors' independent judgment;
- To ensure that their activities will not undermine the Canadian Filer's activities and its compliance with Canadian regulatory obligations.

To the extent possible, the enhanced PRU will include a provision that the Canadian Filer's board of directors be independent from that of its global affiliates, its parent entities and/or their controlling minds.

[8] Similar in concept to that described in SEC Accounting Bulletin No. 121 regarding the accounting for obligations to safeguard crypto assets an entity holds for platform users.

(e) *Restrictions on the use of crypto assets, including proprietary tokens issued by the CTP or an affiliate of the CTP, in determining the capital of the CTP for excess working capital purposes, including acceptance of these assets for collateral purposes.*

For the purpose of the minimum excess working capital requirement applicable to registered firms, CSA staff will expect a 100% reduction on all crypto assets which are not offset by a corresponding current liability, such as crypto assets held for the clients as collateral to guarantee obligations under crypto contracts.

This will result in the exclusion of all the crypto assets held by the CTPs from the excess working capital calculation (Form 31-103F1).

This provision is based on the fact that most crypto assets are speculative in nature and that their value is highly volatile. As a new class of assets, crypto assets have limited investment history which indicates that they may lose substantial, if not all, their value in a very short period. CTPs must consider those risk elements when calculating their excess working capital to ensure their solvency.

(f) *The filing by CTPs of financial information with the CSA members on a regular basis*

The enhanced PRU will require from the Filer delivery of financial information as provided under section 12.12 [*Delivering financial information – dealer*] of NI 31-103.[9]

(g) *A provision for CTPs to retain/employ a qualified CCO*

The enhanced PRU will require that the CTP designate an individual as its CCO and that individual must generally meet the requirements of a CCO for a registered exempt market dealer. The CCO will be responsible for the following:

(i) maintaining policies and procedures for assessing compliance by the Filer, and individuals acting on behalf of the Filer, with securities legislation,

(ii) monitoring and assessing compliance by the Filer, and individuals acting on behalf of the Filer, with securities legislation, and

(iii) directly accessing the board of directors, or individuals acting in such capacity for the Filer, at such times as the CCO may consider necessary or advisable in view of the CCO's responsibilities.

4. Crypto Assets Available to Canadian Clients on CTPs

CTPs that are registered, or that have entered into or will be entering into a PRU, are reminded that, subject to the potential exclusion noted in respect of Value-Referenced Crypto Assets below, such CTPs are prohibited from permitting Canadian clients to enter into crypto contracts to buy and sell any crypto asset that is itself a security and/or a derivative.

(a) *General*

Registered CTPs are required to have established policies and procedures to determine whether each crypto asset they permit Canadian clients to enter into crypto contracts to buy and sell is a security and/or derivative under securities legislation in Canada.

A registered CTP's policies and procedures to determine whether a crypto asset is a security and/or derivative should include a process for independent analysis of the crypto asset and consideration of statements made by any regulator or securities regulatory authority about whether the crypto asset, or generally about whether the type of crypto asset, is a security and/or derivative. We expect that CTPs that have entered into a PRU would have similar policies and procedures.

Pursuant to the terms of registration and exemptive relief of a registered CTP, if such registered CTP is made aware or is informed that a crypto asset is viewed by a regulator or securities regulatory authority to be a security and/or derivative, the registered CTP is required to promptly stop permitting its clients to buy or deposit such crypto asset through a crypto contract, except to allow clients, in an orderly manner, to liquidate their positions in those crypto contracts or transfer such crypto assets to a blockchain address specified by the client. We expect that CTPs that have entered into a PRU would take similar steps if they were made aware or informed that a crypto asset is viewed by a regulator or securities regulatory authority to be a security and/or derivative.

[9] To comply with section 12.12 of NI 31-103, we refer the Filer to sections 12.10 and 12.11 of NI 31-103. Pursuant to subsection 12.10(2) NI 31-103, annual financial statements must be audited.

(b) *Value-Referenced Crypto Assets*

As outlined in its business plan,[10] the CSA continues to monitor and assess the presence and role of stablecoins in Canadian capital markets and work collaboratively to identify and respond to regulatory implications and risks. As a result of this ongoing work, the CSA is of the view that stablecoins, or stablecoin arrangements, may constitute securities and/or derivatives.

There is no generally accepted definition of "stablecoin" and there are various iterations of stablecoin arrangements. In this Notice and the enhanced PRUs, we use the term "Value-Referenced Crypto Asset", or "VRCA", since the use of the term "stablecoin" may be misleading in that these types of assets can also experience volatility and there have been several instances over the past year where crypto assets purported to be "stablecoins" did not maintain their "peg" on trading platforms.

Generally, a VRCA is a crypto asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.[11] The mechanism through which a VRCA is designed to maintain its value, also commonly known as its "peg" to the reference value, may be through maintaining a reserve of assets or through an algorithm coded into a smart contract. Whether a particular VRCA is a security and/or derivative will depend on the specific facts and circumstances.

The most common form of VRCA is intended to replicate the value of a single fiat currency and may give holders digital evidence of a direct or indirect claim on the issuer.[12] The issuer[13] may attempt to maintain the value of the VRCAs by setting aside a reserve of assets, which is denominated in the fiat currency and may or may not be in a segregated reserve account (a **Fiat-Backed Crypto Asset**). Staff are of the view that Fiat-Backed Crypto Assets generally meet the definition of "security"[14] and/or would meet the definition of "derivative" in several jurisdictions.[15]

Other similarly structured VRCAs are pegged to and backed by assets other than fiat currency (e.g., gold, other crypto assets) or a basket of types of assets (e.g., a basket of fiat currencies). Similar to Fiat-Backed Crypto Assets, we would generally consider VRCAs pegged to or backed by assets other than fiat currency to be a security and/or derivative.

VRCAs remain primarily used to facilitate the trading, borrowing and lending of other crypto assets. Their design and use could give rise to a variety of risks in the financial system, particularly if the risks of VRCAs are not adequately addressed.

The transparency of VRCA arrangements about their reserves of assets, the stabilization mechanisms of their value and their governance are generally key issues that require appropriate regulation to protect VRCA holders. Currently, VRCA holders may not receive important information about the issuer or key features of the VRCA. Thus, they may not be aware of their rights and risks when trading such assets. In addition, consumers may be misled into believing that VRCAs are risk-free, that their price will not deviate from its reference value (both in the normal markets and during difficult events) or that they have a direct claim on the reserve of assets. We generally note that the redemption rights on VRCAs are left to the discretion of the issuer and are not always clearly disclosed.

Some of the significant risks associated with VRCAs are related to the stabilization mechanism associated with the maintenance of the peg to their reference value, the management, and custodianship of their reserve of assets and their governance. In addition, the risk that is most likely to have an impact on the financial system as a whole, relative to other risks, is the redemption risk or "run" risk.

---

10 2022-2025 CSA Business Plan. See: https://www.securities-administrators.ca/wp-content/uploads/2022/10/2022_2025CSA_BusinessPlan.pdf.

11 In its Consultative Report Review of the Financial Stability Board (FSB) High-level Recommendations of the Regulation, Supervision and Oversight of "Global Stablecoin" Arrangements (October 2022), the FSB highlighted that "stablecoins" include two characteristics that distinguish them from other Crypto Assets—the existence of a stabilisation mechanism and the usability as a means of payment and/or store of value. See https://www.fsb.org/wp-content/uploads/P111022-4.pdf at p 1.

12 Many VRCAs limit the circumstances in which a holder can make a claim against the issuer for the underlying asset (*e.g.*, the holder may have to hold or request redemption of a certain value of VRCAs). We do not consider such conditions on redemption to alter the conclusion that the VRCA is a security and/or derivative.

13 This Staff Notice uses the term "issuer" to describe the creator of a VRCA, and also "distribution" in reference to the first sale of such assets by the issuer. These terms are generally used in respect of securities. As noted, certain VRCAs, including Fiat-Backed Crypto Assets, constitute derivatives in certain jurisdictions. The use of "issuer" and "distribution" should not, therefore, be read to exclude the application of securities legislation in respect of derivatives in such jurisdictions.
Generally, the issuance of Fiat-Backed Crypto Assets includes all the functions performed by its issuer. Among other things, the issuer of a VRCA is the entity responsible for designing the Fiat-Backed Crypto Asset, managing the minting, issuance, redemption and supply of tokens, and maintaining the crypto asset's peg through the coordinated management of the reserve assets and token supply. The issuance in Canada of a Fiat-Backed Crypto Asset that meets the definition of security may constitute a distribution in accordance with the securities legislation.

14 For instance, Fiat-Backed Crypto Assets would generally constitute an "evidence of indebtedness" under the definition of "security" in several jurisdictions and may also be a security under other clauses of the definition of "security".

15 Depending on the specific facts and circumstances a VRCA may also be a deposit under provincial and federal legislation and may be subject to another regulatory oversight regime in Canada. For example, if the issuer is a Canadian financial institution, or the equivalent in a foreign jurisdiction, there may be existing exemptions from securities legislation that may be applicable or may be appropriate.

There are also VRCAs that attempt to maintain their value based on an algorithm coded in a smart contract instead of holding a dedicated reserve of assets.[16] These are generally riskier than other types of VRCAs, as they are typically not collateralized and rely on algorithms and market incentives to peg their price to the reference value.

Although the existing standard form of PRU and the exemptive relief decisions for registered CTPs already include restrictions on clients entering into crypto contracts in respect of crypto assets that are securities and/or derivatives, we recognize that VRCAs may be used by the clients of CTPs as an on-ramp to deposit assets with the CTP, for the trading of other crypto assets, as a store of value during times of volatility in the crypto asset markets or to avoid converting their crypto assets into fiat currency, or they may be used for other purposes, such as a means of payment.[17]

We also recognize that the core provisions and the new provisions in the enhanced PRU may mitigate certain risks associated with VRCAs. Accordingly, the enhanced PRU includes a prohibition on CTPs allowing their clients entering into crypto contracts to buy or deposit VRCAs without the CTP obtaining the prior written consent of the CSA. Such consent may be subject to terms and conditions imposed on the CTP and the issuer of the VRCA.

If a CTP requests written consent from the CSA for its clients to enter into crypto contracts to buy or deposit a particular VRCA, we expect the CTP to conduct sufficient due diligence to ensure that applicable risks in respect of the VRCA are addressed, including that:

- the VRCA is a Fiat-Backed Crypto Asset;
- where distributions of the Fiat-Backed Crypto Asset are made in Canada, such distributions are made in compliance with applicable Canadian securities legislation;
- the issuer of the Fiat-Backed Crypto Asset maintains a reserve of assets with a market value at least equal to the value of outstanding units of the Fiat-Backed Crypto Asset at the end of each day;
- the reserve of assets is comprised of highly liquid assets, such as cash or cash equivalents;
- the reserve of assets is held by a qualified custodian in favour of the Fiat-Backed Crypto Asset holders;
- the reserve of assets is segregated from assets of the issuer and the assets of each class of other crypto asset issued by the issuer;
- the reserve of assets is subject to a monthly attestation and an annual audit from an independent auditor, copies of which are made publicly accessible in a timely manner;
- the redemption rights of the VRCA holder, directly or indirectly, against the issuer of the Fiat-Backed Crypto Asset, or the reserve of assets, are clearly articulated in policies and procedures and publicly disclosed;
- the issuer of the Fiat-Backed Crypto Asset maintains a plan for recovery and to support an orderly wind-down in case of a crisis or failure by the issuer or an affiliate of the issuer;
- the issuer of the Fiat-Backed Crypto Asset maintains effective governance practices;
- key accurate information about the Fiat-Backed Crypto Asset is made publicly accessible in plain and non-technical language; and
- the CTP is not otherwise prohibited from allowing clients to enter into crypto contracts in respect of the Fiat-Backed Crypto Asset.[18]

We would also expect that the issuer of the VRCA that is proposed to be offered to Canadian clients of a CTP would take appropriate steps to address applicable risks, including those noted above.

For greater certainty, we would not expect to provide consent in respect of a VRCA that is not fully-backed by an appropriate reserve but rather maintains its value through an algorithm. Also, a CTP providing a PRU, or a registered CTP, may not be able

[16] The Bank of Canada's Staff Discussion Paper *Stablecoins and Their Risks to Financial Stability* dated November 28, 2022, described algorithmic VRCAs as seeking to achieve price stability through algorithms that regulate the supply and demand of the VRCA in response to market conditions, often relying on incentives of actors in the secondary market to stabilize the price, using mechanisms that vary and include allowing the VRCA to be freely converted against a second unbacked Crypto Asset or a periodic rebasing of the VRCA through adjustments in the VRCA supply. See https://www.bankofcanada.ca/wp-content/uploads/2022/11/sdp2022-20.pdf at p 5.

[17] The Relative Benefits and Risks of Stablecoins as a Means of Payment: A Case Study Perspective, Bank of Canada, December 19, 2022. See https://www.bankofcanada.ca/2022/12/staff-discussion-paper-2022-21/.

[18] For example, the PRUs, and the exemptive relief decisions for registered CTPs, include prohibitions for crypto assets that have been the subject of certain regulatory action.

to satisfy their PRU commitments or regulatory obligations in respect of VRCAs that maintain their value through an algorithm, including know-your product, account appropriateness or other PRU commitments or regulatory obligations to clients.

If a registered CTP wishes to allow clients to enter into crypto contracts to buy or deposit a particular VRCA, they should contact their PR. Additionally, we invite issuers of VRCAs that would like a VRCA for which they are the issuer to be distributed in Canada or are seeking consent for a VRCA for which they are the issuer to be bought or deposited on a CTP through crypto contracts to contact a member of the CSA. Such issuers of VRCAs would be expected to explain the steps they have taken to comply with applicable Canadian securities legislation and address the applicable risks, including those noted above.

We caution that Fiat-Backed Crypto Assets, including any that we may consent to be traded on a CTP, are subject to various risks and are not the same as fiat currency. The fact that a regulator or securities regulatory authority may provide written consent to a CTP for its clients to enter into crypto contracts to buy or deposit a particular VRCA, should not be viewed as our endorsement or approval of the VRCA or an indication that the VRCA is risk-free. Further, any consent given should not be viewed as a statement that the VRCA has been distributed in accordance with Canadian securities legislation.

The CSA will continue to monitor and assess the presence and role of VRCAs in Canadian capital markets and work collaboratively with other Canadian authorities, as well as international organizations and standard-setting bodies, to respond to the regulatory implications and risks of such crypto assets.

This approach in respect of VRCAs is intended to be an interim approach only, as the CSA continues its work in this area. We will consider whether any modifications to this approach are required both on an interim basis and for a longer-term framework, and whether any amendments are needed to existing exemptive relief decisions for registered CTPs.

5. CSA Response if a CTP is unable or unwilling to provide a revised form of PRU

As set out above, nothing in this Notice should be interpreted as limiting any enforcement recourse the CSA may take against any CTP. If a CTP currently operating in Canada engages in registration discussions with a CSA member but is not prepared to file a revised form of PRU in a form acceptable to CSA staff, files the PRU but does not abide by the provisions of the PRU, or does not make bona fide attempts to progress through the registration process as quickly as possible, or if other information comes to the attention of CSA staff that raises investor protection or other public interest concerns, CSA staff will consider compliance and/or enforcement action against the CTP and its principals. This compliance and enforcement action may include, without limitation,

- the CTP being named on a CSA Investor Alert and/or Investor Warning List;[19]
- the CTP being directed to implement off-boarding and to impose access restrictions;
- an order that the CTP and its principals cease trading and/or an order denying exemptions under securities law to the CTP and its principals; and
- other penalties or sanctions against the CTP and its principals, as may be determined by Canadian securities regulatory authorities or regulators.

6. Questions

Please refer your questions to any of the following CSA staff:

Michael Brady
Deputy Director, Capital Markets Regulation
British Columbia Securities Commission
mbrady@bcsc.bc.ca

H. Zach Masum
Manager, Legal Services
British Columbia Securities Commission
zmasum@bcsc.bc.ca

Patricia Quinton-Campbell
Manager, Legal
Alberta Securities Commission
Patricia.Quinton-Campbell@asc.ca

Ashlyn D'Aoust
Senior Legal Counsel, Market Regulation
Alberta Securities Commission
Ashlyn.DAoust@asc.ca

Tonya Fleming
Manager, Innovation in Finance, Corporate Finance
Alberta Securities Commission
Tonya.Fleming@asc.ca

[19] See, e.g., https://www.securities-administrators.ca/investor-alerts/; https://checkfirst.ca/wp-content/uploads/2022/05/ASC-Investors-Guide-Cryptocurrencies.pdf; https://www.asc.ca/news-and-publications/investment-caution-list; https://www.bcsc.bc.ca/enforcement/early-intervention/investment-caution-list; https://lautorite.qc.ca/en/general-public/fraud-prevention/illegal-on-line-trading-platforms/warning-list-of-websites-and-companies-that-solicit-investors-illegally and https://www.osc.ca/en/investors/investor-warnings-and-alerts

Dean Murrison
Executive Director, Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
Dean.murrison@gov.sk.ca

Chris Besko
Director, General Counsel
Manitoba Financial Services Agency – Securities
chris.besko@gov.mb.ca

Paul Hayward
Senior Legal Counsel, Compliance and Registrant Regulation
Ontario Securities Commission
phayward@osc.gov.on.ca

Namrata Bhagia
Legal Counsel, Compliance and Registrant Regulation
Ontario Securities Commission
nbhagia@osc.gov.on.ca

Pascale Toupin
Director, Oversight of Intermediaries
Autorité des marchés financiers
Pascale.Toupin@lautorite.qc.ca

Jérémie Moisan-De Serres
Senior analyst, Oversight of Intermediaries
Autorité des marchés financiers
Jeremie.Moisan-DeSerres@lautorite.qc.ca

Katherine S. Donovan
Legal Counsel, Securities Division
Financial and Consumer Services Commission
(New Brunswick)
katherine.donovan@fcnb.ca

Doug Harris
General Counsel, Director of Market
Regulation and Policy and Secretary
Nova Scotia Securities Commission
Doug.Harris@novascotia.ca

Graham Purse
Legal Counsel, Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
graham.purse2@gov.sk.ca

Arian Poushangi
Legal Counsel
Manitoba Financial Services Agency – Securities
arian.poushangi@gov.mb.ca

Gloria Tsang
Senior Legal Counsel, Compliance and Registrant Regulation
Ontario Securities Commission
gtsang@osc.gov.on.ca

Melissa Taylor
Senior Legal Counsel, Corporate Finance
Ontario Securities Commission
mtaylor@osc.gov.on.ca

Nicole Truong
Senior analyst, Oversight of Intermediaries
Autorité des marchés financiers
Nicole.Truong@lautorite.qc.ca

Mathieu Simard
Senior policy analyst, Data, Fintech and Innovation
Autorité des marchés financiers
Mathieu.simard@lautorite.qc.ca

B.1.3 Notice of General Order – Ontario Instrument 13-510 Temporary Exemption from the Late Fee under Subsection 6.4(1) of OSC Rule 13-502 Fees for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities

NOTICE OF GENERAL ORDER

Ontario Instrument 13-510
Temporary Exemption from the Late Fee under Subsection 6.4(1) of Ontario Securities Commission Rule 13-502 Fees for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities

February 16, 2023

Description of OSA Order

The Ontario Securities Commission (the **Commission** or **OSC**) has made an order (the **OSA Order**) under subsection 143.11(2) of the Securities Act (Ontario) (the **OSA**) providing a temporary exemption from the requirement to pay the late fee for the late filing under National Instrument 33-109 *Registration Information* (**NI 33-109**) of a Form 33-109F5 *Change of Registration Information* (**Form 33-109F5**) to amend item 10 of Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (**Form 33-109F4**), on the terms set out in the OSA Order.

More specifically, under the OSA Order, effective February 13, 2023, persons and companies are exempt from the requirement to pay late fees under subsection 6.4(1) of Ontario Securities Commission Rule 13-502 *Fees* (**OSC Rule 13-502**) in respect of their late filing of a Form 33-109F5 to amend item 10 of their Form 33-109F4, where the Form 33-109F5 is filed:

i) on or after February 13, 2023; and

ii) before April 3, 2023.[1]

The full text of the OSA Order is contained in **Ontario Instrument 13-510** ***Temporary Exemption from the Late Fee under Subsection 6.4(1) of Ontario Securities Commission Rule 13-502 Fees for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities*** (**Ontario Instrument 13-510**), which is set out in the accompanying Annex A to this Notice.[2]

Background

Initial moratorium on late fees for the late filing of outside activities information

The temporary exemption provided for in the OSA Order corresponds to an exemption that previously existed during a moratorium period from January 1, 2019 to December 31, 2021 (the **Initial OA Moratorium**).[3]

On December 16, 2021, the OSC extended the Initial OA Moratorium until June 6, 2022 by way of Ontario Instrument 13-508 *Extension of Moratorium on Outside Activities Late Filing Fees* (**the Moratorium Extension**).[4] The effect of the Moratorium Extension was to extend for registrants the expiry date of the previous temporary exemption during the Initial OA Moratorium until June 6, 2022.[5]

Fee rule amendments

On January 21, 2022, the OSC published for comment proposed amendments to OSC Rule 13-502 (the **Proposed 13-502 Amendments**).[6] The Proposed 13-502 Amendments were, among other things, intended to provide for the permanent elimination of the late fee upon the late filing of a Form 33-109F5 to disclose amendments to item 10 of Form 33-109F4 after the required filing deadline for the Form 33-109F5.

---

1 Once the Final 13-502 Amendments come into force on April 3, 2023, there will no longer be any late fees for these late filings and therefore no need to continue the temporary exemption.

2 The OSC has also issued a similar general Order under the Commodity Futures Act (Ontario) in Ontario Instrument 13-511 *Temporary Exemption from the Late Fee under Section 3.3 of Ontario Securities Commission Rule 13-503 (Commodity Futures Act) Fees for the Late Filing of a Form 33-506F5 to Amend Item 10 of Form 33-506F4, which includes Disclosure Requirements in respect of Certain Outside Activities* – that is the subject matter of a separate notice.

3 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/notice-amendments-and-changes-osc-rule-13-502-fees-and-osc-rule-13-503-commodity-futures-act-fees

4 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-508/ontario-instrument-13-508-extension-moratorium-outside-activities-late-filing-fees
https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-508/notice-general-order-ontario-instrument-13-508-extension-moratorium-outside-activities-late-filing

5 The Initial OA Moratorium was not extended to a "permitted individual" (as defined in NI 33-109) that was not also a registrant.

6 https://www.osc.ca/sites/default/files/2022-01/rule_20220121_13-502_13-503-rfc-proposed-amendments.pdf

On November 23, 2022, the OSC published final amendments to OSC Rule 13-502 (the **Final 13-502 Amendments**).[7]

As in the case of the Proposed 13-502 Amendments, the Final 13-502 Amendments (which come into force on April 3, 2023) provide for the permanent elimination of the late fee for disclosing amendments to item 10 of Form 33-109F4 after the required filing deadline.

Reasons for OSA Order

The OSA Order is intended to reduce regulatory burden, consistent with the previous temporary exemptions and the Final 13-502 Amendments.

In response to the proposed elimination of the subject late fees in the Proposed 13-502 Amendments, the OSC received comments supporting the elimination and did not receive comments opposing the elimination.

Day on which the OSA Order Ceases to Have Effect

The OSA Order came into effect on February 13, 2023 and ceases to have effect on April 3, 2023.

[7] https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-changes-their-companion

B.1.4 Notice of General Order –Ontario Instrument 13-511 Temporary Exemption from the Late Fee under Section 3.3 of OSC Rule 13-503 (Commodity Futures Act) Fees for the Late Filing of a Form 33-506F5 to Amend Item 10 of Form 33-506F4, which includes Disclosure Requirements in respect of Certain Outside Activities

NOTICE OF GENERAL ORDER

Ontario Instrument 13-511
Temporary Exemption from the Late Fee under Section 3.3 of
Ontario Securities Commission Rule 13-503 (Commodity Futures Act) Fees for the Late Filing of
a Form 33-506F5 to Amend Item 10 of Form 33-506F4,
which includes Disclosure Requirements in respect of Certain Outside Activities

February 16, 2023

Description of CFA Order

The Ontario Securities Commission (the **Commission** or **OSC**) has made an order (the **CFA Order**) under subsection 75(2) of the Commodity Futures Act (Ontario) (the **CFA**) providing a temporary exemption from the requirement to pay the late fee for the late filing under Ontario Securities Commission Rule 33-506 *(Commodity Futures Act) Registration Information* (**OSC Rule 33-506**) of a Form 33-506F5 *Change of Registration Information* (**Form 33-506F5**) to amend item 10 of Form 33-506F4 *Registration of Individuals and Review of Permitted Individuals* (**Form 33-506F4**), on the terms set out in the CFA Order.

More specifically, under the CFA Order, effective February 13, 2023, persons and companies are exempt from the requirement to pay late fees under section 3.3 of Ontario Securities Commission Rule 13-503 *(Commodity Futures Act) Fees* (**OSC Rule 13-503**) in respect of their late filing of a Form 33-506F5 to amend item 10 of their Form 33-506F4, where the Form 33-506F5 is filed:

i) on or after February 13, 2023; and

ii) before April 3, 2023.[1]

The full text of the CFA Order is contained in **Ontario Instrument 13-511** ***Temporary Exemption from the Late Fee under Section 3.3 of Ontario Securities Commission Rule 13-503 (Commodity Futures Act) Fees for the Late Filing of a Form 33-506F5 to Amend Item 10 of Form 33-506F4, which includes Disclosure Requirements in respect of Certain Outside Activities*** (**Ontario Instrument 13-511**), which is set out in the accompanying Annex A to this Notice.[2]

Background

Initial moratorium on late fees for the late filing of outside activities information

The temporary exemption provided for in the CFA Order corresponds to an exemption that previously existed during a moratorium period from January 1, 2019 to December 31, 2021 (the **Initial OA Moratorium**).[3]

On December 16, 2021, the OSC extended the Initial OA Moratorium until June 6, 2022 by way of Ontario Instrument 13-509 *Extension of Moratorium on Outside Activities Late Filing Fees (Commodity Futures Act)* (the **Moratorium Extension**).[4] The effect of the Moratorium Extension was to extend for registrants the expiry date of the previous temporary exemption during the Initial OA Moratorium until June 6, 2022.[5]

Fee rule amendments

On January 21, 2022, the OSC published for comment proposed amendments to OSC Rule 13-503 (the **Proposed 13-503 Amendments**).[6] The Proposed 13-503 Amendments were, among other things, intended to provide for the permanent elimination of the late fee upon the late filing of a Form 33-506F5 to disclose amendments to item 10 of Form 33-506F4 after the required filing deadline for the Form 33-506F5.

---

1 Once the Final 13-503 Amendments come into force on April 3, 2023, there will no longer be any late fees for these late filings and therefore no need to continue the temporary exemption.

2 The OSC has also issued a similar general Order under the Ontario Securities Act (the **OSA**) in Ontario Instrument 13-510 ***Temporary Exemption from the Late Fee under subsection 6.4(1) of Ontario Securities Commission Rule 13-502 Fees for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities*** – that is the subject matter of a separate notice.

3 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/notice-amendments-and-changes-osc-rule-13-502-fees-and-osc-rule-13-503-commodity-futures-act-fees

4 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-509/ontario-instrument-13-509-extension-moratorium-outside-activities-late-filing-fees-commodity
https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-509/notice-general-order-ontario-instrument-13-509-extension-moratorium-outside-activities-late-filing

5 The Initial OA Moratorium was not extended to a "permitted individual" (as defined in OSC Rule 33-506) that was not also a registrant.

6 https://www.osc.ca/sites/default/files/2022-01/rule_20220121_13-502_13-503-rfc-proposed-amendments.pdf

On November 23, 2022, the OSC published final amendments to OSC Rule 13-503 (the **Final 13-503 Amendments**).[7]

As in the case of the Proposed 13-503 Amendments, the Final 13-503 Amendments (which come into force on April 3, 2023) provide for the permanent elimination of the late fee for disclosing amendments to item 10 of Form 33-506F4 after the required filing deadline.

Reasons for CFA Order

The CFA Order is intended to reduce regulatory burden, consistent with the previous temporary exemptions and the Final 13-503 Amendments.

In response to the proposed elimination of the subject late fees in the Proposed 13-503 Amendments, the OSC received comments supporting the elimination and did not receive comments opposing the elimination.

Day on which the CFA Order Ceases to Have Effect

The CFA Order came into effect on February 13, 2023 and ceases to have effect on April 3, 2023.

[7] https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-changes-their-companion

B.1.5 Notice of Ministerial Approval of Amendments to National Instrument 45-106 Prospectus Exemptions relating to the Offering Memorandum Prospectus Exemption

NOTICE OF MINISTERIAL APPROVAL OF
AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*
RELATING TO THE OFFERING MEMORANDUM PROSPECTUS EXEMPTION

February 23, 2023

Ministerial Approval

The Ontario Minister of Finance recently approved amendments (the **Rule Amendments**) made by the Ontario Securities Commission to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) relating to the offering memorandum prospectus exemption.

The Rule Amendments, as well as corresponding changes (the **CP Changes**) to Companion Policy 45-106CP *Prospectus Exemptions*, were published in the Bulletin on December 8, 2022. The same material is being published today in Chapter 5 of this Bulletin.

The Rule Amendments and CP Changes will become effective on March 8, 2023.

Transition Provision

The Rule Amendments include the following transition provision for the amendments to the Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* (**Form 45-106F2**) subject to certain conditions:

> Subsections 6.4(1), (4) and (5) of National Instrument 45-106 *Prospectus Exemptions* do not apply to an issuer in respect of an offering memorandum if both of the following apply:
>
> (a) the date of the certificate required under subsection 2.9(8) or (14.1) of National Instrument 45-106 *Prospectus Exemptions* is before March 8, 2023;
>
> (b) the offering memorandum was prepared in accordance with the version of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* in force on March 7, 2023.

There is no transition provision for the other Rule Amendments.

An issuer may not rely on the transition provision if they were otherwise required to amend their offering memorandum or choose to amend their offering memorandum on or after March 8, 2023. Whether an issuer may otherwise be required to amend its offering memorandum when the Rule Amendments come into force would depend on a number of factors including, the date of the offering memorandum, the issuer's financial year end, whether there has been a material change and whether the offering memorandum includes sufficient information for an investor to make an informed investment decision.

We note that the amendments to Form 45-106F2 generally clarify existing disclosure required under the current version of Form 45-106F2. For example, an issuer would generally be required to disclose the information required by Item 1.3, Schedule 1 or Schedule 2 of the amended version of Form 45-106F2, as applicable to the issuer's business, in order for the offering memorandum to provide a prospective purchaser with sufficient information to make an informed investment decision.

Questions

Please refer your questions to either of the following:

David Surat
Acting Manager, Corporate Finance
dsurat@osc.gov.on.ca

Melissa Taylor
Senior Legal Counsel, Corporate Finance
mtaylor@osc.gov.on.ca

B.1.6 CSA Staff Notice 23-330 Order Protection Rule: Market Share Threshold

Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 23-330

Order Protection Rule: Market Share Threshold

Effective as of April 1, 2023

February 23, 2023

Introduction

On June 20, 2016, the Canadian Securities Administrators (the **CSA** or **we**) published a notice[1] (the **2016 Notice**) regarding the implementation of the market share threshold. This notice updates the list of protected and unprotected marketplaces published on February 25, 2021. The updated list will be in effect as of April 1, 2023, until a future notice is published. We note that the only change relative to the last notice published[2] is the addition of Canadian Securities Exchange (**CSE**) second book, CSE2. There are no other notable changes.

The text of this notice is available on the websites of the CSA jurisdictions, including:

www.lautorite.qc.ca
www.asc.ca
www.bcsc.bc.ca
www.fcnb.ca
nssc.novascotia.ca
www.osc.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca

Purpose

The purpose of this notice is to provide the list of marketplaces that display protected orders (**protected marketplaces**) and marketplaces whose orders will not be protected (**unprotected marketplaces**) for the purposes of National Instrument 23-101 *Trading Rules* (**NI 23-101**) and the order protection rule (**OPR**) as of April 1, 2023 because they do not:

(i) provide automated trading functionality as they have an intentional order processing delay, or

(ii) meet the market share threshold.

The market share threshold has been set at 2.5%.[3]

OPR Requirements

Section 6.1 of NI 23-101 requires marketplaces to establish, maintain and ensure compliance with policies and procedures that are reasonably designed to prevent trade-throughs of better priced protected bids and offers. Section 6.4 of NI 23-101 imposes the same requirement on marketplace participants that assume responsibility for compliance with OPR by entering directed-action orders.

Section 1.1 of NI 23-101 defines protected bids and offers as bids and offers displayed on a marketplace offering automated trading functionality, and about which information is provided to an information processor.

Section 1.1.2.1 of Companion Policy 23-101 *Trading Rules* outlines the circumstances in which a marketplace that introduced an intentional order processing delay would not be considered to be providing automated trading functionality. In those circumstances, the orders on that marketplace would not be protected.

1 CSA Staff Notice 23-316 Order Protection Rule: Implementation of the Market Share Threshold and Amendments to Companion Policy 23-101 *Trading Rules*.
2 CSA Staff Notice 23-328 Order Protection Rule: Market Share Threshold for the Period April 1, 2021 to March 31, 2022.
3 The 2016 Notice includes a description of the calculation of the market share threshold.

Orders on "dark" marketplaces are not protected as they are not displayed. Therefore, orders on ICX, LiquidNet, MATCHNow, NEO Exchange dark book (NEO-D) and Nasdaq CXD are unprotected for the purposes of OPR.

List of Protected and Unprotected Marketplaces

Below we have listed the protected and unprotected marketplaces.

The orders displayed on the marketplaces listed in Table 1 below will be protected because either the marketplace meets the market share threshold and/or the orders are for securities that are listed by and traded on that marketplace:

Table 1 – Marketplaces that Display Protected Orders

Marketplace	Market Share	Status	Reason Protected
CSE	5.79%	Protected	Meets market share threshold
Nasdaq CXC	11.26%	Protected	Meets market share threshold
Nasdaq CX2	5.18%	Protected	Meets market share threshold
NEO-L	6.55%	Protected	Meets market share threshold
Omega	5.61%	Protected	Meets market share threshold
TSX	44.96%	Protected	Meets market share threshold
TSX Venture	7.85%	Protected	Meets market share threshold

Orders displayed on the marketplaces listed on Table 2 below will be unprotected because either the marketplace does not provide automated trading functionality, does not meet the market share threshold or does not display orders:

Table 2 – Marketplaces whose Orders Are Unprotected

Marketplace	Market Share	Status	Reason Unprotected
Alpha	8.31%	Unprotected	Does not provide automated trading functionality
Lynx	0.22%	Unprotected	Does not meet the market share threshold
CSE2	0.01%	Unprotected	Does not meet the market share threshold
NEO-N	4.26%	Unprotected	Does not provide automated trading functionality
ICX		Unprotected	Does not display orders
LiquidNet		Unprotected	Does not display orders
MATCHNow		Unprotected	Does not display orders
Nasdaq CXD		Unprotected	Does not display orders
NEO-D		Unprotected	Does not display orders

Public Notification

Please note that a notice providing a list of protected and unprotected marketplaces is not necessarily published annually but rather only when there are changes to the list of protected and/or unprotected markets.

Questions

Please refer your questions to any of the following:

Alina Bazavan Market Specialist, Market Regulation Ontario Securities Commission abazavan@osc.gov.on.ca	Alex Petro Trading Specialist, Market Regulation Ontario Securities Commission apetro@osc.gov.on.ca
Roland Geiling Derivatives Product Analyst Oversight of Trading Activities Autorité des marchés financiers Roland.Geiling@lautorite.qc.ca	Serge Boisvert Senior Policy Analyst Oversight of Trading Activities Autorité des marchés financiers serge.boisvert@lautorite.qc.ca
Michael Grecoff Securities Market Specialist, Legal Services British Columbia Securities Commission mgrecoff@bcsc.bc.ca	Jesse Ahlan Regulatory Analyst, Market Structure Alberta Securities Commission jesse.ahlan@asc.ca

This page intentionally left blank

B.2
Orders

B.2.1 The Valens Company Inc.

Headnote

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

Applicable Legislative Provisions

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

February 14, 2023

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

AND

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

AND

IN THE MATTER OF
THE VALENS COMPANY INC.
(the "Filer")

ORDER

Background

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

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

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta Saskatchewan, Manitoba, 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 order, unless otherwise defined.

Representations

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

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

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

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

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

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

Order

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

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

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

OSC File #: 2023/0034

B.2.2 Ontario Instrument 13-510 Temporary Exemption from the Late Fee under Subsection 6.4(1) of OSC Rule 13-502 Fees for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities

ONTARIO SECURITIES COMMISSION

Ontario Instrument 13-510
Temporary Exemption from the Late Fee under Subsection 6.4(1) of
Ontario Securities Commission Rule 13-502 *Fees* for the Late Filing of
a Form 33-109F5 to Amend Item 10 of Form 33-109F4,
which includes Disclosure Requirements in respect of Certain Outside Activities

The Ontario Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that, effective on February 13, 2023, Ontario Instrument 13-510 entitled: "Temporary Exemption from the Late Fee under Subsection 6.4(1) of Ontario Securities Commission Rule 13-502 *Fees* for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities" is made.

February 13, 2023

"Grant Vingoe"
Chief Executive Officer

Authority under which the order is made:

Act and section: *Securities Act*, subsection 143.11(2)

ONTARIO SECURITIES COMMISSION

Ontario Instrument 13-510
Temporary Exemption from the Late Fee under Subsection 6.4(1) of Ontario Securities Commission Rule 13-502 *Fees* for the Late Filing of a Form 33-109F5 to Amend Item 10 of Form 33-109F4, which includes Disclosure Requirements in respect of Certain Outside Activities

Definitions

1. Terms defined in the *Securities Act* (Ontario) (the **OSA**), Ontario Securities Commission Rule 14-501 *Definitions* and Ontario Securities Commission Rule 13-502 *Fees* (**OSC Rule 13-502**) have the same meaning in this order, except where otherwise specifically defined.

Background

2. On April 30, 2019, the Ontario Securities Commission (the **OSC**) approved an amending instrument (the **Amending Instrument**) to amend OSC Rule 13-502. On the same date, the OSC approved a change document to make corresponding changes to the Companion Policy for OSC Rule 13-502. The OSC delivered the Amending Instrument to the Minister of Finance on May 9, 2019, and the subject amendments came into force on July 23, 2019.

3. The Amending Instrument had the effect of providing a temporary exemption to persons and companies from the requirement to pay the late fee, under subsection 6.4(1) of OSC Rule 13-502 for their late filing of a Form 33-109F5 for the purpose of amending item 10 of Form 33-109F4, including amendments relating to disclosure of outside activities (**OA**s), which was in effect during a period from January 1, 2019 to December 31, 2021 (the **Initial OA Moratorium**).[1]

4. On December 16, 2021, the OSC extended the Initial OA Moratorium until June 6, 2022 by way of Ontario Instrument 13-508 *Extension of Moratorium on Outside Activities Late Filing Fees* (the **Moratorium Extension**).[2] The effect of the Moratorium Extension was to extend for registrants the expiry date of the temporary exemption referred to in paragraph 3.

5. On January 21, 2022, the OSC published for comment proposed amendments to OSC Rule 13-502 (the **Proposed 13-502 Amendments**), in its Notice entitled: "Proposed Amendments to OSC Rule 13-502 Fees, OSC Rule 13-503 (Commodity Futures Act) Fees and Proposed Changes to their Companion Policies."[3] The Proposed 13-502 Amendments were, among other things, intended to provide for the permanent elimination of late fees for disclosing amendments to item 10 of Form 33-109F4 after the required filing deadline.

6. On November 23, 2022, the OSC published final amendments to OSC Rule 13-502 (the **Final 13-502 Amendments**), in its notice entitled: "Repeal and Replacement of Ontario Securities Commission Rule 13-502 Fees and Ontario Securities Commission Rule 13-503 (Commodity Futures Act) Fees, Replacement of their Companion Policies and Related Consequential Amendments and Changes" (the **Notice of 13-502 Amendments**).[4]

7. As in the case of the Proposed 13-502 Amendments, the Final 13-502 Amendments included the permanent elimination of late fees for disclosing amendments to item 10 of Form 33-109F4 after the required filing deadline.[5]

8. The Final 13-502 Amendments and other required materials were delivered to the Minister of Finance on or about November 21, 2022. The Final 13-502 Amendments will come into force on April 3, 2023.

9. Under subsection 143.11(2) of the OSA, if the OSC considers that it would not be prejudicial to the public interest to do so, the OSC may, on application by an interested person or company or on its own initiative, make an order exempting a class of persons or companies, trades, intended trades, securities or derivatives from any requirement of Ontario

---

1 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/notice-amendments-and-changes-osc-rule-13-502-fees-and-osc-rule-13-503-commodity-futures-act-fees

2 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-508/ontario-instrument-13-508-extension-moratorium-outside-activities-late-filing-fees
https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-508/notice-general-order-ontario-instrument-13-508-extension-moratorium-outside-activities-late-filing

3 https://www.osc.ca/sites/default/files/2022-01/rule_20220121_13-502_13-503-rfc-proposed-amendments.pdf

4 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-changes-their-companion

5 A blackline comparing the Proposed 13-502 Amendments against current law was set out in the following link: https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/proposed-amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-and-proposed-0
See in particular Appendix D.
The Notice included a blackline comparing the Final 13-502 Amendments against the Proposed 13-502 Amendments, as set out in the following link:
https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-changes-their-1

securities law on such terms or conditions as may be set out in the order, subject to limitations on the duration of the order specified in subsection 143.11(3) of the OSA.

10. The OSC is satisfied that it would not be prejudicial to the public interest to provide the exemption set out in the below order.

Order

11. Consequently, this order provides for the temporary exemption listed below.

12. Persons and companies are exempt from the requirement to pay the late fee, under subsection 6.4(1) of OSC Rule 13-502 in respect of their late filing of a Form 33-109F5 to amend item 10 of Form 33-109F4, where the Form 33-109F5 is filed:

    i) on or after the date of this order; and

    ii) before April 3, 2023.

Effective date and Term

13. This order comes into effect on February 13, 2023 and ceases to be in effect on April 3, 2023.

B.2.3 Ontario Instrument 13-511 Temporary Exemption from the Late Fee under Section 3.3 of OSC Rule 13-503 (Commodity Futures Act) Fees for the Late Filing of a Form 33-506F5 to Amend Item 10 of Form 33-506F4, which includes Disclosure Requirements in respect of Certain Outside Activities

ONTARIO SECURITIES COMMISSION

Ontario Instrument 13-511
Temporary Exemption from the Late Fee under Section 3.3 of
Ontario Securities Commission Rule 13-503 (*Commodity Futures Act*) *Fees* for the Late Filing of
a Form 33-506F5 to Amend Item 10 of Form 33-506F4,
which includes Disclosure Requirements in respect of Certain Outside Activities

The Ontario Securities Commission, considering that to do so would not be prejudicial to the public interest, orders that, effective on February 13, 2023, Ontario Instrument 13-511 entitled: "Temporary Exemption from the Late Fee under Section 3.3 of Ontario Securities Commission Rule 13-503 (*Commodity Futures Act*) *Fees* for the Late Filing of a Form 33-506F5 to Amend Item 10 of Form 33-506F4, which includes Disclosure Requirements in respect of Certain Outside Activities" is made.

February 13, 2023

"Grant Vingoe"
Chief Executive Officer

Authority under which the order is made:

Act and section: *Commodity Future Act (Ontario)*, subsection 75(2)

ONTARIO SECURITIES COMMISSION

Ontario Instrument 13-511
Temporary Exemption from the Late Fee under Section 3.3 of
Ontario Securities Commission Rule 13-503 (*Commodity Futures Act*) *Fees* for the Late Filing of
a Form 33-506F5 to Amend Item 10 of Form 33-506F4,
which includes Disclosure Requirements in respect of Certain Outside Activities

Definitions

1. Terms defined in the *Commodity Futures Act* (Ontario) (the **CFA**) and Ontario Securities Commission Rule 13-503 (*Commodity Futures Act*) *Fees* (**OSC Rule 13-503**) have the same meaning in this order, except where otherwise specifically defined.

Background

2. On April 30, 2019, the Ontario Securities Commission (the **OSC**) approved an amending instrument (the **Amending Instrument**) to amend OSC Rule 13-503. On the same date, the OSC approved a change document to make corresponding changes to the Companion Policy for OSC Rule 13-503. The OSC delivered the Amending Instrument to the Minister of Finance on May 9, 2019, and the subject amendments came into force on July 23, 2019.

3. The Amending Instrument had the effect of providing a temporary exemption to persons and companies from the requirement to pay the late fee, under section 3.3 of OSC Rule 13-503 for their late filing of a Form 33-506F5 for the purpose of amending item 10 of Form 33-506F4, including amendments relating to disclosure of certain outside activities (**OA**s), which was in effect during a period from January 1, 2019 to December 31, 2021 (the **Initial OA Moratorium**).[1]

4. On December 16, 2021, the OSC extended the Initial OA Moratorium until June 6, 2022 by way of Ontario Instrument 13-509 *Extension of Moratorium on Outside Activities Late Filing Fees (Commodity Futures Act)* (the **Moratorium Extension**).[2] The effect of the Moratorium Extension was to extend for registrants the expiry date of the temporary exemption referred to in paragraph 3.

5. On January 21, 2022, the OSC published for comment proposed amendments to OSC Rule 13-503 (the **Proposed 13-503 Amendments**), in its Notice entitled: "Proposed Amendments to OSC Rule 13-502 Fees, OSC Rule 13-503 (Commodity Futures Act) Fees and Proposed Changes to their Companion Policies."[3] The Proposed 13-503 Amendments were, among other things, intended to provide for the permanent elimination of late fees for disclosing amendments to item 10 of Form 33-506F4 after the required filing deadline.

6. On November 23, 2022, the OSC published final amendments to OSC Rule 13-503, in its notice entitled: "Repeal and Replacement of Ontario Securities Commission Rule 13-502 Fees and Ontario Securities Commission Rule 13-503 (Commodity Futures Act) Fees, Replacement of their Companion Policies and Related Consequential Amendments and Changes" (the **Notice of 13-503 Amendments**).[4]

7. As in the case of the Proposed 13-503 Amendments, the Final 13-503 Amendments included the permanent elimination of the late fee for disclosing amendments to item 10 of Form 33-506F4 after the required filing deadline.[5]

8. The Final 13-503 Amendments and other required materials were delivered to the Minister of Finance on or about November 21, 2022. The Final 13-503 Amendments will come into force on April 3, 2023.

9. Under subsection 75(2) of the CFA, if the OSC considers that it would not be prejudicial to the public interest to do so, the OSC may, on application by an interested person or company or on its own initiative, make an order exempting a class of persons or companies, contracts, trades, or intended trades from any requirement of Ontario commodity futures

---

1 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/notice-amendments-and-changes-osc-rule-13-502-fees-and-osc-rule-13-503-commodity-futures-act-fees

2 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-508/ontario-instrument-13-508-extension-moratorium-outside-activities-late-filing-fees
https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-508/notice-general-order-ontario-instrument-13-508-extension-moratorium-outside-activities-late-filing

3 https://www.osc.ca/sites/default/files/2022-01/rule_20220121_13-502_13-503-rfc-proposed-amendments.pdf

4 https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-changes-their-companion

5 A blackline comparing the Proposed 13-503 Amendments against current law was set out in the following link: https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/proposed-amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-and-proposed-0
See in particular Appendix D.
The Notice included a blackline comparing the Final 13-503 Amendments against the Proposed 13-503 Amendments, as set out in the following link:
https://www.osc.ca/en/securities-law/instruments-rules-policies/1/13-502/amendments-osc-rule-13-502-fees-osc-rule-13-503-commodity-futures-act-fees-changes-their-1

law on such terms or conditions as may be set out in the order, subject to limitations on the duration of the order specified in subsection 75(3) of the CFA.

10. The OSC is satisfied that it would not be prejudicial to the public interest to provide the exemption set out in the below order.

Order

11. Consequently, this order provides for the temporary exemption listed below.

12. Persons and companies are exempt from the requirement to pay the late fee, under subsection 3.3 of OSC Rule 13-503 in respect of their late filing of a Form 33-506F5 to amend item 10 of Form 33-506F4, where the Form 33-506F5 is filed:

    i) on or after the date of this order; and

    ii) before April 3, 2023.

Effective date and Term

13. This order comes into effect on February 13, 2023 and ceases to be in effect on April 3, 2023.

B.2.4 Essex Oil Ltd. – s. 144

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
ESSEX OIL LTD.

ORDER
(Section 144 of the Act)

WHEREAS the securities of Essex Oil Ltd. (the **Issuer**) are subject to a cease trade order (the **Cease Trade Order**) dated November 3, 2016 issued by the Director of the Ontario Securities Commission (the **Commission**) pursuant to paragraph 2 of subsection 127(1) of the Act, it was ordered that trading in the securities of the Issuer cease until the order is revoked by the Director.

AND WHEREAS the Cease Trade Order was made on the basis that the Issuer was in default of certain filing requirements under Ontario securities law as described in the Cease Trade Order and below;

AND WHEREAS the Issuer has applied to the Commission pursuant to section 144 of the Act for a full revocation of the Cease Trade Order;

AND UPON the Issuer having represented to the Commission that:

1. The Issuer was incorporated under the name “Essex Oil Ltd.” on November 14, 2008, under the *Business Corporations Act* (Ontario). The Issuer is the result of an amalgamation between Titan Employment Services Ltd. and Adelaide Global Corp.

2. The Issuer’s registered office is located at 44 Victoria Street, Suite 1102, Toronto, Ontario, M5C 1Y2, and its principal place of business is located at 31 Sunset Trail, Toronto, Ontario, M9M 1J4.

3. The Issuer is a reporting issuer under the securities legislation of the province of Ontario and is not a reporting issuer in any other jurisdiction in Canada. The Issuer’s principal regulator is the Commission.

4. The Issuer's authorized capital consists of an unlimited number of common shares (the **Common Shares**), of which approximately 101,090,914 Common Shares are issued and outstanding.

5. Other than the issued and outstanding Common Shares, the Issuer has no other securities, including debt securities, issued and outstanding.

6. The Issuer’s securities are not listed, quoted, or traded on any exchange, marketplace or other facility in Canada or elsewhere. Previously, the Issuer was listed on the CNSX, under the trading symbol ESX. On January 6, 2014, the CNSX changed its name to the Canadian Securities Exchange (the **CSE**). On June 29, 2007, trading in the securities of the Issuer was halted. The Issuer was subsequently delisted from the CSE.

7. The Cease Trade Order was issued as a result of the Issuer's failure to file the following continuous disclosure materials as required by Ontario securities law:

    (i) audited annual financial statements for the year ended June 30, 2016;

    (ii) management’s discussion and analysis (**MD&A**) relating to the audited annual financial statements for the year ended June 30, 2016; and

(iii) the certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109 Certificates**) (collectively, **the Unfiled Documents**).

8. The Issuer's failure to file the Unfiled Documents was as a result of the Issuer's financial difficulties.

9. The Issuer is not subject to a cease trade order in any other jurisdiction.

10. The Issuer subsequently failed to file other continuous disclosure documents with the Commission within the prescribed timeframe in accordance with the requirements of Ontario securities law, including the following:

(a) all audited financial statements, accompanying MD&A and related NI 52-109 Certificates for the years ended June 30, 2017 to June 30, 2022;

(b) all unaudited interim financial statements, accompanying MD&A and related NI 52-109 Certificates for the interim periods ended September 30, 2016 to September 30, 2022;

(c) disclosure required by Form 51-102F6V *Statement of Executive Compensation - Venture Issuers* (**Form 51-102F6V**) for the years ended June 30, 2016 to June 30, 2022;

(d) disclosure required by Form 52-110F2 *Disclosure by Venture Issuers* (**Form 52-110F2**), for the years ended June 30, 2016 to June 30, 2022; and

(e) disclosure required by Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)* (**Form 58-101F2**), for the years ended June 30, 2016 to June 30, 2022

(together with the Unfiled Documents, the **Unfiled Continuous Disclosure**).

11. Since the issuance of the Cease Trade Order, the Issuer has filed the following continuous disclosure documents with the Commission:

(a) audited financial statements, accompanying MD&A and related NI 52-109 Certificates for the years ended June 30, 2021, and June 30, 2022;

(b) unaudited interim financial statements, accompanying MD&A and related NI 52-109 Certificates for the interim periods ended December 31, 2021, March 31, 2022, and September 30, 2022;

(c) disclosure required by Form 51-102F6V for the years ended June 30, 2020, June 30, 2021 and June 30, 2022;

(d) disclosure required by Form 52-110F2, for the years ended June 30, 2021 and June 30, 2022; and

(e) disclosure required by Form 58-101F2, for the years ended June 30, 2021 and June 30, 2022.

12. The Issuer has not filed the following:

(a) audited financial statements, accompanying MD&A and related NI 52-109 Certificates for the years ended June 30, 2016 to June 30, 2020;

(b) unaudited interim financial statements, accompanying MD&A and related NI 52-109 Certificates for the interim periods ended September 30, 2016 to September 30, 2021;

(c) disclosure required by Form 51-102F6V for the years ended June 30, 2016 to June 30, 2019;

(d) disclosure required by Form 52-110F2, for the years ended June 30, 2016 to June 30, 2020; and

(e) disclosure required by Form 58-101F2, for the years ended June 30, 2016 to June 30, 2020.

(collectively, the **Outstanding Filings**).

13. The Issuer has filed with the Commission all continuous disclosure that it is required to file under Ontario securities law, except for the Outstanding Filings and any other continuous disclosure that the Commission elected not to require as contemplated under sections 6 and 7 of National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order* (**NP 12-202**).

14. Except for the failure to file the Outstanding Filings, the Issuer (i) is up-to-date with all of its other continuous disclosure obligations; (ii) is not in default of any of its obligations under the Cease Trade Order; and (iii) is not in default of any requirements under the Act or the rules and regulations made pursuant thereto.

15. As of the date hereof, the Issuer has paid all outstanding activity, participation and late filing fees that are required to be paid to the Commission and has filed all forms associated with such payments.

16. As of the date hereof, the Issuer's profiles on the System for Electronic Document Analysis and Retrieval (SEDAR) and the issuer profile supplement on the System for Electronic Disclosure by Insiders (SEDI) are current and accurate.

17. On July 20, 2020, Mr. Howard Siegal, a director, passed away and on December 31, 2020, Mr. Michael Opara, a director, resigned. Effective July 12, 2021, Miles Nagamatsu resigned as director and Chief Financial Officer and Mr. William Miertschin, resigned as Chief Executive Officer. Mr. Miertschin continued to serve as a director of the Issuer. Mr. Dominique Monardo was appointed as director and Chief Executive Officer and Ms. Sheri Monardo was appointed as Chief Financial Officer of the Issuer. Effective July 20, 2021, Mr. Edward Murphy was appointed as director of the Issuer. Other than the aforementioned appointments and resignations (the **Appointments and Resignations**), there have been no changes to the Issuer's directors or executive officers since July 20, 2021.

18. On August 29, 2022, the Issuer received a partial revocation of the Cease Trade Order to permit the Private Placement (as defined below).

19. On September 23, 2022, the Issuer completed a non-brokered private placement for aggregate gross proceeds of $150,000 through the issuance of 75,000,000 Common Shares at a price of $0.002 per Common Share (the **Private Placement**).

20. Since the issuance of the Cease Trade Order, except for the Appointments and Resignations and the Private Placement, there have been no material changes in the business, operations or affairs of the Issuer which have not been disclosed by news release and/or material change report and filed on SEDAR.

21. Other than the Cease Trade Order, the Issuer has not previously been subject to a cease trade order issued by any securities regulatory authority.

22. The Issuer is not involved in any discussions relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

23. The Issuer has given the Commission a written undertaking that:

    (a) the Issuer will hold an annual meeting of shareholders within three months after the date on which the Cease Trade Order is revoked; and

    (b) the Issuer will not complete

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

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

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

        unless

            (1) the Issuer files a preliminary prospectus and a final prospectus with the Commission and obtains receipts for the preliminary and final prospectus from the Director under the Act,

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

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

24. Upon the revocation of the Cease Trade Order, the Issuer will issue a news release and concurrently file a material change report on SEDAR announcing the revocation of the Cease Trade Order and outlining the Issuer's future plans.

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

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Cease Trade Order;

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is revoked.

DATED at Toronto this 17th day of February, 2023.

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

OSC File #: 2022/0550

B.2.5 Medifocus Inc.

Headnote

National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – Section 144 of the Securities Act (Ontario) – Application for revocation of cease trade order – issuer subject to cease trade order as a result of failure to file annual and interim financial statements, related management's discussion and analysis and related certificates – issuer is also in default for failing to file interim financial statements and certificates subsequent to the cease trade order – issuer is also seeking to cease to be a reporting issuer in all jurisdictions of Canada in which it is currently a reporting issuer – full revocation granted effective as of the date the issuer is determined to not be a reporting issuer.

Applicable Legislative Provisions

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

February 3, 2023

MEDIFOCUS INC.

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

Background

Medifocus Inc. (the **Issuer**) is subject to a failure-to-file cease trade order (the **FFCTO**) issued by the Ontario Securities Commission (the **Principal Regulator**) on September 4, 2020.

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

This order is effective in each jurisdiction of Canada that has a statutory reciprocal order provision, subject to the terms of the local securities legislation.

Interpretation

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

Representations

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

1) The Issuer was incorporated under the *Business Corporations Act* (Ontario) on April 25, 2005.

2) The Issuer is a reporting issuer in each of the Provinces of British Columbia, Alberta and Ontario (collectively, the **Jurisdictions**). The Issuer is not a reporting issuer in any other jurisdiction in Canada.

3) The Issuer does not have a physical head office. The registered office of the Issuer is located at 1090 Don Mills Rd, Suite #404, Toronto, Ontario M3C 3R6 and the mailing address of the Issuer is located at 8630-M Guilford Rd #342 Columbia, MD USA 21046.

4) The FFCTO was issued as a result of the Issuer's failure to file the following continuous disclosure materials as required by applicable Canadian securities laws:

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

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

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

   (iv) management's discussion and analysis relating to the interim financial statements for the period ended June 30, 2020; and

   (v) certifications of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

(collectively, the **Unfiled Documents**).

5) Except for certain press releases filed by the Issuer, the Issuer has not filed continuous disclosure documents required to be filed by applicable Canadian securities laws since the date of the FFCTO (together with the Unfiled Documents, the **Unfiled Continuous Disclosure Documents**).

6) The Issuer became insolvent and on September 8, 2021, the Issuer filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) (the **NOI Proceedings**). msi Spergel Inc. (**MSI**) was appointed as proposal trustee under the NOI Proceedings.

7) On October 7, 2021, the NOI Proceedings were continued under the *Companies' Creditors Arrangement Act* (the **CCAA** and such proceedings being the **CCAA Proceedings**) pursuant to an Initial Order (the **Initial Order**) granted by the Superior Court of Justice (Commercial List) (the **Court**). Pursuant to the Initial Order, the Court, *inter alia*, appointed MSI as monitor of the Issuer under the CCAA Proceedings (the **Monitor**) and authorized the Issuer to obtain a loan from Asset Profits Limited (**APL**), a corporation existing under the laws of the British Virgin Islands, in the maximum amount of $700,000 in order to finance the Issuer's working capital requirements and for other general corporate purposes and expenditures (the **DIP Loan**). As of the closing of the Transaction (as defined herein), $700,000 was outstanding under the DIP Loan.

8) On February 8, 2022, the Court granted an order under the CCAA (the **Transaction Approval and Reverse Vesting Order**) pursuant to which, *inter alia*, (i) the Court vested all liabilities of the Issuer of any kind or nature whatsoever, other than the DIP Loan and liabilities accruing after the date of delivery of the Monitor's certificate, in 1000101532 Ontario Inc. (**ResidualCo**) and released the Issuer from same; and (ii) the Court authorized the completion of a reorganization transaction (the **Transaction**) partially comprised of the following steps:

   (i) APL shall subscribe for 18,498,421,500 common shares of the Issuer (the **Common Shares** and such Common Shares subscribed for by APL being the **Restructured Shares**) via private placement pursuant to Section 2.11(a) of National Instrument 45-106 *Prospectus Exemptions*, to be paid by the forgiveness by APL of the DIP Loan;

   (ii) the Common Shares (including the Restructured Shares) shall be consolidated on the basis of one new Common Share for every 184,984,215 old Common Shares (the **Consolidation**) and any fractional Common Shares outstanding following the Consolidation shall be cancelled, such that APL shall become the sole shareholder of the Issuer; and

   (iii) all equity interests, compensation plans and other securities of the Issuer, other than the Restructured Shares, shall be cancelled for no consideration such that APL shall become the sole securityholder of the Issuer.

9) Pursuant to the Transaction Approval and Reverse Vesting Order, the Court ordered that no shareholder approval or other approval was required to complete the Transaction.

10) On August 4, 2022, the Issuer received a partial revocation order (the **Partial Revocation Order**) from the Principal Regulator to enable the Issuer to complete the Transaction.

11) The Issuer has satisfied every condition of the Partial Revocation Order.

12) The Transaction was completed on August 12, 2022. On August 15, 2022, the Filer disseminated a news release announcing the completion of the Transaction and filed such news release as well as a material change report on the Filer's profile on the System for Electronic Document Analysis and Retrieval.

13) As a result of the completion of the Transaction, the only outstanding securities of the Issuer are the Restructured Shares held by APL. The Issuer has no other outstanding securities (including debt securities).

14) ResidualCo is a wholly-owned subsidiary of the Issuer. The Issuer does not have any other subsidiaries. Pursuant to the Transaction Approval and Reverse Vesting Order, the Monitor, for and on behalf of ResidualCo, has filed an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada).

15) The Common Shares previously traded on the TSX Venture Exchange (the **TSXV**) under the trading symbol "MFS". The Common Shares were suspended from trading on the TSXV in connection with the FFCTO. The Common Shares were delisted from the TSXV effective as of the close of business on August 19, 2022.

16) The Common Shares were previously quoted for trading on the OTC Pink in the United States (the **OTC Pink**) under the symbol "MDFZF". The Common Shares were delisted from the OTC Pink prior to market open on August 22, 2022.

17) The Issuer has filed a passport application with the Principal Regulator, as principal regulator, for an order pursuant to section 1(10)(a)(ii) of the Legislation to cease to be a reporting issuer in the Jurisdictions (the **Cease Reporting Relief**).

18) The Issuer expects the Cease Reporting Relief to be granted on the same date as this decision.

19) Upon the granting of the Cease Reporting Relief, the Issuer will not be a reporting issuer in any jurisdiction in Canada.

20) The Issuer is not in default of any requirements of the FFCTO or the applicable securities legislation of any jurisdiction in Canada or the rules and regulations made pursuant thereto, other than its obligations to complete and file the Unfiled Continuous Disclosure Documents.

21) All of the continuous disclosure documents required to be filed by the Issuer under applicable securities legislation of each Jurisdiction have been filed with the relevant securities regulatory authority, except for the Unfiled Continuous Disclosure Documents.

Order

The Principal Regulator is satisfied that the order to revoke the FFCTO 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 FFCTO is revoked as of the date on which the Issuer ceases to be a reporting issuer under the Legislation.

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

OSC File #: 2022/0338

This page intentionally left blank

B.3
Reasons and Decisions

B.3.1 Hamilton Capital Partners Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – An ETF that invests in a portfolio consisting of the six largest Canadian banks in its investment objectives granted relief from the concentration restriction in NI 81-102, subject to conditions – An alternative mutual fund that uses leverage to invest in a portfolio consisting of the six largest Canadian banks based on a factor index following a transparent methodology granted relief from the concentration restriction in NI 81-102, subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.1(1.1) and 19.1.

October 8, 2021

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

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

AND

IN THE MATTER OF
HAMILTON CAPITAL PARTNERS INC.
(the Filer)

AND

HAMILTON CANADIAN BANK MEAN REVERSION INDEX ETF
(HCA)

AND

HAMILTON ENHANCED CANADIAN BANK ETF
(HCAL and together with HCA, the ETFS and each an ETF).

DECISION

Background

The principal regulator in Ontario has received an application from the Filer on behalf of the ETFs for a decision under the securities legislation of Ontario (the **Legislation**) for exemptive relief (the **Exemption Sought**):

(a) relieving the ETFs from subsection 2.1(1) (in the case of HCA) and subsection 2.1(1.1) (in the case of HCAL) of National Instrument 81-102 – *Investment Funds* (**NI 81-102**), which prohibits a mutual fund from purchasing a security of an issuer, entering into a specified derivatives transaction or purchasing an index participation unit if, immediately after the transaction, more than 10% (in the case of HCA) or 20% (in the case of HCAL) of the net asset value (NAV) of the mutual fund, taken at market value at the time of the transaction, would be invested in securities of any issuer (the **Concentration Restriction**) to permit: (i) HCA to replicate the performance of a rules-based, variable-weight Canadian bank index, currently, the Solactive Canadian Bank Mean Reversion Index (the **Index**); and (ii) HCAL to replicate a multiple of the Index (together, the **Concentration Relief**); and

(b) to revoke and replace the Original Decisions (as such term is defined below), as such Original Decisions pertain to the ETFs (the **Revocation Relief**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, NI 81-102 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

General

1. The Filer is a corporation organized under the laws of Ontario with a head office in Toronto.

2. The Filer is the trustee, portfolio manager and investment fund manager of each ETF.

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

4. The Filer is registered as: (i) an investment fund manager in Ontario, Quebec and Newfoundland & Labrador; (ii) an exempt market dealer in Ontario; and (iii) a portfolio manager in Ontario.

5. Each ETF is an exchange traded mutual fund trust governed by the laws of Ontario and a reporting issuer under the laws of the Jurisdictions.

6. The securities of HCA are offered pursuant to a long form prospectus dated May 10, 2021.

7. The securities of HCAL are offered pursuant to a long form prospectus dated July 8, 2021.

8. Each ETF is subject to NI 81-102, subject to any exemptions therefrom that may be granted by the securities regulatory authorities.

9. The ETFs are not in default of securities legislation in any of the Jurisdictions.

10. HCAL is an “alternative mutual fund”, as such term is defined in NI 81-102.

11. Each ETF is subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.

12. Units of each ETF are listed on the Toronto Stock Exchange (**TSX**).

The Solactive Canadian Bank Mean Reversion Index and its Constituent Securities

13. The constituent securities of the Index are the top six Canadian banks listed on the Toronto Stock Exchange or other recognized exchange in Canada by market capitalization (the **Banks** and each a **Bank**). Currently, the constituents of the Index are Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and The Toronto-Dominion Bank.

14. The Index uses a rules-based mean reversion strategy. Currently, the Index rebalances the portfolio once a month (an **Existing Index Rebalance Date**) based on the percent difference between each Bank’s stock price and its 50-day average price. On an Existing Index Rebalance Date: (i) the three Banks with the lowest percentage difference between their current trading price and their 50-day average price are “over-weighted” at approximately 26.5% each of the Index (each an **Over-Weight Position**); and (ii) the three Banks with the highest percentage difference between their current trading price and their 50-day average price are “under-weighted” at approximately 6.5% each of the Index (each an **Under-Weight Position**). Such portfolio weightings are maintained until the next Existing Index Rebalance Date, at which point the rebalancing process is repeated.

15. The common shares of the Banks are listed on the TSX.

16. The Banks are among the largest public issuers in Canada.

17. Solactive AG (the **Index Provider**) is the third party provider of the Index. Based on a market consultation report released by the Index Provider on September 16, 2021, the Filer understands that the Index Provider intends to make the following changes to the Index (the **Index Changes**):

    (a) the Index will be rebalanced quarterly (rather than monthly) or such other frequency as may be determined by the Index Provider to the new applicable Over-Weight Positions and Under-Weight Positions (a **New Index Rebalance Date** and together with the Existing Index Rebalance Date, an **Index Rebalance Date**); and

    (b) each Over-Weight Position and each Under-Weight Position will be determined based on a 200-day average price (rather than a 50-day average price) or such other measure as may be determined by the Index Provider.

Original Decisions

18. HCA obtained relief from the Concentration Restriction pursuant to a decision dated April 29, 2020 (the **Original HCA Decision**).

19. HCAL obtained relief from the Concentration Restriction pursuant to a decision October 5, 2020 (the **Original HCAL Decision** and together with the Original HCA Decision, the **Original Decisions** and each an **Original Decision**).

20. If the Index Changes are made, the ETFs will no longer be able to rely on the Original Decisions.

Hamilton Canadian Bank Mean Reversion Index ETF

21. The investment objective of HCA is to replicate, to the extent reasonably possible and before the deduction of fees and expenses, the performance of the Index.

22. The investment strategy of HCA is to invest in and hold the constituent securities (common shares of the Banks) of the Index in substantially the same proportion as they are reflected in the Index or securities intended to replicate the performance of the Index. As an alternative to, or in conjunction with investing in and holding common shares of the Banks, HCA may therefore invest in other securities to obtain exposure to the Banks in a manner that is consistent with HCA's investment objective. HCA may also hold cash and cash equivalents or other money market instruments in order to meet its obligations.

23. Following an Index Rebalance Date, the investment portfolio of HCA will have been rebalanced and HCA will have acquired and/or disposed of the appropriate number of securities in order to track the portfolio weighting of the Index.

24. Outside of an Index Rebalance Date, any investments by HCA (owing, for example, to subscriptions received in respect of units of HCA), if any, will be such that securities are acquired up to the same weights as such securities exist in HCA's portfolio, based on their relative market values, at the time of such investment.

25. HCA therefore invests up to approximately: (i) 26.5% of its NAV in a Bank security that represents an Over-Weight Position in the Index; and (ii) 6.5% of its NAV in a Bank security that represents an Under-Weight Position in the Index.

26. In order to achieve its investment objective, and based on its investment strategy and the Original HCA Decision, HCA therefore invests in a portfolio of Banks, such that immediately after a purchase, more than 10% of HCA's NAV may be invested in any one Bank security for the purposes of determining compliance with the Concentration Restriction.

27. The investment objective and investment strategy of HCA, as well as the risk factors associated therewith, including concentration risk, are disclosed in the prospectus of HCA, as may be renewed or amended from time to time. The names of the Banks are also disclosed in the prospectus of HCA, as may be renewed or amended from time to time.

Hamilton Enhanced Canadian Bank ETF

28. The investment objective of HCAL is to replicate, to the extent reasonably possible and before the deduction of fees and expenses, a multiple of the performance of the Index. Specifically, HCAL seeks to replicate approximately 1.25 times the Index.

29. HCAL uses leverage. The leverage may be created through the use of cash borrowings and shall not exceed the limits on the use of leverage permitted under applicable securities legislation for alternative mutual funds.

30. HCAL seeks to achieve its investment objective by borrowing cash to invest in and hold a proportionate share of, or a sampling of the constituent securities of, the Index in order to track approximately 1.25x the performance of the Index. As an alternative to, or in conjunction with investing in and holding the constituent securities, HCAL may also invest in other securities, including other mutual funds or exchange traded funds to obtain exposure to the constituent securities

of the Index in a manner that is consistent with HCAL's investment objective. HCAL may also hold cash and cash equivalents or other money market instruments in order to meet its obligations.

31. The maximum aggregate exposure of the Fund to cash borrowing, short selling and specified derivatives will not exceed approximately 125% of its NAV.

32. In order to ensure that a unitholder's risk is limited to the capital invested, HCAL's leverage ratio will be rebalanced in certain circumstances and when the leverage ratio breaches certain bands. Specifically, HCAL's leverage ratio will be rebalanced back to 125% of HCAL's NAV within two business days (a **Leverage Rebalance Date** and together with an Index Rebalance Date, a **Rebalance Date**) of the ETF's leverage ratio moving 2% away from its target leverage ratio of 125% (i.e., if the leverage ratio is less than 123% or if the leverage ratio is greater than 127%).

33. Following a Rebalance Date, the investment portfolio of HCAL will have been rebalanced and HCAL will have acquired and/or disposed of the appropriate number of securities in order to track the multiple of the portfolio weighting of the Index.

34. Outside of a Rebalance Date, any investments by HCAL (owing, for example, to subscriptions received in respect of Units of HCAL), if any, will be such that securities are acquired up to the same weights as such securities exist in HCAL's portfolio, based on their relative market values, at the time of such investment.

35. On a leveraged basis, HCAL therefore invests up to approximately: (i) 33.3% of its NAV in a Bank security that represents an Over-Weight Position in the Index; and (ii) 8.3% of its NAV in a Bank security that that represents an Under-Weight Position in the Index.

36. In order to achieve its investment objective, and based on its investment strategy and the Original HCAL Decision, HCAL therefore invests in a portfolio of Banks, such that immediately after a purchase, more than 20% of HCAL's NAV may be invested in any one Bank security for the purposes of determining compliance with the Concentration Restriction.

37. The investment objective and investment strategy of HCAL, as well as the risk factors associated therewith, including concentration risk, are disclosed in the prospectus of HCAL, as may be renewed or amended from time to time. The names of the Banks are also disclosed in the prospectus of HCAL, as may be renewed or amended from time to time.

Rationale for Investment

38. The Filer notes that, in respect of each ETF, its strategy to acquire securities of an applicable Bank is transparent, passive and fully disclosed to investors. An ETF will not invest in securities other than applicable Bank securities (or securities designed to gain exposure to the Bank securities as described herein). In addition, in respect of an ETF, the names of the applicable Banks invested are listed in the ETF's prospectus. Consequently, unitholders of an ETF are already fully aware of the risks involved with an investment in the securities of the ETF.

39. Given the composition of each ETF's portfolio, if the Index Changes are made, it will be impossible for an ETF to achieve its investment objective and pursue its investment strategy without obtaining further relief from the Concentration Restriction.

40. The units of an ETF are highly liquid securities, as designated brokers act as intermediaries between investors and the ETF, standing in the market with bid and ask prices for the units of the ETF to maintain a liquid market for the units of the ETF. The majority of trading in units of an ETF occurs in the secondary market.

41. If required to facilitate distributions or pay expenses of an ETF, securities of the applicable Bank securities will be sold pro-rata across the ETF's portfolio according to their relative market values at the time of such sale.

42. As noted, future subscriptions for ETF securities, if any, will be used to acquire securities of each applicable Bank up to the same weights as the Bank securities exist in the ETF's portfolio, based on their relative market values at the time of such subscription.

43. In view of the Filer, each ETF is also akin to a "fixed portfolio investment fund" , as such term is defined in NI 81-102, in that each will: (a) have fundamental investment objectives that include holding and maintaining a fixed portfolio of publicly traded equity securities of one or more issuers, the names of which are disclosed in its prospectus; and (b) trade the securities referred to in paragraph (a) only in the circumstances disclosed in its prospectus.

44. The Filer further notes that a "fixed portfolio investment fund" is exempt from the Concentration Restriction, provided purchases of securities are made in accordance with its investment objectives. Given the similarities between the ETFs and "fixed portfolio investment funds", the Filer submits it would not be unreasonable to grant the Exemption Sought.

45. The Banks are among the largest public issuers in Canada. The common shares of the Banks are some of the most liquid equity securities listed on the TSX and are less likely to be subject to liquidity concerns than the securities of other issuers.

46. The liquidity of the common shares of the Banks is evidenced by the markets for options in connection therewith. A liquid market for options on the common shares of the Banks is provided by the Montreal Exchange.

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

Decision

The decision of the principal regulator is that the Revocation Relief is granted and the Concentration Relief is granted in respect of an ETF for so long as:

(a) the investment in a Bank is made in accordance with the ETF's investment objectives and investment strategies to replicate, to the extent reasonably possible and before the deduction of fees and expenses, the performance of the Index (in the case of HCA) and 1.25 times the performance of the Index (in the case of HCAL);

(b) the ETF's investment strategies disclose that, following an applicable Rebalance Date, the ETF will invest in the Banks up to the stated maximum percentages described at paragraph 25 or 35, above, as applicable. Outside of a Rebalance Date, any investments by an ETF, if any, will be such that securities of each applicable Bank are acquired up to the same weights as the Bank securities exist in the ETF's portfolio, based on their relative market values at the time of such investment;

(c) the ETF's investment strategies disclose the rebalance frequency of the ETF's portfolio; and

(d) the ETF includes at the time its prospectus is next renewed: (i) disclosure regarding the Exemption Sought under the heading "Exemptions and Approvals"; and (ii) a risk factor regarding the concentration of the ETF's investments in the Banks and the risks associated therewith.

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

Application File #: 2021/0519

SEDAR File #: 3279875

B.3.2 Fidelity Investments Canada ULC and Fidelity Global Equity Class Portfolio

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted under subsection 62(5) of the Securities Act to permit extension of fund's prospectus lapse date by 6 days to facilitate consolidation with prospectus of other funds under common management.

Applicable Legislative Provisions

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

February 15, 2023

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

AND

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

AND

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

AND

IN THE MATTER OF
FIDELITY GLOBAL EQUITY CLASS PORTFOLIO
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the time limits for the renewal of the Current Simplified Prospectus (defined below) of the Fund be extended to those time limits that would apply if the lapse date was April 26, 2023 (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation amalgamated under the laws of Alberta and has its head office in Toronto, Ontario.

2. The Filer is registered as follows: (i) as a portfolio manager and mutual fund dealer in each of the Canadian Jurisdictions; (ii) as an investment fund manager in Ontario, Quebec, and Newfoundland and Labrador; and (iii) as a commodity trading manager under the *Commodity Futures Act* (Ontario).

3. The Filer is the investment fund manager of the Fund.

4. The Fund is a class of shares of the Fidelity Capital Structure Corp. which is a mutual fund corporation incorporated under the laws of the Province of Alberta. The Fund is a reporting issuer under the securities legislation of each of the Canadian Jurisdictions and is governed by the provisions of National Instrument 81-102 *Investment Funds*.

5. Neither the Filer nor the Fund is in default of securities legislation in any of the Canadian Jurisdictions.

6. The Fund currently distributes securities in the Canadian Jurisdictions under a simplified prospectus dated April 20, 2022**,** (the **Current Simplified Prospectus**).

7. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date of the Current Simplified Prospectus is April 20, 2023 (the **Current Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of the Fund would have to cease on its Current Lapse Date unless: (i) the Fund files a *pro forma* simplified prospectus at least 30 days prior to its Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after its Current Lapse Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after its Current Lapse Date.

8. The Filer is the investment fund manager of certain other class funds (the **FCSC Funds**), that currently distribute their securities under a simplified prospectus with a lapse date of April 26, 2023 (the **FCSC Prospectus**).

9. The Fund shares many common operational and administrative features with the FCSC Funds. To allow investors to compare the features of the Fund and the FCSC Funds more easily, and also to reduce prospectus renewal, printing and related costs, the Filer proposes to distribute the securities of the Fund and the FCSC Funds under a common simplified prospectus. To facilitate the combination of the Fund and FCSC Funds in a single offering document, the Filer requests that the Current Lapse Date of the Current Simplified Prospectus be extended by 6 days until April 26, 2023, to coincide with the lapse date of the FCSC Prospectus. If the Exemption Sought is granted, the Filer will file a combined *pro forma* simplified prospectus for the Fund and FCSC Funds in accordance with the time limits that would apply if the lapse date of both the Current Simplified Prospectus and FCSC Prospectus were April 26, 2023.

10. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the renewal simplified prospectus and fund facts for the FCSC Funds (the **FCSC Renewal Prospectus Documents**), and unreasonable to incur the costs and expenses associated therewith, so that the FCSC Renewal Prospectus Documents can be filed earlier with the renewal simplified prospectus and fund facts document(s) of the Fund (the **Renewal Prospectus Documents**).

11. If the Exemption Sought is not granted, it will be necessary to renew the Current Simplified Prospectus twice within a short period of time to consolidate the Current Simplified Prospectus with the FCSC Prospectus.

12. The Filer may make minor changes to the features of the FCSC Funds as part of the FCSC Renewal Prospectus Documents. The ability to file the Renewal Prospectus Documents with the FCSC Renewal Prospectus Documents will ensure that the Filer can make the operational and administrative features of the Fund and the FCSC Funds consistent with each other.

13. There have been no material changes in the affairs of the Fund since the filing of the Current Simplified Prospectus. Accordingly, the Current Simplified Prospectus and current fund facts document(s) of the Fund represent current information regarding the Fund.

14. Given the disclosure obligations of the Fund, should a material change in the affairs of the Fund occur, the Current Simplified Prospectus and current fund facts document(s) of the Fund will be amended as required under the Legislation.

15. New investors of the Fund will receive delivery of the most recently filed fund facts document(s) of the Fund. The Current Simplified Prospectus will still be available upon request.

16. The Exemption Sought will not affect the accuracy of the information contained in the Current Simplified Prospectus or the current fund facts document(s) of the Fund and therefore will not be prejudicial to the public interest.

Decision

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

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

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

Application File #: 2023/0059

B.3.3 I.G. Investment Management Ltd. et al.

Headnote

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

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1 and 6.1(1).
National Instrument 81-102 Investment Funds, ss. 3.1, 15.1.1, 15.3(2), 15.6(1)(a)(i)(A), 15.6(1)(b), 15.6(1)(d)(i), 15.8(2)(a), 15.8(3)(a) and 15.9(2), 19.1(1).
National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 4.4 and 17.1(1).
Form 81-101F1 Contents of Simplified Prospectus, Items 10(b) of Part B.
Form 81-101F3 Contents of Fund Facts Document, Items 2, 3, 4 and 5 of Part I and Item 1.3 of Part II.
Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance, Items 3.1(1), 3.1(7), 3.1(7.1), 3.1(8), 4.1(1), 4.1(2), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(1)(b) of Part B, and Items 3(1) and 4 of Part C.

February 14, 2023

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

AND

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

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT LTD.
(the Filer or IGIM)

AND

IN THE MATTER OF
IG MACKENZIE GLOBAL PRECIOUS METALS FUND,
IG MACKENZIE GLOBAL HEALTH CARE FUND,
IG MACKENZIE GLOBAL INFRASTRUCTURE FUND,
IG MACKENZIE GLOBAL CONSUMER COMPANIES FUND,
IG MACKENZIE BETTERWORLD SRI FUND II,
IG MACKENZIE EUROPEAN EQUITY FUND II,
IG MACKENZIE PACIFIC INTERNATIONAL FUND II,
IG MACKENZIE GLOBAL NATURAL RESOURCES FUND II,
IG MACKENZIE GLOBAL SCIENCE & TECHNOLOGY FUND II,
IG MACKENZIE GLOBAL FINANCIAL SERVICES FUND II,
IG MACKENZIE IVY EUROPEAN FUND II,
IPROFILE™ INTERNATIONAL EQUITY PRIVATE POOL II,
IG JPMORGAN EMERGING MARKETS FUND II,
IG MACKENZIE INTERNATIONAL SMALL CAP FUND II,
IG MACKENZIE PAN ASIAN EQUITY FUND II,
IPROFILE™ EMERGING MARKETS PRIVATE POOL II,
IG MACKENZIE U.S. OPPORTUNITIES FUND II,
IG CORE PORTFOLIO – INCOME BALANCED II,

IG CORE PORTFOLIO – BALANCED II,
IG MANAGED RISK PORTFOLIO – INCOME BALANCED II,
IG MACKENZIE EUROPEAN MID-CAP EQUITY FUND II,
IG CORE PORTFOLIO – BALANCED GROWTH II,
IG CORE PORTFOLIO – GROWTH II,
IG MANAGED RISK PORTFOLIO – BALANCED II,
IG MANAGED RISK PORTFOLIO – GROWTH FOCUS II
(collectively, the Continuing Funds)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer, on behalf of the Continuing Funds, for a decision under the securities legislation of the Jurisdictions (the **Legislation**) granting exemptive relief from:

(a) section 3.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the filing of a simplified prospectus for each of the Continuing Funds (the **Simplified Prospectus**), notwithstanding that the initial investment required in respect of each of the Continuing Funds (the **Seed Capital Requirement**) will not be provided (the **Seed Capital Relief**);

(b) section 2.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) for the purposes of the following exemptions sought from Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) and Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**);

(i) Item 10(b) of Part B of Form 81-101F1 to permit the Continuing Funds to use the performance history of the Terminating Funds to calculate its investment risk rating in the Simplified Prospectus;

(ii) Item 2 of Part I of Form 81-101F3 to permit the Continuing Funds to use the management expense ratio (the **MER**) and the start date of each series of the Terminating Funds in the "Management expense ratio (MER)" and "Date series started" boxes, respectively, of the Quick Facts table in the fund facts documents of each series of the Continuing Funds (the **Fund Facts Documents**);

(iii) Item 3 of Part I of Form 81-101F3 to permit the Continuing Funds to show the investments of the Terminating Funds in the "Top 10 investments" and "Investment mix" tables in the Continuing Funds' initial Fund Facts Documents;

(iv) Item 4 of Part I of Form 81-101F3 to permit the Continuing Funds to use the performance history of the Terminating Funds to calculate its investment risk rating in the Fund Facts Documents;

(v) Item 5 of Part I of Form 81-101F3 to permit the Continuing Funds to use the performance data of the Terminating Funds in the "Average return", "Year-by-year returns" and "Best and worst 3-month returns" sub-headings in the Fund Facts Documents; and

(vi) Item 1.3 of Part II of Form 81-101F3 to permit the Continuing Funds to use the MER, trading expense ratio (the **TER**) and fund expenses of the Terminating Funds in the "Fund expenses" sub-heading of the Fund Facts Documents;

(c) sections 15.3(2), 15.6(1)(a)(i)(A), 15.6(1)(b), 15.6(1)(d)(i), 15.8(2)(a), 15.8(3)(a) and 15.9(2) of NI 81-102 to permit the Continuing Funds to use the performance data of the Terminating Funds in sales communications and reports to securityholders of the Continuing Fund (the **Fund Communications**);

(d) section 15.1.1 of NI 81-102 to permit the Continuing Funds to calculate its investment risk level using the performance history of the Terminating Funds (together with paragraphs (b) and (c) above, the **Past Performance Relief**); and

(e) section 4.4 of National Instrument 81-106 *Investment Fund Continuous Disclosure* for relief from the requirements of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**) set out below, to permit each Continuing Fund to include in its annual and interim management reports of fund performance (**MRFPs**) the performance data and information derived from the financial

statements and other financial information (collectively, the **Financial Data**) of the respective Terminating Fund as follows:

(i) Items 3.1(1), 3.1(7), 3.1(7.1) and 3.1(8) of Part B of Form 81-106F1 to permit each Continuing Fund to use the financial highlights of the corresponding Terminating Fund in its Form 81-106F1;

(ii) Items 4.1(1), 4.1(2), 4.2(1), 4.2(2), 4.3(1)(a) and 4.3(1)(b) of Part B of Form 81-106F1 to permit each Continuing Fund to use the past performance data of the corresponding Terminating Fund in its Form 81-106F1; and

(iii) Items 3(1) and 4 of Part C of Form 81-106F1 to permit each Continuing Fund to use the financial highlights and past performance data of the corresponding Terminating Fund in its Form 81-106F1 (the **Continuous Disclosure Relief**, and together with the **Seed Capital Relief** and **Past Performance Relief**, the **Requested Relief**).

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

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

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

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

Interpretation

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

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

"**Twin Sector Terminating Funds**" means IG Mackenzie Global Precious Metals Class, IG Mackenzie Global Health Care Class, IG Mackenzie Global Infrastructure Class, and IG Mackenzie Global Consumer Companies Class.

"**Twin Tax Terminating Funds**" means IG Mackenzie Betterworld SRI Class, IG Mackenzie European Equity Class, IG Mackenzie Pacific International Class, IG Mackenzie Global Natural Resources Class, IG Mackenzie Global Science & Technology Class, IG Mackenzie Global Financial Services Class, IG Mackenzie Ivy European Class, IG Mackenzie Ivy European Class II, IG Mackenzie Ivy European Class III, iProfile International Equity Private Class, IG JPMorgan Emerging Markets Class, IG Mackenzie International Small Cap Class, IG Mackenzie Pan Asian Equity Class, IG Mackenzie Pan Asian Equity Class II, iProfile™ Emerging Markets Private Class, IG Mackenzie U.S. Opportunities Class, IG Mackenzie U.S. Opportunities Class II, IG Core Portfolio Class – Income Balanced, IG Core Portfolio Class – Balanced, IG Mackenzie European Mid Cap Equity Class, IG Managed Risk Portfolio Class – Income Balanced, IG Core Portfolio Class – Balanced Growth, IG Core Portfolio Class – Balanced Growth II, IG Core Portfolio Class – Growth, IG Core Portfolio Class – Growth II, IG Managed Risk Portfolio Class – Balanced, and IG Managed Risk Portfolio Class – Growth Focus.

"**Terminating Funds**" means the Twin Sector Terminating Funds and the Twin Tax Terminating Funds.

"**Twin Sector Continuing Funds**" means IG Mackenzie Global Precious Metals Fund, IG Mackenzie Global Health Care Fund, IG Mackenzie Global Infrastructure Fund, and IG Mackenzie Global Consumer Companies Fund.

"**Twin Tax Continuing Funds**" IG Mackenzie Betterworld SRI Fund II , IG Mackenzie European Equity Fund II, IG Mackenzie Pacific International Fund II, IG Mackenzie Global Natural Resources Fund II, IG Mackenzie Global Science & Technology Fund II, IG Mackenzie Global Financial Services Fund II, IG Mackenzie Ivy European Fund II, , IG JPMorgan Emerging Markets Fund II, IG Mackenzie International Small Cap Fund II, IG Mackenzie Pan Asian Equity Fund II, IG Mackenzie U.S. Opportunities Fund II, IG Mackenzie European Mid-Cap Equity Fund II, IG Core Portfolio – Income Balanced II, IG Core Portfolio – Balanced II, IG Managed Risk Portfolio – Income Balanced II,IG Core Portfolio – Balanced Growth II, IG Core Portfolio – Growth II, IG Managed Risk Portfolio – Balanced II, and IG Managed Risk Portfolio – Growth Focus II.

"**Twin Tax iProfile Continuing Funds**" iProfile™ Emerging Markets Private Pool II and iProfile™ International Equity Private Pool II.

"**Continuing Funds**" means the Twin Tax Continuing Funds, the Twin Tax iProfile Continuing Funds and the Twin Sector Continuing Funds.

"**Funds**" means the Terminating Funds and the Continuing Funds.

Representations

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

The Filer and the Funds

IGIM

1. IGIM is a corporation continued under the laws of Ontario. It is the trustee and manager of the Funds. IGIM's head office is in Winnipeg, Manitoba.

2. IGIM is registered as a Portfolio Manager and an Investment Fund Manager in Manitoba, Ontario, and Quebec and as an Investment Fund Manager in Newfoundland and Labrador.

3. IGIM is not in default of securities legislation in any of the Canadian Jurisdictions.

4. The Terminating Funds are classes of Investors Group Corporate Class Inc.™ established under the laws of Manitoba.

5. Securities of each Terminating Fund, are currently qualified for sale in each of the Canadian Jurisdictions under simplified prospectuses, annual information forms, and fund facts documents each dated June 28, 2022, each of which has been prepared in accordance with NI 81-101.

6. Each Continuing Fund is expected on its creation to be, an open-ended trust established under the laws of Manitoba. The Filer will be the investment fund manager and trustee of each of the Continuing Funds upon creation.

7. The Filer filed a preliminary simplified prospectus and fund facts documents in each of the Canadian Jurisdictions on January 16, 2023 with respect to the Twin Sector Continuing Funds. The Filer intends to file a preliminary simplified prospectus and fund facts documents on or around February 17, 2023 with respect to the Twin Tax Continuing Funds. The Filer intends to file a preliminary simplified prospectus and fund facts documents on or around March 17, 2023 with respect to the Twin Tax iProfile Continuing Funds. The Filer will not begin distributing securities of the Continuing Funds prior to the applicable Merger (as defined below).

8. Each Continuing Fund is expected to be a reporting issuer under the applicable securities legislation in each of the Canadian Jurisdictions and is expected to be subject to NI 81-102.

9. Neither the Filer, nor any of the Terminating Funds, are in default of securities legislation in any of the Canadian Jurisdictions.

10. Each Terminating Fund follows, and each Continuing Fund will follow, the standard investment restrictions and practices established under NI 81-102, except pursuant to the terms of any exemption that has been previously obtained.

The Mergers

11. The Filer proposes to merge each Terminating Fund into the corresponding Continuing Fund (each, a **Merger**, and collectively the **Mergers** on a tax-deferred basis after the close of business on or about Friday, May 19, 2023 (the **Merger Date**) as follows:

Terminating Fund	Continuing Fund
IG Mackenzie Global Precious Metals Class	IG Mackenzie Global Precious Metals Fund
IG Mackenzie Global Health Care Class	IG Mackenzie Global Health Care Fund
IG Mackenzie Global Infrastructure Class	IG Mackenzie Global Infrastructure Fund
IG Mackenzie Global Consumer Companies Class	IG Mackenzie Global Consumer Companies Fund
IG Mackenzie Betterworld SRI Class	IG Mackenzie Betterworld SRI Fund II
IG Mackenzie European Equity Class	IG Mackenzie European Equity Fund II
IG Mackenzie Pacific International Class	IG Mackenzie Pacific International Fund II
IG Mackenzie Global Natural Resources Class	IG Mackenzie Global Natural Resources Fund II

Terminating Fund	Continuing Fund
IG Mackenzie Global Science & Technology Class	IG Mackenzie Global Science & Technology Fund II
IG Mackenzie Global Financial Services Class	IG Mackenzie Global Financial Services Fund II
IG Mackenzie Ivy European Class	IG Mackenzie Ivy European Fund II
IG Mackenzie Ivy European Class II	IG Mackenzie Ivy European Fund II
IG Mackenzie Ivy European Class III	IG Mackenzie Ivy European Fund II
iProfile™ International Equity Private Class	iProfile™ International Equity Private Pool II
IG JPMorgan Emerging Markets Class	IG JPMorgan Emerging Markets Fund II
IG Mackenzie International Small Cap Class	IG Mackenzie International Small Cap Fund II
IG Mackenzie Pan Asian Equity Class	IG Mackenzie Pan Asian Equity Fund II
IG Mackenzie Pan Asian Equity Class II	IG Mackenzie Pan Asian Equity Fund II
iProfile™ Emerging Markets Private Class	iProfile™ Emerging Markets Private Pool II
IG Mackenzie U.S. Opportunities Class	IG Mackenzie U.S. Opportunities Fund II
IG Mackenzie U.S. Opportunities Class II	IG Mackenzie U.S. Opportunities Fund II
IG Core Portfolio Class – Income Balanced	IG Core Portfolio – Income Balanced II
IG Core Portfolio Class – Balanced	IG Core Portfolio – Balanced II
IG Managed Risk Portfolio Class – Income Balanced	IG Managed Risk Portfolio – Income Balanced II
IG Mackenzie European Mid Cap Equity Class	IG Mackenzie European Mid-Cap Equity Fund II
IG Core Portfolio Class – Balanced Growth	IG Core Portfolio – Balanced Growth II
IG Core Portfolio Class – Balanced Growth II	IG Core Portfolio – Balanced Growth II
IG Core Portfolio Class – Growth	IG Core Portfolio – Growth II
IG Core Portfolio Class – Growth II	IG Core Portfolio – Growth II
IG Managed Risk Portfolio Class – Balanced	IG Managed Risk Portfolio – Balanced II
IG Managed Risk Portfolio Class – Growth Focus	IG Managed Risk Portfolio – Growth Focus II

12. The Mergers satisfy the pre-approval criteria set out in s. 5.6 of NI 81-102, and the Mergers will not be implemented until the Independent Review Committee (the "**IRC**") of the Terminating Funds has approved the Mergers. The IRC is scheduled to meet to review the Mergers on February 14, 2023.

13. As the Continuing Funds are new, those funds will not have their own past performance data on the Merger Date.

14. The net assets (as at December 31, 2022) of each Terminating Fund are as follows:

Terminating Fund	Net Assets
IG Mackenzie Global Precious Metals Class	$118,913,750
IG Mackenzie Global Health Care Class	$341,442,523
IG Mackenzie Global Infrastructure Class	$158,351,477
IG Mackenzie Global Consumer Companies Class	$160,496,849
IG Mackenzie Betterworld SRI Class	$17,345,735
IG Mackenzie European Equity Class	$38,705,063

IG Mackenzie Pacific International Class	$34,057,513
IG Mackenzie Global Natural Resources Class	$85,784,528
IG Mackenzie Global Science & Technology Class	$51,219,020
IG Mackenzie Global Financial Services Class	$41,020,897
IG Mackenzie Ivy European Class	$37,800,713
IG Mackenzie Ivy European Class II	$2,526,246
IG Mackenzie Ivy European Class III	$18,235,870
iProfile™ International Equity Private Class	$677,196,993
IG JPMorgan Emerging Markets Class	$300,910,093
IG Mackenzie International Small Cap Class	$318,133,512
IG Mackenzie Pan Asian Equity Class	$23,957,711
IG Mackenzie Pan Asian Equity Class II	$11,923,484
iProfile™ Emerging Markets Private Class	$92,424,064
IG Mackenzie U.S. Opportunities Class	$88,745,617
IG Mackenzie U.S. Opportunities Class II	$55,513,502
IG Core Portfolio Class – Income Balanced	$512,207,331
IG Core Portfolio Class – Balanced	$982,430,865
IG Managed Risk Portfolio Class – Income Balanced	$1,091,819,283
IG Mackenzie European Mid Cap Equity Class	$137,831,605
IG Core Portfolio Class – Balanced Growth	$431,708,829
IG Core Portfolio Class – Balanced Growth II	$43,686,954
IG Core Portfolio Class – Growth	$246,523,267
IG Core Portfolio Class – Growth II	$16,264,180
IG Managed Risk Portfolio Class – Balanced	$961,367,041
IG Managed Risk Portfolio Class – Growth Focus	$629,740,306

15. Following its Merger, each Terminating Fund will be terminated on its Merger Date and will be dissolved as soon as reasonably possible thereafter.

16. Each Continuing Fund is being created for the purpose of implementing the applicable Merger, and therefore:

(a) the securityholders of the Terminating Funds will have rights under securities legislation as securityholders of the Continuing Funds that are substantially similar in all material respects to the rights under securities legislation they had as securityholders of the Terminating Funds;

(b) the securityholders of the Terminating Funds will hold securities of the equivalent series of the corresponding Continuing Fund with the same aggregate net asset value that they held before as securityholders of the Terminating Funds;

(c) each Continuing Fund will have an investment objective and investment strategies that are substantially similar to the investment objective and investment strategies of the corresponding Terminating Fund;

(d) the portfolio advisor and sub-advisor of each Terminating Fund is the same as the portfolio advisor and sub-advisor of the corresponding Continuing Fund;

(e) each Continuing Fund will have a valuation procedure that is identical to the valuation procedure of the corresponding Terminating Fund; and

(f) the total fees attached to each series of each Continuing Fund will be the same, or lower, as the fees for each corresponding series of the corresponding Terminating Fund, and thus there will be either no change to, or a lowering of, the fee or expense structure as a result of the Merger, in each case neither will have a material impact on securityholders of a Terminating Fund who will become securityholders of the corresponding Continuing Fund.

17. As a result, notwithstanding the Mergers, the Continuing Funds will be managed in a manner which is substantially similar in all material respects to the manner in which the Terminating Funds have been managed.

Seed Capital Relief

18. The Filer does not intend to subscribe for $150,000 of units of each Continuing Fund as required by the Seed Capital Requirement because the assets of the corresponding Terminating Fund (which will become the assets of that Continuing Fund in connection with the implementation of the applicable Merger) are significantly in excess of the $150,000 Seed Capital Requirement. Accordingly, the Filer is of the view that any seed capital injected into a Continuing Fund prior to a Merger will not provide any additional benefit to unitholders.

19. On the relevant Merger Date, unitholders of a Continuing Fund will hold units of that Continuing Fund equal to the same net asset value as they did before as securityholders of the corresponding Terminating Fund, and therefore, the Continuing Funds will each have already received subscriptions in excess of $150,000.

20. On the basis of the foregoing, the Filer submits that it would not be prejudicial to the public interest to grant the Seed Capital Relief.

Past Performance Relief and Continuous Disclosure Relief

21. Subject to the receipt of the Seed Capital Relief, the Continuing Funds will not have any assets (other than a nominal amount to establish it) or liabilities at the time of the applicable Merger.

22. The assets of the Terminating Funds will be transferred to the equivalent Continuing Funds in connection with the implementation of the Mergers.

23. As the Filer intends to cease distribution of the Terminating Funds at the close of business on the business day prior to the Merger Date, it does not intend to renew the Terminating Funds' simplified prospectus after the lapse date.

24. Each Continuing Fund will be a new fund. While each Continuing Fund will have the same assets and liabilities as the corresponding Terminating Fund, as a new fund, it will not have its own Financial Data as at the Merger Date.

25. The Financial Data of the Terminating Funds are significant information which can assist investors in determining whether to purchase securities of the Continuing Funds. In the absence of the Requested Relief, investors will have no historical financial or performance information (such as past performance) on which to base such an investment decision.

26. Without the Requested Relief, the sales communications pertaining to, and the MRFPs of, the Continuing Funds cannot include Financial Data of the Terminating Funds that relate to a period prior to the applicable Merger and the Continuing Funds cannot provide performance data in its sales communications until it has distributed securities under a simplified prospectus for at least 12 months.

27. The Filer proposes to:

(a) disclose the series start dates of the Terminating Funds as the series start dates of the Continuing Funds:

(i) under the subheading "Date series started" under the heading "Quick Facts" in the Fund Facts Documents;

(b) use the performance data of the Terminating Funds to calculate the risk rating of the Continuing Funds in:

(i) the Simplified Prospectus; and

(ii) the Fund Facts Documents;

(c) use the performance data of the Terminating Funds in:

(i) the Fund Communications of the Continuing Funds; and

(ii) the "Average return", "Year-by-year returns" and "Best and worst 3-month returns" subsections of the Fund Facts Documents for the Continuing Funds;

(d) show the investments of the Terminating Funds in the "Top 10 investments" and "Investment mix" tables in the initial Fund Facts Documents for the Continuing Funds;

(e) use the MER, TER and fund expenses of the Terminating Funds in the "Fund expenses" section of the Fund Facts Documents for the Continuing Funds;

(f) incorporate by reference into the Simplified Prospectus the most recent annual financial statements and **MRFPs** of the Terminating Funds for the period ended March 31, 2023, and the most recent interim financial statements and MRFP of the Terminating Funds for the period ended September 30, 2022 (collectively, the **Terminating Fund Disclosure**), until such Terminating Fund Disclosure is superseded by more current financial statements and MRFPs of the Continuing Funds;

(g) prepare annual MRFPs for the Continuing Funds commencing with the year ending March 31, 2024 and interim MRFPs for the Continuing Funds commencing with the period ending September 30, 2023 using the Terminating Funds' financial highlights and past performance; and

(h) prepare comparative annual financial statements for the Continuing Funds commencing with the year ending March 31, 2024 and interim financial statements for the Continuing Funds commencing with the period ending September 30, 2023 using the Terminating Funds' financial highlights and past performance.

28. The Filer is seeking to make the Mergers as seamless as possible for investors of the Terminating Funds. Accordingly, the Filer submits that treating a Continuing Fund as fungible with the corresponding Terminating Fund for purposes of the starting dates, investment holdings and Financial Data would be beneficial to investors and that to do otherwise would cause unnecessary confusion among investors concerning the difference between the Terminating Funds and the Continuing Funds.

29. The Filer submits that investors will not be misled if the starting dates, investment holdings and Financial Data of a Continuing Fund reflects the starting dates, investment holdings and Financial Data of the corresponding Terminating Fund.

30. On the basis of the foregoing, the Filer submits that it would not be prejudicial to the public interest to grant the Past Performance Relief and Continuous Disclosure Relief.

Decision

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

1. the Seed Capital Relief is granted;

2. the Past Performance Relief is granted, provided that:

(a) the Fund Communications include the applicable performance data of the Terminating Funds prepared in accordance with Part 15 of NI 81-102;

(b) the Simplified Prospectus:

(i) incorporates by reference the Terminating Fund Disclosure, until such Terminating Fund Disclosure is superseded by more current financial statements and MRFPs of the Continuing Fund;

(ii) states that the start date of the Continuing Fund is the start date of the corresponding Terminating Fund; and

(iii) discloses the Merger where the start date for the Continuing Fund is stated;

(c) the Fund Facts Document of each series of the Continuing Fund:

(i) states that the "Date series started" date is the "Date series started" date of the corresponding series of the Terminating Fund;

(ii) includes the performance data of the Terminating Fund prepared in accordance with Part 15 of NI 81-102; and

(iii) discloses the Merger where the "Date series started" date is stated; and

(d) the Continuing Fund prepares its MRFPs in accordance with the Continuous Disclosure Relief; and

3. the Continuous Disclosure Relief is granted, provided that:

(a) the MRFPs for the Continuing Funds include the Financial Data of the Terminating Funds pertaining to the corresponding series of the Terminating Funds and disclose the Mergers for the relevant time periods; and

(b) the Continuing Funds prepare their Simplified Prospectus, Fund Facts Documents and other Fund Communications in accordance with the Seed Capital Relief and Past Performance Relief.

"Chris Besko"
Director

B.3.4 Hamilton Capital Partners Inc. and Hamilton Enhanced Canadian Bank ETF

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – An alternative mutual fund that uses leverage to invest in a portfolio consisting of the six largest Canadian banks based on a factor index following a transparent methodology granted relief from the concentration restriction in NI 81-102, subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1.1) and 19.1.

February 15, 2023

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

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

AND

IN THE MATTER OF
HAMILTON CAPITAL PARTNERS INC.
(the Filer)

AND

HAMILTON ENHANCED CANADIAN BANK ETF
(HCAL or the ETF).

DECISION

Background

The principal regulator in Ontario has received an application from the Filer on behalf of the ETF for a decision under the securities legislation of Ontario (the **Legislation**) for exemptive relief (the **Exemption Sought**):

(a) relieving the ETF from subsection 2.1(1.1) of National Instrument 81-102 – *Investment Funds* (**NI 81-102**), which prohibits a mutual fund from purchasing a security of an issuer, entering into a specified derivatives transaction or purchasing an index participation unit if, immediately after the transaction, more than 20% of the net asset value (NAV) of the mutual fund, taken at market value at the time of the transaction, would be invested in securities of any issuer (the **Concentration Restriction**) to permit HCAL to replicate a multiple of a rules-based, equal-weight Canadian bank index, currently, the Solactive Equal Weight Canada Banks Index (the **Equal Weight Index**); and

(b) to revoke and replace the Original Decision (as such term is defined below).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, NI 81-102 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

General

1. The Filer is a corporation organized under the laws of Ontario with a head office in Toronto.

2. The Filer is the trustee, portfolio manager and investment fund manager of the ETF.

3. The Filer is registered as: (i) an investment fund manager in Ontario, Quebec and Newfoundland & Labrador; (ii) an exempt market dealer in Ontario; and (iii) a portfolio manager in Ontario.

4. The ETF is an exchange traded mutual fund trust governed by the laws of Ontario and a reporting issuer under the laws of the Jurisdictions. HCAL is also an "alternative mutual fund", as such term is defined in NI 81-102.

5. The securities of HCAL are offered pursuant to a long form prospectus dated August 17, 2022, as amended by amendment no. 1 dated January 13, 2023.

6. The ETF is subject to NI 81-102, subject to any exemptions therefrom that may be granted by the securities regulatory authorities.

7. The ETF is subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.

8. Units of the ETF are listed on the Toronto Stock Exchange (**TSX**).

9. The ETF, subject, to the Proposed Objective Change being approved, will seek to achieve its investment objective through direct or indirect exposure to the constituent securities of the Equal Weight Index. Specifically, HCAL will seek to track approximately 1.25x the performance of the Equal Weight Index.

10. Neither the Filer, nor the ETF, is in default of securities legislation in any of the Jurisdictions.

11. The ETF previously obtained relief from the Concentration Restriction pursuant to a decision dated October 8, 2021 (the **Original Decision**).

Proposed Investment Objective Change

12. The investment objectives and strategies of the ETF is currently based on replicating, to the extent reasonably possible and before the deduction of fees and expenses, a multiple of the performance of a rules-based, variable-weight Canadian bank index, currently the Solactive Canadian Bank Mean Reversion Index (the **Current Index**).

13. The Filer anticipates seeking unitholder approval in order to amend the investment objective of the ETF (the **Proposed Objective Changes**). As a result, if all required approvals are obtained and the investment objective of the ETF is amended, certain of the conditions and representations contained in the Original Decision will no longer be accurate and, as a result, the ETF will not be able to rely on the Original Decision. It is anticipated that such unitholder approval will be sought at a special meeting to be held on or about February 15, 2023.

14. If the Proposed Objective Change is implemented, the ETF will no longer be able to rely on the Original Decision.

The Current Index

15. The constituent issuers of the Current Index are the top six Canadian banks listed on the Toronto Stock Exchange or other recognized exchange in Canada by market capitalization (the **Banks** and each a **Bank**). Currently, the constituents of the Current Index are Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and The Toronto-Dominion Bank.

16. The Current Index uses a rules-based mean reversion strategy that is rebalanced quarterly (a **Current Index Rebalance Date**) based on the percent difference between each Bank's stock price and its 200-day average price. On a Current Index Rebalance Date: (i) the three Banks with the lowest percentage difference between their current trading price and their 200-day average price are "over-weighted" at approximately 26.5% each of the Current Index (each an **Over-Weight Position**); and (ii) the three Banks with the highest percentage difference between their current trading price and their 200-day average price are "under-weighted" at approximately 6.5% each of the Current Index (each an **Under-Weight Position**). Such portfolio weightings are maintained until the next Current Index Rebalance Date, at which point the rebalancing process is repeated.

17. The common shares of the Banks are listed on the TSX.

18. The Banks are among the largest public issuers in Canada.

The Equal Weight Index

19. The constituent issuers of the Equal Weight Index are currently the same as the Current Index, being the Banks. Constituents are subject to minimum market capitalization and liquidity screens. Currently, the constituents of the Equal Weight Index are also the same as the Current Index – being the Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and The Toronto-Dominion Bank.

20. The Equal Weight Index uses a rules-based methodology that is rebalanced semi-annually on an equal weight basis (each, an **Equal Weight Index Rebalance Date** and together with a Current Index Rebalance Date an **Index Rebalance Date**).

Hamilton Enhanced Canadian Bank ETF

21. Currently, the investment objective of HCAL is to replicate, to the extent reasonably possible and before the deduction of fees and expenses, a multiple of the performance of the Current Index. Specifically, HCAL seeks to replicate approximately 1.25 times the Current Index.

22. HCAL uses leverage. The leverage may be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation and shall not exceed the limits on the use of leverage permitted under applicable securities legislation for alternative mutual funds.

23. At present, HCAL seeks to achieve its investment objective by borrowing cash to invest in and hold a proportionate share of, or a sampling of, the constituent securities of the Current Index in order to track approximately 1.25x the performance of the Current Index. As an alternative to, or in conjunction with, investing in and holding the constituent securities, HCAL may also invest in other securities, including other mutual funds or exchange traded funds, to obtain exposure to the constituent securities of the Current Index in a manner that is consistent with HCAL's investment objective. HCAL may also hold cash and cash equivalents or other money market instruments in order to meet its obligations.

24. The maximum aggregate exposure of HCAL to cash borrowing, short selling and specified derivatives will not exceed approximately 125% of its NAV.

25. In order to ensure that a unitholder's risk is limited to the capital invested, HCAL's leverage ratio will be rebalanced in certain circumstances and when the leverage ratio breaches certain bands. Specifically, HCAL's leverage ratio will be rebalanced back to 125% of HCAL's NAV within two business days (a **Leverage Rebalance Date** and together with an Index Rebalance Date, a **Rebalance Date**) of the ETF's leverage ratio moving 2% away from its target leverage ratio of 125% (i.e., if the leverage ratio is less than 123% or if the leverage ratio is greater than 127%).

26. Following a Rebalance Date, the investment portfolio of HCAL will have been rebalanced and HCAL will have acquired and/or disposed of the appropriate number of securities in order to track the multiple of the portfolio weighting of the Current Index.

27. Outside of a Rebalance Date, any investments by HCAL (owing, for example, to subscriptions received in respect of Units of HCAL), if any, will be such that securities are acquired up to the same weights as such securities exist in HCAL's portfolio, based on their relative market values, at the time of such investment.

28. On a leveraged basis, HCAL therefore currently invests up to approximately: (i) 33.3% of its NAV in a Bank security that represents an Over-Weight Position in the Current Index; and (ii) 8.3% of its NAV in a Bank security that represents an Under-Weight Position in the Current Index.

29. Should the applicable Proposed Objective Change be approved, the investment objective of HCAL will be to replicate, to the extent reasonably possible and before the deduction of fees and expenses, a 1.25 times multiple of the performance of an equal-weight Canadian bank index (currently, the Equal Weight Index).

30. If the applicable Proposed Objective Change is approved, apart from the change in Index, HCAL will essentially operate in a consistent manner as it does currently. Specifically:

    (a) HCAL will continue to use leverage. As is the case currently, the leverage may be created through the use of cash borrowings or as otherwise permitted under applicable securities legislation and shall not exceed the limits on the use of leverage permitted under applicable securities legislation for alternative mutual funds.

    (b) HCAL will seek to achieve its investment objective by borrowing cash or using derivatives to obtain direct or indirect exposure to the constituent securities of, the Equal Weight Index in order to track approximately 1.25x the performance of the Equal Weight Index.

(c) As an alternative to, or in conjunction with, investing in and holding the constituent securities, HCAL may also invest in other securities, including other mutual funds or exchange traded funds, to obtain direct or indirect exposure to the constituent securities of the Equal Weight Index in a manner that is consistent with HCAL's investment objective. HCAL may also hold cash and cash equivalents or other money market instruments in order to meet its obligations.

(d) The maximum aggregate exposure of HCAL to cash borrowing, short selling and specified derivatives will not exceed approximately 125% of its NAV.

(e) In order to ensure that a unitholder's risk is limited to the capital invested, HCAL's leverage ratio will continue to be rebalanced in the same manner as described in paragraph 25.

(f) Following a Rebalance Date, the investment portfolio of HCAL will have been rebalanced and HCAL will have acquired and/or disposed of the appropriate number of securities in order to track the multiple of the portfolio weighting of the Equal Weight Index.

(g) Outside of a Rebalance Date, any investments by HCAL (owing, for example, to subscriptions received in respect of Units of HCAL), if any, will be such that securities are acquired up to the same weights as such securities exist in HCAL's portfolio, based on their relative market values, at the time of such investment.

31. Moreover, under the proposed new investment objective, the securities that primarily make up HCAL's portfolio (being Bank securities) will not change. Rather, and more simply, the Index upon which its investment objective is based will be changed from a variable weight index to an equal weight index. Each Bank will therefore be equal weighted in the ETF's portfolio, rather than "over-weighted" and "under-weighted" as is currently the case and as described above.

32. On a leveraged basis, in accordance with the amended investment objective, on an Equal Weight Index Rebalance Date, HCAL will therefore invest approximately 20.83% of its NAV in each Bank security in the Equal Weight Index.

33. In order to achieve the proposed new investment objective, and based on its investment strategy, HCAL will therefore continue to invest in a portfolio of Bank securities, such that immediately after a purchase, more than 20% of HCAL's NAV may be invested in any one Bank security for the purposes of determining compliance with the Concentration Restriction.

34. It is anticipated that required unitholder approval for the applicable Proposed Investment Objective Change will be sought at a meeting to be held, on or about, February 15, 2023.

35. The investment objective and investment strategy of HCAL, as well as the risk factors associated therewith, including concentration risk, are disclosed in the prospectus of HCAL, as may be renewed or amended from time to time. The names of the Banks are also disclosed in the prospectus of HCAL, as may be renewed or amended from time to time.

Rationale for Investment

36. The Filer notes that, in respect of the ETF, its strategy to acquire securities of an applicable Bank is transparent, passive and fully disclosed to investors. The ETF will not invest in securities other than applicable Bank securities (or securities designed to gain exposure to the Bank securities as described herein). In addition, the names of the applicable Banks invested are listed in the ETF's prospectus. Consequently, unitholders of the ETF are already fully aware of the risks involved with an investment in the securities of the ETF.

37. Given the composition of the ETF's portfolio, if the Proposed Investment Objective Change is made, it will be impossible for the ETF to achieve its investment objective and pursue its investment strategy without obtaining further relief from the Concentration Restriction.

38. The units of the ETF are highly liquid securities, as designated brokers act as intermediaries between investors and the ETF, standing in the market with bid and ask prices for the units of the ETF to maintain a liquid market for the units of the ETF. The majority of trading in units of the ETF occurs in the secondary market.

39. If required to facilitate distributions or pay expenses of the ETF, securities of the applicable Bank securities will be sold pro-rata across the ETF's portfolio according to their relative market values at the time of such sale.

40. Future subscriptions for ETF securities, if any, will be used to acquire securities of each applicable Bank up to the same weights as the Bank securities exist in the ETF's portfolio, based on their relative market values at the time of such subscription.

41. In view of the Filer, the ETF is akin to a "fixed portfolio investment fund", as such term is defined in NI 81-102, in that it will: (a) have fundamental investment objectives that include holding and maintaining a fixed portfolio of publicly traded

equity securities of one or more issuers, the names of which are disclosed in its prospectus; and (b) trade the securities referred to in paragraph (a) only in the circumstances disclosed in its prospectus.

42. The Filer further notes that a "fixed portfolio investment fund" is exempt from the Concentration Restriction, provided purchases of securities are made in accordance with its investment objectives. Given the similarities between the ETF and "fixed portfolio investment funds", the Filer submits it would not be unreasonable to grant the Exemption Sought.

43. The Banks are among the largest public issuers in Canada. The common shares of the Banks are some of the most liquid equity securities listed on the TSX and are less likely to be subject to liquidity concerns than the securities of other issuers.

44. The liquidity of the common shares of the Banks is evidenced by the markets for options in connection therewith. A liquid market for options on the common shares of the Banks is provided by the Montreal Exchange.

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

Decision

The decision of the principal regulator is that the Exemption Sought is granted for so long as:

(a) all required approvals for the Proposed Objective Change being obtained and the Proposed Objective Change being implemented;

(b) the investment in a Bank is made in accordance with the ETF's investment objectives and investment strategies to replicate, to the extent reasonably possible and before the deduction of fees and expenses, 1.25 times the performance of the Equal Weight Index;

(c) the ETF's investment strategies disclose that, as of an Equal Weight Index Rebalance Date, the ETF will invest in the Banks up to the stated maximum percentages described at paragraph 32. Outside of an Equal Weight Index Rebalance Date, any investments by the ETF, if any, will be such that securities of each applicable Bank are acquired up to the same weights as the Bank securities exist in the ETF's portfolio, based on their relative market values at the time of such investment;

(d) the ETF's investment strategies disclose the rebalance frequency of the ETF's portfolio; and

(e) the ETF includes at the time its prospectus is next renewed: (i) disclosure regarding the Exemption Sought under the heading "Exemptions and Approvals"; and (ii) a risk factor regarding the concentration of the ETF's investments in the Banks and the risks associated therewith.

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

Application File #: 2022/0579
SEDAR #: 3490783

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
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Essex Oil Ltd.	November 3, 2016	February 17, 2023

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	
Sproutly Canada, Inc.	June 30, 2022	
Gatos Silver, Inc.	July 7, 2022	
iMining Technologies Inc.	September 30, 2022	
Luxxfolio Holdings Inc.	January 5, 2023	
Wellbeing Digital Sciences Inc.	February 1, 2023	

This page intentionally left blank

B.5
Rules and Policies

B.5.1 National Instrument 45-106 Prospectus Exemptions

AMENDMENTS TO
NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*

1. National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.

2. Section 1.1 is amended in paragraph (b) of the definition of "eligibility adviser***" by replacing "***public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not***" with "***chartered professional accountant who is a member in good standing of an organization of chartered professional accountants in a jurisdiction of Canada provided that the lawyer or chartered professional accountant does not***".***

3. Section 1.1 is amended by adding the following definitions:

"collective investment vehicle" means either of the following:

(a) an investment fund;

(b) any other issuer, the primary purpose of which is to invest money provided by its security holders in a portfolio of securities other than securities of subsidiaries of the issuer;

"material contract" means any contract that an issuer or any of its subsidiaries is a party to that is material to the issuer;

"real estate activities" means activities, the primary purpose of which is to generate for security holders income or gain from the lease, sale or other disposition of real property but, for greater certainty, does not include any of the following:

(a) activities in respect of a "mineral project", as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

(b) "oil and gas activities" as defined in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

(c) in Québec, activities relating to the forms of investments subject to *Regulation Respecting Real Estate Prospectus and Registration Exemptions* (Québec);

"related party**"** means any of the following:

(a) a director, officer, promoter or control person of an issuer;

(b) in regard to an individual referred to in paragraph (a), a child, parent, grandparent, sibling or other relative living in the same residence;

(c) in regard to an individual referred to in paragraph (a) or (b), the individual's spouse;

(d) an insider of an issuer;

(e) a person controlled by a person referred to in paragraphs (a) to (d), or controlled by a person referred to in paragraphs (a) to (d) acting jointly or in concert with another person;

(f) in the case of a person referred to in paragraph (a) or (d) that is not an individual, a person that, alone or together with one or more persons acting jointly or in concert, controls that person;***.***

4. Subparagraphs 2.9(1)(b)(i), (2)(c)(i) and (2.1)(c)(i) are amended by replacing "(13)***" with "***(13.3)***".***

5. Paragraph 2.9(2.2)(a) is amended by adding ",***" after "***non-redeemable investment fund***".***

6. Subsection 2.9(5.2) is amended by replacing "A***" with "***In Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan, a***".***

7. Subsection 2.9(13) is repealed.

8. Section 2.9 is amended by adding the following subsections:

(13.1) An issuer must not make a misrepresentation in its offering memorandum.

(13.2) If a material change with respect to the issuer occurs after the certificate under subsection (8) or (14.1) is signed, and before the issuer accepts an agreement to purchase the security from the purchaser, the issuer must amend the offering memorandum to reflect the material change and deliver the amended offering memorandum to the purchaser.

(13.3) An issuer must not deliver an offering memorandum under this section unless the offering memorandum contains sufficient information to enable a reasonable purchaser to make an informed investment decision..

9. Subsection 2.9(14) is repealed.

10. Section 2.9 is amended by adding the following subsection:

(14.1) An issuer that amends its offering memorandum must include in the amended offering memorandum a newly dated certificate signed in compliance with subsections (9), (10), (10.1), (10.2), (10.3), (11), (11.1) and (12), as applicable..

11. Subsection 2.9(17) is replaced with the following:

(17) An issuer must file a copy of an offering memorandum delivered under this section and any amended offering memorandum on or before the 10th day after the distribution under the offering memorandum or the amended offering memorandum..

12. Section 2.9 is amended by adding the following subsection:

(17.0.1) An offering memorandum or amended offering memorandum filed under this section must be in a format that allows for the searching of words electronically using reasonably available technology..

13. Subsection 2.9(19) is amended by replacing "subsections (19.1) and (19.3), a qualified appraiser is independent of an issuer of a syndicated mortgage***" with "***subsections (19.1), (19.3), (19.6) and (19.7), a qualified appraiser is independent of an issuer***".***

14. Section 2.9 is amended by adding the following after subsection (19.4):

(19.5) Subsection (19.6) does not apply to an issuer unless all of the following apply:

(a) the issuer is relying on subsection (1), (2) or (2.1);

(b) the issuer is engaged in real estate activities;

(c) one or both of the following apply:

(i) the issuer proposes to acquire an interest in real property from a related party and a reasonable person would believe that the likelihood of the issuer completing the acquisition is high;

(ii) except in its financial statements contained in the offering memorandum, the issuer discloses in the offering memorandum a value for an interest in real property.

(19.6) An issuer must, at the same time or before the issuer delivers an offering memorandum to the purchaser under subsection (1), (2) or (2.1), deliver to the purchaser an appraisal of the interest in real property referred to in paragraph (19.5)(c) to which all of the following apply:

(a) the appraisal is prepared by a qualified appraiser that is independent of the issuer;

(b) the appraisal includes a certificate signed by a qualified appraiser stating that the appraisal is prepared in accordance with the standards and the code of ethics established or endorsed by the professional association of which the qualified appraiser is a member;

(c) the appraisal provides the appraised fair market value of the interest in real property without considering any proposed improvements to or proposed development of the interest;

(d) the appraised fair market value referred to in paragraph (c) is as at a date that is within 6 months preceding the date that the appraisal is delivered to the purchaser.

(19.7) If an issuer relying on subsection (1), (2) or (2.1) is engaged in real estate activities, the issuer must not disclose in any communication related to the distribution a representation of, or opinion as to, a value for an interest in real property referred to in paragraph (19.5)(c), other than the appraised fair market value disclosed in the appraisal referred to in subsection (19.6), unless the issuer has a reasonable basis for that value.

(19.8) If an issuer relying on subsection (1), (2) or (2.1) is engaged in real estate activities, and discloses in any communication related to the distribution a representation of, or opinion as to, a value for an interest in real property referred to in paragraph (19.5)(c), other than the appraised fair market value disclosed in the appraisal referred to in subsection (19.6), the issuer must also disclose in that communication,

(a) with equal or greater prominence as the representation or opinion, the appraised fair market value referred to in subsection (19.6),

(b) the material factors or assumptions used to determine the representation or opinion, and

(c) whether or not the representation or opinion was determined by a qualified appraiser who is independent of the issuer.

(19.9) An issuer must file a copy of any appraisal delivered under subsection (19.6) concurrently with the filing of the offering memorandum or any amended offering memorandum or, if the appraisal is produced after the filing of the offering memorandum or any amended offering memorandum, on or before the 10th day after the first distribution for which the appraisal was required to be delivered to a purchaser.**.**

15. Section 6.4 is amended by adding the following:

(4) An issuer that is engaged in real estate activities must supplement its offering memorandum with Schedule 1 of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*, unless the offering memorandum is prepared under subsection (2).

(5) An issuer that is a collective investment vehicle must supplement its offering memorandum with Schedule 2 of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers*, unless the offering memorandum is prepared under subsection (2)**.**

***16. Form 45-106F2 Offering Memorandum for Non-Qualifying Issuers is repealed and replaced with the material in Schedule B-1*.**

17. Form 45-106F4 Risk Acknowledgement is amended

(a) by repealing and replacing all content prior to Schedule 1 with the material in Schedule B-2,

(b) in B. of Schedule 1, by replacing "subsection 7.3(3) of the *Securities Act* (Ontario)***" with "***subsection 73.3 of the *Securities Act* (Ontario)***" , and***

(c) in B. of Schedule 2, by replacing "subsection 7.3(3) of the *Securities Act* (Ontario)***" with "***subsection 73.3 of the *Securities Act* (Ontario)***" .***

18. Form 45-106F18 Supplemental Offering Memorandum Disclosure for Syndicated Mortgages is amended by repealing instruction 7.

Transition

19. Subsections 6.4(1), (4) and (5) of National Instrument 45-106 *Prospectus Exemptions* do not apply to an issuer in respect of an offering memorandum if both of the following apply:

(a) the date of the certificate required under subsection 2.9(8) or (14.1) of National Instrument 45-106 *Prospectus Exemptions* is before March 8, 2023;

(b) the offering memorandum was prepared in accordance with the version of Form 45-106F2 *Offering Memorandum for Non-Qualifying Issuers* in force on March 7, 2023.

Effective date

20. (1) This Instrument comes into force on March 8, 2023.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after March 8, 2023, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

Schedule B-1

FORM 45-106F2
OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

Date: [Insert the date from the certificate page.]

The Issuer

Name:

Head office: Address:
Phone #:
Website address:
Email address:

Currently listed or quoted? [If no, state in bold type: "**These securities do not trade on any exchange or market.**". If yes, identify the exchange or market.]

Reporting issuer? [Yes/No. If yes, state where.]

The Offering

Securities offered:

Price per security:

Minimum/Maximum offering: [If there is no minimum, state in bold type: "**There is no minimum.**" and also state in bold type: "**You may be the only purchaser.**"]

Minimum subscription amount: [State the minimum amount each investor must invest, or state "There is no minimum subscription amount an investor must invest."]

Payment terms:

Proposed closing date(s):

Income tax consequences: There are important tax consequences to these securities. See item 8. [If income tax consequences are not material, delete this item.]

Insufficient Funds

If item 2.6 applies, state in bold type: "**Funds available under the offering may not be sufficient to accomplish the proposed objectives. See item 2.6.**".

Compensation Paid to Sellers and Finders

If item 9 applies, state the following: "A person has received or will receive compensation for the sale of securities under this offering. See item 9.".

Underwriter(s)

State the name of any underwriter.

Guidance: The requirements of National Instrument 33-105 *Underwriting Conflicts* may be applicable.

Resale Restrictions

State: "You will be restricted from selling your securities for [4 months and a day/an indefinite period]. See item 12."

Working Capital Deficiency

If the issuer is disclosing a working capital deficiency under item 1.1, state the following, with the bracketed information completed: "[name of issuer] has a working capital deficiency. See item 1.1.".

Payments to Related Party

If the issuer is disclosing payment to a related party under item 1.2, state the following, with the bracketed information completed as applicable: “[All of][Some of] your investment will be paid to a related party of the issuer. See item 1.2.”.

Certain Related Party Transactions

If the issuer is making disclosure under item 2.9(b), or subsection 7(2) of Schedule 1, state the following with the bracketed information completed as applicable: “This offering memorandum contains disclosure with respect to one or more transactions between [name of issuer] and a related party, where [name of issuer] [paid more to a related party than the related party paid for a business, asset or real property] [and] [was paid less by a related party for a business, asset or real property than [name of issuer] paid for it]. See [item 2.9(b)] [and] [subsection 7(2) of Schedule 1].”.

Certain Dividends or Distributions

If the issuer is making disclosure under item 7, state the following with the bracketed information completed: “[name of issuer] has paid dividends or distributions that exceeded cash flow from operations. See item 7.”.

Conditions on Repurchases

If the purchaser will have a right to require the issuer to repurchase the securities and there is any restriction, fee or price associated with this right, state in bold type with the bracketed information completed, as applicable: “**You will have a right to require the issuer to repurchase the securities from you, but this right is qualified by [a specified price] [and] [restrictions] [and] [fees]. As a result, you might not receive the amount of proceeds that you want. See item 5.1.**”

Purchaser’s Rights

State: “You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have a right to damages or to cancel the agreement. See item 13.”

State in bold type:

“**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See item 10.**”

Instructions

1. Include all of the above information at the beginning of the offering memorandum.

2. After the above information, include a table of contents for the rest of the information in the offering memorandum.

Guidance

National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* may be applicable to disclosure in the offering memorandum.

Item 1: Use of Available Funds

1.1 *Funds* – Using the following table, disclose the funds available as a result of the offering. If the issuer plans to combine additional sources of funding with the available funds from the offering to achieve its principal capital-raising purpose, provide details about each additional source of funding. If there is no minimum offering, state "$0" as the minimum. Disclose any working capital deficiency of the issuer as at a date not more than 30 days before the date of the offering memorandum. If the working capital deficiency will not be eliminated by the use of available funds, state how the issuer intends to eliminate or manage the deficiency.

		Assuming minimum offering	Assuming maximum offering
A.	Amount to be raised by this offering	$	$
B.	Selling commissions and fees	$	$
C.	Estimated offering costs (including legal, accounting and audit)	$	$
D.	Available funds: D = A - (B+C)	$	$
E.	Additional sources of funding required	$	$
F.	Working capital deficiency	$	$
G.	Total: G = (D+E) - F	$	$

1.2 *Use of Available Funds* – Using the following table, provide a detailed breakdown of how the issuer will use the available funds. If any of the available funds will be paid to a related party, disclose in a note to the table the name of the related party, the relationship to the issuer, and the amount. If more than 10% of the available funds will be used by the issuer to pay debt and the issuer incurred the debt within the two preceding financial years, describe why the debt was incurred.

Description of intended use of available funds listed in order of priority	Assuming minimum offering	Assuming maximum offering
	$	$
	$	$
Total: Equal to G in the Funds table above	$	$

1.3 *Proceeds Transferred to Other Issuers* – If a significant amount of the proceeds of the offering will be invested in, loaned to, or otherwise transferred to another issuer that is not a subsidiary controlled by the issuer, provide the disclosure specified by items 2, 3, 4.1, 4.2, 10 and 14 and, as applicable, Schedule 1 of this form if the other issuer is engaged in real estate activities, and Schedule 2 of this form if the other issuer is a collective investment vehicle, as if each of those other issuers were the issuer preparing the offering memorandum. In addition, describe the relationship between the issuer and each of those other issuers, and supplement the description with a diagram.

Item 2: Business of the Issuer and Other Information and Transactions

2.1 *Structure* – State whether the issuer is a partnership, corporation or trust, or if the issuer is not a corporation, partnership or trust then state what type of business association the issuer is. State any statute under which the issuer is incorporated, continued or organized, and the date of incorporation, continuance or organization.

***2.2 The Business* –** Describe the issuer's business.

(a) For a non-resource issuer include in the description the following:

(i) principal products or services;

(ii) operations;

(iii) market, marketing plans and strategies;

(iv) a discussion of the issuer's current and prospective competitors.

(b) For a resource issuer include in the description the following:

(i) a description of principal properties (including interest held);

(ii) a summary of material information including, as applicable, the stage of development, reserves, geology, operations, production and mineral reserves or mineral resources being explored or developed.

Guidance

1. For a resource issuer disclosing scientific or technical information for a mineral project, see General Instruction A.8 of this Form.

2. For a resource issuer disclosing information about its oil and gas activities, see General Instruction A.9 of this Form.

2.3 ***Development of Business –*** Describe the general development of the issuer's business over at least its two most recently completed financial years and any subsequent period. Include any major events that have occurred or conditions that have influenced (favourably or unfavourably) the development or financial condition of the issuer.

2.4 ***Long Term Objectives –*** With respect to the issuer's objectives subsequent to the next 12 months after the date of the offering memorandum, describe each significant event associated with those objectives, state the specific time period in which each event is expected to occur, and the costs related to each event.

2.5 ***Short Term Objectives***

(a) Disclose the issuer's objectives for the next 12 months after the date of the offering memorandum.

(b) Using the following table, disclose how the issuer intends to meet those objectives.

Actions to be taken	Target completion date or, if not known, number of months to complete	Cost to complete
		$
		$

2.6 ***Insufficient Funds***

If applicable, disclose that the funds available as a result of the offering either may not or will not be sufficient to accomplish all of the issuer's proposed objectives and there is no assurance that alternative financing will be available. With respect to any alternative financing that has been arranged, disclose the amount, source and all outstanding conditions.

2.7 ***Additional Disclosure for Issuers Without Significant Revenue***

(1) If the issuer has not had significant revenue from operations in either of its two most recently completed financial years, or has not had significant revenue from operations since inception, provide, for each period referred to in subsection (2), a breakdown of the material components of the following:

(a) exploration and evaluation assets or expenditures and, if the issuer's business primarily involves mining exploration and development, provide the breakdown on a property-by-property basis;

(b) expensed research and development costs;

(c) intangible assets arising from development;

(d) general and administration expenses;

(e) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (d).

(2) Include the disclosure in subsection (1) with respect to each period for which financial statements are included in the offering memorandum.

(3) Subsection (1) does not apply to any period for which the information specified under subsection (1) has been disclosed in the financial statements that are included in the offering memorandum.

2.8 *Material Contracts –* Disclose the key terms of all material contracts including, for certainty, the following:

(a) if the contract is with a related party, the name of the related party and the relationship to the issuer;

(b) a description of any asset, property or interest acquired, disposed of, leased or under option;

(c) a description of any service provided;

(d) purchase price and payment terms (including payment by instalments, cash, securities or work commitments);

(e) the principal amount of any debenture or loan, the repayment terms, security, due date and interest rate;

(f) the date of the contract;

(g) the amount of any finder's fee or commission paid or payable to a related party in connection with the contract;

(h) any material outstanding obligations under the contract.

2.9 *Related Party Transactions*

With respect to any purchase and sale transaction between the issuer and a related party that does not relate to real property,

(a) using the following table and starting with the most recent transaction, provide the specified information, and

Description of business or asset	Date of transfer	Legal name of seller	Legal name of buyer	Amount and form of consideration exchanged in connection with transfer

(b) explain the reason for any material difference between the amount of consideration paid by the issuer and the amount of consideration paid by a related party for the business or asset.

Item 3: Compensation and Security Holdings of Certain Parties

3.1 *Compensation and Securities Held*

Using the following table, provide the specified information for the following:

(a) each director, officer and promoter of the issuer;

(b) each person that has beneficial ownership of, or direct or indirect control over, or a combination of beneficial ownership and direct or indirect control over, 10% or more of any class of voting securities of the issuer;

(c) any related party not specified in paragraph (a) or (b) that received compensation in the most recently completed financial year or is expected by the issuer to receive compensation in the current financial year.

Full legal name and place of residence or, if not an individual, jurisdiction of organization	If paragraph (a) or (b) applies, specify whether the person is a director, officer, promoter or person referred to in paragraph (b); if paragraph (c) applies, specify the person's relationship to the issuer; in all cases, specify the date that the person became a person identified in paragraph (a), (b) or (c)	Compensation paid by issuer or related party in the most recently completed financial year and the compensation expected to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of minimum offering	Number, type and percentage of securities of the issuer held after completion of maximum offering

Instructions to Item 3.1

1. If the issuer has not completed its first financial year, disclose for the period from the date of the issuer's inception to the date of the offering memorandum.

2. Compensation includes any form of remuneration including, for certainty, cash, shares and options.

3. If a person identified in paragraph (a), (b) or (c) is not an individual, state in a note to the table the full legal name of any person that has beneficial ownership of, or direct or indirect control over, or a combination of beneficial ownership and direct or indirect control over, more than 50% of the voting rights of the person.

3.2 *Management Experience* - Using the following table, provide the specified information for the directors and executive officers of the issuer for the 5 years preceding the date of the offering memorandum.

Full Legal Name	Principal occupation and description of experience associated with the occupation

3.3 *Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters*

(a) If any of the following have occurred during the 10 years preceding the date of the offering memorandum with respect to a director, executive officer or control person of the issuer, or an issuer of which any of those persons was a director, executive officer or control person at the time, describe the details of the penalty, other sanction or order, including the reason for it and whether it is currently in effect:

(i) a penalty or other sanction imposed by a court relating to a contravention of securities legislation;

(ii) a penalty or other sanction imposed by a regulatory body relating to a contravention of securities legislation;

(iii) an order restricting trading in securities, not including an order that was in effect for less than 30 consecutive days.

(b) If any of the following have occurred during the 10 years preceding the date of the offering memorandum with respect to a director, executive officer or control person of the issuer, or an issuer of which any of those persons was a director, executive officer or control person at the time, state that it has occurred:

(i) a declaration of bankruptcy;

(ii) a voluntary assignment in bankruptcy;

(iii) a proposal under bankruptcy or insolvency legislation;

(iv) a proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets.

(c) Disclose and describe the details of the offence, if the issuer or a director, executive officer or control person of the issuer has ever pled guilty to or been found guilty of any of the following:

(i) a summary conviction or indictable offence under the *Criminal Code* (Canada);

(ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction;

(iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America;

(iv) an offence under the criminal legislation of any other foreign jurisdiction.

3.4 *Certain Loans*

For any debenture, bond or loan agreement between the issuer and a related party, disclose the following:

(a) as at a date not more than 30 days before the date of the offering memorandum, the parties to the agreement, including which party is lender and which party is borrower, the principal amount, the repayment terms, any security, due date and interest rate;

(b) during the two most recently completed financial years and up to a date not more than 30 days before the date of the offering memorandum, any material amendment to the agreement, or any release, cancellation or forgiveness.

Item 4: Capital Structure

4.1 ***Securities Except for Debt Securities*** - Using the following table, provide the specified information about outstanding securities of the issuer, not including debt securities. Add notes to the table to describe the material terms of the securities, including, for certainty, voting rights or restrictions on voting, exercise price and date of expiry, any right of the purchaser to require the issuer to repurchase the securities including any price, fee or restriction associated with that right, and any interest rate or dividend or distribution policy.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at a date not more than 30 days before the date of the offering memorandum	Number outstanding after minimum offering	Number outstanding after maximum offering

4.2 ***Long Term Debt*** - Using the following table, provide the specified information about outstanding debt of the issuer for which all or a portion is due, or may be outstanding, more than 12 months from the date of the offering memorandum. Add notes to the table to disclose any amounts of the debt that are due within 12 months of the date of the offering memorandum. In addition, add notes to the table to describe any conversion terms. If the securities being offered are debt securities, complete the applicable parts of the table for the debt, and add columns to the table disclosing the amount of the debt that will be outstanding after both the minimum and maximum offering.

Description of debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at a date not more than 30 days before the date of the offering memorandum
			$
			$

4.3 ***Prior Sales*** - If the issuer has issued any securities of the class being offered under the offering memorandum (or convertible or exchangeable into the class being offered under the offering memorandum) within the 12 months before the date of the offering memorandum, use the following table to provide the information specified. If securities were issued in exchange for assets or services, describe in a note to the table the assets or services that were provided.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received

Item 5: Securities Offered

5.1 ***Terms of Securities***

(a) Describe the material terms of the securities being offered, including, for certainty, the following:

(i) voting rights or restrictions on voting;

(ii) conversion or exercise price and date of expiry;

(iii) any right of the purchaser to require the issuer to repurchase the securities, including any price, fee or restriction associated with that right;

(iv) interest rate, and dividend or distribution policy.

(b) Provide a sample calculation in respect of any right of the purchaser to require the issuer to repurchase the securities.

5.2 ***Subscription Procedure***

(a) Describe how a purchaser can subscribe for the securities and the method of payment.

(b) State that the consideration will be held in trust and the period that it will be held (refer at least to the mandatory two-day period).

(c) Disclose any conditions to closing, including any receipt of additional funds from other sources. If there is a minimum offering, disclose when consideration will be returned to purchasers if the minimum is not met, and whether the issuer will pay the purchasers interest on consideration.

Item 6: Repurchase Requests

(1) With respect to any securities of the issuer for which investors have a right to require the issuer to repurchase the securities, disclose the following:

(a) for each of the two most recently completed financial years, the information specified by the following table;

Description of security	Date of end of financial year	Number of securities with outstanding repurchase requests on the first day of the year	Number of securities for which investors made repurchase requests during the year	Number of securities repurchased during the year	Average price paid for the repurchased securities	Source of funds used to complete the repurchases	Number of securities with outstanding repurchase requests on the last day of the year

(b) for the period after the end of the issuer's most recently completed financial year and up to a date not more than 30 days before the date of the offering memorandum, the information specified by the following table;

Description of security	Beginning and end dates of the period	Number of securities with outstanding repurchase requests on the first day of the period	Number of securities for which investors made repurchase requests during the period	Number of securities repurchased during the period	Average price paid for the securities repurchased	Source of funds used to complete the repurchases	Number of securities with outstanding repurchase requests on the last day of the period

(c) with respect to the periods specified in (a) and (b), the reason for any non-fulfillment of investor repurchase requests, unless the non-fulfillment was in accordance with terms governing the right.

Item 7: Certain Dividends or Distributions

If in the two most recently completed financial years, or any subsequent interim period, the issuer paid dividends or distributions that exceeded cash flow from operations, disclose the source of those payments.

Item 8: Income Tax Consequences and RRSP Eligibility

8.1 State: "You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you."

8.2 If income tax consequences are a material aspect of the securities being offered, provide

(a) a summary of the significant income tax consequences to Canadian residents, and

(b) the name of the person providing the income tax disclosure in (a).

8.3 Provide advice regarding the RRSP eligibility of the securities and the name of the person providing the advice or state "Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities."

Item 9: Compensation Paid to Sellers and Finders

If any person has or will receive any commission, corporate finance fee or finder's fee or any other compensation in connection with the offering, provide the following information:

(a) a description of each type of compensation and the estimated amount to be paid for each type;

(b) if a commission is being paid, the percentage that the commission will represent of the gross proceeds of the offering (assuming both the minimum and maximum offering);

(c) details of any broker's warrants or agent's option (including number of securities under option, exercise price and expiry date);

(d) if any portion of the compensation will be paid in securities, details of the securities (including number, type and, if options or warrants, the exercise price and expiry date).

Item 10: Risk Factors

Describe in order of importance, starting with the most important, the risk factors material to the issuer that a reasonable investor would consider important in deciding whether to buy the issuer's securities.

Guidance: Risk factors will generally fall into the following three categories:

(a) Investment Risk - risks that are specific to the securities being offered. Some examples include

- arbitrary determination of price,
- no market or an illiquid market for the securities,
- resale restrictions, and
- subordination of debt securities.

(b) Issuer Risk - risks that are specific to the issuer. Some examples include

- insufficient funds to accomplish the issuer's business objectives,
- no history or a limited history of revenue or profits,
- lack of specific management or technical expertise,
- management's regulatory and business track record,
- dependence on key employees, suppliers or agreements,
- dependence on financial viability of guarantor,
- pending and outstanding litigation, and
- political risk factors.

(c) Industry Risk - risks faced by the issuer because of the industry in which it operates. Some examples include

- environmental and industry regulation,
- product obsolescence, and
- competition.

Item 11: Reporting Obligations

11.1 Disclose the documents, including any financial information required by the issuer's corporate legislation, constating documents, or other documents under which the issuer is organized, that will be sent to purchasers on an annual or ongoing basis. If the issuer is not required to send any documents to the purchasers on an annual or ongoing basis, state in bold type: "**We are not required to send you any documents on an annual or ongoing basis.**"

11.2 If corporate or securities information about the issuer is available from a government, securities regulatory authority or regulator, SRO or quotation and trade reporting system, disclose where that information can be located (including website address).

Item 12: Resale Restrictions

12.1 Restricted Period – For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and Yukon state one of the following, as applicable:

(a) If the issuer is not a reporting issuer in a jurisdiction at the distribution date state:

"Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date [insert name of issuer] became a reporting issuer in any province or territory of Canada."

(b) If the issuer is a reporting issuer in a jurisdiction at the distribution date state:

"Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the distribution date."

12.2 Manitoba Resale Restrictions - For trades in Manitoba, if the issuer will not be a reporting issuer in a jurisdiction at the time the security is acquired by the purchaser state:

"Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless

(a) [name of issuer] has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

(b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest."

Item 13: Purchasers' Rights

13.1 Statements Regarding Purchasers' Rights **-** State the following:

"If you purchase these securities, you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

(1) Two Day Cancellation Right - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.

(2) Statutory Rights of Action in the Event of a Misrepresentation [Insert this section only if the securities legislation of the jurisdiction in which the trade occurs provides purchasers with statutory rights in the event of a misrepresentation in an offering memorandum. Modify the language, if necessary, to conform to the statutory rights.] If there is a misrepresentation in this offering memorandum, you have a statutory right to sue:

(a) [name of issuer] to cancel your agreement to buy these securities, or

(b) for damages against [state the name of issuer and the title of any other person against whom the rights are available].

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within [state time period provided by the securities legislation]. You must commence your action for damages within [state time period provided by the securities legislation.]

(3) Contractual Rights of Action in the Event of a Misrepresentation - [Insert this section only if the securities legislation of the jurisdiction in which the purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum.] If there is a misrepresentation in this offering memorandum, you have a contractual right to sue [name of issuer]:

(a) to cancel your agreement to buy these securities, or

(b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that [name of issuer] proves does not represent the depreciation in value of the securities resulting from the misrepresentation. [Name of issuer] has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities."

13.2 Cautionary Statement Regarding Report, Statement or Opinion by Expert - If a report, statement or opinion by a solicitor, auditor, accountant, engineer, appraiser, notary in Québec or other person or company whose profession or business could, to a reasonable person, be viewed as giving authority to a statement made by that person or company, is included or referenced in the offering memorandum, and purchasers do not have a statutory right of action in the local jurisdiction against that person or company for a misrepresentation in the offering memorandum, state the following, with the bracketed information completed, as applicable:

> "This offering memorandum [includes][references] [describe any report, statement or opinion, the party that gave it, and the effective date of the document]. You do not have a statutory right of action against [this party][these parties] for a misrepresentation in the offering memorandum. You should consult with a legal adviser for further information."

Item 14: Financial Statements

Include in the offering memorandum immediately before the certificate page of the offering memorandum all financial statements specified in the Instructions.

Item 15: Date and Certificate

State the following on the certificate page of the offering memorandum:

"Dated [insert the date the certificate page of the offering memorandum is signed].

This offering memorandum does not contain a misrepresentation."

Instructions for Completing
Form 45-106F2
Offering Memorandum for Non-Qualifying Issuers

A. General Instructions

1. Refer to subsections 2.9(13.1), (13.2) and (13.3) of the Instrument, which set out the standard of disclosure for an offering memorandum.

2. Draft the offering memorandum so that it is easy to read and understand. Be concise and use clear, plain language. Avoid technical terms. If technical terms are necessary, provide definitions.

3. Address the items required by the form in the order set out in the form. However, it is not necessary to provide disclosure in response to a requirement or part of a requirement that does not apply.

4. The issuer may include additional information in the offering memorandum other than that specifically required by the form.

5. The issuer may wrap the offering memorandum around a prospectus or similar document. However, all matters required to be disclosed by the offering memorandum must be addressed and the offering memorandum must provide a cross-reference to the page number or heading in the wrapped document where the relevant information is contained. The certificate to the offering memorandum must be modified to indicate that the offering memorandum, including the document around which it is wrapped, does not contain a misrepresentation.

6. It is an offence to make a misrepresentation in the offering memorandum. This applies to both information that is required by the form and additional information that is provided. Include particulars of any material facts, which have not been disclosed under any of the Item numbers and for which failure to disclose would constitute a misrepresentation in the offering memorandum. Refer also to subsection 3.8(3) of Companion Policy 45-106CP for additional information.

7. Do not disclose a maximum offering amount unless the issuer reasonably expects, as at the date of the offering memorandum, to distribute that amount under the offering memorandum.

8. Refer to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) when disclosing scientific or technical information for a mineral project of the issuer.

9. If an oil and gas issuer is disclosing information about its oil and gas activities, it must ensure that the information is disclosed in accordance with Part 4 and Part 5 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101). Under section 5.3 of NI 51-101, disclosure of reserves or resources must be consistent with the reserves and resources terminology and categories set out in the Canadian Oil and Gas Evaluation Handbook. For the purposes of this instruction, references to reporting issuer in Part 4 and Part 5 of NI 51-101 will be deemed to include all issuers.

10. Securities legislation restricts what can be told to investors about the issuer's intent to list or quote securities on an exchange or market. Refer to applicable securities legislation before making any such statements.

11. If an issuer uses this form in connection with a distribution under an exemption other than section 2.9 of the Instrument, the issuer must modify the disclosure in item 13 to correctly describe the purchaser's rights. If a purchaser does not have statutory or contractual rights of action in the event of a misrepresentation in the offering memorandum, that fact must be stated in bold on the face page.

12. During the course of a distribution of securities, any material forward-looking information disseminated must only be that which is set out in the offering memorandum. If an extract of FOFI, as defined in National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), is disseminated, the extract or summary must be reasonably balanced and have a cautionary note in boldface stating that the information presented is not complete and that complete FOFI is included in the offering memorandum.

13. The term "quasi-criminal offence" includes offences under tax, immigration or money laundering legislation.

B. Financial Statements - General

1. All financial statements, operating statements for an oil and gas property that is an acquired business or a business to be acquired, and summarized financial information as to the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method included in the offering memorandum must comply with National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, regardless of whether the issuer is a reporting issuer or not.

Under National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, financial statements are generally required to be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises. An issuer using this form cannot use Canadian GAAP applicable to private enterprises, except, subject to the requirements of NI 52-107, certain issuers may use Canadian GAAP applicable to private enterprises for financial statements for a business referred to in Instruction C.1. An issuer that is not a reporting issuer may prepare acquisition statements in accordance with the requirements of NI 52-107 as if the issuer were a venture issuer as defined in NI 51-102. For the purposes of this form, the "applicable time" in the definition of a venture issuer is the acquisition date.

2. Include all financial statements required by these instructions in the offering memorandum immediately before the certificate page of the offering memorandum.

3. If the issuer has not completed one financial year or its first financial year end is less than 120 days from the date of the offering memorandum, include in the offering memorandum financial statements of the issuer consisting of:

   (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the period from inception to a date not more than 90 days before the date of the offering memorandum,

   (b) a statement of financial position as at the end of the period referred to in paragraph (a), and

   (c) notes to the financial statements.

4. If the issuer has completed one or more financial years, include in the offering memorandum annual financial statements of the issuer consisting of

   (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for

      (i) the most recently completed financial year that ended more than 120 days before the date of the offering memorandum, and

      (ii) the financial year immediately preceding the financial year in subparagraph (i), if any,

   (b) a statement of financial position as at the end of each of the periods referred to in paragraph (a),

   (c) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the offering memorandum comply with IFRS in the case of an issuer that

      (i) discloses in its annual financial statements an unreserved statement of compliance with IFRS, and

      (ii) does any of the following:

         (A) applies an accounting policy retrospectively in its annual financial statements;

         (B) makes a retrospective restatement of items in its annual financial statements;

         (C) reclassifies items in its annual financial statements,

   (d) in the case of an issuer's first IFRS financial statements as defined in NI 51-102, the opening IFRS statement of financial position at the date of transition to IFRS as defined in NI 51-102, and

   (e) notes to the financial statements.

5. If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under Instruction B.4.

6. If the issuer has completed one or more financial years, include in the offering memorandum an interim financial report of the issuer comprised of

   (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the most recently completed interim period that ended

      (i) more than 60 days before the date of the offering memorandum, and

      (ii) after the year-end date of the financial statements required under Instruction B.4(a)(i),

   (b) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the corresponding period in the immediately preceding financial year, if any,

(c) a statement of financial position as at the end of the period required by paragraph (a) and the end of the immediately preceding financial year,

(d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the offering memorandum comply with IFRS in the case of an issuer that

(i) discloses in its interim financial report an unreserved statement of compliance with International Accounting Standard 34 *Interim Financial Reporting*, and

(ii) does any of the following:

(A) applies an accounting policy retrospectively in its interim financial report;

(B) makes a retrospective restatement of items in its interim financial report;

(C) reclassifies items in its interim financial report,

(e) in the case of the first interim financial report in the year of adopting IFRS, the opening IFRS statement of financial position at the date of transition to IFRS,

(f) for an issuer that is not a reporting issuer in at least one jurisdiction of Canada immediately before filing the offering memorandum, if the issuer is including an interim financial report of the issuer for the second or third interim period in the year of adopting IFRS,

(i) the issuer's first interim financial report in the year of adopting IFRS, or

(ii) both

(A) the opening IFRS statement of financial position at the date of transition to IFRS, and

(B) the annual and date of transition to IFRS reconciliations required by IFRS 1 *First-time Adoption of International Financial Reporting Standards* to explain how the transition from previous GAAP to IFRS affected the issuer's reported financial position, financial performance and cash flows, and

(g) notes to the financial statements.

7. If an issuer presents the components of profit or loss in a separate income statement, the separate income statement must be displayed immediately before the statement of comprehensive income filed under Instruction B.6.

8. An issuer is not required to include the comparative financial information for the period in Instruction B.4.(a)(ii) in an offering memorandum if the issuer includes financial statements for a financial year ended less than 120 days before the date of the offering memorandum.

9. For an issuer that is not an investment fund, the term "interim period" has the meaning set out in NI 51-102. In most cases, an interim period is a period ending 9, 6, or 3 months before the end of a financial year. For an issuer that is an investment fund, the term "interim period" has the meaning set out in National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106).

10. The comparative financial information required under Instruction B.6(b) and (c) may be omitted if the issuer has not previously prepared financial statements in accordance with its current or, if applicable, its previous GAAP.

11. The financial statements required by Instructions B.3, B.4 and B.14(a) must be audited. The financial statements required by Instructions B.6, B.8, B.14(b) and the comparative financial information required by Instruction B.4 may be unaudited; however, if any of those financial statements have been audited, the auditor's report must be included in the offering memorandum.

12. Refer to National Instrument 52-108 *Auditor Oversight* for requirements relating to reporting issuers and public accounting firms.

13. All unaudited financial statements and unaudited comparatives must be clearly labelled as unaudited.

14. If the distribution is ongoing, and the offering memorandum does not contain audited annual financial statements for the issuer's most recently completed financial year, the issuer must do the following:

    (a) amend the offering memorandum to include the audited annual financial statements and the accompanying auditor's report as soon as the issuer has approved the audited financial statements, but in any event no later than the 120th day following the financial year end;

    (b) present the amended offering memorandum and the audited annual financial statements in accordance with the instructions in Parts A, B and C and, for that purpose, the reference to the financial year in Instruction B.4(a)(i) shall mean the issuer's most recently completed financial year.

15. If the distribution is ongoing, and the offering memorandum is amended pursuant to subsection 2.9(13.2) of the Instrument to reflect a material change, the issuer must present the amended offering memorandum in accordance with the instructions in Parts A, B and C, including any interim financial report required by Instruction B.6(a).

16. In Ontario, if more than 60 days have elapsed since the end of the second interim period that commenced following the later of the issuer's inception and the issuer's most recently completed financial year, the offering memorandum does not comply with the requirements of this form unless

    (a) the offering memorandum, as amended, includes the interim financial report for the most recently completed second interim period,

    (b) the interim financial report required by paragraph (a) is presented in accordance with the instructions in Parts A, B and C and, for that purpose, Instruction B.6 shall apply regardless of whether the issuer has completed a financial year and the reference to the interim period in Instruction B.6(a) shall mean the issuer's most recently completed second interim period,

    (c) the date of the offering memorandum, as amended, is after the end of this most recently completed second interim period, and

    (d) the offering memorandum, as amended, contains all of the disclosure required by this form as of the date in paragraph (c).

17. In Ontario, Instruction B.16 does not apply if the issuer appends to the offering memorandum an additional certificate that

    (a) clearly identifies the offering memorandum,

    (b) forms part of the offering memorandum,

    (c) certifies all of the following to be true:

        (i) the offering memorandum does not contain a misrepresentation when read as of the date in paragraph (d);

        (ii) there has been no material change in relation to the issuer that is not disclosed in the offering memorandum;

        (iii) the offering memorandum, when read as of the date in paragraph (d), provides a reasonable purchaser with sufficient information to make an informed investment decision,

    (d) is dated after the end of the issuer's most recently completed second interim period, and

    (e) is signed in accordance with subsections 2.9(9) to (12) of the Instrument.

18. In Ontario, if an issuer appends a certificate referred to in Instruction B.17 to its offering memorandum, it must file with the securities regulatory authority in Ontario a copy of the offering memorandum with the appended certificate on or before the 10th day after the distribution under the offering memorandum.

19. In Ontario, Instruction B.16 does not apply if the offering memorandum complies with all of the following:

    (a) the offering memorandum, as amended, includes the interim financial report for the issuer's most recently completed third interim period;

    (b) the interim financial report referred to in paragraph (a) is presented in accordance with the instructions in Parts A, B and C and, for that purpose, Instruction B.6 shall apply regardless of whether the issuer has completed a

financial year and the reference to the interim period in Instruction B.6(a) shall mean the issuer's most recently completed third interim period;

(c) the date of the offering memorandum, as amended, is after the end of this most recently completed third interim period;

(d) the offering memorandum, as amended, contains all of the disclosure required by this form as of the date in paragraph (c).

20. Forward-looking information, as defined in NI 51-102, included in an offering memorandum must comply with section 4A.2 of NI 51-102 and must include the disclosure described in section 4A.3 of NI 51-102. In addition to the foregoing, FOFI or a financial outlook, each as defined in NI 51-102, included in an offering memorandum must comply with Part 4B of NI 51-102. For an issuer that is not a reporting issuer, references to "reporting issuer" in section 4A.2, section 4A.3 and Part 4B of NI 51-102 must be read as references to an "issuer". Additional guidance may be found in the companion policy to NI 51-102.

C. Financial Statements – Business Acquisitions

1. If the issuer

(a) has acquired a business during the past two years and the audited financial statements of the issuer included in the offering memorandum do not include the results of the acquired business for 9 consecutive months, or

(b) is proposing to acquire a business and the acquisition has progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high,

include the financial statements specified in Instruction C.4 for the business if either of the tests in Instruction C.2 is met, irrespective of how the issuer accounts, or will account, for the acquisition.

2. Include the financial statements specified in Instruction C.4 for a business referred to in Instruction C.1 if either

(a) the issuer's proportionate share of the consolidated assets of the business exceeds 100% of the consolidated assets of the issuer calculated using the annual financial statements of each of the issuer and the business for the most recently completed financial year of each that ended before the acquisition date or, for a proposed acquisition, the date of the offering memorandum, or

(b) the issuer's consolidated investments in and advances to the business as at the acquisition date or the proposed date of acquisition exceeds 100% of the consolidated assets of the issuer, excluding any investments in or advances to the business, as at the last day of the issuer's most recently completed financial year that ended before the date of acquisition or the date of the offering memorandum for a proposed acquisition. For information about how to perform the investment test in this paragraph, please refer to subsections 8.3(4.1) and (4.2) of NI 51-102. Additional guidance may be found in the companion policy to NI 51-102.

3. If an issuer or a business has not yet completed a financial year, or its first financial year ended within 120 days of the offering memorandum date, use the financial statements referred to in Instruction B.3 to make the calculations in Instruction C.2.

4. If under Instruction C.2 you must include in an offering memorandum financial statements for a business, the financial statements must include

(a) if the business has not completed one financial year or its first financial year end is less than 120 days from the date of the offering memorandum

(i) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows

(A) for the period from inception to a date not more than 90 days before the date of the offering memorandum, or

(B) if the date of acquisition precedes the ending date of the period referred to in clause (A), for the period from inception to the acquisition date or a date not more than 45 days before the acquisition date,

(ii) a statement of financial position dated as at the end of the period referred to in subparagraph (i), and

(iii) notes to the financial statements,

(b) if the business has completed one or more financial years

(i) annual financial statements comprised of

(A) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the following annual periods:

(I) the most recently completed financial year that ended before the acquisition date and more than 120 days before the date of the offering memorandum, and

(II) the financial year immediately preceding the most recently completed financial year specified in subclause (I), if any,

(B) a statement of financial position as at the end of each of the periods specified in clause (A),

(C) notes to the financial statements, and

(ii) an interim financial report comprised of

(A) either

(I) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the most recently completed year-to-date interim period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under subclause (b)(i)(A)(I), and a statement of comprehensive income and a statement of changes in equity for the 3-month period ending on the last date of the interim period that ended before the acquisition date and more than 60 days before the date of the offering memorandum and ended after the date of the financial statements required under subclause (b)(i)(A)(I), or

(II) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the period from the first day after the financial year referred to in subparagraph (b)(i) to a date before the acquisition date and after the period end in subclause (b)(ii)(A)(I),

(B) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the corresponding period in the immediately preceding financial year, if any,

(C) a statement of financial position as at the end of the period required by clause (A) and the end of the immediately preceding financial year, and

(D) notes to the financial statements.

Refer to Instruction B.9 for the meaning of “interim period”.

5. The information for the most recently completed financial period referred to in Instruction C.4(b)(i) must be audited and accompanied by an auditor’s report. The financial statements required under Instruction C.4(a), Instruction C.4(b)(ii) and the comparative financial information required by Instruction C.4(b)(i) may be unaudited; however, if those financial statements or comparative financial information have been audited, the auditor’s report must be included in the offering memorandum.

6. If the offering memorandum does not contain audited financial statements for a business referred to in Instruction C.1 for the business’s most recently completed financial year that ended before the acquisition date and the distribution is ongoing, update the offering memorandum to include those financial statements accompanied by an auditor’s report when they are available, but in any event no later than the date 120 days following the year-end.

7. The term “business” should be evaluated in light of the facts and circumstances involved. Generally, a separate entity or a subsidiary or division of an entity is a business and, in certain circumstances, a lesser component of an entity may also constitute a business, whether or not the subject of the acquisition previously prepared financial statements. The subject of an acquisition should be considered a business where there is, or the issuer expects there will be, continuity of operations. The issuer should consider

(a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition, and

(b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the issuer instead of remaining with the vendor after the acquisition.

8. If a transaction or a proposed transaction for which the likelihood of the transaction being completed is high has been or will be a reverse takeover as defined in NI 51-102, include financial statements for the legal subsidiary in the offering memorandum in accordance with Part A. The legal parent is considered to be the business acquired. Instruction C.1 may also require financial statements of the legal parent.

9. An issuer satisfies the requirements in Instruction C.4 if the issuer includes in the offering memorandum the financial statements required in a business acquisition report under NI 51-102.

D. Financial Statement - Exemptions

1. Notwithstanding the requirements in subparagraph 3.3(1)(a)(i) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, an auditor's report that accompanies financial statements of an issuer or a business contained in an offering memorandum of a non-reporting issuer may express a qualification of opinion relating to inventory if

(a) the issuer includes in the offering memorandum a statement of financial position that is for a date that is after the date to which the qualification relates,

(b) the statement of financial position referred to in paragraph (a) is accompanied by an auditor's report that does not express a qualification of opinion relating to closing inventory, and

(c) the issuer has not previously filed financial statements for the same entity accompanied by an auditor's report for a prior year that expressed a qualification of opinion relating to inventory.

2. If an issuer has, or will account for a business referred to in Instruction C.1 using the equity method, then financial statements for a business required by Part C are not required to be included if

(a) the offering memorandum includes disclosure for the periods for which financial statements are otherwise required under Part C that

(i) summarizes information as to the aggregated amounts of assets, liabilities, revenue and profit or loss of the business, and

(ii) describes the issuer's proportionate interest in the business and any contingent issuance of securities by the business that might significantly affect the issuer's share of profit or loss,

(b) the financial information provided under paragraph (a) for the most recently completed financial year has been audited, or has been derived from audited financial statements of the business, and

(c) the offering memorandum discloses that

(i) the financial information provided under paragraph (a) for any completed financial year has been audited, or identifies the audited financial statements from which the financial information provided under paragraph (a) has been derived, and

(ii) the audit opinion with respect to the financial information or financial statements referred to in subparagraph (i) was an unmodified opinion.

3. Financial statements relating to the acquisition or proposed acquisition of a business that is an interest in an oil and gas property are not required to be included in an offering memorandum if either of the following apply:

(a) the acquisition is significant based only on the asset test;

(b) the issuer is unable to provide the financial statements in respect of the significant acquisition otherwise required because those financial statements do not exist or the issuer does not have access to those financial statements, and the following apply:

(i) the acquisition was not or will not be a reverse takeover, as defined in NI 51-102;

(ii) the following apply:

(A) the offering memorandum includes an operating statement for the business or related businesses for each of the financial periods for which financial statements would, but for this section, be required under Instruction C.4 prepared in accordance with subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

(B) the operating statement for the most recently completed financial period referred to in Instruction C.4(b)(I) is audited;

(C) the offering memorandum includes a description of the property or properties and the interest acquired by the issuer;

(D) the offering memorandum includes information with respect to the estimated reserves and related future net revenue attributable to the business, the material assumptions used in preparing the estimates and the identity and relationship to the issuer or to the seller of the person who prepared the estimates;

(E) the offering memorandum includes actual production volumes of the property for the most recently completed year;

(F) the offering memorandum includes estimated production volumes of the property for the first year reflected in the estimate disclosed under clause (D).

4. Financial statements for a business that is an interest in an oil and gas property, or for the acquisition or proposed acquisition by an issuer of an oil and gas property, are not required to be audited if, during the 12 months preceding the acquisition date or the proposed acquisition date, the average daily production of the property is less than 20% of the average daily production of the seller for the same or similar periods and

(a) despite reasonable efforts during the purchase negotiations, the issuer was prohibited from including in the purchase agreement the rights to obtain an audited operating statement of the property,

(b) the purchase agreement includes representations and warranties by the seller that the amounts presented in the operating statement agree to the seller's books and records, and

(c) the offering memorandum discloses

(i) that the issuer was unable to obtain an audited operating statement,

(ii) the reasons for that inability,

(iii) the fact that the purchase agreement includes the representations and warranties referred to in paragraph (b), and

(iv) that the results presented in the operating statements may have been materially different if the statements had been audited.

Schedule 1 – Additional Disclosure Requirements for an Issuer Engaged in Real Estate Activities

Guidance

For an issuer engaged in real estate activities, see subsection 6.4(4) of the Instrument with respect to the completion of this schedule.

Instructions

1. Despite General Instruction A.3, an issuer may choose where to integrate the disclosure specified by this schedule within the offering memorandum.

2. Information specified by this schedule that is disclosed in the offering memorandum in response to another provision of this form need not be repeated.

1. Definitions

In this schedule

"rental management agreement" means an agreement, other than a rental pool agreement, under which a person manages the generation of revenue from real property for another person;

"rental pool agreement" means an agreement creating a rental pool;

"rental pool" means an arrangement under which revenues derived from, or expenses relating to, two or more properties are pooled and shared among the owners of the properties in accordance with their proportionate interests in the pool.

2. Application

(1) This schedule applies to the following:

(a) each interest in real property held by the issuer;

(b) each interest in real property proposed to be acquired by the issuer, if the proposed acquisition has progressed to a state where a reasonable person would believe that the likelihood of the issuer completing the acquisition is high.

(2) Despite subsection (1), and except in the circumstances described in sections 4, 5, 10 and 11, this schedule does not apply in respect of an interest in real property, or more than one interest in real property taken together, that when considered in relation to all interests in real property held by the issuer, is not significant enough to influence a decision by a reasonable investor to buy, hold or sell a security of the issuer.

3. Description of Real Property

(1) Describe the following with respect to each interest in real property:

(a) the real property's location, by address or other description;

(b) the nature of the interest;

(c) any encumbrances that would be material to a reasonable investor;

(d) any restriction on sale or disposition;

(e) any environmental liabilities, hazards or contamination;

(f) any tax arrears;

(g) if utilities and other services are not currently being provided, describe how they will be provided and who will provide them;

(h) the current use;

(i) the proposed use and why the issuer considers the real property to be suitable for its plans;

(j) with respect to any buildings affixed to the real property, the type of construction, age and condition, and a description of any units for sale or rental;

(k) for real property that the issuer leases to others, the occupancy level as at a date not more than 60 days before the date of the offering memorandum.

(2) If the issuer is providing disclosure on 10 or more interests in real property, it may for the purposes of subsection (1) disclose the information on a summarized basis with respect to either of the following:

(a) the portfolio of real property interests as a whole;

(b) the portfolio of real property interests broken into subgroups.

(3) Describe any current legal proceedings, or legal proceedings that the issuer knows to be contemplated, relating to each interest in real property, that would be material to a reasonable investor, including, for each proceeding, the name of the court, the date instituted, the parties to the proceeding, the nature of the claim, any amount claimed, whether the proceeding is being contested, and the present status of the proceeding.

Instruction to Section 3

With respect to a proposed acquisition of one or more interests in real property, disclose the issuer's expectations regarding the matters set out in paragraphs (1)(b), (c) and (d).

4. Appraisal

(1) If subsection 2.9(19.6) of the Instrument applies, disclose the following for any appraisal:

(a) the appraised fair market value of the interest in real property that is the subject of the appraisal;

(b) the effective date of the appraisal;

(c) that the appraisal is required to be delivered to the purchaser at the same time or before the offering memorandum is delivered to the purchaser.

(2) For each interest in real property to which subsection (1) applies, provide the most recent assessment by any assessing authority.

5. Purchaser's Interest in Real Property

If the purchaser will acquire an interest in real property, disclose the following:

(a) a description of the interest;

(b) how the interest will be evidenced in a public registry;

(c) any existing or anticipated encumbrances on the interest.

6. Developer, or Manager under a Rental Management Agreement or Rental Pool Agreement, Organization, Occupation and Experience, and Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

(1) Subsection (2) applies for the following persons:

(a) a person other than the issuer that is or will be acting in the role of developer in respect of an interest in real property;

(b) in respect of real property in which the purchaser will acquire an interest, a person other than the issuer that will be acting in the role of manager under a rental management agreement, or manager under a rental pool agreement.

(2) For each person described in subsection (1)

(a) state the legal name of the person, describe the business of the person and any experience that the person has in similar projects or a similar business, and, if the person is not an individual, the laws under which the person is organized or incorporated and the date that the person was organized or incorporated,

(b) if the person is not an individual, in the form of the following table, provide the specified information for any directors and executive officers of the person for the 5 years preceding the date of the offering memorandum,

Full legal name	Principal occupation and description of experience associated with the occupation

(c) if any of the following have occurred during the 10 years preceding the date of the offering memorandum with respect to the person, a director, executive officer or control person of the person, or an issuer of which any of those persons was a director, executive officer or control person at the time, describe the details of the penalty, sanction or order, including the reason for it and whether it is currently in effect:

(i) a penalty or other sanction imposed by a court relating to a contravention of securities legislation;

(ii) a penalty or other sanction imposed by a regulatory body relating to a contravention of securities legislation;

(iii) an order restricting trading in securities, not including an order that was in effect for less than 30 consecutive days,

(d) if any of the following have occurred during the 10 years preceding the date of the offering memorandum with respect to the person, a director, executive officer or control person of the person, or an issuer of which any of those persons was a director, executive officer or control person at the time, state that it has occurred:

(i) a declaration of bankruptcy;

(ii) a voluntary assignment in bankruptcy;

(iii) a proposal under bankruptcy or insolvency legislation;

(iv) a proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, and

(e) disclose and describe the details of the offence, if the person, or a director, executive officer or control person of the person has ever pled guilty to or been found guilty of any of the following:

(i) a summary conviction or indictable offence under the *Criminal Code* (Canada);

(ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction;

(iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America;

(iv) an offence under the criminal legislation of any other foreign jurisdiction.

7. Transfers

(1) For each interest in real property, for any transaction that a related party was party to, using the following table, starting with the most recent transaction and specifying which party was the related party, disclose the following:

Date of transfer	Legal name of seller	Legal name of buyer	Amount and form of consideration

(2) Explain the reason for any material difference between the amount of consideration paid by the issuer and the amount of consideration paid by a related party for the interest in real property.

8. Approvals

For each interest in real property, if that real property is being developed, disclose the following:

(a) any approval required from a regulatory body or any level of government that would be material to a reasonable investor;

(b) the anticipated cost and timing of the approval;

(c) any reports required as part of the approval process, including the anticipated cost and timing of producing or procuring those reports;

(d) what will happen if the approval is not obtained, including the effect on the following:

(i) the project;

(ii) the purchaser's investment;

(iii) if applicable, the purchaser's interest in the real property.

9. Costs and Objectives

For each interest in real property, if that real property is being developed, disclose the following:

(a) estimated costs to complete the development;

(b) any significant assumptions that underlie the cost estimates;

(c) when significant costs will be incurred;

(d) the objectives of the project that are expected to be met within the 24 months following the date of the offering memorandum, including the following:

(i) the expected timeline for meeting each objective;

(ii) how the issuer will meet each objective;

(iii) the estimated cost of meeting each objective;

(iv) how the issuer will fund the cost of meeting each objective;

(e) the objectives for the project that are expected to be met after the 24-month period following the date of the offering memorandum, including the following:

(i) the expected timeline for meeting each objective;

(ii) how the issuer will meet each objective;

(iii) if the objectives are to be completed in phases, details about each phase;

(iv) the estimated cost of meeting each objective;

(v) how the issuer will fund the cost of meeting each objective;

(f) what reasonably might happen if any of the stated objectives are not met, including the effect of not meeting the objective on the following:

(i) the project;

(ii) the purchaser's investment;

(iii) if applicable, the purchaser's interest in the real property.

10. Future Cash Calls

If the purchaser is required to contribute additional funds in the future, disclose the following:

(a) the amount the purchaser is required to contribute;

(b) when the purchaser will be required to contribute;

(c) the effect on the purchaser's investment and, if applicable, the purchaser's interest in the real property, if the purchaser fails to contribute;

(d) the effect on the purchaser's investment and, if applicable, the purchaser's interest in the real property, if the purchaser contributes, but other purchasers fail to contribute.

11. Rental Pool Agreement or Rental Management Agreement

If the purchaser will acquire an interest in real property, and that interest will be or could be subject to a rental pool agreement or a rental management agreement, disclose the following:

(a) the key terms of the agreement, including, for certainty, those provisions dealing with whether the agreement is mandatory or optional, the duration of the agreement, opting out of the agreement, termination of the agreement, the sharing of revenues and losses, the payment of expenses, and any fees payable under the agreement;

(b) whether financial or other information about the rental pool or the results arising from the rental management agreement will be made available to purchasers, and if so, include the following:

(i) a description of the information;

(ii) if the information will include financial information, whether that financial information will be audited or subject to an independent review;

(iii) the frequency with which the information will be made available;

(iv) whether the information will be delivered to purchasers or whether access will be provided to it;

(v) if purchasers are to be provided access to the information, a description of the means of gaining access to it;

(c) the following statement, with the bracketed information completed as applicable:

"The success or failure of the [rental pool][arrangement resulting from the rental management agreement] will depend in part on the abilities of the manager.";

(d) if the purchaser will be responsible for paying any loss arising pursuant to the rental pool agreement or rental management agreement, the following statement, with the bracketed information completed as applicable:

"If the [rental pool][rental management agreement] generates a loss, the purchaser must contribute further funds in addition to the purchaser's initial investment.".

12. Information Statements

If the purchaser will acquire an interest in real property, state the following in bold type:

"**Your rights relating to your interest in real property will be those provided under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with the laws of that jurisdiction before making an investment.**

All real estate investments are subject to significant risk arising from changing market conditions.".

13. Risk Factors Relating to Real Property

With respect to the issuer's interests in real property, and any interest in real property to be acquired by the purchaser, describe the risk factors that would influence a reasonable investor's decision whether to invest, including, if applicable:

(a) risks associated with the following:

(i) the development of undivided real property into subdivisions;

(ii) the leasing of real property;

(iii) the holding of real property for sale or development;

(b) risks associated with encumbrances, conditions or covenants on the real property that could affect the following:

(i) the purchaser's interest in the real property, if applicable;

(ii) the completion of the development of real property;

(c) risks pertaining to the development of real property, including the following:

(i) a right or lack of right of the purchaser with respect to the management and control of the real property;

(ii) a right or lack of right of the purchaser to change the developer of the property;

(d) risks pertaining to potential liability for the following:

(i) environmental damage;

(ii) unpaid obligations to builders, contractors and tradespersons;

(e) risks associated with litigation that relates to the real property.

Schedule 2 – Additional Disclosure Requirements for an Issuer that is a Collective Investment Vehicle

Guidance

For an issuer that is a collective investment vehicle, see subsection 6.4(5) of the Instrument with respect to the completion of this schedule.

Instructions

1. Despite General Instruction A.3, an issuer may choose where to integrate the disclosure specified by this schedule within the offering memorandum.

2. Information specified by this schedule that is disclosed in the offering memorandum in response to another provision of this form need not be repeated.

1. Investment Objectives and Strategy

(1) Except with respect to mortgage lending, describe the following:

(a) the issuer's investment objectives, investment strategy and investment criteria;

(b) any limitations or restrictions on investments, including concentration limits and use of leverage;

(c) how securities are identified, selected and approved for purchase or sale.

(2) For any mortgage lending by the issuer, describe the following:

(a) the issuer's investment objectives with respect to the following:

(i) the type of properties for which the issuer lends money;

(ii) the issuer's geographical focus;

(iii) the material mortgage terms, including range of interest rates and length of term;

(iv) the priority ranking of mortgages, in terms of first priority, second priority and third or lower priority;

(b) any policies or practices of the issuer with respect to the following:

(i) after initial funding of a mortgage, conducting any subsequent valuation of a property;

(ii) loaning money to a related party;

(iii) renewals;

(iv) concentrating funds in a single mortgage or lending funds to a single borrower or group of affiliated borrowers;

(v) determining that a borrower has the ability to repay a mortgage.

2. Portfolio Management and Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

(1) Identify the person responsible for the following:

(a) establishing and implementing the issuer's investment objectives and investment strategy;

(b) setting any limitations or restrictions on investments;

(c) monitoring the performance of the portfolio;

(d) making any adjustments to the issuer's portfolio.

(2) For each person described in subsection (1) that is not registered under the securities legislation of a jurisdiction of Canada,

(a) in the form of the following table, provide the specified information for the person and any directors and executive officers of the person for the 5 years preceding the date of the offering memorandum,

Full legal name	Principal occupation and description of experience associated with the occupation

(b) if any of the following have occurred during the 10 years preceding the date of the offering memorandum with respect to the person, or an issuer of which the person was a director, executive officer or control person at the time, describe the penalty, sanction or order, including the reason for it and whether it is currently in effect:

(i) a penalty or other sanction imposed by a court relating to a contravention of securities legislation;

(ii) a penalty or other sanction imposed by a regulatory body relating to a contravention of securities legislation;

(iii) an order restricting trading in securities, not including an order that was in effect for less than 30 consecutive days,

(c) if any of the following have occurred during the 10 years preceding the date of the offering memorandum with respect to the person, or an issuer of which the person was a director, executive officer or control person at the time, state that it has occurred:

(i) a declaration of bankruptcy;

(ii) a voluntary assignment in bankruptcy;

(iii) a proposal under bankruptcy or insolvency legislation;

(iv) a proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets,

(d) disclose and describe the details of the offence, if the person has ever pled guilty to or been found guilty of any of the following:

(i) a summary conviction or indictable offence under the *Criminal Code* (Canada);

(ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction;

(iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America;

(iv) an offence under the criminal legislation of any other foreign jurisdiction, and

(e) disclose any exemption relied on by the person from the requirement to be registered under the securities legislation of a jurisdiction of Canada.

(3) For any person identified in subsection (1) that is not an employee of the issuer, disclose any remuneration paid to the person, and how the remuneration is calculated.

(4) Identify any person that is not an employee of the issuer, other than a person identified under subsection (1), that performs a significant role or provides a significant service for the issuer with respect to the securities in the issuer's portfolio, and describe the following:

(a) the role performed or service provided;

(b) the remuneration paid to the person and how that remuneration is calculated.

3. Portfolio Summary

(1) Except with respect to mortgage lending, as at a date not more than 60 days before the date of the offering memorandum, disclose the following:

(a) a description of the portfolio, or a description of the portfolio divided into subgroups including the percentage of the net asset value in each subgroup;

(b) the percentage of the net asset value that is impaired;

(c) the total number of positions held in securities.

(2) Except with respect to mortgage lending, if a security comprises 10% or more of the issuer's net asset value, disclose the following with respect to the security:

(a) the percentage of net asset value represented;

(b) a description of the security;

(c) any security interest held against the security;

(d) the amount of any impairment assigned to the security.

(3) For any mortgage lending by the issuer, disclose the following:

(a) the average of the interest rates payable under the mortgages, weighted by the principal amount of the mortgages;

(b) the average of the terms to maturity of the mortgages, weighted by the principal amount of the mortgages;

(c) the average loan-to-value ratio of the mortgages, calculated for each mortgage by dividing the total principal amount of the issuer's mortgage and all other loans ranking in equal or greater priority to the issuer's mortgage by the fair market value of the property, weighted by the principal amount of each mortgage;

(d) the principal amount, and the percentage of the total principal amount of the mortgages, that rank in the following:

(i) first priority;

(ii) second priority;

(iii) third or lower priority;

(e) the principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each jurisdiction of Canada, each state or territory of the United States of America and each other foreign jurisdiction;

(f) a breakdown by property type, and the principal amount, and the percentage of the total principal amount of the mortgages, that is attributable to each property type;

(g) with respect to mortgages that will mature in less than one year of the date of the summary provided in subsection (1), the percentage that those mortgages represent of the total principal amount of the mortgages;

(h) with respect to mortgages with payments more than 90 days overdue, the number of those mortgages, the principal amount of those mortgages, and the percentage that those mortgages represent of the total principal amount of the mortgages;

(i) with respect to mortgages that have an impaired value, the principal amount, and the percentage that those mortgages represent of the total principal amount of the mortgages;

(j) for any mortgages that are not impaired or in default, but for which the issuer has made accommodations to respond to financial difficulties of the borrower, if the accommodations would be material to a reasonable investor, a summary of the accommodations, and the principal amount, and the percentage that those mortgages represent of the total principal amount of the mortgages;

(k) if known by the issuer, or if reasonably available to the issuer, the average credit score of the borrowers, weighted by the principal amount of the mortgages;

(l) if a mortgage comprises 10% or more of the total principal amount of the mortgages, disclose the following with respect to the mortgage:

(i) the principal amount, and the percentage of the total principal amount of the mortgages;

(ii) the interest rate payable;

(iii) the term to maturity;

(iv) the loan-to-value ratio, calculated by dividing the total principal amount of the issuer's mortgage and all other loans ranking in equal or greater priority to the issuer's mortgage by the fair market value of the property;

(v) whether the mortgage ranks in first, second, or third or lower priority;

(vi) the property type;

(vii) where the property is located;

(viii) any payment that is more than 90 days overdue;

(ix) any impairment of the mortgage;

(x) if known by the issuer, or if reasonably available to the issuer, the credit score of each borrower.

(4) If the issuer's portfolio includes self-liquidating financial assets other than mortgages, with respect to those assets, and for any subgroups identified in paragraph (1)(a), disclose the following:

(a) the collection rate for each of the issuer's two most recently completed financial years that ended more than 120 days before the date of the offering memorandum;

(b) the issuer's reasonably anticipated loss and collection rate for the current financial year.

Instruction to Section 3

Calculate impairment in accordance with the accounting standards applicable to the issuer, and in a manner that is consistent with the disclosure in the issuer's financial statements.

4. Portfolio Performance

(1) For the 10 most recently completed financial years of the issuer ended more than 120 days before the date of the offering memorandum, provide performance data for the issuer's portfolio.

(2) Describe the methodology used with respect to the following:

(a) determining the value of the securities in the portfolio for the purposes of calculating the performance data;

(b) calculating the performance data of the portfolio.

Instruction to Section 4

The methodology described in paragraph (2)(a) must be the same as the methodology used in the issuer's financial statements.

5. Ongoing Disclosure

Describe any information that purchasers will receive on an ongoing basis about the issuer's portfolio. If none, state that fact.

6. Conflicts of Interest

Describe any conflicts of interest, including, for certainty, with respect to related parties, that a reasonable purchaser would need to be made aware of to make an informed investment decision.

Schedule B-2

FORM 45-106F4
RISK ACKNOWLEDGEMENT

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

1.	**Risks and other information** The issuer must delete any rows required to be deleted The purchaser must initial each statement to confirm understanding	**Your Initials**
	Risk of loss – You could lose your entire investment of $ _____. [*Instruction: Insert the total dollar amount of the investment.]*	
	No approval – No securities regulatory authority or regulator has evaluated or approved the merits of these securities or the disclosure in the offering memorandum.	
	No registration – The person selling you these securities is not registered with a securities regulatory authority or regulator and has no duty to tell you whether this investment is suitable for you. *[Instruction: Delete if sold by registrant]*	
	Liquidity risk – You will not be able to sell these securities except in very limited circumstances. You may never be able to sell these securities. *[Instruction: Delete if issuer is reporting]*	
	Repurchase – You have a right to require the issuer to repurchase the securities, but there are limitations on this right. *[Instruction: Delete if inapplicable]*	
	Four month hold – You will not be able to sell these securities for 4 months. *[Instruction: Delete if issuer is not reporting or if the purchaser is a Manitoba resident]*	
	You are buying Exempt Market Securities They are called *exempt market securities* because the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections). *Exempt market securities* are more risky than other securities.	
	You will not receive advice – *[Instruction: Delete if sold by registrant]* You will not get professional advice about whether the investment is suitable for you, but you can still seek that advice from a registered adviser or registered dealer. In Manitoba, Northwest Territories, Nunavut, Prince Edward Island and Yukon to qualify as an eligible investor, you may be required to obtain that advice.	
	The securities you are buying are not listed *[Instruction: Delete if securities are listed or quoted]* The securities you are buying are not listed on any stock exchange, and they may never be listed.	
	The issuer of your securities is a non-reporting issuer *[Instruction: Delete if issuer is reporting]* A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. For more information on the exempt market, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	
	Total investment – You are investing $ _____ [*Instruction: total consideration*] in total; this includes any amount you are obliged to pay in future. _____ [*Instruction: name of issuer*] will pay $_____ [*Instruction: amount of fee or commission*] of this to _____ [*Instruction: name of person selling the securities*] as a fee or commission.	
	Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.		
First and last name (print)**:**		

Signature:	Date:
[Instruction: Sign 2 copies of this document. Keep one copy for your records.]	

2.	**Salesperson information** Below information must be completed by the salesperson
[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer, a registrant or a person who is exempt from the registration requirement.]	
First and last name of salesperson (print):	
Telephone:	Email:
Name of firm:	

3.	**Additional information** The issuer must complete the required information in this section before giving the form to the purchaser

You have 2 business days to cancel your purchase

To do so, send a notice to [name of issuer] stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to [name of issuer] at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

Fax: Email:

You will receive an offering memorandum

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

B.5.2 Companion Policy 45-106CP Prospectus Exemptions

CHANGES TO
COMPANION POLICY 45-106CP *PROSPECTUS EXEMPTIONS*

1. Companion Policy 45-106CP Prospectus Exemptions is changed by this Document.

2. The following sections are added after section 2.9:

2.10 Real estate activities

We consider the following non-exhaustive list to be examples of instances in which an issuer is engaged in "real estate activities" as defined in section 1.1 of NI 45-106:

- An issuer that is developing or redeveloping real property for sale as commercial or industrial space, residential building lots or homes, or condominiums;
- An issuer that is developing or redeveloping real property for lease;
- An issuer that owns real property for lease;
- An issuer that buys, holds or sells real property, with a view to making a gain or income;
- An issuer of an interest in real property that is a security.

If an issuer (the first issuer) is engaged in real estate activities through one or more of its subsidiaries, we consider the first issuer to be engaged in real estate activities.

2.11 Collective investment vehicle

We are of the view that the definition of "collective investment vehicle" applies to mortgage investment entities, issuers that act as lender for a portfolio of non-mortgage loans, and in certain circumstances, issuers that invest in receivables.

If an issuer (the first issuer) satisfies the definition of "collective investment vehicle" through the actions of one or more its subsidiaries, we consider the first issuer to be a collective investment vehicle**..**

3. Subsection 3.8(3) is replaced with the following:

(3) Standard of disclosure for an offering memorandum, amending an offering memorandum and related matters

(a) Standard of disclosure for an offering memorandum

There are three elements that make up the standard of disclosure for an offering memorandum. Subsection 2.9(13.1) of the Instrument provides that an issuer must not make a misrepresentation in its offering memorandum. A statement can only be or not be a misrepresentation when it is made, which for an offering memorandum is the date of the offering memorandum. As provided at the beginning of the offering memorandum form, the date of the offering memorandum is the date of the certificate. A statement that is not a misrepresentation when it is made cannot become a misrepresentation later, irrespective of whether circumstances have changed to render the statement inaccurate. However, with respect to ongoing events for the issuer, we refer issuers to subsections 2.9(13.3) and (13.2) of the Instrument.

Under subsection 2.9(13.3) of the Instrument, an issuer must not deliver an offering memorandum under the section unless it provides a reasonable purchaser with sufficient information to make an informed investment decision.

Subsection 2.9(13.2) of the Instrument provides that if a material change with respect to the issuer occurs after the certificate for the offering memorandum or amended offering memorandum is signed, and before the issuer accepts an agreement to purchase the security from the purchaser, the issuer must amend the offering memorandum to reflect the material change and deliver the amended offering memorandum to the purchaser.

(b) Amending an offering memorandum

Instruction B.14 of Form 45-106F2 provides that if a distribution is ongoing, an issuer must, after a certain period, amend its offering memorandum to include financial statements for its most recently completed financial year.

There are a number of requirements in Form 45-106F2 that refer to a completed financial year or years. As a result, each time an issuer amends its offering memorandum to include financial statements for a financial year, it is required to ensure that any disclosure that is in response to a requirement that references a financial year is revised if necessary.

With respect to an interim period, if an issuer amends its offering memorandum to include a further interim financial report, the same analysis applies. That is, there are a number of requirements in Form 45-106F2 that refer to a completed interim period, and the issuer is required to ensure that any disclosure that is in response to a requirement that references an interim period is revised if necessary.

It is not necessary for an offering memorandum to contain annual financial statements or an interim financial report for more financial years or interim periods than are required by B. of the instructions to Form 45-106F2. Accordingly, an issuer amending its offering memorandum to include more recent annual financial statements or a more recent interim financial report may exclude, in its amended offering memorandum, any annual financial statements or interim financial report for a financial year or interim period that is no longer required.

As discussed in paragraph (a), an issuer is also required to amend its offering memorandum if a material change occurs after the certificate is signed, and before the issuer accepts an agreement to purchase the security from the purchaser. See subsection 2.9(13.2) of the Instrument. Material change is defined in provincial and territorial securities legislation.

In making materiality judgments it is necessary to consider a number of factors that cannot be captured in a simple bright-line test. National Policy 51-201 *Disclosure Standards* provides guidance regarding materiality determinations by reporting issuers.

Most of the issuers that rely on the offering memorandum exemption are not reporting issuers. Accordingly, materiality determinations must be assessed in the context of their specific circumstances and the overall disclosure to investors, including the offering memorandum and related documents. For example, if an issuer's offering memorandum discloses prospective operations and its financial statements reflect only an opening balance sheet, the raising of significant funds and commencing operations may constitute a material change. Similarly, where a collective investment vehicle such as a mortgage investment entity does not have a portfolio of mortgage loans at the time of its offering memorandum, the activity of deploying funds in a portfolio of mortgages could constitute a material change, particularly if the portfolio has characteristics and risks that have not been disclosed.

With respect to the requirement in paragraph 2.9(19.5)(a) of the Instrument to provide an appraisal in connection with a proposed acquisition from a related party, we note that issuers carrying out ongoing distributions could trigger this requirement after the date the certificate is signed.

If the proposed acquisition is not a material change, issuers should consider whether under subsection 2.9(13.3) of the Instrument the offering memorandum is required to be amended prior to delivery to reflect the proposed acquisition, so that the offering memorandum contains sufficient information for a reasonable investor to make an investment decision.

If a distribution is ongoing and an issuer becomes subject to instruction C.1 of Form 45-106F2 with respect to the acquisition or proposed acquisition of a business, and the financial statements required by that instruction are not contained in the offering memorandum, the issuer is required to amend its offering memorandum to include them.

For each delivery of an offering memorandum, we remind issuers of subsection 2.9(13.3) of the Instrument, which is discussed in paragraph (a). It may be necessary to amend an offering memorandum to meet this requirement.

We also note that an issuer may voluntarily amend its offering memorandum.

Finally, we note that marketing materials were never intended to be a means of amending an offering memorandum.

(c) New certificate

Each time an issuer amends its offering memorandum, it is required under subsection 2.9(14.1) of the Instrument to include a newly dated certificate in the amended offering memorandum. We also note that the date of the offering memorandum is the date of the certificate.

There are certain offering memorandum requirements that refer to the date of the offering memorandum. As a result, each time an issuer includes a new certificate in its offering memorandum, it is required to ensure that any disclosure in response to a requirement that references the date of the offering memorandum is revised if necessary.

The certificate referred to in this subsection is the certificate required by Form 45-106F2 item 15, or Form 45-106F3 item 12, as applicable**.**

4. ***Section 3.8 is changed by adding the following after subsection 3.8(3):***

(3.1) Certificate of promoter

"Promoter" is defined differently in provincial and territorial securities legislation across CSA jurisdictions. It is generally defined as meaning a person who has taken the initiative in founding, organizing or substantially reorganizing the business of the issuer or who has received consideration over a prescribed amount for services or property or both in connection with founding, organizing or substantially reorganizing the issuer. "Promoter" has not been defined in the *Securities Act* (Québec) and a broad interpretation is taken in Québec in determining who would be considered a promoter.

Under securities legislation, persons who receive consideration solely as underwriting commissions or in consideration of property and who do not otherwise take part in the founding, organizing or substantially reorganizing the issuer are not promoters. Simply selling securities, or in some way facilitating sales in securities, does not make a person a promoter under the offering memorandum exemption**.**

5. ***Section 3.8 is changed by adding the following after subsection 3.8(4):***

(4.1) Appraisal requirement

We remind issuers carrying out ongoing distributions under an offering memorandum that it is possible to trigger the appraisal requirement under subsection 2.9(19.5) of the Instrument after the date of the certificate of the offering memorandum. In this case, for all subsequent purchasers, the issuer is required pursuant to subsection 2.9(19.6) of the Instrument to deliver the appraisal at the same time or before it delivers its offering memorandum**.**

6. ***Subsection 3.8(13) is changed***

(a) by deleting "for syndicated mortgages***", and***

(b) by replacing "the issuer of a syndicated mortgage***" with "***an issuer***".***

7. ***Subsection 3.8(14) is changed by adding "***of property subject to a syndicated mortgage***" after "***Appraisals***".***

8. ***Section 3.8 is changed by adding the following after subsection 3.8(14):***

(15) Collective investment vehicles - disclosure

An issuer that is a collective investment vehicle should consider the complexity of its offering and determine whether appropriate and sufficient information can be provided under its offering memorandum, as these distributions can be made to less sophisticated investors. Disclosure should be clear and described in plain language, avoiding technical terms as much as possible. If the disclosure will be complex or contains technical terms that are difficult to easily describe, the issuer should consider whether a distribution under the offering memorandum exemption is appropriate**.**

9. Section 5.3 is deleted.

10. These changes become effective on March 8, 2023.

This page intentionally left blank

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

Issuer Name:
Barometer Disciplined Leadership Balanced Fund
Barometer Disciplined Leadership Equity Fund
Barometer Disciplined Leadership Tactical Income Growth Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 14, 2023
NP 11-202 Final Receipt dated Feb 16, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3478843

Issuer Name:
AGF Global Dividend Strategic Equity Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 14, 2023
NP 11-202 Final Receipt dated Feb 15, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3477367

Issuer Name:
Mulvihill Canadian Bank Enhanced Yield ETF (formerly, Mulvihill Enhanced Yield Canadian Bank ETF)
Mulvihill U.S. Health Care Enhanced Yield ETF (formerly, Mulvihill Premium Yield Plus ETF)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Feb 15, 2023
NP 11-202 Final Receipt dated Feb 16, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3480101

Issuer Name:
BMO Aggregate Bond ETF Fund
BMO Corporate Bond ETF Fund
BMO Global Energy Fund
BMO Global Low Volatility ETF Fund
BMO Greater China Fund
BMO Premium Yield ETF Fund
BMO Strategic Equity Yield Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Feb 16, 2023
NP 11-202 Preliminary Receipt dated Feb 17, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3492506

Issuer Name:
CI Canadian Banks Covered Call Income Corporate Class
CI Energy Giants Covered Call Fund
CI Gold+ Giants Covered Call Fund
CI Tech Giants Covered Call Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Feb 14, 2023
NP 11-202 Final Receipt dated Feb 15, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3479546

Issuer Name:
BetaPro Bitcoin ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated February 13, 2023
NP 11-202 Final Receipt dated Feb 15, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3347604

Issuer Name:
FDP Canadian Dividend Equity Portfolio,
Principal Regulator - Quebec
Type and Date:
Amendment #1 to Final Simplified Prospectus dated February 15, 2023
NP 11-202 Final Receipt dated Feb 16, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3359097

Issuer Name:
Probity Mining 2023 Short Duration Flow-Through Limited Partnership - British Columbia Class
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 14, 2023
NP 11-202 Receipt dated February 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
Probity Capital Corporation
Project #3472815

Issuer Name:
Probity Mining 2023 Short Duration Flow-Through Limited Partnership - National Class
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 14, 2023
NP 11-202 Receipt dated February 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
Probity Capital Corporation
Project #3472817

Issuer Name:
Probity Mining 2023 Short Duration Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 14, 2023
NP 11-202 Receipt dated February 14, 2023
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
iA Private Wealth Inc.
Promoter(s):
Probity Capital Corporation
Project #3472823

NON-INVESTMENT FUNDS

Issuer Name:
ALEEN INC.
Type and Date:
Preliminary Long Form Prospectus dated February 15, 2023
(Preliminary) Receipted on February 15, 2023
Offering Price and Description:
10,043,300 Common Shares issuable on deemed exercise of 10,043,300 Special Warrants
at an issue price of $0.02, $0.05 and $0.10
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3409213

Issuer Name:
Canada Nickel Company Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 14, 2023
NP 11-202 Preliminary Receipt dated February 14, 2023
Offering Price and Description:
$18,208,763.00 - 9,210,800 Common Shares
$1.77 per Offered Share
$2.86 per Flow-Through Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
RED CLOUD SECURITIES INC.
CORMARK SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
HAYWOOD SECURITIES INC.
RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #3489806

Issuer Name:
CNJ Capital Investments Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated February 16, 2023
NP 11-202 Preliminary Receipt dated February 17, 2023
Offering Price and Description:
$300,000.00 - 3,000,000 Common Shares
Price: $0.10 per share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #3492490

Issuer Name:
Forza Lithium Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 13, 2023
NP 11-202 Preliminary Receipt dated February 14, 2023
Offering Price and Description:
$500,000.00 - 5,000,000
Price: $0.10
Underwriter(s) or Distributor(s):
Leede Jones Gable Inc.
Promoter(s):
Satvir S. Dhillon
Project #3490815

Issuer Name:
Gold Terra Resource Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectusdated February 15, 2023
NP 11-202 Preliminary Receipt dated February 15, 2023
Offering Price and Description:
C$30,000,000.00 - COMMON SHARES, SUBSCRIPTION RECEIPTS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3491785

Issuer Name:
Meridian Mining UK Societas
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated February 13, 2023
NP 11-202 Preliminary Receipt dated February 14, 2023
Offering Price and Description:
$100,000,000.00 - Common Shares, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3490927

Issuer Name:
Osisko Development Corp. (formerly "Barolo Ventures Corp.")
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 15, 2023
NP 11-202 Preliminary Receipt dated February 15, 2023
Offering Price and Description:
C$45,005,400.00 - 6,819,000 Units
C$6.60 per Unit
Underwriter(s) or Distributor(s):
EIGHT CAPITAL
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
HAYWOOD SECURITIES INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #3490307

Issuer Name:
Silver Tiger Metals Inc.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated February 13, 2023
NP 11-202 Preliminary Receipt dated February 14, 2023
Offering Price and Description:
$18,011,000.00 - 58,100,000 Common Shares
Price: $0.31 per Offered Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
DESJARDINS SECURITIES INC.
PI FINANCIAL CORP.
SPROTT CAPITAL PARTNERS LP by its general partner, SPROTT CAPITAL PARTNERS GP INC.
ECHELON WEALTH PARTNERS INC.
EIGHT CAPITAL
Promoter(s):
-
Project #3489580

Issuer Name:
Upstart Investments Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary CPC Prospectus dated February 16, 2023
Received on February 16, 2023
Offering Price and Description:
Minimum Offering: $200,000.00 - or 2,000,000 Common Shares
Maximum Offering: $500,00.00 - or 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Leede Jones Gable Inc.
Promoter(s):
-
Project #3492286

Issuer Name:
U.S. GoldMining Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 10, 2023
NP 11-202 Preliminary Receipt dated February 14, 2023
Offering Price and Description:
US$20,000,000.00 - 2,000,000 Units
Offering Price: US$10.00 per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
LAURENTIAN BANK SECURITIES, INC.
Promoter(s):
-
Project #3490558

Issuer Name:
Ankh II Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated February 14, 2023
NP 11-202 Receipt dated February 15, 2023
Offering Price and Description:
Minimum Offering: $250,000.00 - 2,500,000 Common Shares
Maximum Offering: $1,000,000.00 - 10,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Roger E. Milad
Project #3479330

Issuer Name:
Critical Infrastructure Technologies Ltd. (formerly 1319275 B.C. Ltd.)
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 13, 2023
NP 11-202 Receipt dated February 15, 2023
Offering Price and Description:
$1,218,750.00 - 4,062,500 Special Warrants
Price of $0.30 per Special Warrant
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brenton Scott
Andrew Hill
Faramarz Haddadi
Project #3450147

Issuer Name:
Enbridge Inc.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated February 10, 2023
NP 11-202 Receipt dated February 14, 2023
Offering Price and Description:
MEDIUM TERM NOTES (UNSECURED)
Underwriter(s) or Distributor(s):
TD Securities Inc.
ATB Capital Markets Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #3490533

Issuer Name:
Lithium Americas Corp.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus (NI 44-102) dated February 15, 2023
NP 11-202 Receipt dated February 15, 2023
Offering Price and Description:
US$1,000,000,000.00 - Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3489581

Issuer Name:
Talon Metals Corp.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated February 17, 2023
NP 11-202 Receipt dated February 17, 2023
Offering Price and Description:
$150,000,000.00 - Common Shares, Debt Securities, Subscription Receipts Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #3481987

This page intentionally left blank

B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Commonfund Asset Management Company, Inc. To: Commonfund OCIO Inc.	Portfolio Manager	February 1, 2023

This page intentionally left blank

B.11
SRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Canadian Securities Exchange – Housekeeping Amendments to CSE Trading Rule 4 – Notice of Housekeeping Rule Amendments

CANADIAN SECURITIES EXCHANGE

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDMENTS TO CSE TRADING RULE 4

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendices to the Exchange's recognition order (the "Protocol"), CNSX Markets Inc., operator of the Canadian Securities Exchange ("CSE" or "Exchange") intends to adopt amendments to CSE Trading Rule 4-107 ("Amendments"). The Amendments have been classified as Housekeeping Rules and as such have not been published for comment. Staff of the British Columbia Securities Commission ("BCSC") and the Ontario Securities Commission ("OSC") have not disagreed with this classification.

A. DESCRIPTION OF THE AMENDMENTS

CSE will be implementing changes to its Guaranteed Fill Facility ("GFF"). CSE will alter the calculation used by its trading algorithm for determining Guaranteed Minimum Fill ("GMF") eligibility and, using the revised calculation, the trading algorithm will limit the volume of GMF auto-fills, not including odd lots, to a maximum of 50 STUs ("GMF Cap"). GMF eligible orders will be auto traded if the remaining volume of the order, after it has traded with any volume in the book at the National Best Bid and Offer or better, is less than or equal to the CSE published GMF value.

The Amendments require a change to CSE Trading Rule 4-107. A blackline of the Rule showing the Amendments is attached as Appendix A to this Notice.

B. EFFECTIVE DATE

The Amendments will be implemented in Q3 of 2023. CSE will issue a notice confirming the timing of the associated technical release.

C. CLASSIFICATION

The Amendments have been classified as housekeeping and were not published for comment.

D. QUESTIONS

Questions regarding this notice may be directed to:

Anastassia Tikhomirova
Legal Counsel
CNSX Markets Inc.
Email: Anastassia.Tikhomirova@thecse.com

APPENDIX A

TEXT OF AMENDMENTS TO CSE TRADING RULES

CSE Trading Rules

RULE 4

TRADING OF SECURITIES

[…]

Trading Rule 4-107 - *Guaranteed Fill Facility*

(1) Eligibility An order that is a client order for a security that is, in its entirety, for a volume less than or equal to **any orders in the book that are immediately tradable at the NBBO or better, plus** the Guaranteed Fill volume on that security is eligible for a guaranteed fill, provided that the order is not:

a) One of multiple orders for the same client on the same day;

b) An order entered by a DEA client, unless the DEA client is a broker acting as an agent for retail client order flow;

c) An order entered on behalf of a U.S. dealer, unless i. the order is for a client of the U.S. dealer; and RULE 4 – Trading of Securities January 2015 Page 4 ii. The Dealer first confirms the order is for a client of the U.S. dealer; or

d) For a client that is generally involved in active and continuous trading on a daily basis

(2) Fills that occur in violation of the eligibility requirements above may be cancelled at the request of the Market Maker. The Exchange may cancel or amend any trades deemed to be improper use of the Guaranteed Fill facility.

[…]

Index