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# Chapter 1

## Notices / News Releases

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### 1.1 Notices

#### 1.1.1 OSC Notice 11-781 Notice of Statement of Priorities for Financial Year to End March 31, 2019

##### OSC NOTICE 11-781 NOTICE OF STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO END MARCH 31, 2019

The *Securities Act* (Act) requires the Ontario Securities Commission (OSC or Commission) to deliver to the Minister of Finance by June 30th of each year a statement from the Commission setting out its priorities for its current fiscal year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In the Notice published by the Commission on March 29, 2018, the Commission set out its draft 2018-2019 Statement of Priorities (SoP) and invited public input in advance of finalizing and publishing its priorities. Twenty-one responses were received.

On balance, the feedback was broadly supportive of the overall direction of the OSC goals and proposed priorities. Commenters provided a range of unique insights that will be useful to consider in future policy development. In addition to feedback on the identified priorities, commenters highlighted a range of noteworthy items and issues including:

- the importance of the efforts and achievements of the OSC Investor Office in expanding investor engagement, policy, research, education and outreach and, in particular, the potential contribution of the Seniors Strategy to protecting older investors
- growing investor interest in climate-change, along with environmental, social and governance (ESG) factors and the need for enhanced ESG disclosure by companies
- the ongoing importance of post-implementation review of policies and rules to confirm they are achieving their desired outcomes
- the importance of regulatory harmonization both internationally and across the CSA

A high level summary of key comment areas and the OSC's responses are set out below:

1. *Our proposed priority to "Publish Regulatory Reforms that address the Best Interests of the Client" remains a significant area of focus for commenters. Commenters also highlighted the need for action on related issues such as proficiency and titles for advisors.*

The OSC remains strongly committed to investor protection and is continuing to expand its efforts to strengthen investor protection through various investor-focused initiatives. The OSC, together with all other Canadian Securities Administrators (CSA) securities regulators, will publish proposed amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (Client Focused Reforms) in June 2018. These reforms respond to concerns regarding the client-registrant relationship as it stands today. The Client Focused Reforms demonstrate a commitment to make changes to the fundamental obligations that registrants owe their clients. The proposed reforms, once implemented will require registered firms and individuals to:

- address conflicts of interest in the best interest of the client,
- put the client's interest first when making a suitability determination, and
- do more to clarify for clients what they should expect from their registrants.

The OSC, working with the CSA and the Self-Regulatory Organizations, has developed a harmonized approach to address the key specific concerns we had identified in these areas, and ensures the interests of the client will be paramount in the client-registrant relationship. The Client Focused Reforms include proposed reforms regarding the use of titles and designations by registrants. With the CSA, the OSC will develop recommendations to advance the other reforms that were identified in CSA Consultation Paper 33-404, including the next phase of titles and designations reforms and proficiency.

2. *Embedded commissions and compensation arrangements in mutual funds received a significant number of responses. Commenters were mixed on the issue. On balance investor advocates supported measures to discontinue embedded commissions and other forms of compensation. Other commenters suggested potential negative outcomes, such as reduced access to advice for smaller investors, that could arise if embedded compensation arrangements are no longer allowed.*

The current embedded fee model is not well understood by investors. The OSC shares the concerns raised by some commenters that embedded fees can raise conflicts that could incent advisors to recommend funds that benefit the advisor ahead of the investor. The OSC remains committed to achieving a resolution to the use of embedded commissions and compensation arrangements that will better align the interests of registrants with those of investors, and provide greater clarity on the services provided to investors along with their associated costs. Our policy response will reflect our consideration of the comments received during the various consultations undertaken last year including the issues raised related to the risk of potential adverse consequences to both fund industry participants and investors.

3. *There was strong support for the OSC's Seniors Strategy and the initiatives outlined in it, and the continued focus on issues of older investors.*

Seniors are an extremely important and growing segment of investors whose needs and issues demand attention. The recently-published OSC Seniors Strategy contains a comprehensive action plan of new policy, operational, research, educational and outreach initiatives the OSC is pursuing in relation to older individuals and our plans to continue building on existing initiatives. A key focus over the coming year will be the beginning of the implementation of the various initiatives outlined in the strategy, including the development of a regulatory framework to address issues of financial exploitation and cognitive decline that includes a safe harbour for registered firms and their representatives.

4. *There was strong support for continued focus on the Women on Boards and Executive positions initiative and diversity issues.*

In recognition of this support and the growing profile of these issues we have added a new priority that sets out our planned actions to address this issue.

5. *Cyber threats and the potential for related disruptions and the need to strengthen market resilience were identified by a number of commenters. Specifically, some commenters suggested that more specific guidance would be useful to allow them to better understand what they need to do to meet compliance expectations in this area.*

The OSC will continue to work with market participants to provide guidance. We will also finalize a protocol for managing significant cyber disruptions.

6. *A number of commenters supported introducing additional regulation, such as required disclosure of environmental, social and governance (ESG) factors that measure the sustainability and ethical impact of an investment in a company.*

Companies already have an obligation to disclose material environmental and governance issues. We acknowledge the growing level of interest and importance of disclosures in these areas. In April 2018 the OSC and the Canadian Securities Administrators published CSA Staff Notice 51-354 *Report on Climate change-related Disclosure Project* to report the findings of the project to review the disclosure by reporting issuers of risks and financial impacts associated with climate change. The OSC will continue to monitor the appropriateness of disclosure being provided to assess whether additional or new forms of disclosure are required.

7. *A number of commenters recommended adding shareholder democracy issues such as "say on pay", and proxy voting as a priority.*

The OSC introduced regulatory measures (e.g. majority voting) to address shareholder rights. The OSC has not taken further action on say on pay and will continue to monitor shareholder democracy activities and issues to determine whether there is a need for further actions.

8. *There was strong support for our priority to strengthen the powers and support for the Ombudsman for Banking Services and Investments (OBSI).*

As noted in the SoP, the OSC continues to believe that investors should have access to an effective and fair dispute resolution system as a central component of the investor protection framework. We continue to work with our CSA colleagues in considering options for strengthening OBSI's abilities to secure redress for investors, including considering developing recommendations for implementing binding authority.

9. *The proposed priority on reducing regulatory burden received strong support.*

The OSC continues to believe that our markets are better able to compete, innovate and flourish with appropriate regulation that is proportionate to the regulatory objectives sought. The OSC remains committed to re-examining its rules and processes to ensure they are appropriate, necessary and relevant.

The OSC remains committed to policy development that balances the desire to be timely with the need to achieve harmonized outcomes that best meet the needs of Ontario investors and market participants. The OSC's core regulatory work will always be its primary area of focus. The SoP sets out the highest priority areas, what will be delivered during the year under those priorities and performance measures.

As noted above, the OSC has revised the 2018-2019 SoP to include a specific priority related to Women on Boards and Executive Officer positions. We have also updated our priorities to reflect the approach we will take on client-focused reforms. The other important initiatives and issues identified for inclusion by various commenters will be provided to staff for consideration and most of these are already addressed within the OSC branch business plans or will be considered for future work.

All of the comment letters are available on the OSC website [www.osc.gov.on.ca](http://www.osc.gov.on.ca). The SoP will serve as the guide for the Commission's operations. Following delivery of the SoP to the Minister, 2017-2018 OSC Statement of Priorities – Report Card will be published on the OSC website which highlights the progress against the previous year's priorities.

***[Editor's note: The Statement of Priorities for Financial Year to End March 31, 2019 follows on separately numbered pages. Bulletin pagination resumes at the end of the Statement.]***

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OSC

2018 – 2019

# Statement of Priorities

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## Our 2018 – 2019 Priorities

*Our 2018-2019 Statement of Priorities (SoP) sets out the priority areas on which the Ontario Securities Commission (OSC) intends to focus its resources and actions in 2018-2019. Each of the priorities set out in the pages that follow are aligned under one of the five OSC regulatory goals. Thirteen priorities from our 2017-2018 SoP are being carried forward with the next phase of work. The 2018-2019 SoP includes two new priorities: 1) review the effectiveness of the disclosure requirements regarding women on boards and in executive officer positions and 2) developing a strategic OSC workforce approach. Significant issues identified in our 2017-2018 SoP, including the ability of the Ombudsman for Banking Services and Investments (OBSI) to secure redress for investors, although not set out as specific priorities, will remain a prominent focus of the OSC'S work in the coming year. Additionally, our significant work in the international regulatory environment will continue as a key means to gain insights into emerging issues and standards that can be integrated into our policy development and oversight activities.*

### **Deliver strong investor protection**

**The OSC will champion investor protection, especially for retail investors**

- Publish regulatory reforms that address the best interests of the client – (Client Focused Reforms)
- Publish regulatory actions needed to address embedded commissions
- Advance retail investor protection, engagement and education through the OSC's Investor Office

### **Deliver effective compliance, supervision and enforcement**

**The OSC will deliver effective compliance oversight and pursue fair, vigorous and timely enforcement**

- Protect investors and foster confidence in our markets by upholding strong standards of compliance with our regulatory framework
- Increase deterrent impact of OSC enforcement actions and sanctions by actively pursuing timely and consequential enforcement cases involving serious securities laws violations

### **Deliver responsive regulation**

**The OSC will identify important issues and deal with them in a timely way**

- Work with fintech businesses to support innovation and capital formation through regulatory compliance
- Implement additional investor protection measures for syndicated mortgage investments
- Address opportunities to reduce regulatory burden while maintaining appropriate investor protections
- Review the effectiveness of the disclosure requirements regarding women on boards and in executive officer positions (WOB) to determine if there is a need for further action
- Actively monitor and assess impacts of recently implemented regulatory initiatives

### **Promote financial stability through effective oversight**

**The OSC will identify, address and mitigate systemic risk and promote stability**

- Enhance OSC systemic risk oversight
- Promote cybersecurity resilience through greater collaboration with market participants and other regulators on risk preparedness and responsiveness

### **Be an innovative, accountable and efficient organization**

**The OSC will be an innovative, efficient and accountable organization through excellence in the execution of its operations**

- Develop a strategic OSC workforce approach focused on skill recruitment and development
- Enhance OSC business capabilities
- Work with Capital Markets Regulatory Authority (CMRA) partners on the transition of the OSC to the proposed CMRA

## Introduction

*We are pleased to present the Chair's Statement of Priorities for the Commission for the year commencing April 1, 2018. The Securities Act (Ontario) requires the OSC to publish the Statement of Priorities in its Bulletin and to deliver it to the Minister by June 30 of each year. This Statement of Priorities also supports the OSC's commitment to be both effective and accountable in delivering its regulatory services.*

*This Statement of Priorities sets out the OSC's strategic goals and the specific initiatives that the OSC will pursue in support of each of these goals in 2018-2019. The Statement of Priorities also describes the environmental factors that the OSC has considered in setting these goals. The OSC will continue to drive forward with several priority areas that are focused on strengthening investor protection, delivering effective and impactful compliance and enforcement, being responsive to market evolution, contributing to financial stability and, while doing all these things, being a modern, accountable and efficient regulator.*

*It is important to note that the majority of OSC resources are focused on delivering the core regulatory work (authorizations, reviews, compliance and enforcement and the systems and infrastructure to support that work) undertaken by the OSC to maintain high standards of regulation in Ontario's capital markets.*

### OSC VISION

To be an effective and responsive securities regulator -- fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

### OSC MANDATE

To provide protection to investors from unfair, improper or fraudulent practices, to foster fair and efficient capital markets and confidence in capital markets and to contribute to the stability of the financial system and the reduction of systemic risk.

### OSC GOALS

Confidence in fair and efficient markets is a prerequisite for economic growth. The OSC regulates the largest capital market in Canada and our actions have impacts for Ontario and the rest of Canada. The OSC is committed to promoting safe, fair and efficient markets in Ontario and has identified a broad range of initiatives to improve the existing regulatory framework. We must anticipate problems in the market and act decisively to promote public confidence in our capital markets, protect investors, and support market integrity. We will continue to proactively identify emerging issues, trends, and risks in our capital markets.

Investor protection is always a top priority for the OSC. The OSC engages with investor advocacy groups and the Investor Advisory Panel for insight to help the OSC better understand investor needs and interests. The OSC continues to move the regulatory agenda forward, improving the way we approach our work and engage with industry participants and other regulators to understand the issues and their concerns. Our recent LaunchPad initiative is an example of developing a collaborative approach to respond to emerging issues. These actions are essential to reach solutions that balance the inclusion of innovation and competition in the marketplace while maintaining appropriate investor safeguards.

The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country. The OSC is working with the Ontario government and the OSC's counterparts in other participating jurisdictions to develop a harmonized regulatory approach and seamless transition to the proposed CMRA.

### OUR ENVIRONMENT

The environment influences the OSC's policy agenda, its operations and the way it uses its resources. Public confidence in our markets can be affected by many factors, including the stability of the financial

system, the economic health of the country and regulatory change.

## Our Economy

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Solid economic growth was positive for stock valuations at the end of 2017. Overall market activity was strong:

- Canadian exchange-traded funds (ETFs) continued their strong growth, with total assets under management rising by \$33.6 billion, a 29.5% increase compared to December 2016. ETFs continue to be a growing segment of the Canadian investment product landscape. At the end of December 2017, ETF assets under management were 10% of those in mutual funds
- Equity capital raised through corporate IPOs during 2017 increased 567% to \$4.9 billion (\$739 million– 2016)
- Trading volume in the last quarter of 2017 was 14% higher than the comparable quarter of 2016 and 45% higher than the previous quarter. A primary contributor to this increase was the growth in the cannabis sector where trading volumes have been so high that some online brokerages reported system outages at the end of 2017

Though Canada is still experiencing strong economic growth and job creation, various challenges are on the horizon, including concerns about the NAFTA negotiations, elevated household indebtedness and escalating housing costs. These items could materially affect our capital markets, industry participants and investors.

## Modernizing Financial Services in Ontario

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The Government of Ontario is moving forward with initiatives to modernize the financial services regulatory framework. These policy priorities and changes in regulatory authority will impact the OSC and its operations including:

- The creation of a Regulatory Super Sandbox and the Ontario FinTech Accelerator Office
- Changes to the regulatory oversight of syndicated mortgage investments by the Financial Services Commission of Ontario (FSCO) and the OSC
- Implementation of a regulatory framework for financial planners

- Working with the Financial Services Regulatory Authority of Ontario (FSRA) on the regulatory framework including infrastructure, fee models and fintech
- Working with CMRA partners on the transition of the OSC to the proposed CMRA

## Demographics

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Demographics are critical to understanding investor needs and are a key driver of most investor-focused issues. Different investor segments (e.g. seniors versus millennials) have unique characteristics and present different challenges in terms of investment objectives and horizons. Their preferences can vary in terms of service channels (online versus in person) and products (ETFs versus mutual funds). The focus being placed by all investors on issues such as the cost of advice, fee structures and conflicts of interest, is increasing and creating pressure for regulators to develop a framework that continues to meet the expectations and interests of investors. Evolving market channels, such as automated financial advice, are redefining the delivery of client wealth management services and the fees charged for advice. Concurrently, firms are under growing pressure to align their cultures and conduct with investor needs and interests.

## Financial Innovation

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Complexity driven by financial innovation offers many potential benefits and risks to the market. Fintech (technology facilitated financial services) is leveraging new technology and creating new business models in the financial services industry such as providing new product offerings (blockchain-based cryptocurrencies) and disrupting service channels (online advisors). This innovation is driving more complexity in financial markets and products and creating a risk that consumers may not understand what they are buying. Initial offerings of digital currency and similar instruments can raise fundamental issues about the scope of securities regulation, at the same time that they present significant investor protection issues.

A well-functioning investor/advisor relationship remains critical to the economic well-being of Ontarians and ultimately to achieving healthy capital markets. To achieve this outcome the culture and conduct of financial firms and advisors need to be

aligned with meeting investor needs, including fostering investor trust and confidence.

Within this environment the OSC will strive to balance promoting market efficiency and achieving fair outcomes for all investors.

### **Investor Education**

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The OSC is actively involved in providing investor education tools and resources to help investors achieve improved financial outcomes. The OSC will seek new and innovative ways to deliver investor education and support retail investors in today's complex investing environment. We engage with investors, industry participants and other regulators to understand the issues and concerns they face.

### **Investor Redress**

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Investors will always be at risk for potential losses from improper or fraudulent interactions. A number of jurisdictions are looking at ways to improve investor access to redress in these types of situations. Avenues to obtain investor redress, including an effective and fair dispute resolution system, are increasingly being included as part of investor protection frameworks. Effective investor redress is a necessary complement to reforms to the advisor/client relationship. To achieve better results for investors, the OSC will continue its support for OBSI to be better empowered to secure redress for investors.

### **Globalization**

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The markets, products, and participants that the OSC regulates and oversees continue to grow in size and complexity and globalization of financial markets, products and services adds another layer to these challenges. The breadth and interconnection of markets and mobility of capital raises challenges to regulatory supervision, magnifies the value of cooperation between regulators and increases the benefit of achieving consistent standards and requirements across jurisdictions.

### **Cybersecurity Resilience**

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Cyber-attacks that have the potential to disrupt our markets and market participants are likely to occur. Growing dependence on digital connectivity is raising the potential for digital disruption in our financial

services and markets and creating a strong imperative to raise awareness about cyber-attacks and strengthen cybersecurity resilience. This is a growing challenge as more businesses, services and transactions span national and international borders.

### **Regulatory Harmonization**

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The OSC works as part of the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country to facilitate business needs. Through these efforts, the OSC strives to achieve effective cross-jurisdiction enforcement and gain timely insight, understanding and input into emerging regulatory issues to achieve better regulatory outcomes.

The OSC also continues to play an active role in international organizations such as the International Organization of Securities Commissions (IOSCO) to influence and promote changes to international securities regulation and share new ideas and learnings that will benefit Ontario markets and participants.

The OSC works with many domestic and international regulators to monitor financial stability risks and trends, improve market resilience, and reduce the potential risk of global systemic events. The OSC together with the CSA is continuing to build a domestic OTC derivatives framework and to implement the compliance and surveillance tools required. As part of their review of market stability issues, financial system regulators are examining the need for companies to disclose exposure to economic, environmental and social sustainability risks, including climate change. The Financial Stability Board (FSB) has established a Task Force on Climate-related Financial Disclosures to develop a set of recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures by companies. The OSC will continue to monitor these developments to determine the need for a regulatory response.

### **Workforce Strategy**

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The OSC needs to be a proactive and agile securities regulator. To meet evolving needs, the OSC will strengthen its capabilities through its people. While attracting, motivating and retaining top talent in a competitive market environment continues to be challenging, the OSC is building its capabilities and

skills by recruiting staff across a range of disciplines, and by developing the skills and experience of our internal talent.

### **Data Management**

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The OSC is adding new tools and processes to support staff in delivering their responsibilities. A key element will be addressing challenges in managing growing volumes of data. The OSC is investing in information technology and infrastructure to support an integrated data management program that will improve access to information to identify trends and risks and support analysis and decision-making.

### **Regulatory Burden**

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Securities regulators must balance pressures to respond to market issues while avoiding over-regulation. Regulatory costs should be proportionate to the regulatory objectives sought. Regulatory burden is a key focus for market participants, who need more resources in order to comply with new regulatory requirements. The OSC is committed to re-examining our rules and processes to ensure they are appropriate, necessary and will identify opportunities to reduce undue burdens and to streamline regulation. Our objective is to reduce regulatory burden wherever possible, as long as appropriate safeguards for investors are in place.

## Deliver strong investor protection

*The OSC will champion investor protection, especially for retail investors*

The OSC remains strongly committed to investor protection and is continuing to expand its efforts to strengthen investor protection through various investor-focused initiatives. Investors need to be confident in the fairness of the market, have trust and confidence in their advisors and understand the products in which they invest. Investing continues to be a critical element to finance lifestyle and retirement goals. There are wide gaps in the levels of experience and financial literacy among investors which require different approaches to support and guidance. The OSC continues to expand and modernize efforts in investor engagement, research, education and outreach, to help investors build their knowledge, understanding and confidence in planning for their investment goals and retirement finances.

The OSC will continue to seek input from all stakeholders, as well as OSC advisory committees such as the Investor Advisory Panel (IAP) and the Seniors Expert Advisory Committee (SEAC) that, in combination with available research, informs our understanding of investor issues. The OSC will use this information in developing tailored solutions to reach the broad range of investor groups, including seniors, millennials and new Canadians. The initiatives set out below will advance achievement of the OSC's investor protection mandate.

### OUR PRIORITIES

#### **Publish regulatory reforms that promote the best interests of the client and put the client's interest first – (Client Focused Reforms)**

Access to affordable, high quality and unbiased investment advice will always be a core investor expectation. Investor trust and confidence in the financial system is critical and can only be attained when registrants work in the interests of their clients. The OSC, together with the CSA, has identified and responded to concerns relating to the client-registrant relationship as it stands today.

The OSC will undertake the following initiatives to make fundamental changes that focus on promoting the best interests of clients, put the client's interest first and clarify for clients what they should expect from their registrants. The Client Focused Reforms will include introducing regulatory provisions that infuse best interest principles in the fundamental obligations registrants owe their clients.

The actions will include:

- Publish proposed amendments to regulatory requirements under National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) (Client Focused Reforms) (including conflicts of interest, know your client, know your product, suitability, relationship disclosure and titles and designations)
- Develop plans to advance remaining reforms such as next phase of a titles and designations project and proficiency and provide recommendations to the Commission.
- Provide a regulatory impact analysis of the proposed regulatory provisions

#### **Publish regulatory actions needed to address embedded commissions**

Work with the CSA to finalize recommendations and a regulatory decision on next steps related to embedded commissions.

Actions will include:

- Publish policy recommendations on embedded commissions to mitigate the investor protection and market efficiency issues identified in *Consultation Paper 81-408 -- Consultation on the Option of Discontinuing Embedded Commissions*
- Publish policy provisions to enact the recommendations

- Complete analysis of the potential impacts of proposed policy changes relating to the use of embedded commissions in securities products

### **Advance retail investor protection, engagement and education through the OSC's Investor Office**

Investor protection is at the core of everything the OSC does, and we are committed to improving outcomes for retail investors through policy, research, education and outreach initiatives led by our Investor Office.

As part of its continued efforts to deliver strong investor protection, the OSC recently published its Seniors Strategy, which contains a roadmap of targeted approaches to address the investment issues of older investors. The strategy outlines new initiatives the OSC is pursuing in relation to older individuals and our plans to continue building on existing initiatives. We will implement our Seniors Strategy and provide a report on our progress in one year.

The OSC continues to believe that investors should have access to an effective and fair dispute resolution system as a central component of the investor protection framework. With our OBSI Joint Regulators Committee colleagues, the OSC will continue work to strengthen OBSI and provide a robust oversight framework. The OSC believes that a regulatory roadmap must be developed addressing the recommendations in the independent evaluator's report and, in particular, that OBSI's decisions should be binding on its members.

Research broadens and deepens our understanding of retail investor behaviour. It also allows us to understand and respond to emerging trends in the markets and the ways investors are reacting to them. We will continue to conduct and publish research that provides insights into retail investor knowledge, attitudes and behaviours, in order to design better policies and programs as part of our evidence-based approach.

The OSC will undertake the following actions to advance retail investor protection:

- Implement the OSC Seniors Strategy, including the development of a regulatory framework for addressing financial exploitation and cognitive impairment that includes a safe harbour for firms and their representatives
- Strengthen OBSI and publish a plan to enhance compliance with OBSI's recommendations and a response to the OBSI independent evaluator's other recommendations, while providing a robust oversight framework
- Implement an education and outreach strategy for new Canadians, with a focus on older investors
- Publish timely and responsive retail investor and behavioural research

### **MEASURES OF SUCCESS**

- Regulatory reforms proposed to improve the advisor/client relationship published for comment. Focused consultations on rule proposals completed and comments evaluated. Implementation project plan for further reforms developed
- Increased cost transparency, product access and cost competition.
- Advisors will highlight their value propositions to help investors evaluate the costs for services.
- A regulatory framework to address issues of financial exploitation and cognitive impairment developed together with regulatory colleagues
- An update is published detailing how we are addressing the recommendations in the independent evaluator's report on OBSI and our progress on developing a regulatory roadmap
- Retail investor research informs OSC work and provides insights for investors and market participants.
- Behavioural insights principles integrated into OSC policies and programs



# Deliver effective compliance, supervision and enforcement

*The OSC will deliver effective compliance oversight and pursue fair, vigorous and timely enforcement*

Effective compliance and supervision programs, combined with timely enforcement, are essential to protect investors and foster trust and confidence in our capital markets. The OSC is committed to improving the efficiency and effectiveness of its compliance, supervision and enforcement processes and will protect the interests of investors by taking action against firms and individuals who do not comply with Ontario securities law. These activities help to deter misconduct and non-compliance by registrants and market participants.

## OUR PRIORITIES

### Protect investors and foster confidence in our markets by upholding strong standards of compliance with our regulatory framework

Our compliance work will be targeted through better use of data with reviews focused on higher risk areas. We will proactively identify registrants and issuers whose operations or structures may pose risks to retail investors and take appropriate regulatory action. We will also conduct targeted prospectus and continuous disclosure reviews of issuers, investment funds and structured products as they respond to market developments (e.g. cannabis) and engage in product innovations (e.g. cryptocurrencies). We will publish OSC staff guidance as warranted. In order to achieve the desired deterrent effect, we will need to make our actions highly visible and well understood by market participants and the public. Actions will include:

- Maintain effective oversight of registrants by conducting targeted compliance reviews focused on:
  - new registrants and high risk, problematic (for cause), large/high impact firms identified from the 2018 Risk Assessment Questionnaire (RAQ)

- sales practices of registrants
- emerging risk areas including evolving business models and expansion of the exempt market

- Update and issue the 2018 RAQ

### Increase deterrent impact of OSC enforcement actions and sanctions by actively pursuing timely and consequential enforcement cases involving serious securities laws violations

The OSC is focused on achieving enforcement case results that provide strong regulatory messages and are aligned with OSC strategic priorities. The OSC will build on the successes of enforcement tools such as our Joint Serious Offences Team (JSOT) program to identify serious breaches of Ontario securities law. The OSC is confident that enforcement tools such as no-contest settlements and the OSC Whistleblower program will produce effective and meaningful enforcement outcomes. The OSC is taking actions to aggressively pursue the collection of penalties and fines in order to maximize the intended deterrent impacts of its sanctions. To increase the visibility and deterrent impact of OSC enforcement the OSC will:

- Investigate and prosecute complex quasi-criminal and criminal matters that harm market integrity or erode confidence in Ontario's capital markets
- Focus on cases involving repeat offenders, fraudulent activity and other serious breaches of the Securities Act or violations of the Criminal Code
- Improve the efficiency and reduce the timelines of our enforcement efforts through:
  - streamlined investigative and prosecution processes
  - strategic case selection that is focused on core aspects of our regulatory framework –

- disclosure, governance, conflicts of interest and market integrity
- greater use of technology, including working with the CSA to develop a new market analytics platform for investigations
- by using data analytics tools and the expertise of strategic partners in law enforcement
- Continue to raise awareness of the OSC Whistleblower program including:
  - promoting better understanding of the anti-retaliation protections for whistleblowers
  - developing a more proactive outreach program to reach potential high value whistleblowers
- Improve the process for collection of unpaid monetary sanctions and continue a pilot program to collect unpaid monetary sanctions on a contingency basis

## MEASURES OF SUCCESS

- Compliance is improved by identifying significant areas of non-compliance and ensuring that these issues are resolved by registrants within agreed timelines, or by firms before registration is granted
- 2018 RAQ revised, completed and released on time
- Enhanced profile for the OSC Whistleblower program increases the number of credible tips
- Increased visibility of areas targeted for priority enforcement actions
- Enhanced market analytics capability generates more timely, accurate and actionable information for improved compliance and enforcement outcomes
- OSC collection presence is improved

## Deliver responsive regulation

*The OSC will identify important issues and deal with them in a timely way*

Market structures and products are evolving and becoming increasingly complex. The OSC must strive to maintain a responsive regulatory framework as it addresses regulatory challenges and developments. A key element in this process is active OSC participation in international regulatory forums. The OSC participates as a member of IOSCO and engages with other key regulatory authorities to develop international regulatory standards. Through these efforts the OSC obtains timely insights and understanding of emerging compliance and regulatory issues and provides input that helps shape regulatory responses that are aligned with and reflect the needs of the Canadian capital markets and its participants.

The OSC is investing to strengthen its data management capabilities to better understand and track the impacts of its regulatory actions and to support its "evidence-based approach" to policy development and regulatory oversight. The OSC will undertake a number of reviews of recently implemented regulatory reforms to assess whether expected results are being achieved and to identify opportunities for further regulatory changes to better achieve its regulatory objectives.

### OUR PRIORITIES

#### Work with fintech businesses to support innovation and capital formation through regulatory compliance

The pace of fintech innovation continues to escalate and is a key disruptive force in the financial services industry. Since October 2016, OSC LaunchPad, has actively engaged with the fintech community to provide support in navigating regulatory requirements. LaunchPad provides a forum to discuss proposed approaches, raise questions and educate fintech businesses about the regulatory requirements for which registration and/or exemptive relief may be needed. As part of the OSC's goal to keep regulation in step with digital

innovation, the OSC created a Fintech Advisory Committee, which advises the OSC LaunchPad team on developments in the fintech space as well as the unique challenges faced by fintech businesses in the securities industry.

The OSC will undertake the following initiatives to support the evolution of fintech businesses in Ontario:

- Support fintech innovation through OSC LaunchPad by:
  - Offering direct support to innovative businesses in navigating the regulatory requirements and potentially providing flexibility in how they meet their obligations including participating in the CSA regulatory sandbox
  - Working with FSRA to develop eligibility criteria and success measures for the Ministry of Finance (MOF) SuperSandbox
  - Fostering the use of cooperation agreements with other regulators to support Ontario firms seeking to expand into other jurisdictions
- Integrate learnings from working with innovative businesses and identify opportunities to modernize regulation for the benefit of similar businesses by:
  - Engaging the fintech community to better understand their needs and help them understand the regulatory requirements that apply to their businesses
  - Liaising with other international regulators that have similar innovation hub initiatives to better understand international trends and developments
  - Working with the OSC Fintech Advisory Committee to further understand the unique challenges raised with novel fintech businesses
- Continue to identify issues and potential regulatory gaps arising from cryptocurrency,

initial coin and similar offerings, and blockchain developments by:

- Conducting ongoing monitoring and reviews of reporting issuers with cryptocurrency and blockchain businesses including those seeking to become reporting issuers through reverse takeovers or initial public offerings and existing reporting issuers that are involved in change of businesses transactions
- Liaising with listing venues and the CSA to identify and discuss industry developments and consider the impact on disclosures
- Enhancing the guidance as to when initial coin and similar offerings involve securities

### **Implement additional investor protection measures for syndicated mortgage investments**

Syndicated mortgage investments are mortgages in which two or more persons participate as lenders in a debt obligation secured by the mortgage. Concerns have been raised about the current regulatory framework, including in a 2016 expert report to the Ministry of Finance reviewing the mandate of the FSCO. In response to these concerns, on April 27, 2016, the Ontario government announced its plan to update regulatory oversight of syndicated mortgage investments. The OSC is working with the Ontario government and FSCO to plan and implement changes to the oversight of syndicated mortgage product offerings.

Actions will include:

- On March 8, 2018, amendments to NI 45-106 Prospectus Exemptions and NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, that substantially harmonize the regulatory approach to syndicated mortgage offerings across CSA jurisdictions and introduce additional investor protections, were published for comment. OSC and CSA staff will consider comments received and work toward finalizing the amendments by March 2019
- Develop a plan for the registration and oversight by the OSC of certain market participants active in offering syndicated mortgages

### **Address opportunities to reduce regulatory burden while maintaining appropriate investor protections**

During the past year the OSC identified and assessed opportunities to reduce undue regulatory burden in terms of time and compliance costs without

compromising investor protection or the efficiency of the capital markets. These efforts also included looking at specific areas of securities legislation that may duplicate other requirements or may not be achieving our regulatory objectives, or where the regulatory burden may be disproportionate to the regulatory objectives that are being achieved.

Together with its CSA partners, the OSC will be taking the following steps to address these opportunities:

- Draft amendments to the rules to implement identified opportunities to reduce investment fund disclosure requirements
- Initiate key policy initiatives to streamline reporting issuer requirements, including potential draft rule amendments (where applicable), related to:
  - the criteria to file a business acquisition report
  - primary business requirements
  - at-the-market offerings
  - identified opportunities to reduce continuous disclosure requirements
  - consideration of a potential alternative prospectus model
- Identify opportunities to use technology and data to reduce regulatory burden (e.g. electronic delivery of documents)

### **Review the effectiveness of the disclosure requirements regarding women on boards and in executive officer positions (WOB) to determine if there is a need for further action**

The disclosure requirements set out in NI 58-101 *Disclosure of Corporate Governance Practices* have been in place for three annual reporting periods. The disclosure requirements are intended to increase transparency for investors and other stakeholders regarding the representation of women on boards and in executive officer positions, and the approach that specific TSX-listed issuers take in respect of such representation. This transparency is intended to assist investors when making investment and voting decisions.

The findings of the recent review of disclosure regarding women on boards and in executive officer positions are set out in CSA Multilateral Staff Notice 58-309 *Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices*. Of note, 61% of issuers had at least one woman on their

board and the overall percentage of board seats occupied by women was 14%.

In light of this experience, the OSC and its CSA partners are assessing the effectiveness of the disclosure requirements and in particular, are considering whether:

- Changes to the disclosure requirements are warranted and, if so, the nature of those changes
- Strengthening the existing “comply or explain” disclosure model with guidelines regarding corporate governance practices is warranted

To assist the OSC’s work, the OSC will continue to consult with stakeholders. From the OSC’s perspective, any action taken in this area is about promoting effective corporate governance and decision-making as diverse boards are better equipped to understand risks and recognize opportunities. It is important for our corporate governance regime to continue to be relevant, to encourage good governance and to provide investors with the information they need to make investment and voting decisions.

### **Actively monitor and assess impacts of recently implemented regulatory initiatives**

The OSC will review recently implemented regulatory reforms to confirm whether expected results are being achieved. Key areas of focus will include:

#### *The Client Relationship Model (CRM2) and Point of Sale (POS) initiatives*

The OSC will evaluate whether the CRM2 and POS projects achieved their shared objective of enhancing investors’ understanding of the costs and fees associated with investment products through:

- Continued participation in the CSA project measuring the post implementation impact of the CRM2 and POS initiatives

## **MEASURES OF SUCCESS**

- Greater use of creative regulatory approaches (e.g. limited registration and other exemptive relief) provides an environment for innovators to test their products, services and applications
- Ontario is viewed as a fintech innovation hub with a positive and supportive environment for investment
- CSA Regulatory Sandbox supports development of novel business models and facilitates more timely registration and exemptive relief processes for emerging firms
- Cryptocurrency, initial coin and related offerings, and blockchain issues and regulatory gaps are identified and addressed in a timely manner with minimal impacts on investors or disruptions to capital markets
- Enhanced guidance that defines when initial coin and similar offerings involve securities is published
- Time-to-market of novel fintech businesses is reduced while maintaining appropriate investor safeguards
- Capital formation and innovation supported through LaunchPad
- Transition plan for the updated oversight of syndicated mortgage offerings developed
- An update on the key findings of the review of next steps regarding the WoB initiative is published
- Analysis of the CRM2 and POS implementation identifies the impacts on investors and investment industry and confirms whether the policy projects achieved their stated goals. Applicable OSC/CSA policy is informed by the early results of the CRM2 impact analysis project
- Regulatory impact analyses completed for all SoP initiatives and other initiatives with significant stakeholder impact

## Promote financial stability through effective oversight

*The OSC will identify, address and mitigate systemic risk and promote stability*

Global capital markets are highly interconnected by technology and investment flows and this creates potential for global systemic risk. The OSC works with other regulators and market participants to identify and monitor potential financial stability risks and the resilience of financial markets. Through these actions the OSC is more aware and better able to understand points of integration and potential risks and ultimately better positioned to respond to systemic developments as they occur.

### OUR PRIORITIES

The OSC works with many domestic and international regulators to monitor and better understand the key components of systemic risk and how they interact. The OSC works with the Financial Stability Board and plays a strong leadership role within the International Organization of Securities Commissions (IOSCO). OSC staff chair the IOSCO committees focused on Regulation of Secondary Markets and Emerging Risks. Domestically, the OSC is connected to various regulators through the Heads of Agencies, which includes the Bank of Canada, the federal Department of Finance and The Office of the Superintendent of Financial Institutions. These interactions improve the resilience of our markets through shared communication and understanding of emerging topics such as digital innovation and other areas where our regulatory responsibilities intersect.

#### Enhance OSC systemic risk oversight

The OSC will enhance its internal identification and monitoring of trends and risks across various market segments and participants including -- equities, fixed income, OTC derivatives, trading platforms, clearing agencies and derivatives dealers. Identifying emerging risks in a timely manner leads to a better understanding of the key components of systemic risk and how they interact.

Actions will include:

- Continue to implement a framework for analyzing OTC derivatives data for systemic risk oversight and market conduct purposes including the development of analytical tools and the creation of snapshot descriptions of the Canadian OTC derivatives market
- Enhance OTC derivatives regulatory regime by:
  - Implementing rules for the segregation and portability of cleared OTC derivatives
  - Hosting a Business Conduct Rule roundtable
  - Republishing the Derivatives Business Conduct Rule for comment
  - Publishing Derivatives Dealer Registration rule
  - Publishing Margin for Uncleared Derivatives rule
  - Proposing amendments to trade reporting rule with respect to internationally adopted data standards
  - Conducting liquidity analyses on OTC derivative transactions to confirm public dissemination of trade details is appropriate and will not harm markets and market participants
- Propose amendments to clearing rules with respect to clearable products
- Conduct reviews of compliance with OTC Derivatives rules
- Publish a Staff Notice on the Derivatives Trade Reporting Compliance reviews regarding findings and areas for improvement
- Develop OSC/CSA regulatory regime for financial benchmarks and publish for comment a proposed rule to establish a Canadian regulatory regime for financial benchmarks
- Continue to develop the OSC's capabilities to monitor liquidity conditions in the corporate debt market.
- Identify, assess, monitor and address (as required) potential financial stability risks in Ontario's capital markets

- Respond to IOSCO’s recommendations on liquidity management and leverage measurements and reporting including an assessment of the industry’s readiness

**Promote cybersecurity resilience through greater collaboration with market participants and other regulators on risk preparedness and responsiveness**

Financial services providers are increasingly relying on advances in technology and access to data to support innovation and growth. Increased dependence on digital connectivity (e.g., online banking and mobile payment systems), combined with exponential growth and reliance on data and related storage remains a growing source of exposure to cyber risk. Increases in the number and sophistication of cyber-attacks pose a major and growing risk for market participants and regulators. Central elements of our markets, such as algorithmic trading systems, could potentially accelerate the speed and breadth of cybersecurity disruptions. Other more public impacts such as data breaches can include theft of sensitive or personal financial information and investor losses.

As the role of technology in delivering financial products and services grows, and firms adopt newer and evolving technologies, the level of cyber risks increases.

Cyber risk constitutes a growing and significant threat to the integrity, efficiency and soundness of our capital markets. Disruptions or incidents at specific firms may have broader systemic implications. Regulators, market participants, and other stakeholders must work together to enhance cyber security resilience. The OSC will continue to press market participants to maintain and improve their cyber defenses and resilience to respond to cyber-attacks by taking an active and central role in assessing and promoting readiness and supporting

cybersecurity resilience within the industry. To address this priority the OSC will:

- Promote cyber resilience through greater collaboration with market participants and regulators on risk preparedness and responsiveness
- Improve coordination in case of cyberattack or disruption by finalizing a market protocol

**MEASURES OF SUCCESS**

- OTC derivative framework in place and oversight reviews completed
- Exemption requests for segregation and portability rules handled expeditiously and preliminary monitoring completed on the effects of mandatory clearing and segregation and portability rules on the market
- Registration and business conduct rules and related amendments completed on time, requiring responsible market conduct in the OTC derivatives markets
- Improved awareness of potential systemic vulnerabilities that can impact or be impacted by Ontario's capital markets
- New risk controls are identified and implemented as result of internal OSC analysis and/or inter-agency collaboration
- Provide update on proposal for regulation of financial benchmarks
- Market disruption protocol finalized and published
- Evidence of improved cybersecurity awareness and growing cross-industry collaboration on cyber risk

## Be an innovative, accountable and efficient organization

*The OSC will be an innovative, efficient and accountable organization through excellence in the execution of its operations*

Market participants expect the OSC to use its resources efficiently. That is why improving the OSC's efficiency, effectiveness and business capabilities are always top priorities. The OSC is focused on strengthening its current and long-term capabilities through its people. We are undertaking a workforce planning process to be a proactive and agile securities regulator as the industry and environment continues to change. We will build our long-term capabilities by recruiting staff across a range of disciplines, and developing the skills and experience of our internal talent through formal training and experience-based learning.

The OSC will be transforming its regulatory business by increasing emphasis on effective collection, management and use of data. The OSC will be developing capabilities in data management and analytics and introducing new tools and techniques for analysing data. Improved technology and analytical tools will improve the efficiency, quality and timeliness of enforcement, and the OSC's ability to gather and analyze data and other information for compliance. As the OSC transitions to using new technology-based regulatory techniques and tools, there will be growing needs for capabilities focused on analytics and technology skills.

Proactive regulatory solutions, such as the Launchpad initiative, are examples of how regulators can support innovation and capital formation. We will continue to seek similar opportunities to improve our regulatory effectiveness. The OSC will pursue opportunities to provide more digital portals and e-forms and make interaction with us simpler. We are collaborating with our CSA partners to develop modern, more easily configurable systems to replace the current CSA national systems.

### OUR PRIORITIES

#### Develop and Implement a Strategic OSC Workforce Plan

The OSC will continue to develop the skills and experience of its staff to meet current and emerging needs by:

- Sustaining a workplace culture where employees have a sense of purpose and pride in their work, are productive, and enjoy being part of the OSC community
- Increasing efforts to identify, monitor, and manage talent risks to mitigate impact on operations
- Expanding its range of staffing approaches and employment relationships to increase its ability to attract, retain and leverage staff with specialized skills and experience
- Continuing to strengthen and build on succession planning and talent mapping practices to ensure a robust talent pipeline for critical roles across the organization
- Continuing to deliver targeted talent development programs including leadership, coaching and skills-based learning, thereby strengthening organizational performance

#### Enhance OSC business capabilities

The OSC will take the following actions to enhance its business capabilities:

- Develop and implement a comprehensive data strategy that will provide the foundation for increased reliance on enterprise-wide data management and analytics to support risk and evidence-based decision making by:
  - Developing clearly defined, approved and understood data strategies, policies, standards, procedures and metrics



- Improving staff efficiency and ability to generate quality work through: more accessible, cleaner, better organized data;
- enhanced data sharing; reduced time to access appropriate data; earlier identification of emerging risks/trends
- Working across the OSC to develop a community of practice focused on data analytics
- Enhance current e-filings portal to address inefficiencies in the way e-filings are captured and integrated into the financial information system

### **Work with Capital Markets Regulatory Authority (CMRA) partners on the transition of the OSC to the proposed CMRA**

The OSC views the proposed CMRA as an opportunity to enhance investor protection, foster efficient rulemaking and promote globally competitive markets in Canada.

The OSC will:

- Continue to work with participating jurisdictions and the proposed CMRA to develop a harmonized regulatory approach and seamless transition

- Maintain an engaged and effective regulatory presence including a cooperative interface with the CSA

### **MEASURES OF SUCCESS**

- Work structures reflect the evolving approach to policy and file work that draws upon multiple skills and expertise
- Lower turnover of staff with sought-after skill sets
- Demonstrated examples of information sharing and/or cross-branch collaboration result in reduced training costs and enhanced productivity in support of OSC goals
- OSC data governance framework implemented
- Consistent cross-Commission compliance with data policies, standards and procedures
- Business needs supported by improved ability to effectively identify, collect, manage and use data
- Demonstrated examples of greater reliance on data to support priority setting and more evidence-based, policy/operational decision-making
- The OSC is ready and able to transition to the proposed CMRA

## 2018 – 2019 Financial Outlook

### Budgeted Revenues and Surplus

The OSC is forecasting 2018–2019 revenues to be slightly lower (3.9%) than 2017–2018 actual revenues. The revenue forecast is based on fee rates which remained unchanged from 2017–2018 as set out in the OSC’s fee rules (13-502 and 13-503). Participation fees for 2018–2019 are projected to decrease 1.9% due to lower capital market growth assumptions. Activity fees and late fees are also projected to be lower in 2018–2019. Our activity fee revenue forecast is based on historical averages which are lower than 2017–2018 actual results.

The OSC expects an operating deficit in both 2018–2019 and 2019–2020. The operating deficit in 2018–2019 of \$6.9 million is forecasted to reduce the 2017–2018 ending surplus of \$55.8 million to \$48.9 million at the end of March 2019.

### Budgeted Expenditures

Our regulatory framework needs to remain current and responsive to the continuing evolution of market structures and products and be supportive of capital formation in Ontario. The OSC must carefully balance the desire to improve access to capital with the need to retain appropriate investor protections. The 2018–2019 SoP sets out the OSC’s key priorities to meet these challenges. Achievement of these priorities is a key driver of the increases to the 2018–2019 OSC operating and capital budgets as this will require focused investments in the following areas:

- to address emerging regulatory issues such as fintech, crypto-assets, initial coin offerings and capital raising in the cannabis sector
- for collections of monetary sanctions
- to continue the data management and information security programs and technology modernization
- oversight of syndicated mortgages and systemic risk
- facilities rehabilitation to optimize space utilization and accessibility.

Operating expenses are budgeted with an increase of 15.9% from 2017–2018 spending. Salaries and benefits, which comprise \$91.0 million or 72% of the budget, represent an increase of \$6.5 million or 7.7% over the prior year. The key reasons for this increase are approval of new positions to support the investments noted above and the impact of the annualized costs of the positions filled during 2017–2018. Project expenses deferred from 2017–2018 also contributed to the increase.

The increased capital budget reflects resources towards facilities rehabilitation, data management, information security, technology modernization and capital expenditures deferred from 2017–2018.

### Cash Flow Requirements

The OSC’s cash balance (excluding reserve funds) amounted to \$58.9 million at March 31, 2018. The OSC will begin drawing down on its cash position in fiscal 2018–2019 to support these focused multi-year initiatives. These programmes, in addition to our operating costs, are expected to reduce our cash position to \$28 million by March 2020, representing approximately three months of operating expenses.

Based on a review performed during 2017–2018, fee rates will remain unchanged for a two-year period beginning fiscal 2018–2019. Factors considered to arrive at the decision were the existing surplus, projected operating and capital expenditures, and the level of cash resources required to provide an adequate cash safety margin. While revenues are not expected to materially change over the next two years, expenditures are expected to increase each year to support our strategic initiatives, resulting in a reduction in our cash position.

<b>Excess/Deficiency of Revenues over Expenses (in millions)</b>	<b>2017-2018 Actual</b>	<b>2018-2019 Budget</b>	<b>Year Over Year Changes</b>	
Revenues	\$124.8	\$120.0	(\$4.8)	(3.8%)
Expenses	\$109.5	\$126.9	(\$17.4)	(15.9%)
Excess/(Deficit) of Revenues over Expenses	\$15.3	(\$6.9)	(\$22.2)	(145.4%)
Capital Expenditure	\$3.4	\$9.9	(\$6.5)	(191.2%)

\* Brackets in Year over Year Changes denote unfavourable changes



**1.5 Notices from the Office of the Secretary**

**1.5.1 Natural Bee Works Apiaries Inc. et al.**

**FOR IMMEDIATE RELEASE  
June 27, 2018**

**NATURAL BEE WORKS APIARIES INC.,  
TAWLIA CHICKALO,  
RINALDO LANDUCCI and  
ELISE MAXHELEAU,  
File No. 2018-7**

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

A copy of the Order dated June 27, 2018 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.5.2 Trans-Atlantic Direct et al.**

**FOR IMMEDIATE RELEASE  
July 3, 2018**

**TRANS-ATLANTIC DIRECT,  
TRD-EUROMARKETS S.L.,  
MARTIN SCHWARTZ,  
also known as MARTIN SHWARTZ,  
STEWART PRICE,  
BERNARD JUSTIN SEVILLA and  
MARK LEE SINGER, File No. 2018-39**

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

A copy of the Order dated July 3, 2018 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Globalive Capital Inc.

##### Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the take-over bid requirements in Part 2 of NI 62-104 in connection with proposed normal course purchases of common shares – Filer acquired a large block of the issuer’s common shares in connection with the issuer’s Qualifying Transaction – Filer is seeking flexibility to purchase additional common shares in the market and to provide liquidity – Filer granted relief to acquire common shares in the normal course provided that such purchases satisfy the requirements of section 4.1 of NI 62-104, except that, for the purpose of calculating the 5% purchase limit, common shares acquired by the Filer pursuant to the issuer’s Qualifying Transaction will be excluded.

##### Applicable Legislative Provisions

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

June 27, 2018

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  
GLOBALIVE CAPITAL INC.  
(the “Filer”)

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for an exemption, pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (“**NI 62-104**”), from the requirements applicable to take-over bids in Part 2 of NI 62-104 in connection with certain normal course market purchases of common shares (“**Common Shares**”) of Globalive Technology Inc. (the “**Issuer**”) by the Filer (the “**Exemption Sought**”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in Alberta and British Columbia (together with Ontario, the “**Jurisdictions**”).

## Interpretation

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

## Representations

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

1. The Filer is a corporation incorporated under the laws of the Province of Ontario with a registered head office located at 48 Yonge Street, Suite 1200, Toronto, Ontario, M5E 1G6.
2. The Filer is not a reporting issuer or a registrant in any jurisdiction in Canada.
3. The Issuer is a corporation amalgamated under the laws of the Province of Ontario with its head office located at 48 Yonge Street, Suite 1200, Toronto, Ontario, M5E 1G6 and registered office located at East Tower, Bay Adelaide Centre, 22 Adelaide Street West #3400, Toronto, Ontario, M5H 4E3. The Issuer is a reporting issuer in the Jurisdictions.
4. The Issuer's authorized share capital consists of an unlimited number of Common Shares without par value. As of June 8, 2018, 136,536,212 Common Shares were issued and outstanding.
5. The Common Shares are listed for trading on the TSX Venture Exchange (the "**TSXV**"). Based on the closing price of \$0.97 for the Common Shares on the TSXV on June 22, 2018, the current market capitalization of the Issuer is approximately \$132,440,126.
6. The Issuer completed its Qualifying Transaction (as defined in TSXV Policy 2.4) on June 8, 2018, pursuant to which it acquired all of the common shares ("**GTP Shares**") of Globalive Technology Partners Inc. ("**GTP**"), by way of a three-cornered amalgamation. Pursuant to the Qualifying Transaction, each shareholder of GTP exchanged all of its GTP Shares for Common Shares on a one-for-one basis. GTP amalgamated with a subsidiary of the Issuer, and the amalgamated entity was immediately amalgamated with the Issuer.
7. GTP was a corporation incorporated under the laws of the Province of Ontario on December 7, 2017. The registered head office of GTP was located at East Tower, Bay Adelaide Centre, 22 Adelaide Street West #3400, Toronto, Ontario, M5H 4E3.
8. GTP was not a reporting issuer in any jurisdiction and none of GTP's securities were listed for trading on any marketplace. Immediately prior to the closing of the Qualifying Transaction, there were 135,812,422 GTP Shares issued and outstanding.
9. The Issuer and GTP were acting at arm's length in agreeing to, and completing, the Qualifying Transaction.
10. Immediately prior to the closing of the Qualifying Transaction, the Filer: (a) beneficially owned and controlled 56,403,402 GTP Shares, representing approximately 41.5% of the issued and outstanding GTP Shares; and (b) had voting control over, but not beneficial ownership of, 41,672,528 GTP Shares, representing approximately 30.7% of the issued and outstanding GTP Shares. In aggregate, prior to the closing of the Qualifying Transaction, the Filer had voting control over approximately 72.2% of the issued and outstanding GTP Shares.
11. Pursuant to the Qualifying Transaction, the Filer: (a) exchanged the 56,403,402 GTP Shares that it beneficially owned and controlled for 56,403,402 Common Shares, representing approximately 41.3% of the issued and outstanding Common Shares; and (b) obtained voting control over, but not beneficial ownership of, 41,672,528 Common Shares, representing approximately 30.5% of the issued and outstanding Common Shares. In aggregate, upon completion of the Qualifying Transaction, the Filer had voting control over approximately 71.8% of the issued and outstanding Common Shares.
12. The Filer has not acquired any Common Shares subsequent to the completion of the Qualifying Transaction.
13. As a result of the Common Shares having been acquired by the Filer pursuant the Qualifying Transaction, the Filer beneficially owns, and exercises control or direction over, more than 20% of the issued and outstanding Common Shares. As such, any additional acquisitions of Common Shares by the Filer would constitute a take-over bid under NI 62-104 requiring the Filer to comply with the formal take-over bid requirements in Part 2 of NI 62-104, unless an exemption from those requirements is available.



14. The Filer is unable to acquire additional Common Shares through normal course purchases in the market in reliance on the take-over bid exemption in section 4.1 of NI 62-104 (the "**Normal Course Purchase Exemption**") until June 8, 2019, being the date which is 12 months after the date that the Filer acquired beneficial ownership of, and control or direction over, Common Shares pursuant to the Qualifying Transaction. The Filer would like the flexibility to acquire additional Common Shares by way of market purchases through the facilities of the TSXV prior to June 8, 2019.
15. Subject to applicable law, and depending on the prices at which the Common Shares are trading, the Filer intends to acquire Common Shares pursuant to normal course market purchases.
16. The interest of the Filer in being able to acquire Common Shares is not to increase its control position in the Issuer, but instead to preserve its ability to purchase Common Shares, depending on the prices at which Common Shares are trading, and to provide liquidity to the market.
17. The Filer does not have any current intention of making a take-over bid for all of the issued and outstanding Common Shares, or otherwise acquiring all of the issued and outstanding Common Shares by way of a plan of arrangement or other similar transaction.
18. The Filer will not purchase Common Shares at any time when it has knowledge of any material fact or material change about the Issuer which has not been generally disclosed.
19. The Issuer is aware that an application has been submitted for the Exemption Sought. Management of the Issuer and the Issuer's independent directors support the Exemption Sought on the basis that normal course purchases of the Common Shares will provide additional liquidity in the market.

**Decision**

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the acquisitions of Common Shares by the Filer in the market comply with the Normal Course Purchase Exemption, except that, for the purpose of determining the number of Common Shares acquired by the Filer within the 12-month period preceding the date of any such purchase of Common Shares in the market, the Common Shares acquired by the Filer pursuant to the Qualifying Transaction shall be excluded in the calculation of acquisitions of Common Shares otherwise made by the Filer within the previous 12-month period.

"Naizam Kanji"  
Director, Office of Mergers & Acquisitions  
Ontario Securities Commission

## 2.1.2 White Gold Corp.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from requirement to include historical financial statements in a business acquisition report for acquisition of entities holding dormant mining claims with existing liabilities – historical financial statements for mining claims not previously prepared – filer granted relief to include alternative financial information.

### Applicable Legislative Provisions

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

June 19, 2018

**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  
WHITE GOLD CORP.  
(the Filer)**

**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision, pursuant to section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), that the requirements of section 8.4 of NI 51-102 and Item 3 of Form 51-102F4 *Business Acquisition Report* (**Form 51-102F4**) not apply to Filer, in so far it would require the Filer to provide certain historical financial statements in respect of its acquisition of the Entities (defined below) holding the Properties (defined below) that constitutes a significant acquisition, together with an auditor's report on such financial statements (the **Requested Relief**).

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

- (i) the Ontario Securities Commission is the principal regulator for this application (the **Principal Regulator**); and
- (ii) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of Alberta and British Columbia (together with Ontario, the **Jurisdictions**).

### Interpretation

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

### Representations

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

1. The Filer was incorporated on March 29, 1987. The Filer is a corporation, the common shares of which (**Shares**) are listed on the TSX Venture Exchange. The principal business of the Filer is the acquisition and exploration of properties which are prospective for mineral resources.

2. The head office of the Filer is located 82 Richmond Street East, Toronto, Ontario.
3. The Filer is a reporting issuer under the Legislation in each of Ontario, Alberta and British Columbia.
4. On June 14, 2017 (the **Closing Date**), the Filer completed the acquisition (the **Acquisition**) of entities (**Entities**) holding an aggregate of 4,280 mineral claims known as the White Gold, Black Fox, JP Ross, Yellow and Battle properties located in the White Gold District of the Yukon Territory (collectively, the **Properties**) from Kinross Gold Corporation (**Kinross**), for aggregate consideration of \$10,000,000 in cash, the issuance of 17,500,000 Shares to Kinross and up to \$15,000,000 in deferred payments specifically related to the advancement of the Properties. Certain of the Properties are subject to two annual advance royalty payments in the amounts of \$100,000 and \$30,000, respectively, that are payable each year until the commencement of commercial production (the **Advance Royalty Payments**) and three pre-existing net smelter returns royalties equal to 4%, 2% and 2%, respectively, each relating to different claims and each subject to different reduction options. The Filer's acquisition of the Properties from Kinross was conducted at arm's length.
5. In connection with the issuance of the 17,500,000 Shares to Kinross pursuant to the Acquisition, Kinross and the Filer entered into an investor rights agreement pursuant to which, and subject to certain conditions, Kinross has the right to participate in any future equity offerings by the Filer in order to maintain its proportionate interest in the Filer, and to nominate one person to the board of directors of the Filer. Until such time as Kinross beneficially owns less than 10% of the Shares for the first time following completion of the Acquisition, the Filer will have a right to designate a purchaser of first instance in the event that Kinross wishes to sell a block of more than 5% of the issued and outstanding Shares. Kinross is also subject to a standstill restriction until December 13, 2018 which prohibits Kinross from taking certain actions, including acquiring more than 19.99% of the issued and outstanding Shares, subject to certain exceptions.
6. Previous exploration work on the Properties was conducted by (i) Underworld Resources Inc. (**Underworld**), a prior owner of such properties; and (ii) Kinross.
7. In 2010, Underworld reported an historical Mineral Resource estimate of 1,004,570 ounces contained in 9.80 Mt at a grade of 3.19 g/t Au in an Indicated category with an additional 407,410 ounces contained in 5.02 Mt at a grade of 2.5 g/t Au in an Inferred category on the Golden Saddle zone of the White Gold property comprising part of the Properties. At the Arc zone of the White Gold property, the initial Mineral Resource included 170,470 ounces contained within 4.37 Mt at a grade of 1.21 g/t Au in the Inferred category.
8. Kinross purchased Underworld shortly after the above-noted historical Mineral Resource on the White Gold property was released in 2010, and explored the Properties from 2010 to 2012. In 2013, Kinross released the results of a further historical Mineral Resource estimate on the Golden Saddle zone of the White Gold property, reporting a Mineral Resource of 840,000 ounces within 9.79 Mt at a grade of 2.67 g/t Au in the Indicated category, with an additional 125,000 ounces within 2.17 Mt at a grade of 1.8 g/t Au in the Inferred category.
9. Both Underworld's and Kinross' above-noted Mineral Resource estimates on the White Gold property (collectively, the **Mineral Resources**) are considered historical estimates and the Filer is not treating them as current Mineral Resources, and only as potential indications of mineralization in the region.
10. The Filer is advised that no exploration work has been conducted on the Properties during the two years immediately preceding the date of this application. All funds expended in connection with the Properties during such period have been spent on maintaining ownership of the Properties and making the Advance Royalty Payments.
11. The Filer has disclosed the historic Mineral Resources in a press release dated May 18, 2017 as filed on SEDAR, together with all additional available material scientific and technical information concerning the Properties, which disclosure has been prepared in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**).
12. Although the Acquisition constitutes the acquisition of a "business" for the purpose of Part 8 of NI 51-102, the only acquired assets are mining claims. The Acquisition would constitute a "significant acquisition" by the Filer as determined in accordance with section 8.3 of NI 51-102. As a result, the Filer will be required to file a business acquisition report (**BAR**) in respect of the Acquisition, including financial statements of the acquired business in accordance with such instrument.
13. Section 8.4 of NI 51-102 requires that the Filer include in the BAR the following financial statements for the Entities:
  - (a) comparative annual financial statements, including:
    - (i) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for (i) the audited annual period ended December 31, 2016; and (ii) the annual period ended December 31, 2015;

- (ii) an audited statement of financial position as at December 31, 2016;
    - (iii) a statement of financial position as at December 31, 2015; and
    - (iv) notes to the annual financial statements; and
  - (b) an interim financial report for March 31, 2017 and 2016.
14. Kinross has advised the Filer that the Entities did not constitute a material component of its operations for accounting purposes, and, as a result, Kinross did not prepare or maintain audited stand-alone financial statements specific to the Entities.
15. The Filer has been further advised by Kinross that it is impracticable to prepare full or “carve-out” financial statements for the Entities in accordance with the requirements under section 8.4 of NI 51-102 for the following reasons:
- (a) Kinross did not maintain sufficiently detailed records for the Entities necessary to prepare the full financial statements for the Entities;
  - (b) the Entities represented an inconsequential part of the operations of Kinross. The Filer understands that the estimated value attributable to the Entities for the year ended December 31, 2016 comprised less than 1% of Kinross’ total assets for such year of approximately US\$7,979,300,000;
  - (c) the Entities were integrated into other businesses of Kinross and did not represent a separate reporting or operating segment of Kinross. Accordingly, Kinross is unable to systematically isolate discrete financial information or objectively allocate certain corporate expenses to the Entities and, as a result, any allocation would be subjective; and
  - (d) due to frequent personnel turnover at Kinross, the current staff is unable to adequately provide any more information concerning the Entities than what is already contained in the insufficient financial records noted above.
16. The records are insufficiently detailed to extract information specific to the Entities as would be required to produce the financial statements as set out in Part 8 of NI 51-102 and, in the Filer’s view, it is impracticable to do so. As a result of the factors set out above, the assumptions and estimates required for the Filer to “carve-out” a complete set of financial statements for the Entities would by necessity be arbitrary and speculative and undermine the reliability of those statements. Any such statements would not reflect the true nature of the Entities or be useful to shareholders or investors.
17. The Filer proposes to include in the BAR the consolidated audited financial statements of the Filer for the years ended December 31, 2017 and 2016 which incorporate the Properties and Entities as “exploration and evaluation assets” of the Filer for such period, and which contain a summary of the Acquisition as further detailed in Note 5 thereto, all as prepared in accordance with International Financial Reporting Standards and as accompanied by a duly executed audit opinion (the **2017 Financial Statements**).
18. The Filer believes that the 2017 Financial Statements will provide investors with sufficient information material to their understanding of the Properties and Entities.

**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 Request Relief is granted.

“Sonny Randhawa”  
Deputy Director, Corporate Finance  
Ontario Securities Commission

### 2.1.3 PharmaChoice East Ltd.

#### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus requirement – Filer serves as a management group for the benefit of Members who are independently owned and operated retail pharmacies – Only Members may acquire shares – Prior to a proposed amalgamation, Filer proposes to issue common shares for the purposes of harmonizing its capital structure with the other amalgamating corporation to facilitate the amalgamation – Members will receive one (1) Class “A” common share for the subscription price of \$1.00 per share, for and in respect of each pharmacy operated by a Member, up to a maximum of five (5) class “A” common shares – Members are not making an investment decision and will receive information about the Filer – Relief granted subject to conditions.

#### Applicable Legislative Provisions

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

June 1, 2018

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

AND

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

AND

IN THE MATTER OF  
PHARMACHOICE EAST LTD.  
(the Filer)

DECISION

#### Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the prospectus requirements in the Legislation in connection with the issuance of Class “A” shares (the **Shares**) of the Filer to Members (as defined below) (the **Exemption Sought**).

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

- a) the Nova Scotia 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 New Brunswick, Newfoundland and Labrador and Prince Edward Island, 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* 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:

## Decisions, Orders and Rulings

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1. The Filer was incorporated under the *Companies Act* (Nova Scotia) on October 26, 1998.
2. The Filer continued its corporate existence under the *Canada Business Corporations Act* (Canada) (the **CBCA**) pursuant to articles of continuance (the **Articles**) and by-laws (the **By-laws**) dated February 21, 2018.
3. The Filer's head office is in Dartmouth, Nova Scotia.
4. The Filer is not at present, and does not intend to become, a reporting issuer in any jurisdiction.
5. The Filer is not in default of securities legislation in any jurisdiction, except that the Filer has not confirmed the availability of an exemption from the prospectus requirements of the securities laws in the Jurisdictions in respect of past distributions of Shares to the initial incorporator of the Filer in trust and to the directors of the Filer in trust.
6. There is no public market for the Shares in any jurisdiction, the Shares are not traded on any marketplace as defined in National Instrument 21-101 *Marketplace Operation*, and the Shares are issued only to or for the benefit of Members (as defined below).
7. The Filer serves as a management group for independently owned and operated pharmacies in Nova Scotia, Ontario, New Brunswick, Newfoundland and Labrador and Prince Edward Island.
8. The Filer enters into a membership agreement (**Membership Agreement**) with each of the independent retail pharmacy owners (**Members**).
9. As of the date of the Application, the Filer had 322 Members.
10. To become a Member, a person or company must be a "retail pharmacy business" which: (a) enters into the Membership Agreement, (b) receives approval from the Filer's board of directors, and (c) complies with all legal requirements governing the practice of pharmacy and the operation of pharmacies in the applicable jurisdiction.
11. The Membership Agreement provides for Members receiving certain entitlements, including: (a) using the PharmaChoice tradename, trademark and logos; (b) participating in a centralized merchandising program operated by the Filer; (c) participating in a centralized promotion and advertising program operated by the Filer; and (d) receiving professional support services from the Filer (collectively, the **Programs**).
12. The structure permits Members to benefit from the efficiencies and economies of scale that result from the centralized purchasing of pharmacy-related goods and services, while retaining the ability to independently own and operate their own retail pharmacy.
13. The Membership Agreement permits members to resign and to terminate all obligations under the Membership Agreement by providing the Filer with sixty (60) days prior written notice.
14. The Filer's authorized capital consists of an unlimited number of Class "A", Class "B", and Class "C" shares.
15. The Filer's issued capital consists of 101 Shares registered in the name of "Board of Directors of PharmaChoice East Ltd., from time to time in trust."
16. The Membership Agreement and the Articles restrict the right to transfer the Shares.
17. The Articles provide that upon termination of a Member's participation in the Filer, the Filer will purchase for cancellation the Share held by the Member for \$1.00.
18. The Articles require the directors to convene Members' meetings to vote on matters requiring shareholder approval.
19. The directors, in their capacity as the sole shareholders of the Filer, are required to cast the votes for the Shares they collectively hold in trust in accordance with the wishes of and in the same percentages as expressed by the Members at Members' meetings.
20. The Membership Agreement entitles a Member to receive one (1) vote on each matter requiring its approval for and in respect of each pharmacy owned by or associated with the Member, provided that not more than five (5) votes may be cast in respect of pharmacies owned or associated with the Member.
21. The Articles restrict the Filer from declaring or issue dividends in the ordinary course.

## Decisions, Orders and Rulings

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22. The Filer may, if authorized by its board of directors, distribute profits or other advantages earned by the Filer to the Members in the form of "patronage dividends" in proportion to each Member's participation in the Programs under the Membership Agreement.
23. Patronage dividends represent any net benefits of membership under the Membership Agreement and are not dividends on the Shares.
24. The Filer may, with shareholder approval by special resolution, declare and issue dividends in connection with a full or partial wind-up of its operations or other fundamental change in the business of the Filer.
25. Upon the Decision Makers granting the Exemption Sought and upon the Members approving the proposed amalgamation of the Filer with another corporation (the **Amalgamation**), the Filer intends to distribute one Share to each Member for and in respect of each pharmacy operated by the Member up to a maximum of five Shares for consideration of one dollar (\$1.00) per Share in order to facilitate the Amalgamation.
26. The Filer has considered whether, under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* and the Legislation, it could be considered to be engaged in or holding itself out as engaging in the business of trading in securities and therefore required to register as a dealer, rely on an exemption from the dealer registration requirement or seek exemptive relief from the dealer registration requirement. In light of the particular facts and circumstances of the Filer, including the fact that it does not hold itself out as being in the business of trading in securities, does not trade in securities frequently, does not receive any remuneration for trading in securities, does not act in an intermediary capacity, does not produce or intend to produce a distinct profit from trading in securities, and does not employ or otherwise contract with persons to perform activities on its behalf that are similar to those performed by a registrant, and having considered the guidance in section 1.3 of the Companion Policy to NI 31-103, the Filer has concluded that it should not be considered to be engaged in registrable activities and therefore does not require relief from the dealer registration requirement of the Legislation.

### Decision

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

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

- a) prior to the issuance of Shares to a Member, the Filer delivers to the Member:
  - i. copies of the Articles and By-laws, a copy of the Filer's most recent audited annual financial statements, and a copy of the most recent interim financial statements; and
  - ii. a copy of this decision document;
- b) the Filer delivers to each Member a statement to the effect that, as a consequence of the decision, certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission or damages, will not be available to the Member and that certain restrictions are imposed on the subsequent disposition of the Shares;
- c) the Filer prepares and sends audited financial statements to each Member on an annual basis;
- d) prior to the issuance of Shares to a Member, the Member shall have executed a copy of the Membership Agreement;
- e) the Exemption Sought shall cease to be effective if any of the provisions of the Articles or the Membership Agreement relevant to the Exemption Sought (including the provisions relating to the transferability of the Shares) are amended in any material respect without prior written notice to, and consent of, the Decision Makers; and
- f) the first trade in any Share by a Member to a person or company other than the Filer is deemed to be a distribution.

"Shirley P. Lee"  
Vice-Chair  
Nova Scotia Securities Commission

## 2.1.4 MAV Beauty Brands Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer granted relief from certain restricted security requirements under National Instrument 41-101 General Prospectus Requirements, National Instrument 44-101 Short Form Prospectus Distributions, and National Instrument 51-102 Continuous Disclosure Obligations – relief granted subject to conditions.

OSC Rule 56-501 Restricted Shares – Issuer granted relief from certain restricted share requirements under OSC Rule 56-501 – relief granted subject to conditions.

### Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, ss. 12.2, 12.3, 19.1.

Form 41-101F1 Information Required in a Prospectus, ss. 1.13, 10.6.

National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.

Form 44-101F1 Short Form Prospectus, ss. 1.12, 7.7.

National Instrument 51-102 Continuous Disclosure Obligations, Part 10 and s. 13.1.

OSC Rule 56-501 Restricted Shares, Parts 2 and 3, and s. 4.2.

June 27, 2018

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  
MAV BEAUTY BRANDS INC.  
(the Filer)

DECISION

### Background

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

- a) Section 12.2 of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), relating to the use of restricted security terms, and sections 1.13 and 10.6 of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) and sections 1.12 and 7.7 of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**) relating to restricted security disclosure shall not apply to the common shares in the capital of the Filer (the **Common Shares**) (the **Prospectus Disclosure Exemption**) in connection with: (i) a final long-form prospectus in connection with the Filer's initial public offering (the **Prospectus**); and (ii) other prospectuses (**Other Prospectuses**) that may be filed by the Filer under NI 41-101 or National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**), including a prospectus filed under National Instrument 44-102 *Shelf Distributions*;
- b) Section 12.3 of NI 41-101 relating to prospectus filing eligibility for distributions of restricted securities shall not apply to distributions of Common Shares (the **Prospectus Eligibility Exemption**) in connection with Other Prospectuses;
- c) Part 10 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) relating to the use of restricted security terms and restricted security disclosure shall not apply to the Common Shares (the **CD**



**Disclosure Exemption**) in connection with continuous disclosure documents (the **CD Documents**) that may be filed by the Filer under NI 51-102;

- d) Part 2 of OSC Rule 56-501 *Restricted Shares* (**OSC Rule 56-501**) relating to the use of restricted share terms and restricted share disclosure shall not apply to the Common Shares (the **OSC Rule 56-501 Disclosure Exemption**) in connection with dealer and adviser documentation, rights offering circulars and offering memoranda (**OSC Rule 56-501 Documents**) of the Filer; and
- e) Part 3 of OSC Rule 56-501 relating to the withdrawal of prospectus exemptions for distributions of restricted shares shall not apply to the distribution of the Common Shares (the **OSC Rule 56-501 Withdrawal Exemption**) in connection with stock distributions (as defined in OSC Rule 56-501) of the Filer.

The Prospectus Disclosure Exemption, the Prospectus Eligibility Exemption, the CD Disclosure Exemption, the OSC Rule 56-501 Disclosure Exemption and the OSC Rule 56-501 Withdrawal Exemption are collectively referred to as the **Exemption Sought**.

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

- a) the Ontario Securities Commission is the principal regulator for this Application; and
- b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, the Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Quebec, Saskatchewan and the Yukon Territory (other than with respect to the OSC Rule 56-501 *Disclosure Exemption* and the OSC Rule 56-501 *Withdrawal Exemption*), which, pursuant to subsection 8.2(2) of National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (**NP 11-202**) and subsection 5.2(6) of National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**), also satisfies the notice requirement of Section 4.7(1)(c) of MI 11-102.

### Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, NP 11-202, NP 11-203, NI 41-101, NI 44-101, NI 51-102 and OSC Rule 56-501 have the same meaning if used in this decision, unless otherwise defined.

### Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (British Columbia) and is not a reporting issuer in any province or territory of Canada.
2. The registered office of the Filer is located at 666 Burrard Street, Suite 1700, Vancouver, BC V6C 2X8 and its head office is located in Concord, Ontario.
3. The Filer filed a preliminary long form prospectus dated May 22, 2018 with the securities regulatory authorities in each of the provinces and territories in Canada in connection with its initial public offering (**IPO**). Upon completion of the IPO, the Common Shares will be listed on the Toronto Stock Exchange (**TSX**).
4. The Filer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of proportionate voting shares (**PV Shares**) (together with the Common Shares, the **Shares**) and an unlimited number of preferred shares, issuable in series. Upon completion of the IPO, the Filer's only issued and outstanding subject securities (as defined in NI 41-101, NI 51-102, and OSC Rule 56-501) will be the PV Shares.
5. The Common Shares may at any time, at the option of the holder thereof, be converted into PV Shares on the basis of one thousand (1,000) Common Shares for one PV Share.
6. The PV Shares may at any time, at the option of the holder thereof, be converted into Common Shares on the basis of one thousand (1,000) Common Shares for one PV Share.
7. Each PV Share is entitled to dividends if, as and when dividends are declared by the board of directors, on the following basis, and otherwise without preference or distinction among or between the Shares: each PV Share will be entitled to one thousand (1,000) times the amount paid or distributed per Common Share.

8. In the event of the liquidation, dissolution or winding-up of the Filer, the holders of Shares are entitled to participate in the distribution of the remaining property and assets of the Filer on the following basis, and otherwise without preference or distinction among or between the Shares: each PV Share will be entitled to one thousand (1,000) times the amount distributed per Common Share.
9. The holders of the Common Shares and PV Shares are entitled to receive notice of, attend and vote at any meeting of shareholders of the Filer, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the BCBCA.
10. The Common Shares carry one vote per share for all matters coming before the shareholders of the Filer and the PV Shares carry one thousand (1,000) votes per share for all matters coming before shareholders of the Filer.
11. The rights, privileges, conditions and restrictions attaching to the Shares may be modified if the amendment is authorized by not less than 66⅔% of the votes cast at a meeting of holders of the Shares duly held for that purpose. However, if the holders of PV Shares, as a class, or the holders of Common Shares, as a class, are to be affected in a manner materially different from such other class of Shares, the amendment must, in addition, be authorized by not less than 66⅔% of the votes cast at a meeting of the holders of the class of shares which is affected differently.
12. No subdivision or consolidation of the Common Shares or PV Shares may be carried out unless, at the same time, the Common Shares or PV Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each class of Shares.
13. In addition to the conversion rights described above, if an offer (the **Offer**) is being made for PV Shares where: (a) by reason of applicable securities legislation or stock exchange requirements, the offer must be made to all holders of the class of PV Shares; and (b) no equivalent offer is made for the Common Shares, the holders of Common Shares have the right, at their option, to convert their Common Shares into PV Shares for the purpose of allowing the holders of the Common Shares to tender to that offer.
14. In the event that holders of Common Shares are entitled to convert their Common Shares into PV Shares in connection with an Offer, holders of an aggregate of Common Shares of less than 1,000 (an **Odd Lot**) will be entitled to convert all but not less than all of such Odd Lot of Common Shares into a fraction of one PV Share, at a conversion ratio equivalent to 1,000 to 1, provided that such conversion into a fractional PV Share will be solely for the purpose of tendering the fractional PV Share to the offer in question and that any fraction of a PV Share that is tendered to the Offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Common Shares that existed prior to such conversion.
15. The Filer has received relief from the TSX for a decision that the Common Shares are exempt from Section 624 – Restricted Securities of the TSX Company Manual and confirmation that it may refer to its Common Shares as common shares (the **TSX Relief**).
16. The Filer is seeking the Exemption Sought in respect of, among other things, references to the Common Shares in the Prospectus, Other Prospectuses and CD Documents.
17. Section 12.2 of NI 41-101 requires that an issuer must not refer to a security in a prospectus by a term or a defined term that includes the word “common” unless the security is an equity security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are not less, per security, than the voting rights attached to any other outstanding security of the issuer.
18. Section 12.3 of NI 41-101 requires that an issuer must not file a prospectus under which restricted securities, subject securities or securities that are, directly or indirectly, convertible into, or exercisable or exchangeable for, restricted securities or subject securities, are distributed unless:
  - a. the distribution has received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer, or
  - b. at the time of any restricted security reorganization related to the securities to be distributed:
    - i. the restricted security reorganization received prior majority approval of the securityholders of the issuer in accordance with applicable law, including approval on a class basis if required and excluding any votes attaching at the time to securities held, directly or indirectly, by affiliates of the issuer or control persons of the issuer,

- ii. the issuer was a reporting issuer in at least one jurisdiction, and
  - iii. no purposes or business reasons for the creation of restricted securities were disclosed that are inconsistent with the purpose of the distribution.
19. Pursuant to NI 51-102, a “restricted security” means an equity security of a reporting issuer if any of the following apply:
- a. there is another class of securities of the reporting issuer that, to a reasonable person, appears to carry a greater number of votes per security relative to the equity security,
  - b. the conditions of the class of equity securities, the conditions attached to another class of securities of the reporting issuer, or the reporting issuer’s constating documents have provisions that nullify or, to a reasonable person appear to significantly restrict the voting rights of the equity securities or
  - c. the reporting issuer has issued another class of equity securities that, to a reasonable person, appears to entitle the owners of securities of that other class to participate in the earnings or assets of the reporting issuer to a greater extent, on a per security basis, than the owners of the first class of equity securities.
20. Section 10.1 of NI 51-102 requires a reporting issuer that has outstanding restricted securities, or securities that are directly or indirectly convertible into or exercisable or exchangeable for restricted securities or securities that will, when issued, result in an existing class of outstanding securities being considered restricted securities, to provide specific disclosure with respect to such securities in its information circular, a document required by NI 51-102 to be delivered upon request by a reporting issuer to any of its securityholders, an annual information form prepared by the reporting issuer as well as any other documents that it sends to its securityholders.
21. Section 2.2 of OSC Rule 56-501 requires dealer and adviser documentation to include the appropriate restricted share term if restricted shares and the appropriate restricted share term or a code reference to restricted shares or the appropriate restricted share term are included in a trading record published by the Toronto Stock Exchange or other exchange listed in OSC Rule 56-501 or a trade reporting and quotation system operated by The Canadian Dealing Network Inc.
22. Section 2.3 of OSC Rule 56-501 requires that a rights offering circular or offering memorandum for a stock distribution prepared for a reporting issuer comply with certain requirements including, among others, the restricted shares may not be referred to by a term or a defined term that includes “common”, “preference” or “preferred” and that such shares shall be referred to using a term or a defined term that includes the appropriate restricted share term.
23. Section 3.2 of OSC Rule 56-501 provides that the prospectus exemptions under Ontario securities law are not available for a stock distribution of securities of a reporting issuer or an issuer if the issuer will become a reporting issuer as a result of the stock distribution unless either the stock distribution received minority approval of shareholders or all the conditions set out in subsection 3.2(2) are satisfied and the information circular relating to the shareholders’ meeting held to obtain such minority approval for the stock distribution included prescribed disclosure. Pursuant to section 4.2 of OSC Rule 56-501, the Director may determine that the Filer is exempt from Parts 2 and 3 of OSC Rule 56-501.
24. The multiple votes attaching to the PV Shares would, absent the Exemption Sought, have the following consequences in respect of the technical status of the Common Shares:
- a. pursuant to subsection 12.2(1) of NI 41-101, the Filer would be unable to use the word “common” to refer to the Common Shares in a prospectus because the PV Shares would represent a security to which are attached voting rights exercisable in all circumstances, irrespective of the number or percentage of securities owned, that are more, per security, than the voting rights attached to the Common Shares,
  - b. the Common Shares could be considered “restricted securities” pursuant to para. (a) of the definition of the term in NI 51-102 and the Filer would be required to provide the specific disclosure required by NI 51-102 in respect of the Common Shares because the PV Shares would represent another class of securities of the Filer that, to a reasonable person, appears to carry a greater number of votes per security relative to the Common Shares, and
  - c. the Common Shares would be considered “restricted shares” pursuant to OSC Rule 56-501 and the Filer would be subject to the dealer and advisor documentary disclosure obligations and distribution restrictions of OSC Rule 56-501 because the PV Share would represent a security to which is attached voting rights exercisable in all circumstances, irrespective of the number or percentage of shares owned, that are more, on a per share basis, than the voting rights attaching to the Common Shares of the Filer.

25. Following completion of the IPO, the Common Shares would be “restricted securities” as defined in NI 41-101 and NI 51-102, and “restricted shares” as defined in OSC Rule 56-501, solely as a result of the PV Shares.

**Decision**

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

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

- a) in connection with the Prospectus Disclosure Exemption as it applies to the Prospectus, at the time the Filer relies on the Exemption Sought:
  - (i) representations 4 to 15, above, continue to apply;
  - (ii) the Filer has no restricted securities (as defined in section 1.1 of NI 41-101) issued and outstanding other than the Common Shares; and
  - (iii) the Prospectus includes disclosure consistent with representations 4 to 15 above;
- b) in connection with the Prospectus Disclosure Exemption and the Prospectus Eligibility Exemption as they apply to the Other Prospectuses, at the time the Filer relies on the Exemption Sought:
  - (i) representations 4 to 15, above, continue to apply;
  - (ii) the Filer has no restricted securities (as defined in section 1.1 of NI 41-101) issued and outstanding other than the Common Shares; and
  - (iii) the Other Prospectuses include disclosure consistent with representations 4 to 15 above;
- c) in connection with the CD Disclosure Exemption as it applies to the CD Documents, at the time the Filer relies on the Exemption Sought:
  - (i) representations 4 to 15, above, continue to apply; and
  - (ii) the Filer has no restricted securities (as defined in subsection 1.1(1) of NI 51-102) issued and outstanding other than the Common Shares;
- d) in connection with the OSC Rule 56-501 *Disclosure Exemption* as it applies to the OSC Rule 56-501 Documents, at the time the Filer relies on the Exemption Sought:
  - (i) representations 4 to 15, above, continue to apply; and
  - (ii) the Filer has no restricted shares (as defined in section 1.1 of OSC Rule 56-501) issued and outstanding other than the Common Shares;
- e) in connection with the OSC Rule 56-501 *Withdrawal Exemption*, at the time the Filer relies on the Exemption Sought:
  - (i) representations 4 to 15, above, continue to apply; and
  - (ii) the Filer has no restricted shares (as defined in section 1.1 of OSC Rule 56-501) issued and outstanding other than the Common Shares.

“Jo-Anne Matear”  
Manager, Corporate Finance  
Ontario Securities Commission

## 2.1.5 Canadian Imperial Bank of Commerce and CIBC Securities Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the requirement in s.3.2.01 of NI 81-101 to deliver a fund facts document to investors who purchase mutual fund securities of a high net worth series pursuant to switches from a regular retail series upon meeting certain eligibility requirements based on the amount of the investor's investments – The high net worth series securities are identical to regular retail series securities except that the high net worth series offer lower management fees based on the investor's investment amounts in eligible accounts – Investment fund manager initiating switches on behalf of investors when their investments satisfy eligibility requirements of the high net worth series – Switches between series of a fund are distributions of securities which trigger the requirement to deliver a fund facts document – Relief granted from requirement to deliver a fund facts document to investors for purchases of high net worth series securities made pursuant to such switches subject to compliance with certain notification and prospectus and fund facts disclosure requirements – National Instrument 81-101 Mutual Fund Prospectus Disclosure.

### Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 3.2.01, 6.1.

June 28, 2018

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  
CANADIAN IMPERIAL BANK OF COMMERCE  
(the Filer)

AND

CIBC SECURITIES INC.  
(the Representative Dealer)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirement in the Legislation for a dealer to deliver or send the most recently filed fund facts document (**Fund Facts**) in the manner as required under the Legislation (the **Pre-sale Fund Facts Delivery Requirement**) in respect of the purchases of a High Net Worth Class (as defined below) securities of the Funds (as defined below) that are made pursuant to Lower Fee Switches (as defined below) (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission 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, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon (the **Other Jurisdictions**, together with the Jurisdiction, the **Jurisdictions**).

### Interpretation

Terms defined in NI 81-102, 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:

#### *The Filer*

1. The Filer is a Schedule 1 Canadian chartered bank governed by the *Bank Act* (Canada) with its head office in Toronto, Ontario.
2. The Filer is registered as an investment fund manager in Newfoundland and Labrador and Québec.
3. The Filer is the manager of the CIBC mutual funds (the **Existing Funds**), each of which is subject to the requirements of National Instrument 81-102 *Investment Funds (NI 81-102)*. The Filer may in the future become the manager of additional funds that are subject to the requirements of NI 81-102 (the **Future Funds**, and together with the Existing Funds, the **Funds** and, individually a **Fund**).
4. The head office of the Representative Dealer is located in Toronto, Ontario.
5. The Representative Dealer is an affiliate of the Filer, registered as a mutual fund dealer in the Jurisdictions.
6. Securities of the Funds are, or will be, distributed through dealers (**Dealers** or individually, a **Dealer**) who may or may not be affiliated with the Filer, including the Representative Dealer.
7. Each Dealer is, or will be, registered as a dealer in one or more of the provinces and territories of Canada. Other than Dealers who are registered as exempt market dealers, the Dealers are, or will be, members of either the Investment Industry Regulatory Organization of Canada or the Mutual Fund Dealers Association of Canada.
8. Neither the Filer nor the Representative Dealer is in default of the securities legislation in any of the Jurisdictions.

#### *The Funds*

9. Each Fund is, or will be, an open-end mutual fund trust created under the laws of the Province of Ontario.
10. Each Fund is, or will be, a reporting issuer under the laws of the Jurisdictions. The securities of the Funds have, are, or will be, qualified for distribution pursuant to a simplified prospectus, Fund Facts and annual information form that have been, or will be, prepared and filed in accordance with National Instrument 81-101 Mutual Fund Prospectus Disclosure (**NI 81-101**). The units of the Funds are referred to herein collectively as "**Securities**" and individually as a "**Security**".
11. The Existing Funds currently offer up to 9 classes of Securities: Class A, Class T4, Class T8, Class F, Class D, Class O, Institutional Class and Premium Class under a simplified prospectus, Fund Facts and annual information form dated July 5, 2017, as amended July 21, 2017. The Filer may offer additional classes in the future.
12. Certain Existing Funds that offer Class A also offer Premium Class Securities.
13. Premium Class Securities, and any future applicable high net worth class securities (each, a **High Net Worth Class**) of the Funds generally have or will have lower management fees than Class A Securities, and any future applicable retail class securities (each, a **Retail Class**) and is or will be only available to investors who have invested in a single account at least \$100,000 (CAD) in the CIBC Canadian T-Bill Fund or the CIBC Money Market Fund, or at least \$100,000 (USD) in the CIBC U.S. Dollar Money Market, or at least \$50,000 (CAD) or (USD), as applicable, in any other individual Fund (**Eligibility Criteria**), and where a High Net Worth Class is available for the applicable Fund.
14. The Existing Funds are not in default of securities legislation in any of the Jurisdictions.

#### *Automatic Switches*

15. The Filer is starting a program effective on or about July 23, 2018 (the **Implementation Date**) whereby investors holding Retail Class Securities of a Fund in a single account or holding, in aggregate, the Retail Class Securities and the High Net Worth Class Securities of the same Fund in a single account, will automatically be switched into the High Net Worth

Class Securities of that same Fund if they meet the Eligibility Criteria and would benefit from lower fees. The Filer will automatically switch the Retail Class holders into the High Net Worth Class (the **Lower Fee Switches**) on a weekly basis without the dealer or investor having to initiate the trade. If an investor holding High Net Worth Class Securities of a Fund in a single account ceases to meet the Eligibility Criteria, the Filer may switch the High Net Worth Class back into the applicable Retail Class Securities of that same Fund without the dealer or investor initiating the trade (the **Higher Fee Switches**, and together with the Lower Fee Switches, the **Automatic Switches**).

16. The Lower Fee Switches will generally take place when the investor purchases additional Securities in a single account or when positive market movement moves the investor's account holdings into High Net Worth Class eligibility.
17. The Higher Fee Switches may occur because of redemptions of High Net Worth Class Securities within an account that decrease the amount of total investments with the Filer for purposes of calculating the investor's eligibility for High Net Worth Class Securities. However, in no circumstances will market value declines lead to Higher Fee Switches.
18. Once an investor holding Retail Class Securities in a single account has qualified for the High Net Worth Class and the Filer has initiated a Lower Fee Switches, the investor will continue to enjoy the benefit of lower fees associated with the applicable High Net Worth Class Securities, even if market performance reduces High Net Worth Class Securities value within the account below the Eligibility Criteria.
19. Investors may access High Net Worth Class Securities of a Fund by (a) initially investing in High Net Worth Class Securities if they meet the Eligibility Criteria or (b) initially investing in Retail Class Securities and then, upon meeting the Eligibility Criteria, having those Retail Class Securities be switched into High Net Worth Class Securities by way of a Lower Fee Switch.
20. Investors may access Retail Class Securities of a Fund by (a) initially investing in Retail Class Securities or (b) initially investing in High Net Worth Class Securities and then, upon no longer meeting the Eligibility Criteria for the High Net Worth Class Securities, having those High Net Worth Class Securities be switched into Retail Class Securities by way of a Higher Fee Switch.
21. The trailing commission for the High Net Worth Class will be lower than the trailing commission on the Retail Class.
22. Further to each Lower Fee Switch, an investor's account would continue to hold Securities in the same Fund(s) as before the Automatic Switch, with the only material differences to the investor being that the fees charged for the High Net Worth Class Securities would be lower than those charged for Retail Class Securities.
23. The Filer will monitor whether an investor meets, or continues to meet, the Eligibility Criteria as of the second last business day that the Filer's head office in Toronto is open for business (a "Business Day") of each week. In addition, the Filer will monitor whether an investor, who has met the Eligibility Criteria, has made any new investments in the Retail Class Securities, as of the second last Business Day of the week. The Lower Fee Switches, however, will be carried out on the last Business Day of the week.
24. Further to each Higher Fee Switch, an investor's account would continue to hold Securities in the same Fund(s) as before the Automatic Switch, with the only material differences to the investor being that the management fees charged for the Retail Class Securities would be higher than those charged for High Net Worth Class Securities.
25. There are no sales charges, switch fees or other fees payable by the investor upon an Automatic Switch.
26. Implementation of the Automatic Switches will have no adverse tax consequences on investors under current Canadian tax legislation.

**Delivery requirements**

27. Each Automatic Switch will entail (a) a redemption of the Retail Class security, immediately followed by a purchase of the High Net Worth Class Security, or (b) a redemption of the High Net Worth Class Security, immediately followed by a purchase of the corresponding Retail Class Security. Each purchase of Securities done as part of an Automatic Switch will be a "distribution" under the *Securities Act* (Ontario), which triggers the Pre-Sale Fund Facts Delivery Requirement.
28. Pursuant to the Pre-Sale Fund Facts Delivery Requirement, a dealer is required to deliver the most recently filed Fund Facts of a class of a Fund to an investor before the dealer accepts an instruction from the investor for the purchase of securities of that class of the fund.
29. In the absence of the Exemption Sought, the Filer may not carry out the Lower Fee Switches without compliance with the Pre-Sale Fund Fact Delivery Requirement.

**Reasons supporting the Exemption Sought**

30. While the Filer will initiate each trade done as part of an Automatic Switch, the Filer does not propose to deliver the Fund Facts to investors in connection with the purchase of Securities made pursuant to a Lower Fee Switch for the following reasons:
  - (a) an investor holding Retail Class Securities in a single account that qualifies for High Net Worth Class Securities will not pay management fees at a rate higher than the rate of the management fees of the Retail Class Securities for which it initially subscribed; and
  - (b) since Retail Class securityholders would have received a Fund Facts disclosing the higher level of fees which applied to the Retail Class for which they initially subscribed, the investor would derive little benefit from receiving a further Fund Facts document for each Lower Fee Switch.
31. The dealer will be required to deliver the Retail Class Fund Facts to investors in connection with the purchase of Retail Class Securities made pursuant to a Higher Fee Switch, as required by the Pre-Sale Fund Facts Delivery Requirement.
32. The Filer will deliver, or will arrange for the delivery by the Dealers, of trade confirmations to investors in connection with each trade done further to an Automatic Switch. Furthermore, details of the changes in classes of Securities held will be reflected in the account statements sent to investors for the quarter in which the change occurred.
33. The Filer will disclose the eligibility requirements and the management fees applicable to the Retail Class and the High Net Worth Class in the simplified prospectus.
34. The Filer will communicate with Dealers about the Lower Fee Switches so that Dealers will be equipped to appropriately notify existing Retail Class investors of the changes applying to their Retail Class investments and appropriately advise new Retail Class investors about the Lower Fee Switches.

**Decision**

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

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

1. For investors invested in the Retail Class prior to the Implementation Date, the Filer will liaise with the relevant Dealers to devise and implement a notification plan for such investors regarding the Automatic Switches to communicate the following:
  - (a) that their investment may be switched to a High Net Worth Class with lower fees upon meeting the applicable Eligibility Criteria;
  - (b) that other than a difference in fees, there will be no other material difference between the Retail Class and the High Net Worth Class;
  - (c) that if they cease to meet the Eligibility Criteria for High Net Worth Class, their investment may be switched into a series with higher management fees which will not exceed Retail Class fees; and
  - (d) that they will not receive the Fund Facts when they purchase Securities further to a Lower Fee Switch, but that
    - (i) they may request the most recently filed Fund Facts for the relevant class by calling a specified toll-free number or by sending a request via email to a specified address;
    - (ii) the most recently filed Fund Facts will be sent or delivered to them at no cost;
    - (iii) the most recently filed Fund Facts may be found either on the SEDAR website or on the Filer's website; and
    - (iv) they will not have the right to withdraw from an agreement of purchase and sale (a **Withdrawal Right**) in respect of a purchase of class Securities made pursuant to a Lower Fee Switch, but they will have the right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant class contains a misrepresentation, whether or not they request the Fund Facts.



2. the Filer will incorporate disclosure in the Prospectus for the Retail Class and the High Net Worth Class that sets out the following:
  - (a) the eligibility requirements for both the Retail Class and the High Net Worth Class;
  - (b) the management fees applicable to investments in both the Retail Class and the High Net Worth Class; and
  - (c) in the event investors cease to meet the Eligibility Criteria of a specified High Net Worth Class, that their investment may be switched into a class with higher management fees which will not exceed the applicable Retail Class fees.
3. In each Fund Facts for the Retail Class and the High Net Worth Class, the Filer will disclose:
  - (a) under the heading “How much does it cost?”, a summary of the Automatic Switches program, consisting of:
    - (i) a statement explaining that the Automatic Switches program offers a management fee decrease;
    - (ii) in the case of the Retail Class only, a statement explaining the scenarios in which the Lower Fee Switches will be made;
    - (iii) a statement that Higher Fee Switches may be made due to the investor no longer meeting the Eligibility Criteria;
    - (iv) a cross-reference to the disclosure described below under paragraph 3(a)(vi);
    - (v) a cross-reference to the more detailed disclosure in the simplified prospectus for more information about the program; and
    - (vi) a statement disclosing that investors should speak to their representative for more details about the program.(b) at the end of the disclosure under the sub-heading “Fund Expenses”, a statement that discloses the management fee decrease of the applicable High Net Worth Class from the management fee of the applicable Retail Class, shown in percentage terms.
4. For Retail Class investors, the Filer sends these investors an annual reminder notice advising that they will not receive the Fund Facts when they purchase High Net Worth Class Securities further to a Lower Fee Switch, but that
  - (a) they may request the most recently filed Fund Facts for the relevant class by calling a specified toll-free number or by sending a request via email to a specified address;
  - (b) the most recently filed Fund Facts will be sent or delivered to them at no cost;
  - (c) the most recently filed Fund Facts may be found either on the SEDAR website or on the Filer’s website; and
  - (d) they will not have a Withdrawal Right in respect of a purchase of class Securities made pursuant to a Lower Fee Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant class contains a misrepresentation, whether or not they request the Fund Facts.
5. The Filer will provide to the principal regulator, on an annual basis, beginning 60 days after the date upon which the Fund Facts Delivery Relief is first relied upon by a Dealer, either:
  - (a) a current list of all such Dealers that are relying on the Exemption Sought; or
  - (b) an update to the list of such Dealers or confirmation that there has been no change to such list.
6. Prior to a Dealer relying on the Exemption Sought, the Filer provides to the Dealer a disclosure statement informing the Dealer of the implications of this decision.

“Stephen Paglia”  
Manager  
Investment Funds and Structured Products Branch  
Ontario Securities Commission

**2.1.6 Northwest & Ethical Investments L.P. and Credential Asset Management Inc.**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the requirement in s. 3.2(2), NI 81-101 to deliver a fund facts document to investors for purchases of mutual fund securities of certain series under automatic switching programs – Tiered series offering lower combined management and administration fees than the introductory series, as applicable, that the investor initially purchased securities in, based on the size of a fund investment – Investment fund manager initiating automatic switches in and out of tiered series on behalf of investors when their investments satisfy or cease to meet eligibility requirements of tiered series – Automatic switches between series of a fund triggering a distribution of securities which requires delivery of a fund facts document – Relief granted from the requirement to deliver a fund facts document to investors for purchases of series securities made under automatic switching programs subject to compliance with certain notification and disclosure requirements in the simplified prospectus and fund facts document – Relief granted from the requirement to prepare a fund facts document for each series of securities of a mutual fund in accordance with the form requirements in Form 81-101F3 and the requirement that the fund facts document contain only information that is specifically required or permitted to be in Form 81-101F3 so that the fund facts document delivered to investors in the automatic switching program will provide disclosure relating to the automatic switching program and the tiered series of the fund, subject to certain conditions.

**Applicable Legislative Provisions**

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 3.2.01, 4.1(3)(a) and (d), 6.1.

June 28, 2018

**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  
NORTHWEST & ETHICAL INVESTMENTS L.P.  
(NEI)**

**AND**

**IN THE MATTER OF  
CREDENTIAL ASSET MANAGEMENT INC.  
(the Representative Dealer, and together with NEI, the Filers)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from NEI on behalf of each existing mutual fund listed in Schedule "A" (collectively, the **Existing Funds**) and any mutual fund that NEI may manage in the future (the **Future Funds**, and together with the Existing Funds, the **Funds** and each, a **Fund**) and the Representative Dealer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting:

- (a) each dealer who trades in securities of the Funds (a **Dealer**) from the requirement in section 3.2.01 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure (NI 81-101)* for a dealer to deliver or send the most recently-filed fund facts document (a **Fund Facts**) before the dealer accepts an instruction from a purchaser for the purchase of a security (the **Pre-Sale Fund Facts Delivery Requirement**) in respect of purchases of Fee Tier Series (defined below) or Main Series (defined below) securities of the Funds that are made pursuant to Automatic Switches (defined below) (the **Fund Facts Delivery Relief**); and

- (b) the Funds from the requirement in section 2.1 of NI 81-101 to prepare a Fund Facts in the form of Form 81-101F3 *Contents of Fund Facts Document (Form 81-101F3)*, to permit the Funds to deviate from certain requirements in Form 81-101F3 in order to prepare a Multiple Fund Facts Document (as defined below) that includes the Program Disclosure (as defined below) (the **Multiple Fund Facts Relief**, and together with the Fund Facts Delivery Relief, the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for the application; and
- (b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in each of the other provinces and territories of Canada (together with the Jurisdiction, the **Jurisdictions**).

### Interpretation

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

### Representations

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

#### **NEI**

1. NEI is a limited partnership governed by the laws of the province of Ontario with its head office in Toronto, Ontario. The general partner of NEI is Northwest & Ethical Investments Inc. Northwest & Ethical Investments Inc. is a wholly-owned subsidiary of Aviso Wealth Inc. (**Aviso**). Aviso is a wholly-owned subsidiary of Aviso Wealth LP, which in turn is 50% owned by Desjardins Financial Holdings Inc. and 50% owned by a limited partnership owned by the five Provincial Credit Union Centrals and CUMIS Group Limited.
2. NEI is registered as an investment fund manager in British Columbia, Newfoundland and Labrador, Ontario and Québec, as a portfolio manager and a commodity trading manager in Ontario, and as an exempt market dealer in British Columbia, Ontario, Québec and Saskatchewan.
3. NEI is the manager, trustee and portfolio manager of the Existing Funds and will be the manager and/or trustee of any Future Funds.
4. NEI is not in default of securities legislation in any of the Jurisdictions.

#### **The Funds**

5. Each Fund is, or will be, an open-end mutual fund trust created under the laws of Ontario or an open-end mutual fund that is a class of shares of a mutual fund corporation incorporated under the laws of Ontario.
6. Each Fund is, or will be, a reporting issuer under the laws of the Jurisdictions and subject to National Instrument 81-102 *Investment Funds*. The securities of the Funds are, or will be, qualified for distribution pursuant to a simplified prospectus, annual information form and Fund Facts that have been, or will be, prepared and filed in accordance with NI 81-101 (the **Prospectus**). The securities of the Existing Funds are currently offered under a simplified prospectus, annual information form and Fund Facts dated June 8, 2017, as amended. The simplified prospectus and annual information form are expected to be renewed on or about June 18, 2018.
7. Each of the Existing Funds currently offers Series A, Series F and Series I securities. Certain of the Existing Funds also offer Series B, Series T, Series P and Series PF securities. Series A and Series F securities, together with additional series NEI may offer in the future which have higher combined management and fixed administration fees than the Fee Tier Series (defined below) are referred to herein as the **Main Series**.
8. Series A securities of the Existing Funds, other than NEI Money Market Fund and NEI Conservative Yield Portfolio, are currently offered under four different purchase options, including a front-end sales charge option (**Front-end option**). Series A securities of NEI Money Market Fund and NEI Conservative Yield Portfolio, and Series P securities of the Existing Funds are only offered under the Front-end option. Under the Front-end option, investors may have to pay a negotiated commission of up to 5% to their dealer at the time they purchase securities, while under the various other

sales charge options, no commission is paid by the investor at the time of purchase, but the investor will be required to pay a deferred sales charge if they redeem within specified time periods.

9. Series F securities of the Funds are intended for investors participating in programs that do not require the payment of sales charges by investors and do not require the payment of trailing commissions to investment professionals or dealers from NEI.
10. Series P and Series PF securities of the Funds are charged lower management fees than the Main Series. Series P and Series PF securities are only available to investors who have a minimum investment amount of \$100,000 on an account basis in certain of the investor's account(s) as set forth in the Prospectus. Series P and Series PF securities of the Funds, together with additional series NEI may offer in the future which have lower combined management and fixed administration fees than the Main Series, are referred to herein as the **Fee Tier Series**.
11. The Existing Funds are not in default of securities legislation in any of the Jurisdictions.

***The Representative Dealer***

12. Securities of the Funds are, or will be, distributed through Dealers who may or may not be affiliated with NEI, including the Representative Dealer.
13. The Representative Dealer is a member of the Mutual Fund Dealers Association of Canada and is registered in the category of mutual fund dealer in each of the provinces of Canada.
14. Each Dealer is, or will be, registered as a dealer in one or more of the Jurisdictions. Other than Dealers who are registered as exempt market dealers, the Dealers are, or will be, members of either the Investment Industry Regulatory Organization of Canada or the Mutual Fund Dealers Association of Canada.
15. The Representative Dealer is not in default of securities legislation in any of the Jurisdictions.

***The Automatic Switch Program***

16. NEI proposes to implement a preferred pricing program (the **Automatic Switch Program**) based on the value of the holdings of the Funds in an investor's account(s). The Automatic Switch Program is expected to go into effect on or about June 28, 2018 (the **Implementation Date**), and includes an automatic switch feature between certain Main Series and the Fee Tier Series.
17. NEI proposes to automatically switch investors in Series A (who purchased their securities under the Front-end option) into Series P once their account(s) meets the minimum investment threshold for Series P, and to switch investors in Series F into Series PF once their account(s) meets the minimum investment threshold for Series PF, where such Series P and Series PF securities of a Fund are available. In addition, for any Main Series created in the future, NEI may create corresponding Fee Tier Series, which will feature lower combined management and fixed administration fees compared to the Main Series. Any future Fee Tier Series will feature similar minimum investment thresholds as described above for Series P and Series PF securities. NEI will automatically switch investors in any future Main Series into their corresponding Fee Tier Series once they meet the applicable minimum investment threshold for such Fee Tier Series.
18. Under the Automatic Switch Program, NEI will program its system to monitor each investor's account(s) on a periodic basis to determine which Fee Tier Series the investor qualifies for and automatically switch (an **Automatic Switch**) the investor's investments to the appropriate Fee Tier Series or Main Series, without the Dealer or investor having to initiate the trade, as described in representations #19 and #20 below.
19. NEI intends to calculate an investor's holdings after each transaction, so that if an investor passes the minimum investment threshold for a Fee Tier Series after a purchase, or dips below the minimum investment threshold for a Fee Tier Series after a redemption, NEI will effect an automatic switch to the Main Series or Fee Tier Series of the same Fund, as applicable. Additionally, if on the last day of a month, the market value of an investor's holdings exceeds the minimum investment threshold for a Fee Tier Series, NEI will automatically switch the investor from the Main Series to the Fee Tier Series of the same Fund. NEI anticipates that such monitoring and automatic switching may occur more frequently in the future.
20. Once an investor has qualified for a Fee Tier Series, the investor will continue to enjoy the benefit of lower combined management and fixed administration fees associated with such Fee Tier Series, unless the investor redeems sufficient securities that their account holdings fall below such Fee Tier Series' minimum investment threshold. In such a case, NEI will switch the investor from the Fee Tier Series to the corresponding Main Series of a Fund (subject to the exception described in paragraph 21 below). However, if an investor's account holdings fall below a Fee Tier Series' minimum

investment threshold due to negative fund performance, that investor will continue to enjoy the benefit of lower combined management and fixed administration fees associated with such Fee Tier Series.

21. Existing investors in Series P and Series PF as at the Implementation Date will be exempt from the Automatic Switch Program. They will not be switched into Series A and Series F (as applicable) if their account holdings fall below \$100,000.
22. Further to each Automatic Switch to the appropriate Fee Tier Series, an investor would continue to hold securities in the same Fund(s) with the only material difference to the investor being that the combined management and fixed administration fees associated with the Fee Tier Series will be lower than those associated with the previously-held Main Series, for which the investor originally subscribed or acquired.
23. Further to each Automatic Switch to the appropriate Main Series, an investor would continue to hold securities in the same Fund(s) with the only material difference to the investor being that the combined management and fixed administration fees associated with the Main Series will be higher than those associated with the previously-held Fee Tier Series.
24. The Automatic Switches have no adverse tax consequences on investors under current Canadian tax legislation.
25. No sales charges, switch fees or other fees will be payable by the investor upon an Automatic Switch.
26. The trailing commissions for a Main Series and its corresponding Fee Tier Series will be the same.

***Fund Facts Delivery Relief***

27. Each Automatic Switch will entail a redemption of securities of Main Series securities or Fee Tier Series securities, as the case may be, immediately followed by a purchase of securities of the applicable Fee Tier Series securities or Main Series securities of the same Fund, as the case may be. Each purchase of securities completed as part of an Automatic Switch will be a "distribution" under the Legislation that triggers the Pre-Sale Fund Facts Delivery Requirement.
28. After the Implementation Date, a Multiple Fund Facts Document (as defined below) containing the Program Disclosure (as defined below) will be delivered to investors before their first purchase of Main Series securities of a Fund or, if eligible, securities of a Fee Tier Series of a Fund in accordance with the Pre-Sale Fund Facts Delivery Requirement.
29. While NEI will initiate each trade done as part of the Automatic Switches, each Dealer does not propose to deliver a Multiple Fund Facts Document to investors in connection with the switch into Fee Tier Series or Main Series made pursuant to Automatic Switches since:
  - (a) holders of Main Series securities as at the Implementation Date would have received a Fund Facts disclosing the higher level of fees which applied to the particular series of securities for which they initially subscribed;
  - (b) holders of Fee Tier Series securities as at the Implementation Date will be exempt from the Automatic Switch Program. They will not be switched into the applicable Main Series if their account holdings fall below the minimum investment threshold; and
  - (c) after the Implementation Date, new purchasers of Main Series, securities of a Fund or, if eligible, securities of a Fee Tier Series of a Fund, would have, upon their initial purchase of such securities, received a Multiple Fund Facts Document incorporating all relevant information about all series of the applicable Program Set (as defined below), and investors would derive little benefit from receiving a further Multiple Fund Facts Document for each Automatic Switch.
30. Although each Dealer does not propose to deliver a Multiple Fund Facts Document (as defined below) to investors in connection with each Automatic Switch, the most recently filed Multiple Fund Facts Document (as defined below) for each series will still be available to investors on NEI's website.
31. Trade confirmations will be delivered to investors in connection with each trade done further to an Automatic Switch. Details of the changes in series of securities held will be reflected in the account statements sent to investors for the month in which the Automatic Switch occurred.
32. Prior to the Implementation Date, NEI will include details about the Automatic Switch Program in the simplified prospectus, annual information form and Fund Facts of the Existing Funds at renewal on or about June 18, 2018.
33. NEI will communicate extensively with Dealers and their advisors about the Automatic Switches so that Dealers and their advisors will be equipped to appropriately notify existing investors in the Main Series of the Automatic Switches applying to their investments and to appropriately advise new investors of the Automatic Switch Program.

34. In the absence of the Fund Facts Delivery Relief, the Automatic Switches are not capable of being implemented without compliance with the Pre-Sale Fund Facts Delivery Requirement.

**Multiple Fund Facts Relief**

35. NEI proposes to prepare, for each of the Funds, a single, Multiple Fund Facts document (a **Multiple Fund Facts Document**) for each set of Main Series and their corresponding Fee Tier Series (each, a **Program Set**).
36. Each Multiple Fund Facts Document will include the information required by Form 81-101F3 for each of the series in the applicable Program Set, except for the past performance section, which will only disclose past performance data of the applicable Main Series, as further described below.
37. Specifically, for each Multiple Fund Facts Document, NEI proposes to deviate from the following requirements in Form 81-101F3:
- (a) General Instructions (10) and (16), to permit the Multiple Fund Facts Document to be the Fund Facts for, and disclose information relating to, each of the series in the applicable Program Set, except as further described below;
  - (b) Item 1(c.1) of Part I, to permit the Multiple Fund Facts Document to name each of the series in the applicable Program Set in the heading;
  - (c) Item 1(e) of Part I, to permit the Multiple Fund Facts Document to name each of the series in the applicable Program Set in the introduction to the Fund Facts;
  - (d) Instruction (0.1) of Item 2 of Part I, to permit the Multiple Fund Facts Document to identify the fund codes of each of the series in the applicable Program Set;
  - (e) Instruction (1) of Item 2 of Part I, to permit the Multiple Fund Facts Document to list the date that each of the series in the applicable Program Set first became available to the public;
  - (f) Instruction (3) of Item 2 of Part I, to permit the Multiple Fund Facts Document to disclose the management expense ratio (the **MER**) of only the applicable Main Series in the applicable Program Set;
  - (g) Instruction (6) of Item 2 of Part I, to permit the Multiple Fund Facts Document to specify the minimum investment amount for only the applicable Main Series in the applicable Program Set;
  - (h) General Instruction (8), to permit the Multiple Fund Facts Document to include a footnote under the “Quick Facts” table that:
    - (1) states that the Fund Facts pertains to all of the series in the applicable Program Set;
    - (2) cross-references the “How much does it cost?” section of the Fund Facts for further details about the Automatic Switch Program;
    - (3) cross-references the fee decrease table under the subheading “Fund expenses” of the Fund Facts for further details about the minimum investment amount for each of the Fee Tier Series in the applicable Program Set; and
    - (4) cross-references the fund expenses table under the “Fund expenses” subsection of the Fund Facts document for further details about the MER for each of the Fee Tier Series securities in the applicable Program Set;
  - (i) Item 5(1) of Part I, to permit the Multiple Fund Facts Document to:
    - (1) reference only the applicable Main Series in the introduction under the heading “How has the fund performed?”; and
    - (2) include, as a part of the introduction, disclosure explaining that the performance for each of the applicable Fee Tier Series in the Program Set would be similar to the performance of the corresponding Main Series, but would vary as a result of the difference in fees compared to the corresponding Main Series, as set out in the fee decrease table under the subheading “Fund expenses”;

- (j) Instruction (4) of Item 5 of Part I, to permit a Multiple Fund Facts Document to show the required performance data under the sub-headings “Year-by-year returns,” “Best and worst 3-month returns,” and “Average return” relating only to the applicable Main Series;
- (k) Item 1(1.1) of Part II, to permit a Multiple Fund Facts Document to:
  - (1) refer to all of the series in the applicable Program Set in the introductory statement under the heading “How much does it cost?”; and
  - (2) include, as a part of the introductory statement, a summary of the Automatic Switch Program, consisting of:
    - (a) a statement explaining that the Automatic Switch Program offers separate series of securities that charge lower combined management and administration fees than the corresponding Main Series;
    - (b) a statement explaining the scenarios in which the Automatic Switches will be made, including Automatic Switches made due to the investor no longer meeting the eligibility requirements for a particular Fee Tier Series;
    - (c) a statement explaining that an investor will not pay higher combined management and administration fees than those charged to the applicable Main Series as a result of the Automatic Switches;
    - (d) a cross-reference to the fee decrease table under the subheading “Fund expenses”;
    - (e) a cross-reference to specific sections of the simplified prospectus of the Funds for more details about the Automatic Switch Program; and
    - (f) a statement disclosing that investors should speak to their representative for more details about the Automatic Switch Program;
- (l) Instruction (1) of Item 1 of Part II, to permit a Multiple Fund Facts Document to refer to all of the series in the applicable Program Set in the introduction under the subheading “Sales charges”, if applicable;
- (m) Item 1(1.3)(2) of Part II, to permit a Multiple Fund Facts Document, where the applicable Fund is not new:
  - (1) to disclose the MER and fund expenses of each of the series in the applicable Program Set, and where certain information is not available for a particular series, to state “not available” in the corresponding part of the table; and
  - (2) add a row in the table:
    - (i) in which the first column states “For every \$1,000 invested, this equals” and
    - (ii) which discloses the respective equivalent dollar amounts of the fund expenses of each series included in the table for each \$1,000 investment;
- (n) Item 1(1.3)(3) of Part II, to permit a Multiple Fund Facts Document, where the applicable Fund and all series in the applicable Program Set are not new, to include, instead of the mandated statement above the fund expenses table:
  - (1) a statement explaining that the applicable Main Series has the highest combined management and administration fees among all of the series in the applicable Program Set; and
  - (2) a statement stating “As of [the date of the most recently-filed management report of fund performance], the fund expenses were as follows.”;
- (o) Item 1(1.3)(3) of Part II, to permit a Multiple Fund Facts Document, where the applicable Fund is not new but where some of the series in the applicable Program Set are new, to include, instead of the mandated statement above the fund expenses table:

- (1) a statement explaining that the applicable Main Series has the highest combined management and administration fees among all of the series in the applicable Program Set;
  - (2) a statement disclosing that the fund expenses information below is not available for certain series because they are new, as indicated below; and
  - (3) a statement stating “As of [the date of the most recently filed management report of fund performance], the fund expenses were as follows.”;
- (p) Item 1.3(4) of Part II, to permit a Multiple Fund Facts Document, where the applicable Fund is new, to:
- (1) include disclosure explaining that the applicable Main Series has the highest combined management and administration fees among all of the series in the applicable Program Set;
  - (2) disclose the rates of the management fee and administration fee of only the applicable Main Series; and
  - (3) for only the applicable Main Series, disclose that the operating expenses and trading costs are not yet available because it is new; and
- (q) General Instruction (8), to permit a Multiple Fund Facts Document to include, at the end of the disclosure under the subheading “Fund expenses”:
- (1) a table that discloses:
    - (a) the name of, and qualifying investment amounts associated with, each of the series in the applicable Program Set; and
    - (b) the combined management and administration fee decrease of each of the Fee Tier Series in the applicable Program Set from the combined management and administration fee of the applicable Main Series, shown in percentage terms; and
  - (2) an introduction to the table stating that the table sets out the combined management and administration fee decrease of each of the Fee Tier Series in the applicable Program Set from the combined management and administration fee of the applicable Main Series

(collectively, the **Program Disclosure**).

38. NEI submits that, given that each of the Main Series and Fee Tier Series belong to the Automatic Switch Program, and an investor in the Automatic Switch Program would make one investment decision at the outset by purchasing the Main Series of a Fund or, if eligible, securities of a Fee Tier Series of a Fund, a Multiple Fund Facts Document containing the Program Disclosure will provide investors with more comprehensive disclosure about the Automatic Switch Program and each of the series in the applicable Program Set compared to disclosure in separate Fund Facts for each of the series in the applicable Program Set.
39. Since, if the Fund Facts Delivery Relief described above is granted, the Fund Facts for each of the Fee Tier Series would not be delivered in connection with an Automatic Switch, NEI submits that there is little benefit to preparing separate Fund Facts for each of the series in the applicable Program Set. NEI submits that the Multiple Fund Facts Document containing the Program Disclosure, which would be delivered to investors before their initial investment in Main Series securities of a Fund or, if eligible, securities of a Fee Tier Series of a Fund, provides investors with better disclosure than if investors received the Fund Facts pertaining only to the applicable Main Series or Fee Tier Series under the Automatic Switch Program.
40. In the absence of the Exemption Sought:
- (a) NEI would be required to prepare separate Fund Facts for each of the Main Series and Fee Tier Series; and
  - (b) each Dealer would be required to deliver the applicable Fund Facts to investors in connection with the purchase of securities made pursuant to each Automatic Switch.

**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:

1. the Multiple Fund Facts Relief is granted provided that each Multiple Fund Facts Document contains the Program Disclosure; and
2. the Fund Facts Delivery Relief is granted provided that:
  - (a) NEI, together with Dealers and their advisors, devise a notification plan regarding the Automatic Switches to existing investors in the Main Series to communicate the following:
    - (i) that their investment will be switched to a Fee Tier Series with lower combined management and administration fees than the Main Series upon meeting the applicable eligibility requirements;
    - (ii) that, other than a difference in fees, there will be no other material difference between the Main Series and the corresponding Fee Tier Series of the same Fund;
    - (iii) that if they cease to meet the eligibility requirements for a specific Fee Tier Series, their investment will be switched (i) to a Fee Tier Series with higher combined management and administration fees which will not exceed the combined management and administration fees of the corresponding Main Series, or (ii) the corresponding Main Series;
    - (iv) that they will not receive a Multiple Fund Facts Document when they purchase securities further to an Automatic Switch, but that:
      - (1) they may request the most recently filed Multiple Fund Facts Document for the relevant series by calling a specified toll-free telephone number or by sending a request via email to a specified address;
      - (2) the most recently filed Multiple Fund Facts Document will be sent or delivered to them at no cost, if requested;
      - (3) the most recently filed Multiple Fund Facts Document may be found either on the SEDAR website or on NEI's website; and
      - (4) they will not have the right to withdraw from an agreement of purchase and sale (a **Withdrawal Right**) in respect of a purchase of series securities made pursuant to an Automatic Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts.
  - (b) NEI incorporates disclosure in the simplified prospectus of for each Fund participating in the Automatic Switch Program that describes the Automatic Switch Program, including setting out:
    - (i) the eligibility requirements for the applicable Main Series and Fee Tier Series;
    - (ii) the fees applicable to investments in the applicable Main Series and the Fee Tier Series; and
    - (iii) in the event investors (other than existing investors in Series P and Series PF prior to the Implementation Date) cease to meet the eligibility requirements of a specific Fee Tier Series, their investment will be switched (i) to a Fee Tier Series with higher combined management and administration fees which will not exceed the combined management and administration fees of the corresponding Main Series, or (ii) to the corresponding Main Series;
  - (c) for investors who purchase Main Series securities of a Fund or, if eligible, securities of Fee Tier Series of a Fund after the Implementation Date, the Multiple Fund Facts Document containing the Program Disclosure is delivered to investors before their first purchase of Main Series securities of a Fund or, if eligible, securities of Fee Tier Series of a Fund, in accordance with the Pre-Sale Fund Facts Delivery Requirement;
  - (d) for Main Series and Fee Tier Series investors (other than existing investors in Series P and Series PF prior to the Implementation Date), NEI sends these investors an annual reminder notice advising that they will not receive a Fund Facts when they purchase Fee Tier Series or Main Series securities, as the case may be, further to an Automatic Switch, but that:

## Decisions, Orders and Rulings

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- (i) they may request the most recently filed Multiple Fund Facts Document by calling a specified toll-free telephone number or by sending a request via email to a specified address;
  - (ii) the most recently filed Multiple Fund Facts Document will be sent or delivered to them at no cost, if requested;
  - (iii) the most recently filed Multiple Fund Facts Document may be found either on the SEDAR website or on NEI's website; and
  - (iv) they will not have a Withdrawal Right in respect of a purchase of series securities made pursuant to an Automatic Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts;
- (e) NEI provides to the principal regulator, on an annual basis, beginning 60 days after the date upon which the Fund Facts Delivery Relief is first relied upon by a Dealer, either:
- (i) a current list of all such Dealers that are relying on the Fund Facts Delivery Relief; or
  - (ii) an update to the list of such Dealers or confirmation that there has been no change to such list; and
- (f) prior to a Dealer relying on the Fund Facts Delivery Relief, NEI provides to the Dealer a disclosure statement informing the Dealer of the implications of this decision.

“Stephen Paglia”  
Manager  
Investment Funds and Structured Products Branch  
Ontario Securities Commission

Schedule "A"

NEI Money Market Fund  
NEI Canadian Bond Fund  
NEI Global Total Return Bond Fund  
NEI Northwest Specialty Global High Yield Bond Fund *(to be renamed NEI Global High Yield Bond Fund)*  
NEI Conservative Yield Portfolio  
NEI Global Strategic Yield Fund *(to be renamed NEI Balanced Yield Portfolio)*  
NEI Ethical Balanced Fund *(to be renamed NEI Balanced RS Fund)*  
NEI Northwest Tactical Yield Fund *(to be renamed NEI Tactical Yield Portfolio)*  
NEI Northwest Growth and Income Fund *(to be renamed NEI Growth & Income Fund)*  
NEI Northwest Canadian Dividend Fund *(to be renamed NEI Canadian Dividend Fund)*  
NEI Ethical Canadian Equity Fund *(to be renamed NEI Canadian Equity RS Fund)*  
NEI Northwest Canadian Equity Fund *(to be renamed NEI Canadian Equity Fund)*  
NEI Northwest U.S. Dividend Fund *(to be renamed NEI U.S. Dividend Fund)*  
NEI Ethical U.S. Equity Fund *(to be renamed NEI U.S. Equity RS Fund)*  
NEI Ethical Special Equity Fund *(to be renamed NEI Canadian Small Cap Equity RS Fund)*  
NEI Northwest Specialty Equity Fund *(to be renamed NEI Canadian Small Cap Equity Fund)*  
NEI Ethical Global Dividend Fund *(to be renamed NEI Global Dividend RS Fund)*  
NEI Global Value Fund  
NEI Ethical Global Equity Fund *(to be renamed NEI Global Equity RS Fund)*  
NEI Northwest Global Equity Fund *(to be renamed NEI Global Equity Fund)*  
NEI Ethical International Equity Fund *(to be renamed NEI International Equity RS Fund)*  
NEI Environmental Leaders Fund  
NEI Generational Leaders Fund  
NEI Northwest Emerging Markets Fund *(to be renamed NEI Emerging Markets Fund)*  
NEI Ethical Select Income Portfolio *(to be renamed NEI Select Income RS Portfolio)*  
NEI Ethical Select Conservative Portfolio *(to be renamed NEI Select Income & Growth RS Portfolio)*  
NEI Select Conservative Portfolio *(to be renamed NEI Select Income & Growth Portfolio)*  
NEI Ethical Select Balanced Portfolio *(to be renamed NEI Select Balanced RS Portfolio)*  
NEI Select Balanced Portfolio  
NEI Ethical Select Growth Portfolio *(to be renamed NEI Select Growth RS Portfolio)*  
NEI Select Growth Portfolio  
NEI Select Global Maximum Growth Portfolio *(to be renamed NEI Select Maximum Growth Portfolio)*

2.2 Orders

2.2.1 Natural Bee Works Apiaries Inc. et al.

FILE NO.: 2018-7

IN THE MATTER OF  
NATURAL BEE WORKS APIARIES INC.,  
TAWLIA CHICKALO,  
RINALDO LANDUCCI and  
ELISE MAXHELEAU

D. Grant Vingoe, Vice-Chair and Chair of the Panel

June 27, 2018

**ORDER**  
(Subsection 127(8) of the  
*Securities Act*, RSO 1990, c S.5)

**WHEREAS** on June 27, 2018, the Ontario Securities Commission (**Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario with respect to a motion by Staff of the Commission (**Staff**) to extend the temporary cease trade order against Natural Bee Works Apiaries Inc., Tawlia Chickalo and Rinaldo Landucci, initially issued on February 8, 2018 (the **Temporary Order**) and extended on February 21, 2018 and extended on February 26, 2018 until June 27, 2018;

**WHEREAS** Staff did not request an extension of the Temporary Order against Elise Maxheleau, and the terms of the Temporary Order have expired against her at the end of day June 27, 2018;

**ON READING** the materials filed by Staff, and on considering the oral submissions of Staff, no one appearing for any of the respondents;

**IT IS ORDERED THAT** pursuant to subsection 127(8) of the Securities Act, RSO 1990, c S.5, paragraphs 1 and 2 of the Temporary Order are extended against Natural Bee Works Apiaries Inc., Tawlia Chickalo and Rinaldo Landucci, excluding Elise Maxheleau, until the conclusion of the hearing on the merits in relation to the Statement of Allegations naming Natural Bee Works Apiaries Inc., Tawlia Chickalo and Rinaldo Landucci dated June 25, 2018.

“D. Grant Vingoe”

2.2.2 MJ Bioscience Corp. – 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, 144.

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

**AND**

**IN THE MATTER OF  
MJ BIOSCIENCE CORP.**

**ORDER  
(Section 144 of the Act)**

**WHEREAS** the securities of MJ Bioscience Corp. (the **Applicant**) are subject to a temporary cease trade order dated March 11, 2016, issued by the Director of the Ontario Securities Commission (the **Commission**) pursuant to paragraph 2 of subsection 127(1) and subsection 127 (4.1) of the Act (the **Ontario Cease Trade Order**), directing that all trading in the securities of the Applicant, whether direct or indirect, cease until the Ontario Cease Trade Order is revoked by the Director;

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

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

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant was incorporated on October 15, 2014, under the *Business Corporations Act* (British Columbia) in the name of “MJ Bioscience Corp.”
2. The Applicant’s head office and its registered and records office are located at Suite 1080, 789 West Pender Street, Vancouver, British Columbia V6C 1H2.
3. The Applicant is a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta, and Ontario (the **Reporting Jurisdictions**). The Applicant is not a reporting issuer in any other jurisdiction in Canada. The Applicant’s principal regulator is the British Columbia Securities Commission (**BCSC**).
4. The Applicant’s authorized share capital consists of an unlimited number of common shares, without nominal or par value, of which 14,965,857 common shares are issued and outstanding as of May 1, 2018. The Applicant has no other securities issued and outstanding.
5. The Applicant’s common shares are not listed on any exchange or market in Canada or elsewhere.
6. The Ontario Cease Trade Order was issued as a result of the Applicant’s failure to file its audited annual financial statements, the related management’s discussion and analysis (**MD&A**) and certifications of annual filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings (NI 52-109)* for the year ended October 31, 2015 (the **Annual Filings**).
7. The Applicant is also subject to a similar cease trade order issued by the BCSC on March 8, 2016 (the **BC Cease Trade Order**, and together with the Ontario Cease Trade Order, the **Cease Trade Orders**). The BC Cease Trade Order is also effective in Alberta due to the Government of Alberta’s 2015 adoption of statutory reciprocal order provisions.
8. The Applicant has concurrently applied to the BCSC for a full revocation of the BC Cease Trade Order.

9. Subsequent to the issuance of the Ontario Cease Trade Order, the Applicant failed to file with the Reporting Jurisdictions the following continuous disclosure documents within the prescribed timeframe in accordance with the requirements of securities laws:
- (i) unaudited interim financial statements, related MD&A and NI 52-109 certificates for the three months ended January 31, 2016;
  - (ii) unaudited interim financial statements, related MD&A and NI 52-109 certificates for the six months ended April 30, 2016;
  - (iii) unaudited interim financial statements, related MD&A and NI 52-109 certificates for the nine months ended July 31, 2016;
  - (iv) audited annual financial statements, related MD&A and NI 52-109 certificates for the year for the year ended October 31, 2016;
  - (v) unaudited interim financial statements, related MD&A and NI 52-109 certificates for the three months ended January 31, 2017;
  - (vi) unaudited interim financial statements, related MD&A and NI 52-109 certificates for the six months ended April 30, 2017;
  - (vii) unaudited interim financial statements, related MD&A and NI 52-109 certificates for the nine months ended July 31, 2017; and
  - (viii) audited annual financial statements, related MD&A and NI 52-109 certificates for the year for the year ended October 31, 2017.

(items iv and viii, collectively, the **Required Subsequent Filings**)

10. Since the issuance of the Ontario Cease Trade Order, the Applicant has filed the Annual Filings and the Required Subsequent Filings with the Reporting Jurisdictions, as well as unaudited interim financial statements, related MD&A and NI 52-109 certificates for the three months ended January 31, 2018.
11. The Applicant is (i) up-to-date with all of its continuous disclosure obligations; (ii) not in default of any requirements under applicable securities legislation or the rules and regulations made pursuant thereto in any of the Reporting Jurisdictions, except for the existence of the Cease Trade Orders; and (iii) not in default of any of its obligations under the Cease Trade Orders.
12. The Applicant's issuer profile on the System for Electronic Document Analysis and Retrieval (**SEDAR**) and issuer profile supplement on the System for Electronic Disclosure by Insiders (**SEDI**) are current and accurate.
13. The Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid to the Commission.
14. The Applicant is not considering nor is it involved in any discussions related to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.
15. Since the issuance of the Cease Trade Orders, there have not been any material changes in the business, operations or affairs of the Applicant that have not been disclosed to the public.
16. The Applicant provided the Commission with a written undertaking that it will hold an annual meeting of shareholders of the Applicant within 3 months after the date on which the Ontario Cease Trade Order is revoked.
17. Upon the issuance of this revocation order, the Applicant will issue a news release announcing the revocation of the Ontario Cease Trade Order and concurrently file the news release and a related material change report on SEDAR.

**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 Ontario Cease Trade Order;

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

**DATED** at Toronto, Ontario on this 19th day of June, 2018.

“Michael Balter”  
Manager, Corporate Finance  
Ontario Securities Commission

2.2.3 Trans-Atlantic Direct et al. – s. 127(8)

FILE NO.: 2018-39

IN THE MATTER OF  
TRANS-ATLANTIC DIRECT,  
TRD-EUROMARKETS S.L.,  
MARTIN SCHWARTZ,  
also known as MARTIN SHWARTZ,  
STEWART PRICE,  
BERNARD JUSTIN SEVILLA and  
MARK LEE SINGER

Timothy Moseley, Vice-Chair and Chair of the Panel

July 3, 2018

**ORDER**  
(Subsection 127(8) of the  
*Securities Act*, RSO 1990, c S.5)

WHEREAS on July 3, 2018, the Ontario Securities Commission (**Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application by staff of the Commission (**Staff**) to extend a temporary order dated June 20, 2018 (the **Temporary Order**);

ON READING the materials filed by Staff and on hearing the submissions of the representative for Staff, no one appearing for the respondents although properly served;

IT IS ORDERED THAT:

1. Pursuant to subsection 127(8) of the *Securities Act*, the Temporary Order is extended until January 10, 2019, or until further order of the Commission, without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission, and with the following modification, effective the date of this order:
  - (a) the prohibition contained in paragraph 1 of the Temporary Order with respect to trading in securities shall extend equally to trading in derivatives.

“Timothy Moseley”



## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

### Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Loon Energy Corporation	04 May 2018	26 June 2018
Paladin Energy Ltd.	04 October 2017	29 June 2018
Premier Health Group Inc.	04 May 2018	26 June 2018
Russell Breweries Inc.	05 June 2018	28 June 2018

### 4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

### 4.2.2 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Agility Health, Inc.	01 May 2018	
Katanga Mining Limited	15 August 2017	
Sage Gold Inc.	01 May 2018	

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.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](http://www.sedi.ca)).



## Chapter 11

# IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

CC&L Core Income and Growth Fund  
CC&L Equity Income and Growth Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Simplified Prospectus dated June 28, 2018

Received on June 28, 2018

**Offering Price and Description:**

Series FI units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Connor, Clark & Lunn Funds Inc.

Project #2747898

**Issuer Name:**

Manulife Multifactor Canadian SMID Cap Index ETF  
Manulife Multifactor Emerging Markets Index ETF  
Manulife Multifactor U.S. Small Cap Index ETF  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Long Form Prospectus dated June 29, 2018

Received on June 29, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Manulife Asset Management Limited

**Promoter(s):**

Manulife Asset Management Limited

Project #2791851

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**Issuer Name:**

Mackenzie Income Fund  
Mackenzie Canadian Short Term Income Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated June 26, 2018

Received on June 27, 2018

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

Quadrus Investment Services Ltd.  
LBC Financial Services Inc.

**Promoter(s):**

Mackenzie Financial Corporation

Project #2656987

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**Issuer Name:**

PIMCO Balanced Income Fund (Canada)  
PIMCO Canadian Total Return Bond Fund  
PIMCO Flexible Global Bond Fund (Canada) (formerly,  
PIMCO Global Advantage Strategy Bond Fund (Canada))  
PIMCO Investment Grade Credit Fund (Canada)  
PIMCO Monthly Income Fund (Canada)  
PIMCO Unconstrained Bond Fund (Canada)  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified Prospectus dated June 27, 2018

NP 11-202 Preliminary Receipt dated June 28, 2018

**Offering Price and Description:**

ETF(US\$) Series units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

PIMCO Canada Corp.

Project #2789669

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**Issuer Name:**

Mackenzie Income Fund  
Mackenzie Canadian Short Term Income Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #2 to Final Simplified Prospectus dated June 26, 2018

Received on June 27, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

LBC Financial Services Inc.

**Promoter(s):**

Mackenzie Financial Corporation

Project #2680408

**Issuer Name:**

Advanced Folio Fund  
Aggressive Folio Fund  
Balanced Folio Fund  
Canadian Dividend Class (Laketon)  
Canadian Equity Class  
Canadian Equity Class (Laketon)  
Canadian Equity Fund (Laketon)  
Canadian Growth Class (GWLIM)  
Canadian Growth Fund (GWLIM)  
Canadian Low Volatility Class (London Capital)  
Canadian Value Class (FGP)  
Cash Management Class  
Conservative Folio Fund  
Core Bond Fund (Portico)  
Core Plus Bond Fund (Portico)  
Corporate Bond Fund (Portico)  
Diversified Fixed Income Folio Fund  
Dividend Class (GWLIM)  
Dividend Fund (GWLIM)  
Focused Canadian Equity Class (CGOV)  
Global All Cap Equity Fund (Setanta)  
Global Dividend Equity Class (Setanta)  
Global Dividend Equity Fund (Setanta)  
Global All Cap Equity Class (Setanta)  
Global Infrastructure Equity Fund (London Capital)  
Global Low Volatility Fund (ILIM)  
Global Monthly Income Fund (London Capital)  
Global Real Estate Fund (London Capital)  
Growth and Income Class (GWLIM)  
Growth and Income Fund (GWLIM)  
Income Fund (Portico)  
International Core Equity Class (Putnam)  
International Core Equity Fund (Putnam)  
Mackenzie Canadian Balanced Fund  
Mackenzie Canadian Growth Fund  
Mackenzie Canadian Large Cap Dividend Fund  
Mackenzie Canadian Large Cap Growth Fund  
Mackenzie Canadian Resource Fund  
Mackenzie Emerging Markets Class  
Mackenzie Floating Rate Income Fund  
Mackenzie Global Growth Class  
Mackenzie Ivy European Class  
Mackenzie Ivy Foreign Equity Fund  
Mackenzie Ivy Global Balanced Fund  
Mackenzie Precious Metals Class  
Mackenzie Strategic Income Fund  
Mackenzie US All Cap Growth Fund  
Mackenzie US Mid Cap Growth Class  
Mid Cap Canada Fund (GWLIM)  
Moderate Folio Fund  
Money Market Fund  
Monthly Income Fund (London Capital)  
North American High Yield Bond Fund (Putnam)  
North American Specialty Class  
Real Return Bond Fund (Portico)  
Short Term Bond Fund (Portico)  
U.S. and International Equity Class  
U.S. and International Specialty Class  
U.S. Dividend Class (GWLIM)  
U.S. Dividend Fund (GWLIM)  
U.S. Low Volatility Fund (Putnam)  
U.S. Value Class (Putnam)

U.S. Value Fund (London Capital)

U.S. Value Fund (Putnam)

Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 28, 2018

NP 11-202 Receipt dated June 29, 2018

**Offering Price and Description:**

Quadrus series, H series, L series, N series, QF series, QFW series and HW series securities

**Underwriter(s) or Distributor(s):**

Quadrus Investment Services Ltd.

Quadrus Investment Services Inc.

**Promoter(s):**

Mackenzie Financial Corporation

**Project #2767715**

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**Issuer Name:**

AGF Global Convertible Bond Fund

AGF Canadian Growth Equity Class

Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Simplified Prospectus dated June 18, 2018

NP 11-202 Receipt dated June 26, 2018

**Offering Price and Description:**

Series I

**Underwriter(s) or Distributor(s):**

AGF Funds Inc.

**Promoter(s):**

N/A

**Project #2740888**

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**Issuer Name:**

CIBC Asia Pacific Fund  
CIBC Asia Pacific Index Fund  
CIBC Balanced Fund  
CIBC Balanced Growth Passive Portfolio  
CIBC Balanced Index Fund  
CIBC Balanced Passive Portfolio  
CIBC Canadian Bond Fund  
CIBC Canadian Bond Index Fund  
CIBC Canadian Equity Fund  
CIBC Canadian Equity Value Fund  
CIBC Canadian Index Fund  
CIBC Canadian Real Estate Fund  
CIBC Canadian Resources Fund  
CIBC Canadian Short-Term Bond Index Fund  
CIBC Canadian Small-Cap Fund  
CIBC Canadian T-Bill Fund  
CIBC Conservative Passive Portfolio  
CIBC Dividend Growth Fund  
CIBC Dividend Income Fund  
CIBC Emerging Markets Fund  
CIBC Emerging Markets Index Fund  
CIBC Energy Fund  
CIBC European Equity Fund  
CIBC European Index Fund  
CIBC Financial Companies Fund  
CIBC Global Bond Fund  
CIBC Global Bond Index Fund  
CIBC Global Equity Fund  
CIBC Global Monthly Income Fund  
CIBC Global Technology Fund  
CIBC International Equity Fund  
CIBC International Index Fund  
CIBC International Small Companies Fund  
CIBC Latin American Fund  
CIBC Managed Aggressive Growth Portfolio  
CIBC Managed Balanced Growth Portfolio  
CIBC Managed Balanced Portfolio  
CIBC Managed Growth Portfolio  
CIBC Managed Income Plus Portfolio  
CIBC Managed Income Portfolio  
CIBC Managed Monthly Income Balanced Portfolio  
CIBC Money Market Fund  
CIBC Monthly Income Fund  
CIBC Nasdaq Index Fund  
CIBC Precious Metals Fund  
CIBC Short-Term Income Fund  
CIBC U.S. Broad Market Index Fund  
CIBC U.S. Dollar Managed Balanced Portfolio  
CIBC U.S. Dollar Managed Growth Portfolio  
CIBC U.S. Dollar Managed Income Portfolio  
CIBC U.S. Dollar Money Market Fund  
CIBC U.S. Equity Fund  
CIBC U.S. Index Fund  
CIBC U.S. Small Companies Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 25, 2018  
NP 11-202 Receipt dated June 28, 2018

**Offering Price and Description:**

Premium Class, Institutional Class, Class D, Class F, Class O, Class T4, Class T6, and Class T8 units @ net asset value

**Underwriter(s) or Distributor(s):**

CIBC Securities Inc.

**Promoter(s):**

N/A

**Project #2771903**

---

**Issuer Name:**

Harmony Balanced Growth Portfolio  
Harmony Balanced Growth Portfolio Class  
Harmony Balanced Portfolio  
Harmony Canadian Equity Pool  
Harmony Canadian Fixed Income Pool  
Harmony Conservative Portfolio  
Harmony Diversified Income Pool  
Harmony Global Fixed Income Pool  
Harmony Growth Plus Portfolio  
Harmony Growth Plus Portfolio Class  
Harmony Growth Portfolio  
Harmony Growth Portfolio Class  
Harmony Maximum Growth Portfolio  
Harmony Maximum Growth Portfolio Class  
Harmony Money Market Pool  
Harmony Overseas Equity Pool  
Harmony U.S. Equity Pool  
Harmony Yield Portfolio (formerly, Harmony Balanced and Income Portfolio)  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 27, 2018  
NP 11-202 Receipt dated June 28, 2018

**Offering Price and Description:**

(Embedded Series, Series F, Series T, Series V and Wrap Series Securities)

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #2774212**

---

**Issuer Name:**

Harvest Global Resource Leaders ETF  
Principal Regulator – Ontario

**Type and Date:**

Amendment #1 to Final Long Form Prospectus dated June 20, 2018  
NP 11-202 Receipt dated June 27, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Harvest Portfolios Group Inc.

**Project #2711618**

---

**Issuer Name:**

NEI Canadian Bond Fund  
NEI Conservative Yield Portfolio  
NEI Environmental Leaders Fund  
NEI Ethical Balanced Fund  
NEI Ethical Canadian Equity Fund  
NEI Ethical Global Dividend Fund  
NEI Ethical Global Equity Fund  
NEI Ethical International Equity Fund  
NEI Ethical Select Balanced Portfolio  
NEI Ethical Select Conservative Portfolio  
NEI Ethical Select Growth Portfolio  
NEI Ethical Select Income Portfolio  
NEI Ethical Special Equity Fund  
NEI Ethical U.S. Equity Fund (formerly NEI Ethical American Multi-Strategy Fund)  
NEI Generational Leaders Fund  
NEI Global Strategic Yield Fund  
NEI Global Total Return Bond Fund  
NEI Global Value Fund  
NEI Money Market Fund  
NEI Northwest Canadian Dividend Fund  
NEI Northwest Canadian Equity Fund  
NEI Northwest Emerging Markets Fund  
NEI Northwest Global Equity Fund  
NEI Northwest Growth and Income Fund  
NEI Northwest Specialty Equity Fund  
NEI Northwest Specialty Global High Yield Bond Fund  
NEI Northwest Tactical Yield Fund  
NEI Northwest U.S. Dividend Fund  
NEI Select Balanced Portfolio  
NEI Select Conservative Portfolio  
NEI Select Global Maximum Growth Portfolio  
NEI Select Growth Portfolio  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 18, 2018  
NP 11-202 Receipt dated June 28, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Credential Asset Management Inc.

**Promoter(s):**

N/A

Project #2767696

---

**Issuer Name:**

Phillips, Hager & North \$U.S. Money Market Fund  
Phillips, Hager & North Balanced Fund  
Phillips, Hager & North Balanced Pension Trust  
Phillips, Hager & North Bond Fund  
Phillips, Hager & North Canadian Equity Fund  
Phillips, Hager & North Canadian Equity Pension Trust  
Phillips, Hager & North Canadian Equity Plus Pension Trust  
Phillips, Hager & North Canadian Equity Underlying Fund  
Phillips, Hager & North Canadian Equity Underlying Fund II  
Phillips, Hager & North Canadian Equity Value Fund  
Phillips, Hager & North Canadian Growth Fund  
Phillips, Hager & North Canadian Income Fund  
Phillips, Hager & North Canadian Money Market Fund  
Phillips, Hager & North Conservative Equity Income Fund  
Phillips, Hager & North Currency-Hedged Overseas Equity Fund  
Phillips, Hager & North Currency-Hedged U.S. Equity Fund  
Phillips, Hager & North Dividend Income Fund  
Phillips, Hager & North Global Equity Fund  
Phillips, Hager & North High Yield Bond Fund  
Phillips, Hager & North Inflation-Linked Bond Fund  
Phillips, Hager & North LifeTime 2015 Fund  
Phillips, Hager & North LifeTime 2020 Fund  
Phillips, Hager & North LifeTime 2025 Fund  
Phillips, Hager & North LifeTime 2030 Fund  
Phillips, Hager & North LifeTime 2035 Fund  
Phillips, Hager & North LifeTime 2040 Fund  
Phillips, Hager & North LifeTime 2045 Fund  
Phillips, Hager & North LifeTime 2050 Fund  
Phillips, Hager & North Long Inflation-linked Bond Fund  
Phillips, Hager & North Monthly Income Fund  
Phillips, Hager & North Overseas Equity Fund  
Phillips, Hager & North Short Term Bond & Mortgage Fund  
Phillips, Hager & North Small Float Fund  
Phillips, Hager & North Total Return Bond Fund  
Phillips, Hager & North U.S. Dividend Income Fund  
Phillips, Hager & North U.S. Equity Fund  
Phillips, Hager & North U.S. Growth Fund  
Phillips, Hager & North U.S. Multi-Style All-Cap Equity Fund  
Phillips, Hager & North Vintage Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 28, 2018  
NP 11-202 Receipt dated June 29, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Phillips, Hager & North Investment Funds Ltd.  
RBC Global Asset Management Inc.

**Promoter(s):**

RBC Global Asset Management Inc.

Project #2773191

---



**Issuer Name:**

Redwood Unconstrained Bond Fund  
Principal Regulator – Ontario

**Type and Date:**

Amendment #3 to Final Simplified Prospectus dated June 14, 2018

NP 11-202 Receipt dated June 27, 2018

**Offering Price and Description:**

A, F, A USD, F USD, I and ETF securities

**Underwriter(s) or Distributor(s):**

Redwood Asset Management Inc.

**Promoter(s):**

Redwood Asset Management Inc.

**Project #2690436**

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**Issuer Name:**

Purpose Global Financials Income Fund (formerly  
Australiian Banc Income Fund)

Purpose Floating Rate Income Fund (formerly Redwood  
Floating Rate Income Fund)

Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 25, 2018

NP 11-202 Receipt dated June 27, 2018

**Offering Price and Description:**

ETF units (formerly called Class A units)

Class A units

Class F units

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

Purpose Investments Inc.

**Project #2774041**

---

**Issuer Name:**

Social Housing Canadian Bond Fund  
Social Housing Canadian Equity Fund  
Social Housing Canadian Short-Term Bond Fund

**Type and Date:**

Final Simplified Prospectus dated June 28, 2018

Received on June 29, 2018

**Offering Price and Description:**

Series A Units

**Underwriter(s) or Distributor(s):**

Philips, Hager & North Investment Funds Ltd.

**Promoter(s):**

N/A

**Project #2765448**

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**Issuer Name:**

Social Housing Canadian Bond Fund  
Social Housing Canadian Equity Fund  
Social Housing Canadian Short-Term Bond Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 28, 2018

NP 11-202 Receipt dated June 29, 2018

**Offering Price and Description:**

Series B Units

**Underwriter(s) or Distributor(s):**

Philips, Hager & North Investment Funds Ltd.

**Promoter(s):**

N/A

**Project #2765486**

---

**Issuer Name:**

Timbercreek Global Real Estate Income Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 27, 2018

NP 11-202 Receipt dated June 29, 2018

**Offering Price and Description:**

Series A, Series F and Series I

**Underwriter(s) or Distributor(s):**

N/A

**Promoter(s):**

N/A

**Project #2782123**

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NON-INVESTMENT FUNDS

**Issuer Name:**

Boralex Inc.  
Principal Regulator – Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 22, 2018  
NP 11-202 Preliminary Receipt dated June 26, 2018

**Offering Price and Description:**

\$180,002,200.00  
8,911,000 Subscription Receipts each representing the right to receive one class A share  
Price: \$20.20 per Subscription Receipt

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Desjardins Securities Inc.  
TD Securities Inc.  
Cormark Securities Inc.  
Industrial Alliance Securities Inc.

**Promoter(s):**

–

**Project #2787510**

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**Issuer Name:**

ESSA Pharma Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Shelf Prospectus dated June 28, 2018  
NP 11-202 Preliminary Receipt dated June 28, 2018

**Offering Price and Description:**

US\$100,000,000.00 – Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants, Units

**Underwriter(s) or Distributor(s):**

–

**Promoter(s):**

–

**Project #2791051**

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**Issuer Name:**

Euro Manganese Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Amended and Restated Preliminary Long Form Prospectus dated June 26, 2018  
NP 11-202 Preliminary Receipt dated June 26, 2018

**Offering Price and Description:**

\$1,500,000.00 or 6,000,000 Common Shares  
Price: \$0.25 per Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.

**Promoter(s):**

Marco Romero  
Roman Shklanka

**Project #2750420**

**Issuer Name:**

Evio, Inc.

**Type and Date:**

Preliminary Long Form Prospectus dated June 28, 2018  
Preliminary Receipted on June 29, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

–

**Promoter(s):**

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**Project #2791202**

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**Issuer Name:**

LexaGene Holdings Inc. (formerly, Wolfeye Resource Corp.)  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 25, 2018  
NP 11-202 Preliminary Receipt dated June 26, 2018

**Offering Price and Description:**

\$5,000,000.00 – 5,000,000 Units  
Price: \$1.00 per Unit

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.  
Echelon Wealth Partners

**Promoter(s):**

–

**Project #2788650**

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**Issuer Name:**

Navigator Acquisition Corp.  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary CPC Prospectus dated June 26, 2018  
NP 11-202 Preliminary Receipt dated June 27, 2018

**Offering Price and Description:**

Offering: \$500,000.00 or 5,000,000 Common Shares  
Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.

**Promoter(s):**

–

**Project #2789290**

**Issuer Name:**

Neovasc Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Shelf Prospectus dated June 29, 2018  
Received on June 29, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

–

**Promoter(s):**

–

**Project #2791947**

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**Issuer Name:**

Ovation Science Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated June 28, 2018  
Received on June 29, 2018

**Offering Price and Description:**

Minimum of 4,000,000 Units and Up to a Maximum of  
7,000,000 Units

Price: \$0.30 per Unit

Minimum of \$1,200,000.00 and up to a Maximum of  
\$2,100,000.00

**Underwriter(s) or Distributor(s):**

PI Financial Corp.

**Promoter(s):**

Terry Howlett  
Doreen McMorran  
Logan Anderson

**Project #2791607**

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**Issuer Name:**

Oxford Investments Holdings Inc.

**Type and Date:**

Preliminary Long Form Prospectus dated June 27, 2018  
Received on June 28, 2018

**Offering Price and Description:**

No securities are being offered pursuant to this Prospectus.

**Underwriter(s) or Distributor(s):**

–

**Promoter(s):**

Michael Donaghy  
**Project #2789974**

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**Issuer Name:**

QYOU Media Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 28, 2018  
NP 11-202 Preliminary Receipt dated June 29, 2018

**Offering Price and Description:**

\$3,100,000.00 – 15,500,000 Units  
\$0.20 per Unit

**Underwriter(s) or Distributor(s):**

Clarus Securities Inc.  
Echelon Wealth Partners Inc.

**Promoter(s):**

–

**Project #2788988**

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**Issuer Name:**

RMMI Corp.  
Principal Regulator – Alberta

**Type and Date:**

Amendment dated June 26, 2018 to Final Long Form  
Prospectus dated June 22, 2018  
Received on June 26, 2018

**Offering Price and Description:**

Minimum Offering: \$4,250,000.00 (1,700,000 Common  
Shares)

Maximum Offering: \$8,750,000.00 (3,500,000 Common  
Shares)

Price: \$2.50 per Offered Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.  
Haywood Securities Inc.

**Promoter(s):**

Earl Connors

**Project #2774812**

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**Issuer Name:**

Sarment Holding Limited  
Principal Regulator – Ontario

**Type and Date:**

Second Amended and Restated Preliminary Prospectus  
dated June 29, 2018 Amending and Restating the  
Amended and

Restated Preliminary Prospectus dated April 11, 2018,  
which Amended and Restated the Preliminary Long Form  
Prospectus dated March 19, 2018

NP 11-202 Receipt dated July 3, 2018

**Offering Price and Description:**

–

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.  
Canaccord Genuity Corp.  
Cormark Securities Inc.  
Paradigm Capital Inc.

**Promoter(s):**

Bertrand Faure Beaulieu

**Project #2742246**

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**Issuer Name:**

Titan Medical Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 28, 2018  
NP 11-202 Preliminary Receipt dated June 28, 2018

**Offering Price and Description:**

Minimum: CDN \$[\*] ([\*] Units)

Maximum: CDN \$[\*] ([\*] Units)

Price: CDN \$[\*] per Unit

**Underwriter(s) or Distributor(s):**

Bloom Burton Securities Inc.

**Promoter(s):**

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**Project #2790444**

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**Issuer Name:**

Ballard Power Systems Inc.  
Principal Regulator – British Columbia

**Type and Date:**

Final Shelf Prospectus dated June 26, 2018  
NP 11-202 Receipt dated June 26, 2018

**Offering Price and Description:**

US\$150,000,000.00 – Common Shares, Preferred Shares,  
Warrants, Units

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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**Project #2783838**

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**Issuer Name:**

MAV Beauty Brands Inc.  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated June 28, 2018  
NP 11-202 Receipt dated June 28, 2018

**Offering Price and Description:**

C\$241,738,000.00 – 17,267,000 Common Shares

Price: C\$14.00 per Offered Share

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
Jefferies Securities, Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
Raymond James Ltd.  
Canaccord Genuity Corp.

**Promoter(s):**

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**Project #2774580**

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**Issuer Name:**

RMMI Corp.  
Principal Regulator – Alberta

**Type and Date:**

Amended and Restated Long Form Prospectus dated June 26, 2018 Amending and Restating the Long Form Prospectus dated June 22, 2018

NP 11-202 Receipt dated June 26, 2018

**Offering Price and Description:**

Minimum Offering: \$4,250,000.00 (1,700,000 Common Shares)

Maximum Offering: \$8,750,000.00 (3,500,000 Common Shares)

Price: \$2.50 per Offered Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.  
Haywood Securities Inc.

**Promoter(s):**

Earl Connors

**Project #2774812**

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**Issuer Name:**

Spey Resources Corp.  
Principal Regulator – British Columbia

**Type and Date:**

Final Long Form Prospectus dated June 27, 2018  
NP 11-202 Receipt dated June 28, 2018

**Offering Price and Description:**

\$350,000.00 – 3,500,000 Common Shares at a price of \$0.10 per Share

**Underwriter(s) or Distributor(s):**

Mackie Research Capital Corporation

**Promoter(s):**

Marshall Farris

**Project #2751731**

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**Issuer Name:**

The Toronto-Dominion Bank  
Principal Regulator – Ontario

**Type and Date:**

Final Shelf Prospectus dated June 28, 2018  
NP 11-202 Receipt dated June 29, 2018

**Offering Price and Description:**

\$4,000,000,000.00 Senior Medium Term Notes

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
Desjardins Securities Inc.  
Industrial Alliance Securities Inc.  
Laurentian Bank Securities Inc.

**Promoter(s):**

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**Project #2785100**

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**Issuer Name:**

TransCanada Corporation  
Principal Regulator – Alberta

**Type and Date:**

Amendment #1 dated June 25, 2018 to Final Shelf  
Prospectus dated June 23, 2017  
NP 11-202 Receipt dated June 27, 2018

**Offering Price and Description:**

\$2,000,000,000.00 – Common Shares

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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**Project #2639738**

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Altema Asset Management Inc.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	June 28, 2018
Voluntary Surrender	CIT Group Securities (Canada) Inc.	Investment Dealer	June 28, 2018
Voluntary Surrender	Tuscarora Capital Inc.	Investment Dealer	June 28, 2018

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## Chapter 13

# SROs, Marketplaces, Clearing Agencies and Trade Repositories

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### 13.2 Marketplaces

#### 13.2.1 Aequitas NEO Exchange Inc. – Amendments to Trading Policies – Notice of Approval

##### AEQUITAS NEO EXCHANGE INC.

##### AMENDMENTS TO TRADING POLICIES

##### NOTICE OF APPROVAL

In accordance with the *Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto*, Aequitas NEO Exchange Inc. (“NEO Exchange”) has adopted and the Ontario Securities Commission (the “OSC”) has approved amendments to the NEO Exchange trading policies (the “Trading Policies Amendments”). The Trading Policies Amendments were published for comment on March 29, 2018. NEO Exchange received one comment letter, the summary of which is attached to this notice as Appendix A.

The Trading Policies Amendments, with one change from the proposed amendments as described below, were approved by the OSC on July 3, 2018. The Public Interest Rules relating to the implementation of the matching priority changes and the launch of NEO-D will become effective in late September, 2018, following at least thirty days’ prior notice.

#### **Summary of Changes**

##### **Changes to matching priorities**

Resting orders from NEO Trader™ accounts will trade before resting orders from Latency Sensitive Trader (LST) accounts at the same price for all trading books. Priority of NEO Trader™ orders has also been further reinforced with respect to Designated Market Makers. Amendments to the Trading Policies are as follows:

- Changes to the continuous trading session priorities for each of the Trading Books in Sections 6.07(2), 7.04 (4) and 8.04(3).
- Deletion of the definition of “Market Maker Commitment”, and removal of the concept throughout (Sections 6.07, 8.04, 8.06 and 10.03).

##### **Implementation of a dark book (NEO-D)**

The key features of NEO-D are: (i) all trading will occur at the midpoint; (ii) all orders will be immediately executable upon entry (subject to order constraints); (iii) all participants will be able to enter passive orders and liquidity taking orders (this has been changed from the original proposal in which the latter were to be restricted to orders from NEO Trader™ accounts); (iv) there are no DMM benefits (or obligations). Amendments to the Trading Policies are as follows:

- Changes in Section 1.01 to the definition of “Closing Price” to include NEO-D.
- Deletion of the National Best/Pegged Order functional attributes from Section 5.07(3) and the reference to such orders in Section 8.06.
- Amendments to the description of Contra Election in Section 7.02 and its application in Section 7.03 (for revisions to remove restriction on LSTs, please see Appendix B, below).
- Deletion of descriptions of Mid-Point Call and Size-Up Call and the references to these call auctions throughout Part VII.

APPENDIX A

SUMMARY OF COMMENTS

The following is a summary of comments received in response to the Notice of Proposed Changes and Request for Comment (the Notice) filed by NEO Exchange and published on March 29, 2018, along with NEO Exchange’s responses to these comments.

<i>Comment</i>	<i>NEO response</i>
<p><b>1. NEO Trader and Latency Sensitive Traders (LST) are loosely defined, subjective, and allows Aequitas NEO Exchange to select winners and losers in matching priority.</b></p> <p>Since inception, Aequitas NEO Exchange has facilitated segmentation through NEO Trader and LST Trader classifications. Classification as a NEO Trader or LST Trader critically impacts matching priority and has evolved with limited transparency and regulatory oversight.</p> <p>For example, when a new Trader ID is added, classification for NEO Trader and LST Trader is based on the Aequitas NEO Exchange market participant’s classification. This leads to several questions on the classification process:</p> <ul style="list-style-type: none"> <li>(a) How does the Aequitas NEO Exchange market participant determine the classification? How was the classification qualified by NEO Exchange? The rules and criteria for this determination are not public or transparent.</li> <li>(b) How does Aequitas NEO Exchange monitor the classification? What criteria is used?</li> <li>(c) How frequently are NEO Traders and LST Traders reclassified by Aequitas NEO Exchange?</li> <li>(d) If a NEO Trader or LST Trader is incorrectly classified, is their trading activity unfairly advantaged or disadvantaged during the incorrect classification period?</li> </ul>	<p>Section 1.01 – Definitions of the NEO Exchange trading policies (“Trading Policies”) contains a definition of what constitutes an LST (and a NEO Trader account is defined as anything that is not LST). There is little subjectivity by the Exchange as the Members are responsible for classifying Trader IDs correctly and there is commentary following the definition to assist them in making the determination. As an ongoing validation mechanism, NEO monitors trading activity and looks at order-to-trade ratios and regulatory markers, etc., in accordance with our operational policies and procedures (which we have provided to our regulators) to ensure compliance with the requirements. We also undertake regular reviews of all Trader IDs. All of this is done to ensure that accounts are, in fact, classified correctly.</p> <p>The above processes are described in the NEO Trading Policies and trading functionality guide, which are both available on our website. Further, NEO provides regular reporting to the OSC and staff have reviewed our policies and procedures. We therefore disagree with the statements made by the commenter, as they are based on incorrect assumptions.</p>
<p><b>2. Without greater regulatory oversight and transparency on Aequitas NEO Exchange’s NEO Trader and LST Trader classification process, prioritizing NEO Trader orders over Designated Market Makers (DMM) orders will further contribute to segmentation and internalization.</b></p>	<p>The distinction between NEO Trader and LST is core to our market structure and was discussed at length at the time of our recognition order – and, as mentioned above, is a transparent distinction that is regularly validated through a process that is, in fact, monitored as part of their oversight by OSC staff. Nothing in the current proposal seeks changes to these concepts.</p> <p>We cannot understand the commenter’s link between giving NEO Trader orders priority over DMMs’ orders and further contribution to segmentation and internalization. This proposed change only impacts the market maker who will see their priority reduced. The ultimate beneficiary of this change is the client as the level of intermediation will go down. In no circumstance would this proposed change have any bearing on a dealer’s ability to “internalize” flow.</p>

<i>Comment</i>	<i>NEO response</i>
<p><b>3. The proposed Contra Election in NEO Exchange’s separate dark book (NEO-D), is in violation of the principles of fair access and will result in further segmentation.</b></p>	<p>Along the same lines as the previous response, we feel the commenter is referring to “further segmentation” without explaining how they come to their conclusions.</p> <p>That said, there are numerous examples of segmentation across markets globally, some widely accepted as positive. Canadian examples include Liquidnet, whose model is based on facilitating buy-side to buy-side trading to facilitate large transactions without information leakage.</p> <p>The objective of NEO-D is to create a dark book for natural investors to trade with each other with as little intermediation as possible. It is our view that, while preventing LSTs from taking liquidity could result in increased segmentation, it would lead to an increase in natural investors meeting natural investors, which would not be a novel or negative outcome. However, based on a number of informal comments received, suggesting that any such distinctions may set a precedent that could open the door for problematic forms of segmentation, we have decided to launch NEO-D without any restrictions on LSTs. We will be monitoring LST activity in NEO-D to determine if there is an impact on natural investor participation and/or intermediation and if so may refile for this functionality at a later point in time.</p> <p>In regards to fair access we disagree in principle that the proposed functionality would be in violation of that rule. As has been often said, fair access does not in all cases mean equal access. NEO-D would be an unprotected dark market, and preventing someone from accessing a dark market where there is no pre-trade information about available orders and, as such, no expectation of a fill, does not constitute unfair access. As noted above, though, we have decided to proceed for now without restricting LSTs’ ability to take liquidity.</p>

APPENDIX B

TEXT OF CHANGES TO PUBLISHED PUBLIC INTEREST AMENDMENTS TO THE TRADING POLICIES

7.03 Posting Liquidity Providing Orders in NEO-D

- (1) Liquidity Providing Orders posted in NEO-D may originate from any type of account ~~but~~ and all Liquidity Providing Orders may include the Contra Election designation ~~is not available for orders from LST account, which will be restricted to interacting with Liquidity Taking Orders.~~

7.04 Continuous Trading Session in NEO-D

- (1) In NEO-D, ~~only Liquidity Taking Orders originating~~ subject to the Contra Election, orders from NEO Trader™ ~~all~~ accounts may interact with ~~resting Liquidity Providing Orders. Liquidity Taking Orders from LST accounts will be rejected~~ each other.

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