The Ontario Securities Commission

OSC Bulletin

July 25, 2019

Volume 42, Issue 30

(2019), 42 OSCB

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

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

ISSN 0226-9325

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Table of Contents

Chapter 1

Notices

1.1 Notices

1.1.1 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of June 30, 2019 has been posted to the OSC Website at www.osc.gov.on.ca.

Table of Concordance

Item Key
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; r3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Reformulation

Instrument	Title	Status
21-101	Marketplace Operation – Amendments	**Published for comment April 18, 2019**
11-739	Policy Reformulation Table of Concordance and List of New Instrument	**Published May 2, 2019**
13-103	System Replacement Rule	**Published for comment May 2, 2019**
13-101	System for Electronic Document Analysis and Retrieval	**Proposed repeal published May 2, 2019**
11-102	Passport System – Amendment (tied to 13-103)	**Published for comment May 2, 2019**
41-101	General Prospectus Requirements – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
43-101	Standards of Disclosure for Mineral Projects – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
44-101	Short Form Prospectus Distributions – Amendments (tied to 13-103) (tied to 13-103)	**Published for comment May 2, 2019**
44-102	Shelf Distributions – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
45-102	Resale of Securities – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
45-106	Prospectus Exemptions – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
45-108	Crowdfunding – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
51-101	Standards of Disclosure for Oil and Gas Activities – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
51-102	Continuous Disclosure Obligations – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
51-105	Issuers Quoted in the U.S. Over-the-Counter Markets – Amendments (tied to 13-103)	**Published for comment May 2, 2019**

54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
58-101	Disclosure of Corporate Governance Practices - Amendments (tied to 13-103)	**Published for comment May 2, 2019**
62-104	Take-Over Bids and Issuer Bids – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
81-101	Mutual Fund Prospectus Disclosure – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
81-106	Investment Fund Continuous Disclosure – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
81-107	Independent Review Committee for Investment Funds – Amendment (tied to 13-103)	**Published for comment May 2, 2019**
11-201	Electronic Delivery of Documents -Amendments (tied to 13-103)	**Published for comment May 2, 2019**
11-202	Process for Prospectus Reviews in Multiple Jurisdictions – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
11-203	Process for Exemptive Relief Application in Multiple Jurisdictions – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
11-206	Process for Cease to be a reporting Issuer Applications – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
11-207	Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
12-202	Revocation of Certain Cease Trade Orders – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
12-203	Management Cease Trade Orders – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
46-201	Escrow for Initial Public Offerings – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
47-201	Trading Securities Using the Internet and Other Electronic Means – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
51-201	Disclosure Standards – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
58-201	Corporate Governance Guidelines – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
61-101CP	Protection of Minority Security Holders in Special Transactions – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
62-203	Take-Over Bids and Issuer Bids – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
71-102CP	Continuous Disclosure and Other Exemptions Relating to Foreign Issuers – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
	Policy Statement to 81-107 Respecting Independent Review Committee for Investment Funds – Amendments (tied to 13-103)	**Published for comment May 2, 2019**
13-102	System Fees for SEDAR and NRD – Proposed Repeal and Replacement	**Published for comment May 2, 2019**
44-102	Shelf Distributions – Amendments	**Published for comment May 9, 2019**

13-502	Fees – Amendments	**Commission Approval Published May 16, 2019**
13-503	(Commodity Futures Act) Fees – Amendments	**Commission Approval Published May 16, 2019**
91-306	Compliance Review Findings for Reporting Counterparties	**Published June 6, 2019**
43-706	Pre-Filing Review of Mining Technical Disclosure	**Published June 6, 2019**
31-103	Registration Requirements, Exemptions and Ongoing registrant Obligations – Amendments	**Ministerial approval published June 6, 2019**
11-786	Notice of Statement of Priorities for Financial Year to End March 31, 2020	**Published June 27, 2019**
31-354	Suggested Practices for Engaging with Older or Vulnerable Clients	**Published June 27, 2019**
81-901	Mutual Fund Trusts: Approval of Trustees under Clause 213(3)(b) of the Loan and Trust Corporations Act	**Published June 27, 2019**

For further information, contact:

Darlene Watson
Project Specialist
Ontario Securities Commission
416-593-8148

July 25, 2019

1.2 Notices of Hearing

1.2.1 CoinLaunch Corp. – ss. 127, 127.1

FILE NO.: 2019-24

IN THE MATTER OF
COINLAUNCH CORP.

NOTICE OF HEARING
Sections 127 and 127.1 of
the *Securities Act*, RSO 1990, c. S.5

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: Wednesday, July 24, 2019 at 3:00 p.m.

LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated July 19, 2019 between Staff of the Commission and the respondent in respect of the Statement of Allegations filed by Staff of the Commission dated July 22, 2019.

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 22nd day of July, 2019.

"Grace Knakowski"
Secretary to the Commission

For more information

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

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Jean-Smaille Germeil and FPE Trading – ss. 127(1), 127(10)

FILE NO.: 2019-26

IN THE MATTER OF
JEAN-SMAILLE GERMEIL and
FPE TRADING

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

PROCEEDING TYPE: Inter-jurisdictional Enforcement Proceeding

HEARING DATE AND TIME: In writing

PURPOSE

The purpose of this proceeding is to consider whether it is in the public interest for the Commission to make the order requested in the Statement of Allegations filed by Staff of the Commission dated July 16, 2019.

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

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

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

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

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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Dated at Toronto this 17th day of July, 2019

"Grace Knakowski"
Secretary to the Commission

For more information

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

IN THE MATTER OF
JEAN-SMAILLE GERMEIL and
FPE TRADING

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

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

A. ORDER SOUGHT

2. Staff request that the Commission make the following inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990 c. S.5 (the **Act**):

   (a) against Jean-Smaille Germeil (**Germeil**) that:

      i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Germeil cease permanently, other than securities or derivatives beneficially owned by him;

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

      iii. pursuant to paragraph 7 of subsection 127(1) of the Act, Germeil resign any positions that he holds as a director or officer of any issuer;

      iv. pursuant to paragraph 8 of subsection 127(1) of the Act, Germeil be prohibited permanently from becoming or acting as a director or officer of any issuer; and

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

   (b) against FPE Trading that:

      i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by FPE Trading cease permanently, other than securities or derivatives beneficially owned by it;

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

      iii. pursuant to paragraph 8.5 of subsection 127(1) of the Act, FPE Trading be prohibited permanently from becoming or acting as a registrant or promoter;

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

B. FACTS

Staff make the following allegations of fact:

3. Germeil and FPE Trading (together, the **Respondents**) are subject to an order of the Nova Scotia Securities Commission (the **NSSC**) dated May 27, 2019 (the **NSSC Order**) that imposes sanctions, conditions, restrictions or requirements upon them.

4. In its findings on liability dated March 27, 2019 (the **Findings**) a panel of the NSSC (the **NSSC Panel**) found that the Respondents acted as a dealer without registration and without any available exemption from doing so, contrary to subsection 31(1) of the Nova Scotia *Securities Act*, RSNS 1989, c. 418, as amended (the **Nova Scotia *Securities Act***).

5. The NSSC Panel also found that the Respondents engaged in an illegal distribution of securities and engaged in unfair practices, contrary to subsections 58(1) and 44A(2), respectively, of the Nova Scotia *Securities Act*.

6. The NSSC Panel further found that the Respondents made untrue and misleading statements, contrary to subsection 50(2) of the Nova Scotia *Securities Act*, and that their conduct was contrary to the public interest.

(i) The NSSC Proceedings

Background

7. The conduct for which the Respondents were sanctioned occurred between June 2013 and January 2015 (the **Material Time**).

8. During the Material Time, Germeil was a resident of Nova Scotia.

9. Germeil was not registered with the NSSC in any capacity during the Material Time.

10. On October 3, 2013, FPE Trading was registered as a partnership/business name with the Nova Scotia Registry of Joint Stock Companies (the **NS Registry**), and its business was noted as online currency trading. Germeil was listed as partner of FPE Trading, and during the Material Time, he was its directing mind. On December 4, 2014, the status of FPE Trading with the NS Registry was "revoked for non payment."

11. FPE Trading was not registered in any capacity, and it did not file a preliminary prospectus or prospectus with the NSSC during the Material Time, nor was it exempt from doing so.

12. During the Material Time, the Respondents solicited investments from three residents of Ontario and one resident of Nova Scotia (the **Investors**). Germeil promoted FPE Trading to the Investors as a foreign currency trading opportunity.

Investors AA, BB and CC

(a) Investors AA, BB and CC were residents of Ontario. During the Material Time, they collectively invested $37,000 with the Respondents, for which they received no prospectus nor account opening documentation. Investors AA, BB and CC each received emails from the Respondents reflecting growth in their respective investments. After requesting a withdrawal of funds from their accounts, Investor AA and CC received $9,500 and $1,300, respectively, from the Respondents. Neither principal nor interest was returned to Investor BB.

(b) The NSSC Panel found that Investors AA and CC's funds were comingled into personal bank accounts controlled by Germeil, and used by Germeil for day-to-day expenses without their consent or knowledge.

Investor DD

(c) Investor DD was a resident of Nova Scotia. During the Material Time, Investor DD invested $500 with the Respondents, and signed a contract with FPE Trading documenting the investment. Investor DD received no prospectus from the Respondents.

13. The NSSC Panel found that the Respondents engaged in unfair practices by, among other things, not discussing the risks associated with currency trading with the investors, and telling one investor that the Respondents were regulated by the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), when there was no evidence of this. Further, the NSSC Panel found that investors received communications from the Respondents containing representations of unrealistic returns, absent any details of the transactions or investments purportedly made on their behalf.

NSSC Findings - Conclusions

14. In its Findings, the NSSC Panel concluded that:

(a) the Respondents acted as a dealer without being registered to do so and without an available exemption from the dealer registration requirement, contrary to subsection 31 (1) of the Nova Scotia *Securities Act*;

(b) the Respondents distributed securities when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the NSSC's Director and without an available exemption from the prospectus requirements, contrary to subsection 58(1) of the Nova Scotia *Securities Act*;

(c) the Respondents engaged in unfair practices contrary to subsection 44A(2) of the Nova Scotia *Securities Act*;

(d) the Respondents made untrue and misleading statements contrary to subsection 50(2) of the Nova Scotia *Securities Act*; and

(e) the Respondents' conduct was contrary to the public interest and harmful to the integrity of the Nova Scotia capital markets.

(ii) The NSSC Order

15. The NSSC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:

(a) pursuant to clause 134(1)(a) of the Nova Scotia *Securities Act*, the Respondents comply with and cease contravening Nova Scotia securities laws;

(b) pursuant to clause 134(1)(b) of the Nova Scotia *Securities Act*, the Respondents permanently cease trading in securities of any issuer, other than securities beneficially owned by the Respondents;

(c) pursuant to clause 134(1)(c) of the Nova Scotia *Securities Act*, any or all of the exemptions contained in Nova Scotia securities laws do not apply to the Respondents permanently;

(d) pursuant to clause 134(1)(d) of the Nova Scotia *Securities Act*, Germeil be permanently prohibited from becoming or acting as a director or officer of an issuer;

(e) pursuant to clause 134(1)(g) of the Nova Scotia *Securities Act*, the Respondents be permanently prohibited from becoming or acting as a registrant, investment fund manager, or promoter;

(f) pursuant to clause 134(1)(h) of the Nova Scotia *Securities Act*, the Respondents be reprimanded;

(g) pursuant to section 135 of the Nova Scotia *Securities Act*, the Respondents, jointly and severally, pay to the NSSC an administrative penalty of $150,000; and

(h) pursuant to section 135A of the Nova Scotia *Securities Act*, the Respondents, jointly and severally, pay costs in connection with the NSSC's investigation and conduct of its proceeding in the amount of $15,000.

C. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

16. The Respondents are subject to an order of the NSSC imposing sanctions, conditions, restrictions or requirements upon them.

17. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

18. Staff allege that it is in the public interest to make an order against the Respondents.

19. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

DATED at Toronto this 16th day of July, 2019.

Vivian Lee
Litigation Counsel
Enforcement Branch
Tel: (416) 597-7243
Email: vlee@osc.gov.on.ca

1.3.2 International Capital Markets Pty. Ltd. – ss. 127(1), (2), 127.1

FILE NO.: 2019-19

IN THE MATTER OF
INTERNATIONAL CAPITAL MARKETS PTY. LTD.

NOTICE OF HEARING
Subsections 127(1) and (2) and section 127.1 of the *Securities Act*, RSO 1990, c. S.5

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: July 24, 2019 at 10:30 a.m.

LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated July 19, 2019, on a no-contest basis, between Staff of the Commission and International Capital Markets Pty. Ltd. in respect of the Statement of Allegations filed by Staff of the Commission dated July 22, 2019.

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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

AVIS EN FRANÇAIS

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

Dated at Toronto this 22nd day of July 2019.

"Grace Knakowski"
Secretary to the Commission

For more information

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

IN THE MATTER OF
INTERNATIONAL CAPITAL MARKETS PTY. LTD.

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

A. ORDER SOUGHT

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) request that the Commission make an order pursuant to subsections 127(1) and (2) and section 127.1 of the *Securities Act*, RSO 1990, c. S.5 (the Act) to approve the settlement agreement dated July 19, 2019, on a no-contest basis, between Staff and International Capital Markets Pty. Ltd. (**IC Markets**).

B. FACTS

2. Under Ontario securities law, contracts for differences (CFDs) are derivative products that constitute securities when offered to Ontario investors, and involve a distribution of a security when issued to Ontario investors. A CFD issuer offering and distributing such securities must therefore comply with the registration and prospectus requirements of the *Securities Act*, RSO 1990, c. S.5, as amended (the Act) and the trade reporting requirements under OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting. These provisions of the Act serve to protect the investing public and preserve the integrity of the capital markets in Ontario.

3. These requirements apply to foreign companies that offer online trading of securities or derivatives, including CFDs, for Ontario residents.

4. Foreign market participants must investigate, understand and comply with regulatory obligations in jurisdictions in which they operate. They must implement a robust compliance system in recognition of the compliance risks associated with operating in multiple jurisdictions. Where there is a failure to implement a robust compliance system in recognition of the compliance risks associated with operating in multiple jurisdictions, Staff will not hesitate to initiate proceedings in response to violations of Ontario securities law.

5. Staff make the following allegations of fact:

(a) Overview

6. IC Markets provides online trading of securities and derivatives, including CFDs, through a proprietary platform accessible to investors globally, formerly including investors in Ontario. IC Markets was the counterparty on every CFD trade, meaning it took positions as principal to its clients. IC Markets entered into hedging transactions with third parties to offset its market risk which resulted from being the counterparty on every CFD trade.

7. While IC Markets' conduct was inadvertent in that it did not intend to conduct business in Ontario, nor did it solicit investors in Ontario directly, IC Markets has breached cornerstone provisions of the Act. These provisions relate directly to protecting the investing public and preserving the integrity of capital markets by engaging in the business of trading without registration, and issuing CFDs, which constitutes a distribution, without filing and obtaining a receipt for a prospectus with the Commission.

(b) IC Markets

8. IC Markets is an over-the-counter issuer of derivatives and securities operating from Sydney, Australia and provides an online trading platform to its clients.

9. IC Markets is regulated by the Australian Securities and Investments Commission (ASIC). IC Markets is not a reporting issuer in Ontario and has not filed a preliminary prospectus or a prospectus with the Commission. IC Markets is not registered to trade in securities in Ontario pursuant to the requirements of the Act.

(c) Ontario clients

10. Between March 12, 2013 and June 25, 2018 (the **Material Time**), Ontario investors traded CFDs using IC Markets' online platform. During the Material Time, IC Markets opened and operated approximately 1665 accounts for Ontario investors (the **Ontario Accounts**), which accounts for approximately 0.5% of IC Markets' global client base.

11. The Ontario Accounts were opened using an online account application process accessed through IC Markets' online platform. Ontario investors could access the IC Markets online platform directly, or through a referral program called

the Introducing Broker (**IB**) program. IBs receive fees from IC Markets when someone uses their referral link to open an IC Markets account. There are currently no active IBs in Canada.

12. During the Material Time, IC Markets received approximately USD $4,000,000 from the Ontario Accounts, which includes IC Markets' fees, bid-ask spreads, and interest charges. These fees and charges were disclosed to investors.

13. Presently, no Canadian can open an account with IC Markets as a result of the controls and procedures implemented by IC Markets in July 2018.

(d) IC MARKETS' TRADING IN CFDs

14. IC Markets engaged in the business of issuing and trading CFDs through its online platform.

15. Through these CFDs, IC Markets' clients, including Ontario investors, could participate in the price movements of assets which included equities, currencies, cryptocurrencies (offered from 2018), market indices and commodities without owning the underlying assets. For example, an Ontario investor could purchase a position in a CFD that tracked the price of a cryptocurrency. Then, depending on whether the relative price of the cryptocurrency went up or down, the value of the CFD would also go up or down.

16. IC Markets was the counterparty on every CFD, meaning it acted as principal to its clients. IC Markets entered into hedging transactions with third parties to offset its market risk, which resulted from being the counterparty on CFDs issued. Profit or loss from these hedging transactions was offset by IC Markets' corresponding profit or loss as counterparty to the CFDs. As a result, IC Markets had no market exposure and its revenues were attributable to fees, bid-ask spreads and interest charges.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST:

17. Staff allege the following breaches of Ontario securities law and/or conduct contrary to the public interest by IC Markets during the Material Time:

    (a) engaging in the business of trading in securities without registration in accordance with Ontario securities law or an applicable exemption from registration, contrary to section 25 of the Act; and

    (b) engaging in trading in securities which constitute distributions without complying with the prospectus requirements or without an applicable exemption from the prospectus requirements, contrary to section 53 of the Act.

18. Staff reserves the right to amend these allegations and to make such further and other allegations as Staff deems fit and the Commission may permit.

DATED this 22nd day of July, 2019.

Vivian Lee
Litigation Counsel
Enforcement Branch

Tel: (416) 597-7243
Fax: (416) 204-8956
Email: vlee@osc.gov.on.ca

1.3.3 Ava Trade Ltd. – ss. 127, 127.1

FILE NO.: 2019-18

IN THE MATTER OF
AVA TRADE LTD.

NOTICE OF HEARING
Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c. S.5

PROCEEDING TYPE: Public Settlement Hearing

HEARING DATE AND TIME: Wednesday, July 24, 2019 at 3:00 p.m.

LOCATION: 20 Queen Street West, 17th Floor, Toronto, Ontario

PURPOSE

The purpose of this hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated July 19, 2019 between Staff of the Commission and Ava Trade Ltd. in respect of the Statement of Allegations filed by Staff of the Commission dated July 22, 2019.

REPRESENTATION

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

FAILURE TO ATTEND

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

FRENCH HEARING

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Dated at Toronto this 22nd day of July, 2019.

"Grace Knakowski"
Secretary to the Commission

For more information

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

IN THE MATTER OF
AVA TRADE LTD.

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

A. ORDER SOUGHT

1. Staff of the Enforcement Branch (**Staff**) of the Ontario Securities Commission (the **Commission**) request that the Commission make an order pursuant to subsections 127(1) and (2) and section 127.1 of the *Securities Act*, RSO 1990, c S.5 (the **Act**) to approve the settlement agreement dated July 19, 2019, between Staff and Ava Trade Ltd. (**Ava Trade**).

B. FACTS

2. Under Ontario securities law, contracts for differences (CFDs) are derivative products that constitute securities when offered to Ontario investors, and involve a distribution of a security when issued to Ontario investors. A CFD issuer offering and distributing such securities must therefore comply with the registration and prospectus requirements of the *Securities Act*, RSO 1990, c S5, as amended (the **Act**) and the trade reporting requirements under OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting. These provisions of the Act serve to protect the investing public and preserve the integrity of the capital markets in Ontario.

3. These requirements apply to foreign companies that offer online trading of securities or derivatives, including CFDs, for Ontario residents.

4. Foreign market participants must not ignore or overlook their regulatory obligations in jurisdictions in which they operate. They must implement a robust compliance system in recognition of the compliance risks associated with operating in multiple jurisdictions. Where there is a failure to implement a robust compliance system in recognition of the compliance risks associated with operating in multiple jurisdictions, Staff will not hesitate to initiate proceedings in response to violations of Ontario securities law.

5. Enforcement Staff make the following allegations of fact:

(a) Overview

6. While it did not specifically market to or target Ontario residents, between January 22, 2015 to August 17, 2018 (the **Material Time**), Ava Trade engaged in unregistered trading and illegal distributions by opening and operating trading accounts for Ontario residents through its online trading platform (the **Ava Trade Platform**).

7. In these accounts, CFDs based on underlying assets including forex, cryptocurrencies, and commodities were issued by Ava Trade to Ontario investors without filing a prospectus or preliminary prospectus with the Commission, and traded without registration or proper reliance on available exemptions from the requirement to register.

8. The registration requirements serve important gate-keeping and investor protection functions by ensuring that only properly qualified and suitable persons are permitted to engage in the business of trading and advising in securities. Similarly, the prospectus requirements ensure that investors have appropriate information to enable them to properly assess risks and make fully informed investment decisions. Through its course of conduct, the Respondent failed to comply with the registration and prospectus requirements of Ontario securities law, and in doing so, breached cornerstone provisions of the Act that serve to protect the investing public and preserve the integrity of the capital markets.

(b) Ava Trade

9. Ava Trade is registered with the British Virgin Islands Financial Services Commission (**BVI-FSC**) as an Investment Business and is licensed by the BVI-FSC to deal in securities.

10. Ava Trade is not a reporting issuer in Ontario, nor has it filed a prospectus or a preliminary prospectus with the Commission. Ava Trade is not registered with the Commission in any capacity.

(c) Ontario Clients

11. During the Material Time, Ava Trade opened and operated approximately 1,400 accounts for Ontario investors (the **Ontario Accounts**).

12. The Ontario Accounts were opened using an online account application process accessed through the Ava Trade Platform.

13. In the Ontario Accounts, Ontario investors traded CFDs through the Ava Trade Platform based on exposure to underlying assets, which included forex, cryptocurrencies, and commodities. The CFDs were issued by Ava Trade and each issuance of a CFD to an Ontario investor involves a distribution of a security to that investor for the purposes of Ontario securities law. Ava Trade was the counterparty to the CFD trades. As the counterparty, Ava Trade took the opposite position to its clients on every CFD issued. Ava Trade also entered into hedging transactions with third parties to offset its risk exposure on the CFDs issued to investors.

14. The Ava Trade Platform allowed retail investors to engage in leveraged trading of up to 200:1 leverage on various CFDs.

15. During the Material Time, Ava Trade received approximately CAD $3.7 million attributable to revenue generated from the Ontario Accounts. This amount includes bid-ask spreads, overnight interest charges, and inactive account fees, to the Ontario Accounts.

(d) Ava Trade's Trading in CFDs

16. Ava Trade marketed the trading in CFDs on its Ava Trade Platform.

17. Through these CFDs, Ava Trade investors could participate in the price movements of forex, cryptocurrencies, commodities and other assets without owning the underlying asset. For example, an investor could purchase a position in a CFD that tracks the price of a currency, publicly-traded stock, or cryptocurrency. Then, depending on whether the price of the underlying asset went up or down, the value of the CFD would also go up or down.

18. Ava Trade was remunerated for its services by charging its clients spreads, overnight financing interest, and inactive account fees. The detailed fee schedule for each financial product Ava Trade offered was publicly disclosed on its website during the Material Time.

(e) Ava Trade's Prior Dealings with the Commission and Other Canadian Regulators

19. Staff sent a letter addressed to Ava Trade's office in the British Virgin Islands which inquired about Ava Trade's potential breaches of the Act in May 2014. Staff did not receive a response to this inquiry and subsequently placed Ava Trade on the OSC Investor Warning List on June 4, 2014 (the **OSC Investor Alert**). Details of the OSC Investor Alert were posted on the Commission's website and also on the Investor Alerts Portal of the International Organization of Securities Commissions website. Other Canadian securities regulators also placed Ava Trade on their Investor Warning List, or equivalent, during the Material Time.

20. Staff reinitiated contact with Ava Trade in January 2018 to discuss Ava Trade's continued trading with Ontario clients. Ava Trade responded in a letter to Staff, dated February 22, 2018, that prior to receiving Staff's inquiry in January 2018, Ava Trade had independently and proactively initiated a process to transfer any Canadian clients to Friedberg Mercantile Group Ltd, (Friedberg), an Investment Dealer and Dealer Member of the Investment Industry Regulatory Organization of Canada. The agreement with Friedberg was completed through Ava Trade's subsidiary, Ava Trade (EU) Ltd.

21. On August 13, 2018, Ava Trade advised Staff that it has no record of receiving correspondence from Staff inquiring about its activities in Ontario in 2014 and was unaware of the OSC Investor Alert because it did not monitor the Commission website or the Commission's email alerts.

C. BREACHES AND CONDUCT CONTRARY TO THE PUBLIC INTEREST:

22. Staff allege the following breaches of Ontario securities law and/or conduct contrary to the public interest by Ava Trade during the Material Time:

    (a) engaging in, or holding itself out as engaging in, the business of trading in securities without registration in accordance with Ontario securities law, contrary to subsection 25(1) of the Act; and

    (b) engaging in trading in securities which constitute distributions without filing a preliminary prospectus and a prospectus with the Commission, contrary to subsection 53(1) of the Act.

23. Staff reserves the right to amend these allegations and to make such further and other allegations as Staff deems fit and the Commission may permit.

DATED this 22nd day of July, 2019.

Vivian Lee
Litigation Counsel
Enforcement Branch

Tel: 416-597-7243
Fax: 416-204-8956
Email: vlee@osc.gov.on.ca

1.4 Notices from the Office of the Secretary

1.4.1 Jean-Smaille Germeil and FPE Trading

FOR IMMEDIATE RELEASE
July 17, 2019

JEAN-SMAILLE GERMEIL and
FPE TRADING, File No. 2019-26

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

A copy of the Notice of Hearing dated July 17, 2019 and Statement of Allegations dated July 16, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.2 Caldwell Investment Management Ltd.

FOR IMMEDIATE RELEASE
July 19, 2019

CALDWELL INVESTMENT MANAGEMENT LTD.,
File No. 2018-36

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Caldwell Investment Management Ltd. in the above named matter.

A copy of the Order dated July 19, 2019, Settlement Agreement dated July 10, 2019 and Oral Reasons for Approval of a Settlement dated July 19, 2019 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.3 Caldwell Investment Management Ltd.

FOR IMMEDIATE RELEASE
July 19, 2019

CALDWELL INVESTMENT MANAGEMENT LTD.,
File No. 2018-36

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on August 1, 2, 7, 8, 9, 12, 15, 16, 19, 20, 22, 23, 27 and 28, 2019, will not proceed as scheduled.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.4 CoinLaunch Corp.

FOR IMMEDIATE RELEASE
July 22, 2019

COINLAUNCH CORP.,
File No. 2019-23

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and CoinLaunch Corp. in the above named matter.

The hearing will be held on July 24, 2019 at 3:00 p.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated July 22, 2019 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.5 International Capital Markets Pty. Ltd.

FOR IMMEDIATE RELEASE
July 22, 2019

INTERNATIONAL CAPITAL MARKETS PTY. LTD.,
File No. 2019-19

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and International Capital Markets Pty. Ltd. in the above named matter.

The hearing will be held on July 24, 2019 at 10:30 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing and the Settlement Agreement dated July 22, 2019 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.4.6 Ava Trade Ltd.

FOR IMMEDIATE RELEASE
July 22, 2019

AVA TRADE LTD.,
File No. 2019-18

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Ava Trade Ltd. in the above named matter.

The hearing will be held on July 24, 2019 at 3:00 p.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing and the Statement of Allegations dated July 22, 2019 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Guardian Capital LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the conflict of interest restrictions in the Securities Act (Ontario) and the self-dealing prohibitions in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit fund-on-fund structures involving pooled funds under common management subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), RSO 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(3), 111(4) and 113.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(a), 15.1.

July 16, 2019

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
GUARDIAN CAPITAL LP
(Guardian)

AND

THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Guardian, on behalf of Guardian and its affiliates (collectively, the **Filer**), Guardian Managed Yield Portfolio and GEM Balanced Pool (collectively, the **Initial Top Funds**) and any other existing or future mutual fund that is not or will not be, a reporting issuer, and that is, or will be, managed by the Filer in the future (the **Future Top Funds**, and together with the Initial Top Funds, the **Top Funds**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) in respect of the Fund-on-Fund Structure (as defined below) exempting the Filer and the Top Funds from:

(a) the restriction in the Legislation that prohibits an investment fund from knowingly making an investment in any person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial securityholder;

(b) the restriction in the Legislation that prohibits an investment fund from knowingly making an investment in an issuer in which:

(i) any officer or director of the investment fund, its management company or distribution company or an associate of them, or

(ii) any person or company who is a substantial securityholder of the investment fund, its management company or its distribution company,

has a significant interest;

(c) the restriction in the Legislation that prohibits an investment fund, its management company or its distribution company, from knowingly holding an investment described in paragraph (a) or (b) above (collectively, the **Related Issuer Relief**); and

(d) the restrictions contained in subsection 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless (i) this fact is disclosed to the client and (ii) the written consent of the client to the purchase is obtained before the purchase (the **Consent Relief**, and together with the Related Issuer Relief, the **Requested Relief**),

to permit the Filer to cause the Top Funds to invest in the Underlying Funds (as defined below).

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* is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Québec, Prince Edward Island, Saskatchewan and Yukon (together with Ontario, the **Jurisdictions**).

Interpretation

Unless otherwise defined herein, terms in this decision have the respective meanings given to them in National Instrument 14-101 *Definitions*.

Representations

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

Guardian

1. Guardian is a limited partnership formed under the laws of Ontario with its head office in Toronto, Ontario.

2. Guardian is registered as an investment fund manager in each of Ontario, Québec and Newfoundland and Labrador, as a portfolio manager and an exempt market dealer in each province of Canada, and as a commodity trading manager and a commodity trading counsel in Ontario.

3. Guardian is not a reporting issuer in any jurisdiction. The Filer is not currently in default of securities legislation in any Jurisdiction, except for breaches that occurred when the Initial Top Funds invested in the Initial Underlying Funds (as defined below), resulting in the inadvertent non-compliance with sections 111(2)(b), 111(2)(c), 111(3) and 111(4) of the *Securities Act* (Ontario) and paragraph 13.5(2)(a) of NI 31-103. Upon issuance of this decision, the Filer will not be in default of securities legislation of any jurisdiction of Canada.

Top Funds

4. Each Initial Top Fund is organized under the laws of Ontario as a trust. Each Future Top Fund will be organized under the laws of Ontario as a trust or a class of shares of a corporation.

5. Each Top Fund is or will be a “mutual fund” for the purposes of the Legislation.

6. None of the Top Funds is, or has current plans to become, a reporting issuer in any province or territory of Canada.

7. The Filer is the investment fund manager of Guardian Managed Yield Portfolio and GEM Balanced Pool. The Filer is, or will be, the portfolio manager of each Top Fund. A third party is the trustee of the Initial Top Funds. The Filer or a third party will act as trustee of each Future Top Fund.

8. Securities of the Initial Top Funds and each Future Top Fund are, or will be, offered on a private placement basis to qualified investors pursuant to available exemptions from the prospectus requirements under Canadian securities legislation. Each investor is, or will be, responsible for making its own investment decisions regarding its purchases and/or redemptions of securities of a Top Fund.

9. Guardian Managed Yield Portfolio was created on April 30, 2015 pursuant to a trust agreement made as of May 27, 2013, GEM Balanced Pool was created on December 29, 2005 pursuant to an amended and restated trust agreement made as of January 27, 2017.

10. The Initial Top Funds invest in units of the Initial Underlying Funds (as defined below).

11. In addition to the Initial Top Funds, each Top Fund may also invest in units of one or more Underlying Funds (as defined below), which investment or investments will be consistent with the Top Fund’s investment objectives and strategies.

12. The investment objective of Guardian Managed Yield Portfolio is to provide a conservative balanced portfolio that emphasizes income with some level of growth through diversified investments in equity or equity-related securities and in fixed-income securities, either long term or short term. To achieve its investment objective, this Initial Top Fund invests in securities of other mutual funds or pooled funds managed by the Filer and, potentially, in third-party exchange-traded funds.

13. The investment objective of GEM Balanced Pool is to achieve a balance between long-term growth of capital and reasonable income through diversified investments in equity or equity-related securities and in fixed-income securities, either long term or short term, and to provide a portfolio that meets the socially responsible investment (**SRI**) standards set by this Existing Top Fund’s SRI advisor. To achieve its investment objective, this Initial Top Fund invests in the Underlying GEM Pools (as defined below).

Underlying Funds

14. Each of GEM Canadian Equity Pool, GEM Fixed Income Pool and GEM Global Equity Pool (collectively, the **Underlying GEM Pools**) is sold solely to investors on a private placement basis pursuant to available exemptions from the prospectus requirements under Canadian securities legislation. Each investor is responsible for making its own investment decisions regarding its purchases and/or redemptions of securities of the Underlying GEM Pools.

15. The other existing Guardian Capital underlying funds are sold to investors under the Guardian Capital Funds prospectus (the **Guardian Capital Funds Prospectus**), currently dated April 18, 2019 (together with the Underlying GEM Pools, the **Initial Underlying Funds**).

16. Any future underlying investment fund that is, or will be, managed by the Filer and that is, or will be, invested in by a Top Fund (each, a **Future Underlying Fund** and, together with the Initial Underlying Funds, the **Underlying Funds**) will be sold to investors either pursuant to a prospectus qualified in one or more of the Jurisdictions or pursuant to an available exemption from the prospectus requirement under Canadian securities legislation.

17. Each Initial Underlying Fund is a trust created under the laws of Ontario.

18. The investment objectives of the Underlying GEM Pools are as follows:

    - GEM Canadian Equity Pool – to achieve long-term growth of capital through the investment in common shares or other equity-related securities issued by Canadian companies and Canadian income trusts, and to provide a portfolio that meets the SRI standards set by its SRI advisor.

    - GEM Fixed Income Pool – to provide a high level of current interest income while, at the same time, preserving capital and seeking opportunities for capital appreciation through investment in bonds, debentures, notes or other evidence of indebtedness, and to provide a portfolio that meets the SRI standards set by its SRI advisor.

    - GEM Global Equity Pool – to provide long-term capital appreciation through security selection in global markets, and to provide a portfolio that meets the SRI standards set by its SRI advisor.

19. The investment objectives of the other Initial Underlying Funds are set out in the Guardian Capital Funds Prospectus.

20. Each Future Underlying Fund will be structured as a trust or as a class of shares of a corporation governed by the laws of a jurisdiction of Canada. Each Initial Underlying Fund is, and each Future Underlying Fund will be, a "mutual fund" for the purposes of the Legislation.

21. The Filer is the investment fund manager of the the Initial Underlying Funds. The Filer is, or will be, the portfolio manager of each of the Future Underlying Funds.

Fund-on-Fund Structure

22. The Initial Top Funds were, and Future Top Funds will be, created by the Filer to allow investors in the Top Funds to obtain indirect exposure to the investment portfolio of the Initial Underlying Funds or Future Underlying Funds and their investment strategies through, primarily, direct investments by the Top Funds in securities of the Underlying Funds (the **Fund-on-Fund Structure**).

23. The Fund-on-Fund Structure permits the Filer to manage a single portfolio of assets for both a Top Fund and each Underlying Fund that the Top Fund holds in a single investment vehicle structure.

24. Managing a single pool of assets provides economies of scale, allows the Top Funds to achieve their investment objectives in a cost-efficient manner and is not detrimental to the interest of other securityholders of an Underlying Fund.

25. An investment in an Underlying Fund by a Top Fund is, or will be, effected at an objective price. In the case of an Underlying Fund that is not a reporting issuer, the Filer's policies and procedures provide that an objective price, for this purpose, is the net asset value (**NAV**) of that Underlying Fund. In the case of an Underlying Fund that is a reporting issuer, the objective price is the NAV of the applicable securities.

26. The portfolio of each Underlying Fund consists, or will consist, primarily of publicly traded securities, debt instruments and derivatives. No Underlying Fund holds, or will hold, more than 10% of its NAV in "illiquid assets" (as defined in National Instrument 81-102 – *Investment Funds* (**NI 81-102**)).

27. The amounts invested, from time to time, in an Underlying Fund by one or more of the Top Funds or other related investment funds may exceed 20% of the outstanding voting securities of that Underlying Fund. Accordingly, each Top Fund

could, either alone or together with one or more funds managed by the Filer, become a substantial securityholder of an Underlying Fund.

28. The Initial Top Funds are, either alone or together with one or more funds managed by the Filer, currently substantial securityholders of certain of the Initial Underlying Funds.

29. No Underlying Fund will be a Top Fund in a Fund-on-Fund Structure.

30. Each Underlying Fund has, or may have, other investors in addition to the Top Funds. GEM Balanced Pool is currently the sole investor in GEM Global Equity Pool.

31. Securities of the Top Funds and the corresponding Underlying Funds are valued and redeemable daily.

32. In all cases, the Filer manages, or will manage, the liquidity of each Top Fund having regard to the redemption features of the corresponding Underlying Fund(s) to ensure that it can meet redemption requests from investors of the Top Funds.

33. In addition, the Fund-on Fund structure may result in a Top Fund investing in an Underlying Fund (i) in which an officer or director of the Top Fund, of the Filer or of any associate of them, has a significant interest, and/or (ii) where a person or company who is a substantial securityholder of the Top Fund or the Filer, has a significant interest.

34. Currently, there is no officer or director of any Top Fund, such Top Fund's management company, or its distribution company, or any associate of them, who has a significant interest in an Initial Underlying Fund, however, there may be circumstances in the future which may cause them to have a significant interest.

35. The Top Funds and Underlying Funds subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) will prepare annual audited financial statements and interim unaudited financial statements in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106 applicable to them.

36. In the absence of the Related Issuer Relief, the Top Funds would be constrained by the investment restrictions in Canadian securities legislation in terms of the degree to which they could implement the Fund-on-Fund Structure. Specifically, the Top Funds would be prohibited from: (i) becoming substantial securityholders of the Underlying Funds, either alone or together with related investment funds; and (ii) a Top Fund investing in an Underlying Fund in which an officer or director of the Top Fund's management company has a significant interest and/or a Top Fund investing in an Underlying Fund in which a person or company who is a substantial securityholder of the Top Fund or the Top Fund's management company, has a significant interest.

37. In the absence of the Consent Relief, each Top Fund would be precluded from investing in one or more Underlying Funds unless the specific fact is disclosed to securityholders of the Top Fund and the written consent of the securityholders of the Top Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, who may be considered a responsible person (as per section 13.5 of NI 31-103) or an associate of a responsible person, may also be a partner, officer and/or director of the applicable Underlying Fund.

38. The Fund-on-Fund Structure represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the investors in the Top Funds.

Decision

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

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

(a) securities of a Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirement under Canadian securities legislation;

(b) the investment by a Top Fund in an Underlying Fund is compatible with the fundamental investment objectives of the Top Fund;

(c) an investment in an Underlying Fund by a Top Fund will be effected at an objective price, calculated in accordance with section 14.2 of NI 81-106;

(d) a Top Fund will not invest in an Underlying Fund unless the Underlying Fund complies with the provisions of NI 81-106 that apply to a "mutual fund in Ontario" as defined in the *Securities Act* (Ontario);

(e) no Top Fund will purchase or hold a security of an Underlying Fund unless at the time of purchasing securities of the Underlying Fund, the Underlying Fund holds no more than 10% of its NAV in securities of other mutual funds unless the Underlying Fund:

(i) is a clone fund (as defined in NI 81-102);

(ii) purchases or holds securities of a "money market fund" (as defined in NI 81-102); or

(iii) purchases or holds securities that are "index participation units" (as defined by NI 81-102) issued by an investment fund;

(f) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;

(g) no sales fees or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund other than brokerage fees incurred for the purchase or sale of an index participation unit issued by an investment fund;

(h) the Filer does not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the holders of such securities, except that the Filer may arrange for the securities the Top Fund holds of an Underlying Fund to be voted by the beneficial owners of the securities of the Top Fund who are not the Filer or an officer, director or substantial securityholder of the Filer;

(i) when purchasing and/or redeeming securities of an Underlying Fund, the Filer shall, as investment fund manager of the applicable Top Fund and Underlying Fund, act honestly, in good faith and in the best interests of the Top Fund and the Underlying Fund, respectively, and shall exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances;

(j) the offering memorandum, where available, or the statement of investment policies and procedures, relationship disclosure documents or other similar document of a Top Fund, will be provided to investors in a Top Fund prior to the time of investment, and will disclose:

(i) that a Top Fund may purchase securities of one or more applicable Underlying Funds;

(ii) that the Filer is the investment fund manager and portfolio manager of both the Top Fund and the Underlying Funds;

(iii) that the Top Fund may invest all, or substantially all, of its assets in securities of Underlying Funds;

(iv) the fees, expenses and any performance or special incentive distributions payable by the Underlying Funds in which a Top Fund invests;

(v) the process or criteria used to select the Underlying Funds, if applicable;

(vi) for each officer, director and/or substantial securityholder of the Filer, or of a Top Fund, that has a significant interest in an applicable Underlying Fund, and for the officers and directors and substantial securityholders who together in aggregate hold a significant interest in an applicable Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the applicable Underlying Fund's NAV, and the potential conflicts of interest which may arise from such relationship;

(vii) that investors are entitled to receive from the Filer, on request and free of charge, a copy of the prospectus, offering memorandum, statement of investment policies and procedures or other similar disclosure document of the Underlying Funds, if available; and

(viii) that investors are entitled to receive from the Filer, on request and free of charge, the annual audited financial statements and interim financial reports relating to the Underlying Funds in which the Top Fund invests; and

(k) the Filer shall annually inform investors in a Top Fund of their right to receive from the Filer, as applicable, on request and free of charge, a copy of the offering memorandum, statement of investment policies and procedures or other similar disclosure document of each Underlying Fund, if available, and the annual audited financial statements and interim financial reports relating to each Underlying Fund in which the Top Fund invests.

The Consent Relief:

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

The Related Issuer Relief:

"Poonam Puri"
Commissioner
Ontario Securities Commission

"Raymond Kindiak"
Commissioner
Ontario Securities Commission

2.1.2 Transat A.T. Inc.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions – exemption from the requirement to obtain separate minority approval for each class of affected common shares in connection with a proposed business combination transaction so that minority approval would be obtained from the affected classes of securities of the issuer voting together as a single class – issuer is subject to the Canada Transportation Act and its dual-class share structure has been established solely to ensure that it is compliant with the foreign voting control restrictions in such legislation – no difference of interest between holders of each class of common shares in connection with a proposed business combination transaction – requiring a class-by-class vote could give a de facto veto right to a non-Canadian group of securityholders.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 8.1(1) and 9.1(2).

[TRANSLATION]

July 18, 2019

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

AND

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

AND

IN THE MATTER OF
TRANSAT A.T. INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption from the requirement that every class of affected securities vote as a separate class for the purpose of obtaining minority approval (the **Class Voting Requirement**) as set out in *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (chapter V-1.1, r. 33) (**Regulation 61-101**) in connection with the Proposed Transaction (as defined below) and that instead, minority approval of the Proposed Transaction be obtained from all of the outstanding Shares (as defined below) voting together as single class (the **Exemption Sought**).

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

(a) the *Autorité des marchés financiers* is the principal regulator for the Application;

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* (chapter V-1.1, r. 1) (**Regulation 11-102**) is intended to be relied upon in each of Alberta, Manitoba and New Brunswick; and

(c) this 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 *Regulation 14-101 respecting Definitions* (chapter V-1.1, r. 3), Regulation 11-102 and Regulation 61-101 have the same meaning if used in this decision, unless otherwise defined. The following terms have the following meanings:

Canadian has the meaning specified in section 55(1) of the CTA.

CTA means the *Canada Transportation Act*.

CTA Amendments means the amendments to the CTA which came into force effective June 27, 2018 as a result of the Transportation Modernization Act (Canada).

held or **holds**, when in reference to the Variable Voting Shares that a person “held” or “holds”, shall refer to, and include, the Variable Voting Shares held, beneficially owned or controlled, directly or indirectly by such person.

Representations

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

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the **CBCA**).

2. The Filer's head office is located in Montreal, Québec.

3. The Filer is a reporting issuer in all of the provinces of Canada and is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized share capital of the Filer consists of an unlimited number of Class A variable voting shares (the **Variable Voting Shares**), an unlimited number of Class B voting shares (the **Voting Shares** and, together with the Variable Voting Shares, the **Shares**), and an unlimited number of preferred shares, issuable in series.

5. As of June 26, 2019, 37,747,090 Shares were outstanding. There are no preferred shares outstanding. In addition, as of June 26, 2019, the Filer had 1,752,654 options (**Options**) outstanding, each entitling a Canadian holder to purchase one Voting Share and a non-Canadian Holder to purchase one Variable Voting Share.

6. As of April 30, 2019, the date of the most recent breakdown of Shares as obtained by the Filer's transfer agent upon the Filer's request, the Shares were comprised of approximately 93.87% Voting Shares and approximately 6.13% Variable Voting Shares.

7. As the owner of Air Transat A.T. Inc., a licensed air carrier, the Filer is subject to the requirements of the CTA. Notably, Section 61(1)(a) of the CTA includes a condition that an applicant for a domestic service operating licence be a Canadian.

8. As result of the CTA Amendments, Canadian was defined to include:

   "a corporation or entity that is incorporated or formed under the laws of Canada or a province, that is controlled in fact by Canadians and of which at least 51% of the voting interests are owned and controlled by Canadians and where (i) no more than 25% of the voting interests are owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and (ii) no more than 25% of the voting interests are owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person."

9. In order to comply with the CTA Amendments, the Filer amended its articles of incorporation on May 8, 2019 (the **Amended Articles**). Pursuant to the Amended Articles, the Voting Shares can only be owned or controlled by Canadians, while Variable Voting Shares can only be owned or controlled by non-Canadians. Outstanding Voting Shares are converted into Variable Voting Shares on a one for one basis, automatically and without any further act of the Filer or the holder, if such Voting Share becomes owned or controlled, by a person who is not a Canadian. Conversely, in the event that a Variable Voting Share becomes owned or controlled by a Canadian it will be converted into a Voting Share on a one for one basis automatically and without any further act of the Filer or the holder.

10. In order to comply with the "Canadian" ownership requirements in the CTA, the Variable Voting Shares carry one vote per share unless either (a) any single non-Canadian, either individually or in affiliation with any other person, holds a number of Variable Voting Shares that exceeds 25% of either the total number of the Filer's issued and outstanding Shares or the number of votes that would be cast at a given meeting of Shareholders, (b) all non-Canadians authorized to provide air services, together with such persons in affiliation with them, hold in the aggregate, a number of Variable Voting Shares that exceeds 25% of either the total number of the Filer's issued and outstanding Shares or the number of votes that would be cast at a given meeting of Shareholders, and (c) the number of issued and outstanding Variable Voting Shares exceeds 49% of either the total number of all of the Filer's issued and outstanding Shares or the number of votes that would be cast at a given meeting of Shareholders. In the event that any of the applicable aforementioned limits are exceeded, the votes attributable to Variable Voting Shares will be affected as follows: (i) if required, a reduction of the voting rights of any single non-Canadian (including a single non-Canadian authorized to provide air service), either individually or in affiliation with any other person, carrying more than 25% of the aggregate votes of the issued and outstanding Shares to ensure that such non-Canadian (and the persons in affiliation with them) never carry more than 25% of the votes which holders of Shares cast at any meeting of Shareholders; (ii) if required and after giving effect to the first proration set out in (i) above, a further proportional reduction of the voting rights of all non-Canadians authorized to provide an air service (including such persons in affiliation with them) to ensure that such non-Canadian authorized to provide air service (and the persons in affiliation with them), in the aggregate, never carry more than 25% of the votes which holders of Shares cast at any meeting of Shareholders; and (iii), if required and after giving effect to the first two prorations set out in (i) and (ii) above, a proportional reduction of the voting rights for the Variable Voting Shares to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes which holders of Shares cast at any meeting of Shareholders.

11. The formal identification of the Voting Shares and Variable Voting Shares as separate classes of shares, as well as the variability in the voting rights associated with the Variable Voting Shares, exist solely for the purposes of facilitating compliance with the Canadian ownership and control requirements of the CTA, with both classes of Shares having identical economic attributes and being listed and traded on the Toronto Stock Exchange as a single class of shares.

The Proposed Transaction

12. On June 27, 2019 the Filer and Air Canada (the **Purchaser**), entered into an arrangement agreement providing for the Purchaser's acquisition of all of the issued and outstanding Shares of the Filer and its combination with the Purchaser (the **Proposed Transaction**).

13. The Proposed Transaction is structured as an arrangement to be carried out in accordance with section 192 of the CBCA. The arrangement agreement requires that the Proposed Transaction be subject to the approval of 66 2/3% of votes cast by the holders of the outstanding Voting Shares and Variable Voting Shares (collectively, the **Shareholders**) voting together as a single class in person or by proxy at a special meeting (the **Special Meeting**) to be held to consider the Proposed Transaction.

14. The Proposed Transaction will constitute a "business combination" (as such term is defined in Regulation 61-101) and is therefore subject to the applicable requirements of Regulation 61-101.

15. Mr. Jean-Marc Eustache, the Chairman of the Board and the President and Chief Executive Officer of the Filer, may receive, as a result of the Proposed Transaction, payments which may be characterized as "collateral benefits" (as such term is defined in Regulation 61-101) as (a) he beneficially owns more than 1% of the outstanding Shares of the Filer, and (b) such payments, net of any offsetting costs, would represent more than 5% of the amount of the consideration that Mr. Eustache would otherwise expect to be beneficially entitled to receive under the terms of the Proposed Transaction in exchange for the Voting Shares that he beneficially owns.

16. Consequently, and as a result of the applicable requirements of Regulation 61-101, the Filer is subject to the Class Voting Requirements and is required to obtain approval of the Proposed Transaction by a majority of votes cast by Shareholders, in each case voting separately as a class, excluding the votes attached to applicable Shares beneficially owned, or over which control or direction is exercised, by any party specified in section 8.1(2) of Regulation 61-101 (the **Disinterested Shareholders**) at the Special Meeting. The Disinterested Shareholders in respect of the Proposed Transaction include all of the holders of Shares except Mr. Eustache.

17. Regulation 61-101 was adopted to ensure the fair treatment of all security holders in the context of a business combination.

18. The following procedural steps have been or will be taken to ensure that the collective interests of the Shareholders are protected in light of the Proposed Transaction:

(a) Negotiation of the Proposed Transaction was conducted by a special committee of the Filer's board of directors (the **Special Committee**), which was comprised solely of directors who are independent of the Purchaser and Mr. Eustache.

(b) The Special Committee, after having consulted with independent financial and legal advisors, unanimously determined that the Proposed Transaction is in the best interests of the Filer and is fair to the Filer's Shareholders and recommended to the Filer's board of directors that it approve the Proposed Transaction.

(c) The Special Committee of the Filer's board of directors did not include Mr. Eustache.

(d) The Special Meeting will be called to consider and, if deemed advisable, approve the Proposed Transaction, and subject to the interim order of the Superior Court of Québec (the **Court**) in connection with the Proposed Transaction and the Exemption Sought being granted, the approval threshold for the Proposed Transaction will be (i) 66 2/3 % of the votes cast by holders of Shares present in person or represented by proxy at the Special Meeting, and (ii) a majority of votes cast by disinterested holders of Shares present in person or represented by proxy at the Special Meeting voting together as a single class.

(e) The board of directors of the Filer received opinions from National Bank Financial and BMO Capital Markets (collectively, the **Financial Advisor Opinions**) to the effect that, as of June 26, 2019 (after market close), the consideration to be received by Shareholders in the Proposed Transaction was fair, from a financial point of view, to such holders (in each case subject to the respective limitations, qualifications, assumptions and other matters set forth in such opinions).

(f) The Filer will prepare and deliver to the Shareholders an information circular (the **Information Circular**) prepared in accordance with applicable securities legislation and the interim order of the Court in order to provide sufficient information to allow the Shareholders to make an informed decision in respect of the Proposed Transaction. The Financial

Advisor Opinions will be included in the Information Circular.

(g) If the Proposed Transaction is approved by Shareholders at the Special Meeting, it will be subject to the final approval of the Court. All affected Shareholders will receive notice of and be entitled to appear at the hearing for the final Court order.

(h) The Filer will grant dissent rights to the registered Shareholders.

(collectively, the **Safeguard Measures**).

19. The Filer's articles provide that holders of Shares are entitled to vote at all meetings of shareholders of the Filer, except at any meeting where the holders of a specified class of Shares are entitled to vote separately as a class as provided in the CBCA.

20. The CBCA does not require a separate class vote in respect of the Proposed Transaction, as holders of Voting Shares and Variable Voting Shares are entitled to receive the same consideration per share upon completion of the Proposed Transaction.

21. With regards to the accounting treatment of the Variable Voting Shares and the Voting Shares, there is no distinction between the two classes of shares. The Shares are treated as common share capital and presented in the aggregate in shareholders' equity as share capital on the Filer's consolidated statement of financial position. For earnings per share purposes, the Shares are presented together as outstanding shares and earnings per share is calculated based on the weighted average of outstanding aggregate number of Shares.

22. Without the Requested Relief, the Filer would, in addition to the 66 2/3% Shareholder approval of the Proposed Transaction, be required to satisfy the Class Voting Requirements and obtain additional approval from a majority of the Disinterested Shareholders who hold Variable Voting Shares, voting separately as a class (the **Additional Approval**).

23. Granting the holders of the Variable Voting Shares a separate class vote on the Proposed Transaction would be inconsistent with the policy objectives of the CTA, which seek to ensure that Canadians retain control over licensed air carriers at all times. Absent the Exemption Sought, the Additional Approval would provide the non-Canadian holders of Variable Voting Shares with the ability to prevent the Proposed Transaction. Such an outcome would deprive Canadians of de facto control over the Filer.

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 the Safeguard Measures are implemented and remain in place as described herein.

"Hugo Lacroix"
Acting Superintendent
Securities Markets
Autorité des marchés financiers

2.1.3 Husky Energy Inc. [Corrected]

[Editor's Note: This decision was published on December 20, 2018 at (2018), 41 OSCB 9960 with an incorrect headnote and is republished here in its entirety.]

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Takeover Bids – Identical consideration – Offeror requires relief from the requirement in subsection 2.23(1) of National Instrument 62-104 Take-Over-Bids and Issuer Bids that all holders of the same class of securities must be offered identical consideration – Under the bid, Canadian resident shareholders will receive shares; Non-resident shareholders will receive substantially the same value as Canadian shareholders in the form of cash paid to the non-resident shareholders based on the proceeds from the sale of their shares.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, ss. 2.23(1), 6.1(1).

Citation: *Re Husky Energy Inc.*, 2018 ABASC 184

December 13, 2018

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

AND

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

AND

IN THE MATTER OF
HUSKY ENERGY INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from subsection 2.23(1) of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the **Identical Consideration Requirement**), which requires the Filer to offer identical consideration to all of the holders of the same class of securities that are subject to a take-over bid in connection with the Filer's offer to acquire all of the outstanding common shares of MEG Energy Corp. (the **Exemption Sought**).

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

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

(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 British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Nunavut, Yukon and Northwest Territories; 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* or 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 existing under the *Business Corporations Act* (Alberta) (**ABCA**).

2. The Filer's head office is located in Calgary, Alberta.

3. The Filer is a reporting issuer in each province of Canada and is not in default of securities legislation in any jurisdiction of Canada.

4. The authorized capital of the Filer consists of an unlimited number of common shares (the **Husky Shares**) and an unlimited number of preferred shares, issuable in series (**Preferred Shares**). As of November 16, 2018 there were 1,005,121,738 Husky Shares and no Preferred Shares issued and outstanding.

5. The Husky Shares are listed on the Toronto Stock Exchange (the **TSX**) under the symbol "HSE".

6. On September 30, 2018, the Filer issued a press release announcing its intention to make an offer (the **Offer**) to acquire all of the common shares (the **Common Shares**) of MEG Energy Corp. (**MEG**). On October 2, 2018, the Filer formally commenced the Offer to acquire all of the Common Shares, including any Common Shares that may become issued and outstanding upon

the exercise, exchange or conversion of securities exercisable, exchangeable or convertible into Common Shares, by publishing an advertisement and filing a take-over bid circular (the **Circular**) on SEDAR.

7. MEG is a corporation existing under the ABCA.

8. MEG's head office is located in Calgary, Alberta.

9. MEG is a reporting issuer in each of the provinces and territories of Canada. To the knowledge of the Filer, MEG is not in default of securities legislation in any jurisdiction of Canada.

10. To the knowledge of the Filer, the authorized capital of MEG consists of an unlimited number of Common Shares, of which, as reported by MEG as of September 30, 2018, there were 296,813,000 Common Shares issued and outstanding, 8,682,000 stock options exercisable into Common Shares outstanding and 6,722,000 equity-settled restricted share units and performance share units outstanding under which Common Shares may be issued.

11. The Common Shares are listed on the TSX under the symbol "MEG".

12. Under the terms of the Offer, holders of Common Shares (**Shareholders**) may choose to receive either: (i) $11.00 cash (the **Cash Consideration**) for each Common Share held; or (ii) 0.485 of a Husky Share (the **Share Consideration**) for each Common Share held, subject to pro-ration. The total amount of cash available under the Offer is limited to $1,000,000,000 and the total number of Husky Shares available is limited to 107,215,520.

13. The Offer does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits of Common Shares be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Filer may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.

14. The Filer has filed a registration statement on Form F-80 (the **Registration Statement**) with the SEC to register the Offer under the 1933 Act.

15. The Registration Statement does not register the Offer in, or provide an exemption from the securities laws of, any state, district or territory of the United States of America (**U.S.**). As a result, the securities laws of a number of U.S. states could prohibit the distribution of the Husky Shares to Shareholders in the U.S. (the **U.S. Shareholders**) without registration under the securities laws of such states of the Husky Shares to be issued to U.S. Shareholders resident in such states unless such holders are otherwise eligible to be issued Husky Shares in transactions exempt from registration under the securities laws of such states.

16. No offer to sell or solicitation of an offer to buy Husky Shares pursuant to the Offer was made in the U.S. states, districts and territories of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Guam, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Montana, Nebraska, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wyoming (collectively, the **Restricted States**) except only to a person who qualifies as an 'exempt institutional investor' (as defined in the Circular) in the applicable Restricted State.

17. In addition, no offer to sell or solicitation of an offer to buy Husky Shares pursuant to the Offer was made in the state of New York or to U.S. Shareholders resident in New York. However, the Offer was made in New York and U.S. Shareholders resident in New York, under the terms of the Offer when it was made, could tender Common Shares to the Offer and receive the Cash Consideration.

18. The Filer has completed state securities filings in California and New York such that Husky Shares may be distributed under the Offer in such states.

19. To the knowledge of the Filer, and based on a registered list of Shareholders delivered to the Filer by MEG, as of October 11, 2018, aside from Common Shares held by CEDE & Co., there were 15,470,723 Common Shares (approximately 5.21% of the issued and outstanding Common Shares) held of record by 15 U.S. Shareholders. Of such 15,470,723 Common Shares, 1,000 Common Shares were held of record by U.S. Shareholders resident in New York, no Common Shares were held of record by U.S. Shareholders resident in California, and 15,393,184 Common Shares (representing approximately 5.19% of the Common Shares) were held of record by U.S. Shareholders in the Restricted States (other than California).

20. To the knowledge of the Filer, and based on analysis prepared for the Filer by D.F. King Canada, its information agent for the Offer, as of October 17, 2018, there were 108,050,038 Common Shares (approximately 36.40% of the issued and outstanding Common Shares) beneficially held by U.S. Shareholders. Of such 108,050,038 Common Shares, 47,745,331 Common Shares were beneficially held by U.S.

Shareholders resident in New York, 12,308,615 Common Shares were beneficially held by U.S. Shareholders resident in California, and 40,021,157 Common Shares (representing approximately 13.48% of the Common Shares) were beneficially held by U.S. Shareholders in the Restricted States (other than California).

21. Registration of the Husky Shares deliverable to certain U.S. Shareholders (who are not eligible to be issued Husky Shares in transactions exempt from registration under the securities laws of a number of U.S. states) under the state securities laws of the Restricted States (other than California) and elsewhere under the Offer would be costly and burdensome to the Filer.

22. The Filer intends to vary its Offer by sending a notice of variation to Shareholders (the **Notice of Variation**) such that:

    (a) Shareholders resident in California and New York may elect to receive the Share Consideration; and

    (b) certain Shareholders may elect to receive Share Consideration and the Filer will deliver to the depositary for the Offer (or such other qualified third party that the Filer determines) (the **Selling Agent**) the total number of Husky Shares Shareholders who are non-residents of Canada, including those U.S. Shareholders residing in a Restricted State (other than California) that are not "exempt institutional investors", would otherwise have been entitled to receive (as partial consideration) under the Offer, but are prohibited from receiving due to applicable securities laws (such Shareholders being referred to in this document, as the **Non-exempt Shareholders**).

23. The Selling Agent or its nominee will, as agent for the Non-exempt Shareholders, sell, or cause to be sold (through a broker in Canada and on the TSX), those Husky Shares that would otherwise be issuable to Non-exempt Shareholders, after the payment date for the Common Shares taken up or otherwise acquired under the Offer (the **Vendor Placement**).

24. After completion of such sales, the Selling Agent will distribute the aggregate net proceeds of sale, after expenses, commissions and applicable withholding tax, *pro rata*, among the Non-exempt Shareholders. Any sales of such Husky Shares described above will be completed as soon as practicable after the date on which the Filer takes up and pays for the Common Shares of Non-exempt Shareholders under the Offer and will be done in a manner intended to maximize the consideration to be received from the sale of such Husky Shares and to minimize any adverse impact of the sale on the market for the Common Shares.

25. The Notice of Variation will disclose the Filer's intention with respect to the Vendor Placement and the procedure to be followed with respect to Non-exempt Shareholders that deposit their Common Shares under the Offer.

26. The Offer to Non-exempt Shareholders and the sale of Husky Shares for the benefit of Non-exempt Shareholders under the Vendor Placement described in the preceding paragraphs will not constitute a violation of any U.S. federal securities laws or any applicable securities laws in a state or territory of the U.S.

27. There is currently a "liquid market" (as defined in section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*) for the Husky Shares and the Filer believes that there will continue to be a "liquid market" for the Husky Shares following completion of the Offer, any related second-step transaction and the sale of the Husky Shares on behalf of Non-exempt Shareholders.

28. Based on the exchange ratio under the Offer and the number of Common Shares outstanding that, to the knowledge of the Filer, could be held by Non-exempt Shareholders and assuming the Filer acquires 100% of the Common Shares (on a non-diluted basis), the Husky Shares to be sold would represent not more than approximately 1.75% of the outstanding Husky Shares immediately following completion of the Offer.

29. If the Filer increases the consideration offered pursuant to the Offer to Shareholders resident in Canada, the increase in consideration will also be offered to Non-exempt Shareholders at the same time and on the same basis.

30. Except to the extent that relief from the Identical Consideration Requirement is granted, the Offer will comply with the requirements under 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 each Non-exempt Shareholder, who would otherwise receive Husky Shares pursuant to the Offer, instead receive cash proceeds from the sale of the Husky Shares in accordance with the procedures set out in paragraphs 24 and 25 above.

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

2.2 Orders

2.2.1 Currenex Multilateral Trading Facility – s. 147

Headnote

Application for an order that a multilateral trading facility authorized by the United Kingdom Financial Conduct Authority is exempt from the requirement to register as an exchange in Ontario on an interim basis – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5 as am., ss. 21, 147.

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

AND

IN THE MATTER OF
CURRENEX MULTILATERAL TRADING FACILITY

ORDER
(Section 147 of the Act)

WHEREAS State Street Global Markets International Limited (the "**Applicant**") has filed an application on behalf of Currenex Multilateral Trading Facility ("**Currenex MTF**") dated 18 April 2019 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an interim order pursuant to section 147 of the Act exempting Currenex MTF from the requirement to be recognised as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS Currenex MTF has represented to the Commission that:

1.1 Currenex MTF is operated by the Applicant, a member of the State Street Group.

1.2 Currenex MTF is an electronic trading platform operated as a multilateral trading facility ("**Currenex MTF**") registered with the Financial Conduct Authority ("**FCA**") in the United Kingdom. Currenex MTF offers request for quote ("**RFQ**") trading in certain instruments related to foreign currencies (spot, deliverable and non-deliverable forwards and swaps) and related trade support services to its subscribers ("**Members**"). It is understood that, as of the date of the application, exchange relief is not required in respect of foreign currencies spot.

1.3 The Applicant is subject to regulatory supervision by the FCA and is required to comply with the FCA's regulatory framework set out in the FCA Handbook, which includes, among other things, rules on (i) the conduct of business (including rules regarding client categorisation, communication with clients and other investor protections and client agreements), (ii) market conduct (including rules applicable to firms operating an MTF), and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest). The FCA requires the Applicant to comply at all times with a set of threshold conditions for authorisation, including requirements that the Applicant is "fit and proper" to be authorised and that it has appropriate resources for the activities it carries on. The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalised in excess of regulatory requirements. The Applicant is required to maintain a permanent and effective compliance function. The Applicant's Compliance function, and specifically the Currenex MTF Chief Compliance Officer, is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant (and all associated staff) comply with their obligations under the FCA rules. These policies and procedures are set forth in the State Street Global Markets Global Core Compliance Manual and associated internal policies and procedures;

1.4 An MTF is obliged under the FCA Handbook to have requirements governing the conduct of Members, to monitor compliance with those requirements and report to the FCA (a) significant breaches of Currenex MTF's Rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant may also notify the FCA when a Member's access is terminated, temporarily suspended or subject to condition(s). As required by the FCA Handbook, the Applicant has implemented a trade surveillance program. As part of the program, the Applicant conducts real-time market monitoring of trading activity on the Currenex MTF to

identify disorderly trading and market abuse or anomalies. The market surveillance program is designed to maintain a fair and orderly market for Currenex MTF Members.

1.5 All Members, including Members in Ontario ("**Ontario Members**") are required to ensure they meet the necessary eligibility criteria for use of Currenex MTF. Ontario Members must ensure they meet all applicable Ontario regulatory requirements with respect to trading on Currenex MTF. Ontario Members are required to sign an addendum containing Canada specific representations, warranties and covenants around their type of entity and status. Ontario Members are required to notify the Applicant immediately if they cease to meet the criteria of an Eligible Counterparty. Members must also supply any information requested by Currenex MTF or the Applicant to enable monitoring of responsibilities with respect to eligibility and operational criteria;

1.6 Because Currenex MTF regulates the conduct of its Members, it is considered by the Commission to be an exchange;

1.7 Because Currenex MTF has Members domiciled in Ontario, it would be considered by the Commission to be carrying on business as an exchange in Ontario and would be required to be recognised as such or exempted from recognition pursuant to section 21 of the Act;

1.8 Currenex MTF has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above; and

1.9 The Applicant intends to file a full application to the Commission for a subsequent order exempting it from the requirement to be recognised as an exchange pursuant to section 147 of the Act (**Subsequent Order**);

AND WHEREAS the products traded on Currenex MTF are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and Currenex MTF is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS Currenex MTF has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or Currenex MTF's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of Currenex MTF to the Commission, the Commission has determined that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, Currenex MTF is exempt on an interim basis from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT:

1. This Order terminates on the earlier of (i) June 30, 2020 and (ii) the effective date of the Subsequent Order;

2. Currenex MTF complies with the terms and conditions contained in Schedule "A"; and

3. Currenex MTF shall file a full application to the Commission for the Subsequent Order by September 30, 2019.

DATED June 21, 2019

"Mary Anne De Monte-Whelan"

"Poonam Puri"

SCHEDULE "A"

TERMS AND CONDITIONS

Regulation and Oversight of the Applicant

1. The Applicant will maintain its permission to operate as a multilateral trading facility (MTF) with the U.K. Financial Conduct Authority (FCA) and will continue to be subject to the regulatory oversight of the FCA.

2. The Applicant will continue to comply with the ongoing requirements applicable to it as the operator of an MTF authorised by the FCA.

3. The Applicant will promptly notify the Commission if its permission to operate an MTF has been revoked, suspended, or amended by the FCA, or the basis on which its permission to operate an MTF has been granted has significantly changed.

4. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

5. The Applicant will not provide direct access to a Member domiciled in Ontario (each an Ontario Member) unless the Ontario Member is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible counterparty" (either "per se" or "elective"), as defined by the FCA in the FCA's Conduct of Business Sourcebook, Chapter 3 "Client Categorisation".

6. The Applicant may reasonably rely on a written representation from the Ontario Member that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

7. For each Ontario Member provided direct access to Currenex MTF, the Applicant will require, as part of its application documentation or continued access to Currenex MTF, the Ontario Member to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant will require Ontario Members to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario Member and subject to applicable laws, the Applicant will promptly restrict the Ontario Member's access to Currenex MTF if the Ontario Member is no longer appropriately registered or exempt from those requirements.

9. The Applicant must make available to Ontario Members appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

10. The Applicant will not provide access to an Ontario Member to trade in products other than swaps and security-based swaps, as defined in section 1a(47) of the United States Commodity Exchange Act, as amended, without prior Commission approval.

Submission to Jurisdiction and Agent for Service

11. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

12. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or, concerning the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

13. The Applicant will provide to its Ontario Members disclosure that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the United Kingdom, rather than the laws of Ontario and may be required to be pursued in the United Kingdom rather than in Ontario; and

    (b) the rules applicable to trading on Currenex MTF may be governed by the laws of the United Kingdom rather than the laws of Ontario.

Prompt Notice or Filing

14. The Applicant will promptly notify staff of the Commission of any of the following:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the FCA;

        (ii) the corporate governance structure of the Applicant;

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

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for Currenex MTF;

    (b) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the any of the relevant rules or regulations of the FCA, as set forth in the FCA Handbook;

    (c) any known investigations of, or disciplinary action against the Applicant by the FCA or any other regulatory authority to which it is subject;

    (d) any matter known to the Applicant that may materially affect its financial or operational viability, including, but not limited to, any significant system failure or interruption; and

    (e) any default, insolvency, or bankruptcy of a Currenex MTF Member known to the Applicant or its representatives that may have a material, adverse impact upon Currenex MTF or any Ontario Member.

15. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the FCA:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

Quarterly Reporting

16. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Members;

    (b) a list of all Ontario Members against whom disciplinary action has been taken in the last quarter by Currenex MTF, or, to the best of Currenex MTF's knowledge, by FCA with respect to such Ontario Users' activities on Currenex MTF;

    (c) a list of all investigations by Currenex MTF relating to Ontario Members;

(d) a list of all Ontario applicants for status as a participant who were denied such status or access to Currenex MTF during the quarter, together with the reasons for each such denial;

(e) a list of all products available for trading during the quarter, identifying any additions, deletions, or changes since the prior quarter;

(f) for each product,

(i) the total trading volume and value originating from Ontario Members, presented on a per Ontario User basis, and

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

(g) a list outlining each incident of a material systems failure, malfunction or delay that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

17. The Applicant will file with the Commission any annual financial report or financial statements (audited or unaudited) of the Applicant provided to or filed with the FCA promptly after filing with the FCA.

Information Sharing

18. The Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

2.2.2 NewGrowth Corp.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application for an order than the issuer is not a reporting issuer under applicable securities laws – relief granted.

Applicable Legislative Provisions

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

July 19, 2019

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

AND

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

AND

IN THE MATTER OF
NEWGROWTH CORP.
(the Filer)

ORDER

Background

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

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

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Neeti Varma"
Manager
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.3 Orders with Related Settlement Agreements

2.3.1 Caldwell Investment Management Ltd. – ss. 127, 127.1

FILE NO.: 2018-36

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

Timothy Moseley, Vice-Chair and Chair of the Panel

July 19, 2019

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

WHEREAS on July 19, 2019, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Application made jointly by Caldwell Investment Management Ltd. (**Caldwell**) and Staff of the Commission (**Staff**) for approval of a settlement agreement entered into on July 10, 2019 (the **Settlement Agreement**);

ON READING the Statement of Allegations dated June 12, 2018, and the Settlement Agreement, and on hearing the submissions of the representatives for Staff and for Caldwell;

IT IS ORDERED THAT:

(a) the Settlement Agreement is approved;

(b) the terms and conditions set out in Schedule "A" to this order are imposed on Caldwell's registration, pursuant to paragraph 1 of subsection 127(1) of the *Securities Act* (the **Act**);

(c) Caldwell be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

(d) Caldwell pay an administrative penalty in the amount of $1,800,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

(e) Caldwell pay costs of the investigation in the amount of $250,000, pursuant to section 127.1 of the Act; and

(f) the amounts referred to in paragraphs (d) and (e) shall be paid as follows:

  (i) $1,025,000 on the date of this order; and

  (ii) $1,025,000 on or before April 19, 2020.

"Timothy Moseley"

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. Best execution is a critical tool in ensuring protection for investors and investor confidence in the market.

2. Advisers, such as Caldwell Investment Management Ltd. ("**CIM**"), are required to make reasonable efforts to achieve best execution of orders when acting for clients. Best execution is defined as the most advantageous execution terms reasonably available under the circumstances. In order to meet the reasonable efforts standard, an adviser must have, and abide by, policies and procedures that outline the process it has designed toward the objective of achieving best execution. The policies and procedures should describe how the adviser evaluates whether best execution was obtained and should be regularly and rigorously reviewed.

3. The selection of a dealer by an adviser should not be influenced by an adviser's self-interest. When there is a conflict of interest, advisers should ensure that they are putting their clients' interests ahead of their own interests when selecting a dealer.

4. Over an almost four year period, CIM failed in its obligation to provide best execution of equity and bond trades for its clients which resulted in overpayments by its clients.

5. CIM executed most of its client trades through Caldwell Securities Ltd., ("**CSL**") its own related investment dealer, placing it in a clear conflict of interest.

6. Notwithstanding the conflict of interest, CIM had inadequate policies and procedures in place to ensure that it sought best execution for its clients. CIM did not have an adequate process in place to ensure that it was obtaining the most advantageous execution terms reasonably available under the circumstances for its clients. CIM also did not regularly evaluate whether best execution was obtained for its clients.

7. Moreover, CIM made misleading statements to clients of the Mutual Funds (defined below) by asserting that the brokerage fees paid by the Mutual Funds would be paid at the most favourable rates available to the Mutual Funds.

8. Even though CIM had an Independent Review Committee (the "I**RC**") in place, the IRC was unable to properly monitor best execution practices because CIM provided inaccurate and insufficient information to the IRC.

PART II – JOINT SETTLEMENT RECOMMENDATION

9. Staff agrees to recommend settlement of the proceeding (the "**Proceeding**") commenced by the Notice of Hearing dated June 14, 2018 issued by the Ontario Securities Commission (the "**Commission**") against CIM in accordance with the terms and conditions set out in Part VI of this settlement agreement (the "**Settlement Agreement**"). Staff and CIM agree to the making of an order substantially in the form attached as Schedule "A" (the "**Order**"), based on the facts set out below.

10. For the purposes of the Proceeding and any other regulatory proceeding commenced by a Canadian securities regulatory authority only, CIM agrees with the facts as set out in Part III and the conclusions set out in Part IV of this Settlement Agreement.

PART III – AGREED FACTS

(a) Background

11. CIM was incorporated in Ontario in 1990 and became a registrant in 1997. During the period January 1, 2013 to November 15, 2016 (the "**Relevant Period**"), CIM was registered in Ontario and elsewhere as an adviser in the category of portfolio manager ("**PM**") and as an investment fund manager ("**IFM**").

12. CSL was incorporated in Ontario in 1980 and is registered in Ontario and elsewhere as a dealer in the category of investment dealer. CSL is also a member of the Investment Industry Regulatory Organization of Canada.

13. CIM and CSL are related parties as they are wholly-owned subsidiaries of Caldwell Financial Ltd ("**CFL**"). They operate inter-connected businesses in that CIM clients maintained parallel client relationships with CSL. CIM and CSL shared certain employees and their employees worked closely together and shared the same office.

14. During the Relevant Period, CIM acted as the IFM and PM for a number of Caldwell related mutual funds, including the Caldwell Balanced Fund ("**Balanced Fund**") and the Caldwell Income Fund ("**Income Fund**") (together, the "**Mutual Funds**") and performed portfolio management services for clients under separately managed discretionary accounts ("**SMAs**").

    (a) **The Mutual Funds:** CIM acted as the IFM and PM for the Mutual Funds. During the Relevant Period, the assets under management in the Mutual Funds ranged from about $44 million to $88 million.

    (b) **The SMAs:** CIM performed portfolio management services for SMA client accounts for a fee based on the assets under management. These accounts were held by individuals for the most part but some corporations were included. Around the start of the Relevant Period, CIM was managing SMAs holding approximately $50 million. CIM currently has no SMAs and services CSL's SMA clients through a sub-advisory agreement.

15. All bond trades for the Mutual Funds and the majority of bond trades for the SMAs were executed through CSL. Most of these bond trades were in Canadian federal government and Ontario government bonds.

16. As executing broker, CSL received commissions on equity trades and charged spreads on bond trades.

17. CIM as a PM was able to engage other unaffiliated registered dealers for the purpose of carrying out both equity and bond trades.

(b) Conflict of Interest

18. The selection of a dealer should not be influenced by the adviser's self-interest. When there is a conflict of interest, advisers should ensure that they are putting their clients' interests ahead of their own interests.

19. CIM's Compliance Manuals (defined below) provided that "...it is likely that CIM would be considered to be a fiduciary in the context of its Clients due to the knowledge and power imbalance between the parties. CIM will conduct its affairs assuming it is in a fiduciary relationship with its Clients."

20. CIM's fiduciary duty to its clients (including the Mutual Funds) required CIM to place its clients' interests above its own interests when executing client trades.

21. CIM had a conflict of interest in directing client trades to CSL for execution given that CFL is the parent company of both CIM and CSL.

22. This close relationship resulted in CIM choosing CSL to execute most of CIM's client trades despite the fact that equity commission rates and bond spreads in many cases were more favourable at unaffiliated dealers.

23. By choosing CSL as a dealer for the majority of CIM's client trades, CIM conferred a benefit on CSL in the form of commissions on equity trades and spreads on bond trades (the "**CSL Spread**"). Sending more business to CSL ultimately conferred a benefit on CFL as the common owner of CIM and CSL.

24. For the Mutual Funds, CIM's conflict of interest in directing trades to CSL was reviewed by CIM's IRC. A standing instruction from the IRC required the brokerage arrangements with CSL to be at terms as favourable or more favourable than could be executed through another dealer. CIM certified semi-annually to the IRC that the standing instruction had been complied with.

25. As set out below, CIM provided both inaccurate and insufficient information to the IRC for it to properly carry out its responsibilities under National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**"), including the IRC's responsibility to review and assess the adequacy and effectiveness of the standing instructions to address CIM's brokerage arrangements with CSL.

(c) The Mutual Funds and the SMAs

26. During the Relevant Period, CIM managed approximately nine investment funds including the Mutual Funds. The Mutual Funds are reporting issuers and traded in both equities and bonds during the Relevant Period.

27. CIM also managed up to 200 SMAs during the Relevant Period.
28. CIM's assets under management ranged from approximately $320 to $495 million during the Relevant Period.

(d) CIM's Inadequate Policies and Procedures Regarding Best Execution

29. During the Relevant Period, CIM's policies and compliance procedures were set out in the CIM compliance manuals updated December, 2012 and June, 2015 (the "**Compliance Manuals**").

30. During the Relevant Period, CIM failed to meet its best execution obligation under section 4.2 of National Instrument 23-101 *Trading Rules* ("**NI 23-101**") because it failed to (i) set out in writing its policies, procedures and process for obtaining best execution, and (ii) have a best execution process in place that addressed dealer selection, trade evaluations, post-trade analyses or other reviews to evaluate whether CIM's best execution obligation was being met.

31. During Staff's investigation, CIM provided inconsistent explanations to Staff regarding CIM's policies and procedures for achieving best execution. This conflicting information was the result of CIM not having clear, documented and consistent policies and procedures to describe CIM's trading process, including how it was designed to reasonably achieve best execution.

(e) CIM's Misleading Statements Regarding Best Execution to Mutual Fund Investors

32. Notwithstanding the lack of policies and procedures regarding best execution, CIM made representations to Mutual Fund investors regarding its overall best execution obligation.

33. CIM made representations to Mutual Fund investors regarding its overall best execution obligation in annual information forms ("**AIFs**") to unitholders of the Mutual Funds:

> The purchase and sale of portfolio securities will be arranged through registered brokers or dealers selected on the basis of [CIM's] assessment of the ability of the broker or dealer to execute transactions **promptly and on favourable terms, and the quality and value of services provided to the Fund** ...
>
> Brokerage fees will be paid [to the broker selected] at the most favourable rates available to the Fund ...
>
> [CIM] may also choose to execute a portion of the Funds' portfolio transactions with Caldwell Securities Ltd. (the Funds' principal distributor) **on terms as favourable or more favourable to the Funds as those executed through other brokers and dealers.** (Emphasis added)

34. For many Mutual Fund trades, brokerage fees were not paid at the most favourable commission rates available to the Mutual Funds.

35. Also, during the Relevant Period, the Income Fund executed all (and not a portion as stated in the AIFs) of its trades through CSL contrary to the representation in the AIFs to the Income Fund investors.

36. The statements made in the AIFs regarding brokerage fees being paid on the most favourable rates available to the Mutual Funds and the statement that the Income Fund may choose to execute a portion of its trades through CSL were misleading.

37. CIM was unable to provide Staff with documentary evidence that it: (i) systematically assessed the ability of brokers to execute transactions promptly and on favourable terms, and the quality and value of services provided to the Mutual Funds, (ii) performed any post-trade quantitative analysis to determine that the terms at CSL were as favourable or more favourable to the Mutual Funds as those executed through other brokers and dealers, and (iii) determined in good faith on the basis of a pre-set methodology that the commissions charged were reasonable in relation to the value of such investment decision-making and/or order execution services viewed in terms of the particular transaction.

(f) CIM's Statements Regarding Best Execution to SMA Clients

38. CIM, as the Advisor, described its practice for achieving best execution in its Investment Management Agreement ("**IMA**") signed by SMA clients. Section 3 of the IMA states:

> "(a) Unless the Client specifies otherwise, **the Advisor shall have discretion to select brokers or dealers through which portfolio transactions may be executed on behalf of the Client. The Advisor intends to cause, and the Client hereby consents to, the execution of portfolio transactions on behalf of the Client through Caldwell Securities Ltd. ("CSL"), an affiliate of the Advisor.** Notwithstanding the selection by the Advisor of CSL for Account execution services, **the Advisor shall at all times ensure that the prices charged, and services provided, by CSL are competitive having regard to the relevant portfolio transaction factors described in 3(b) below**;

(b) When selecting brokers and dealers, including CSL, to execute portfolio transactions for the Account, the Advisor shall secure best execution and the most favourable net transaction price for the Account having regard to various relevant factors including the size and type of the transaction, the nature and character of the markets for the relevant security, the execution experience, integrity, financial responsibility and commission rates charged by available brokers and dealers, as well as supplemental services and information which may be provided by some brokers and dealers to the Advisor in relation to investment decision making services and order execution services.

For this purpose, the term "investment decision making services" means:

(i) advice as to the value of securities and the advisability of effecting transaction in securities;

(ii) analyses and reports concerning securities, portfolio strategy or performance, issuers, industries or economic or political factors and trends; and

(iii) databases or software to the extent they are designed mainly to support the services described in sections 3(b)(i) and 3(b)(ii) above.

Also for this purpose, the term "order execution services" means order execution and services related directly to order execution such as clearance, settlement and custody whether the services are provided by a dealer directly or by a third party. Accordingly, **the objective of securing the most favourable net transaction price for the Account does not obligate the Advisor to obtain the lowest net price.** The Advisor is therefore authorized, to the extent permitted by applicable law, to commit the Account to pay a broker or dealer who furnishes investment decision making and/or order execution services to the Advisor a commission for effecting such transactions provided the Advisor determines in good faith that the excess commission is reasonable in relation to the value of such investment decision making and/or order execution services viewed in terms of the particular transaction or the Advisor's overall responsibilities with respect to the discretionary accounts managed by it." (Emphasis added)

39. SMA clients were also advised in the relationship disclosure document that when CIM used its discretion to trade securities in SMAs that CIM must seek to achieve the best possible result having regard to the price of the security, speed of execution, quality of execution and total transaction cost.

40. Contrary to the representations to SMA clients about seeking to achieve best execution and that CIM would determine in good faith that the excess commissions were reasonable, CIM was unable to provide Staff with documentary evidence that CIM: (i) ensured that the prices charged and services provided by CSL were competitive; (ii) took into account and evaluated various relevant factors in deciding to use CSL as a dealer; and/or (iii) systematically determined that commissions were reasonable in relation to the value of such investment decision making and/or order execution services viewed in terms of the particular transaction.

(g) Equity Trades in the Mutual Funds and SMAs

41. Companion Policy 23-101 ("**23-101CP**") provides that one must consider a number of factors when considering whether the best execution obligation of an adviser has been met, including price, speed of execution, certainty of execution and the overall cost of the transaction. The overall cost of the transaction includes all costs associated with executing a trade that are passed on to a client, and includes the commission fees charged by a dealer for execution of orders.

42. Further, 23-101CP states that the "reasonable efforts" test does not require achieving best execution for each and every order when acting for a client. 23-101CP states that in making reasonable efforts to achieve best execution, the adviser should consider a number of factors, including assessing a client's portfolio objectives, selecting appropriate dealers and marketplaces and monitoring the results on an ongoing basis.

(i) Balanced Fund

43. During the Relevant Period, the Balanced Fund executed approximately 66% of its equity trades with unaffiliated dealers at an average commission rate of $0.05 per share, which included compensation to the dealers for research provided to CIM. During the same period, approximately 34% of the Balanced Fund's equity trades were executed through CSL at an average commission rate of $0.16 per share, which did not include research provided to CIM.

44. A review of CIM's trading blotter revealed instances where the same security was traded for the Balanced Fund at CSL and at unaffiliated dealers for significantly different commission rates. Some examples of varying commissions, in which the CSL commission rates were higher by multiples of 4.4 to 13.4 when compared to commission rates from unaffiliated dealers for similar trades, are set out below:

Security	Account	B/S	Date traded	Quantity	Dealer	Commission/ share	Multiple over unaffiliated dealer
Bank Nova Scotia	Balanced Fund	B	2014-01-30	4400	CIBC	$0.05	
Bank Nova Scotia	Balanced Fund	B	2014-01-31	2000	CSL	$0.30	6x
Fedex Corp	Balanced Fund	S	2013-10-21	4500	Cowen	$0.05	
Fedex Corp	Balanced Fund	S	2013-11-06	4500	CSL	$0.67	13.4x
Timken Co	Balanced Fund	S	2013-01-25	1400	BMO	$0.05	
Timken Co	Balanced Fund	S	2013-02-05	1000	CSL	$0.55	11x
Verizon Comms	Balanced Fund	S	2015-09-22	10000	Cowen	$0.05	
Verizon Comms	Balanced Fund	S	2015-10-09	19000	CSL	$0.22	4.4x

45. During the Relevant Period, many of the Balanced Fund trades executed through CSL were not done at the most favourable rates available.

46. CIM was unable to provide Staff with any evidence that it took steps to satisfy itself that, despite the higher rates charged by CSL, the Balanced Fund trades executed through CSL, were done on terms as favourable or more favourable as trades done through unaffiliated dealers relative to the services provided.

(ii) Income Fund

47. During the Relevant Period, equity trades for the Income Fund were all executed through CSL at an average commission rate of $0.17 per share. Some of the securities traded for the Income Fund through CSL were also traded for the Balanced Fund through unaffiliated dealers at significantly lower commission rates.

48. During the Relevant Period, many Income Fund trades executed through CSL were not done at the most favourable commission rates available. Some comparative examples of the same security traded in the Income Fund through CSL, and in the Balanced Fund through unaffiliated dealers for significantly lower commission rates are set out below:

Security	Account	B/S	Date traded	Quantity	Dealer	Commission/ share	Multiple over unaffiliated dealer
Bank Nova Scotia	Balanced Fund	B	2013-12-16	4500	CIBC	$0.05	
Bank Nova Scotia	Income Fund	S	2015-11-17	2000	CSL	$0.30	6x
BCE	Balanced Fund	S	2013-01-09	8000	BMO	$0.05	
BCE	Income Fund	S	2016-04-15	3000	CSL	$0.30	6x
Onex	Balanced Fund	B	2013-06-04	3000	CIBC	$0.05	
Onex	Income Fund	S	2016-02-26	2000	CSL	$0.42	8x

49. CIM was unable to provide Staff with any evidence that it took steps to satisfy itself that, despite the higher rates charged by CSL as compared to unaffiliated dealers, the Income Fund equity trades executed through CSL were done on terms as favourable or more favourable as trades through unaffiliated dealers.

(iii) SMA Clients

50. CIM had three main categories of SMA clients paying commissions during the Relevant Period: (i) clients who paid 1.25% of gross dollar value of trades ("**1.25% SMAs**"); (ii) clients who paid 1.0% of gross dollar value of trades ("**1% SMAs**"); and (iii) clients who paid $0.10 per share for Canadian shares and 1.25% of gross dollar value for USD trades ("**Insurance SMAs**").

51. During the Relevant Period, CSL executed trades on behalf of CIM's SMA clients. The average commission rates for SMA clients were: (i) $0.22 per share for 1.25% SMAs; (ii) $0.19 per share for 1% SMAs; and (iii) $0.09 per share for Insurance SMAs.

52. CIM told clients that CIM would secure best execution "having regard to various relevant factors including ... commission rates charged by available brokers and dealers". CIM was unable to provide Staff with any evidence that it took steps to secure best execution of equity trades for its SMA clients. CIM used CSL for trades for the SMA clients and did not check with other dealers to see if trades could be executed on more advantageous terms.

(h) Bond Trades in the Mutual Funds and SMAs

53. All bond trades for the Mutual Funds and the majority of bond trades for the SMA clients were executed through CSL. These bond trades were often in liquid Government of Canada and Ontario bonds.

54. During the Relevant Period, CSL did not carry any bonds in its inventory. CSL would buy or sell bonds for CIM by buying or selling the bonds from or to another market making investment dealer and adding a spread (i.e. the CSL Spread).

55. The average spread (i.e. the CSL Spread) charged by CSL during the Relevant Period was $0.119 per $100 of bonds.

56. Starting on August 1, 2016, CIM and one of its PMs reached an agreement by which the CSL Spread was reduced to $0.01 per $100 worth of bonds traded for the Mutual Funds (the "**One Penny Practice**"). The chart below sets out sample bond trades before and after the One Penny Practice.

Trade Date	Account Name	B/S	Quantity	Bond	Spread/ $100	Total Spread	Net Amount	Before or After One Penny Practice
Mar 20, 2013	Balanced Fund	B	2,000,000	ON Prov 2.1% 08Sep18	$0.175	**$3,500**	$2,017,856	Before
Nov 15, 2016	Balanced Fund	B	2,000,000	CDA Govt 1.5% 01Jun26	$0.01	**$200**	$2,012,973	After
Apr 22, 2015	Balanced Fund	B	4,000,000	CDA Govt HSG Tr 1.2% 15Jun20	$0.15	**$6,000**	$3,989,797	Before
Sept 7, 2016	Balanced Fund	B	4,000,000	CDA Govt 1.5% 01Jun23	$0.01	**$400**	$4,212,932	After
Feb 26, 2013	Income Fund	S	4,375,000	ON Prov 2.85% 02Jun23	($0.23)	**$10,063**	$4,384,403	Before
Sept 27, 2016	Income Fund	S	4,300,000	CDA Govt 1.5% 01Jun26	($0.01)	**$430**	$4,533,157	After
Jun 3, 2014	Income Fund	B	5,000,000	ON Prov 2.1% 08Sep19	$0.18	**$9,000**	$5,024,603	Before

Sept 7, 2016	Income Fund	B	5,000,000	CDA Govt 1.5% 01 Jun 23	$0.01	**$500**	$5,266,164	After

57. During the Relevant Period, CIM did not: (i) do any regular analyses, including comparisons between CSL and unaffiliated dealers, to assess whether CIM was achieving best execution for the bond trades executed through CSL (ii) explain how or whether the interpositioning of CSL between unaffiliated dealers and CIM for client bond trades met CIM' s best execution obligation; (iii) have any documents to explain how the CSL Spread was determined or why a particular CSL Spread was charged to a CIM client on a particular trade; and (iv) have any documents to explain the implementation of the One Penny Practice.

58. The CSL Spread was charged for most trades, including trades sourced by CIM directly with unaffiliated dealers. CIM did not perform any post-trade quantitative analysis on bond trading to determine whether the terms at CSL were as or more favourable as those executed through other brokers and dealers.

(i) CIM's Failure to Establish a System of Controls and Supervision

59. CIM had an obligation as a registered firm to have a system of adequate internal controls and supervision to ensure compliance with securities laws and to manage the risks associated with its business in accordance with prudent business practices.

60. CIM's internal controls and supervision to satisfy its best execution obligation were inadequate during the Relevant Period for the following reasons:

(a) CIM's lack of detailed written policies and procedures regarding its best execution obligation;

(b) The lack of policies and procedures setting out how the CSL Spread on bond trades for CIM clients was determined;

(c) The lack of documentation evidencing the One Penny Practice;

(d) The conflicting descriptions of CIM's best execution obligation in the Compliance Manuals;

(e) The conflicting information provided to Staff about CIM's process during the Relevant Period for executing bond trades;

(f) CIM's failure to evaluate whether best execution had been achieved for client trades; and

(g) CIM's failure to provide sufficient information or perform analyses to support its certifications to the IRC.

61. CIM's failure to have adequate policies and procedures regarding best execution breached section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("**NI 31-103**").

(j) CIM's Failure to Provide Sufficient Information to IRC

62. As required by NI 81-107, each Mutual Fund has an IRC. CIM's IRC had a duty to review potential conflicts of interest and other matters referred to the IRC by CIM in respect of the Mutual Funds managed by CIM. Section 5.4 of NI 81-107 recognizes that for certain categories of conflicts, such as executing trades of the Mutual Funds through a related party, it may be appropriate for the IRC to provide a standing instruction to the manager allowing the practice.

63. During the Relevant Period, CIM's IRC issued a series of semi-annual standing instructions which were in place from at least November 1, 2012 to October 31, 2016 to address the conflicts of interest created by CIM's brokerage arrangements with CSL. Each of the standing instructions stated: "1. Brokerage arrangement with CSL must be executed at terms as favourable or more favourable than could be executed through another dealer."

64. For each of these semi annual standing instructions, CIM provided a certification and an assessment to the IRC stating that CIM reviewed equity trades for the Mutual Funds and certified that: "Equity trades were executed at terms as favo[u]rable or more favo[u]rable than could be executed through another dealer".

65. CIM was under an obligation to maintain evidence of any reviews conducted to support representations and certifications provided semi annually to CIM's IRC. CIM was unable to produce any evidence of any reviews of trading

conducted to support representations to its clients and to the IRC. CIM did not systematically compare the specific costs of CSL's services to those of unaffiliated dealers.

66. The representations made by CIM to the IRC that trades made through CSL for the Mutual Funds were executed at terms as favourable or more favourable than could be executed through another dealer were inaccurate.

67. CIM did not provide the IRC with all the information which it required to properly carry out its responsibilities under NI 81-107, including the IRC's responsibility to review and assess the adequacy and effectiveness of the standing instructions to address CIM's brokerage arrangement with CSL.

(k) Mitigating Factors

(i) CIM Co-operated with Staff during and after CIM's compliance review

68. Staff first raised concerns about CIM's compliance with its best execution obligation during a compliance review by the Commission's Compliance and Registrant Regulation Branch ("**CRR Review**") that occurred from July 2015 to December 2015. CIM co-operated with Staff during the CRR Review and Staff's subsequent investigation.

(ii) CIM's improved best execution policy

69. CIM has proactively enhanced its best execution policies and procedures.

70. In or around June, 2016, CIM retained an independent consultant (the "**Consultant**") to assist it with improving its best execution policy. The Consultant suggested that CIM make use of the Trade Management Guidelines set out by the CFA Institute (the "**CFA Guidelines**") to assist investment management firms in meeting their best execution obligations. The CFA Guidelines describe best execution as a process that investment management firms apply to seek to maximize the value of a client's portfolio.

71. CIM decided to implement new policies and procedures regarding best execution based on the CFA Guidelines. The Consultant provided comments on CIM's new policies and procedures regarding best execution.

72. On June 17, 2016, CIM provided Staff of the CRR Branch with a draft new trade management oversight policy (the "**New Best Execution Procedures**"), which proposed a new best execution policy for CIM including a new Trade Management Oversight Committee to oversee and ensure compliance with CIM's New Best Execution Procedures.

73. On the same day, CIM also provided Staff with a letter from the Consultant advising CIM that the New Best Execution Procedures were an appropriate interpretation of the CFA Guidelines given CIM's circumstances. In addition, the Consultant's letter advised CIM that the New Best Execution Procedures reflected best practices which would provide CIM with a suitable framework to monitor, manage and deliver best execution to its clients.

PART IV – THE RESPONDENT'S POSITION

74. CIM requests that the settlement hearing panel consider its position on the facts agreed to in Part III. CIM fully accepts, and is not contradicting, the facts agreed to in Part III. Staff do not object to the circumstances set out by CIM below being considered by the hearing panel.

75. During the Relevant Period, CIM was of the view that CSL was an appropriate broker to send its orders for equities and bonds on behalf of the Mutual Funds and SMA clients based on the nature of CSL's services. For example, CSL provided CIM with two dedicated traders to work on and execute its trades in cooperation with the CIM portfolio managers. In addition, SMA clients were often CSL clients and CIM was of the view that SMA clients derived value from their relationship with the CSL investment adviser.

PART V – NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

76. CIM breached its best execution obligation under section 4.2 of NI 23-101 by placing most of its trades for execution through CSL, a related investment dealer, without having adequate policies and procedures or an adequate written process in place to ensure that CIM' s best execution obligation was being met and that conflicts of interest were adequately managed.

77. CIM had inadequate policies and procedures relating to its best execution obligation contrary to section 11.1 of NI 31-103.

78. One or more of the representations made by CIM to the IRC were inaccurate and CIM did not provide the IRC with the type or amount of information the IRC required to properly carry out its responsibilities and therefore CIM breached subsection 2.4(1)(a) of NI 81-107.

79. The conduct set out above in paragraphs 11 to 67 was conduct contrary to the public interest.

PART VI – TERMS OF SETTLEMENT

80. CIM agrees to the terms of settlement listed below and to the Order substantially in the form attached hereto as Schedule "A" that provides that:

    (a) the settlement agreement is approved, pursuant to subsection 127(1) of the Act;

    (b) the terms and conditions in Schedule "B" be imposed on the Respondent's registration, pursuant to paragraph 1 of subsection 127(1) of the Act;

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

    (d) the Respondent pay an administrative penalty in the amount of $1,800,000 pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

    (e) the Respondent pay the costs of the investigation in the amount of $250,000 pursuant to section 127.1 of the Act; and

    (f) the amounts referred to in paragraphs (d) and (e) shall be paid as follows:

        (i) $1,025,000 on the date of this order; and

        (ii) $1,025,000 on or before April 19, 2020.

81. The Respondent agrees to pay 50% of both the administrative penalty and costs referred to above to the Commission before the commencement of the Settlement Hearing and the balance as set out above.

82. The Respondent acknowledges that failure to pay in full any monetary sanctions and/or costs ordered will result in the Respondent's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the Commission's website.

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

PART VII – FURTHER PROCEEDINGS

84. If the Commission approves this Settlement Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondent fails to comply with any term in this Settlement Agreement, in which case Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

85. The Respondent acknowledges that, if the Commission approves this Settlement Agreement and the Respondent fails to comply with any term in it, the Commission is entitled to bring any proceeding necessary to, among other things, recover the amounts set out in sub-paragraphs 80(d) and 80(e) of Part VI above.

86. The Respondent waives any defences to a proceeding referenced in paragraph 84 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

87. The parties will seek approval of this Settlement Agreement at a public hearing (the "**Settlement Hearing**") before the Commission which will be heard on a date determined by the Secretary of the Commission in accordance with this Settlement Agreement and the Commission's *Rules of Procedure and Forms* (2017), 40 OSCB 8988.

88. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

89. A senior representative of the Respondent will attend the Settlement Hearing.

90. If the Commission approves this Settlement Agreement:

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

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

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

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

92. If the Commission does not make the Order:

    (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and

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

93. The parties will keep the terms of this Settlement Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated at Toronto this "9" day of "July", 2019.

Caldwell Investment Management Ltd.

By: "Brendan Caldwell"
Name: Brendan Caldwell
Title: President and Chief Executive Office

Witness: "Stefanie Stringer"

DATED at Toronto, Ontario, this "10th" day of "July", 2019.

Staff of the Ontario Securities Commission

By: "Jeff Kehoe"
Name: Jeff Kehoe
Title: Director, Enforcement Branch

SCHEDULE "A" TO SETTLEMENT AGREEMENT

FORM OF ORDER

FILE NO. 2018-36

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

(Names of panelists comprising the panel)

(Day and date order made)

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

WHEREAS on **[date]**, 2019, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Joint Request for a Settlement Hearing filed by Caldwell Investment Management Ltd. (the **Respondent**) and Staff of the Commission (**Staff**) for approval of a settlement agreement dated [date], 2019 (the **Settlement Agreement**);

ON READING the Statement of Allegations dated June 12, 2018 and the Settlement Agreement, and on hearing the submissions of Staff and the representative of the Respondent;

IT IS ORDERED THAT:

(a) the Settlement Agreement be approved;

(b) the terms and conditions in Schedule "A" be imposed on the Respondent's registration, pursuant to paragraph 1 of subsection 127(1) of the Act;

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

(d) the Respondent pay an administrative penalty in the amount of $1,800,000 pursuant to paragraph 9 of subsection 127(1) of the Act, which amount is designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b)(i) or (ii) of the Act;

(e) the Respondent pay costs of the investigation in the amount of $250,000 pursuant to section 127.1 of the Act; and

(f) the amounts referred to in paragraphs (d) and (e) shall be paid as follows:

(i) $1,025,000 on the date of this order; and

(ii) $1,025,000 on or before April 19, 2020.

_____
[Commissioner]

_____

[Commissioner]

_____

[Commissioner]

SCHEDULE "B" TO SETTLEMENT AGREEMENT

SCHEDULE "A" TO ORDER

TERMS AND CONDITIONS

Retention and Mandate of Consultant

1. Within sixty days of the date of the order approving the settlement agreement between Caldwell Investment Management Ltd. ("**CIM**") and staff of the Ontario Securities Commission ("**Staff**") in Ontario Securities Commission File 2018-36 (the "**Approval Order**"), CIM shall retain, at its own expense, an independent consultant (the "**Consultant**") acceptable to a Deputy Director or Manager in the Compliance and Registrant Regulation Branch of the Commission (the "**OSC Manager**") to review and test CIM's new policies and procedures regarding the discharge of its best execution obligation under Ontario securities law ("**New Best Execution Procedures**") to ensure that:

    a. the New Best Execution Procedures and CIM's use of its affiliated dealer, Caldwell Securities Limited ("**CSL**"), to execute bond and equity trades fully comply with applicable law, including National Instrument 23-101 *Trading Rules*, National Instrument 23-102 *Use of Client Brokerage Commissions*, subsection 32(2) of the Act, sections 11.1 and 13.4 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and Part 2 of National Instrument 81-107 *Independent Review Committee for Investment Funds*;

    b. the New Best Execution Procedures are specifically tailored to CIM's own business practices, including its use of its affiliated dealer, CSL, to execute bond and equity trades, and are consistent with prudent business practices and best industry standards;

    c. the New Best Execution Procedures have been fully implemented, and are being appropriately followed and administered by CIM and its trade management oversight committee; and

    d. all applicable CIM staff are trained on best execution matters to ensure compliance with applicable laws related to the New Best Execution Procedures.

Consultant's Report

2. Within nine months of the date of the Approval Order, CIM shall require the Consultant to deliver to the OSC Manager a written report describing the Consultant's testing and assessment for a six month period following the Approval Order of whether the requirements of paragraphs 1(a) to 1(d) above, have been met (the "**Consultant's Report**") for the OSC Manager's review and approval.

OSC Manager Review of Consultant's Report

3. If, following the OSC Manager's review of the Consultant's Report, it appears to the OSC Manager that all requirements of paragraphs 1(a) to 1(d) above have been satisfied, the OSC Manager shall notify CIM in writing accordingly.

4. If, following the OSC Manager's review of the Consultant's Report, it appears to the OSC Manager that any requirements of paragraphs 1(a) to 1(d) above have not been satisfied, CIM shall work with the Consultant to satisfy all such outstanding requirements, and shall submit such reports of that work, including any necessary revisions, to the OSC Manager as may be requested by the OSC Manager until such time as the OSC Manager informs CIM in writing that it appears to the OSC Manager that all requirements of paragraphs 1(a) to 1(d) above have been satisfied.

Other Procedural Matters

5. CIM shall provide the Consultant with reasonable access to all books and records necessary to complete the Consultant's mandate and will allow the Consultant to meet privately with CIM's officers, directors and employees. CIM shall require its officers, directors and employees to co-operate fully with the Consultant with respect to the Consultant's work and with respect to the implementation of any of the recommendations in the Report.

6. CIM shall not terminate the Consultant's retainer without the prior written authorization by the OSC Manager.

7. CIM shall submit to Staff a direction giving consent for unrestricted access and permission for Staff and the Consultant to communicate with one another regarding the Consultant's work and/or any other matter relevant to this review.

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Caldwell Investment Management Ltd. – ss. 127, 127.1

Citation: *Caldwell Investment Management Ltd. (Re)*, 2019 ONSEC 25
Date: 2019-07-19
File No. 2018-36

IN THE MATTER OF
CALDWELL INVESTMENT MANAGEMENT LTD.

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

Hearing:	July 19, 2019	
Decision:	July 19, 2019	
Panel:	Timothy Moseley	Vice-Chair and Chair of the Panel
Appearances:	Derek Ferris Raphael Eghan	For Staff of the Commission
	René Sorell Shane D'Souza	For Caldwell Investment Management Ltd.

ORAL REASONS FOR APPROVAL OF A SETTLEMENT

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the reasons delivered orally at the hearing, and as edited and approved by the Panel, to provide a public record.

[1] This case is about an obligation that is commonly known as "best execution". When a client asks their adviser to execute a trade on their behalf, the adviser must make reasonable efforts to ensure that execution of the trade takes place on terms that are as advantageous to the client as they reasonably can be. Those terms include the trading price of the security, as well as the speed, certainty and cost of execution.

[2] Caldwell Investment Management Ltd. (**CIM**) was, at all relevant times, a registered portfolio manager and investment fund manager. Staff of the Commission has alleged, among other things, that CIM failed to meet its best execution obligations. CIM agrees, and Staff and CIM have jointly submitted a settlement agreement for approval by the Commission. I conclude that it would be in the public interest to approve that settlement agreement.

[3] The relevant facts are set out in detail in the agreement, and I need not repeat them here. In essence, the parties have agreed that over an almost four-year period:

a. CIM directed trades for execution to a related firm, Caldwell Securities Ltd.;

b. CIM failed to provide best execution for its clients, including two mutual funds that CIM managed, as well as clients who held separately managed discretionary accounts;

c. CIM made misleading statements about best execution, including in particular by misrepresenting to unitholders of the two mutual funds that brokerage fees would be paid at the most favourable rates available;

d. CIM had inadequate policies and procedures;

e. CIM prevented the Independent Review Committees (**IRCs**) from properly monitoring CIM's best execution practices, because CIM provided insufficient and inaccurate information to the committees; and

f. CIM's failures caused its clients to pay, and CIM's related firm to receive, equity commission rates and bond spreads that were higher (and sometimes significantly higher) than those available at unaffiliated dealers.

[4] By its actions, and in some respects by its inaction, CIM contravened Ontario securities law in three ways. These are more fully set out in the agreement, but to summarize:

a. CIM's failure to comply with its best execution obligation was a violation of section 4.2 of National Instrument 23-101 *Trading Rules*;

b. CIM's failure to have adequate policies and procedures breached section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*; and

c. CIM's inaccurate representations to the IRCs, and its preventing the IRCs from properly carrying out their responsibilities, constituted a violation of subsection 2.4(1)(a) of National Instrument 81-107 *Independent Review Committee for Investment Funds*.

[5] Best execution is an important obligation. It protects investors and it fosters confidence in our capital markets. CIM's admissions in this settlement agreement demonstrate that CIM did not give that obligation the necessary attention. CIM did not do what it needed to in order to ensure that it preferred its clients' interests over its own interest. That is a serious breach of the trust that was placed in CIM, and it is a serious violation of Ontario securities law.

[6] CIM has acknowledged these violations. CIM co-operated with Staff during its investigation, and CIM has taken proactive steps to enhance its best execution policies and procedures. These are important considerations.

[7] Staff and CIM have agreed that CIM will pay an administrative penalty in the amount of $1.8 million and costs of the investigation in the amount of $250,000. CIM has also agreed to have its registration made subject to terms and conditions that include the retainer, at CIM's expense, of an independent consultant who will review CIM's new policies and procedures and assess CIM's compliance with those.

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

[9] I have reviewed the agreement in detail, and I had the benefit of a confidential settlement conference with counsel for both parties. I asked questions of counsel and I heard their submissions.

[10] This agreement is the product of negotiation between Staff and CIM. When considering settlements for approval, the Commission respects the negotiation process and accords significant deference to the resolution reached by the parties.

[11] Approval of this settlement would resolve the matter promptly, efficiently and with certainty. A settlement avoids the expenditure of significant resources that would be associated with the lengthy contested hearing that is scheduled to begin in about two weeks. The payment of costs helps to reduce the burden on market participants to pay for investigations and enforcement proceedings.

[12] All these factors weigh in favour of approving the settlement. However, I must still be satisfied that doing so would have the necessary deterrent effect, both generally to all those who participate in Ontario's capital market, and specifically to CIM. In particular, is an administrative penalty of $1.8 million within a reasonable range of outcomes?

[13] This is the first enforcement proceeding to come before the Commission relating to the best execution obligation. Staff has submitted that in cases that are the first of their kind, sanctions may be less severe than they might otherwise be. I accept that submission. As a separate point, in the absence of any previous Commission decisions arising out of comparable circumstances, it would be helpful to know how the proposed penalty compares to the excess commissions and spreads that were paid. Counsel for the parties have advised that that number cannot be easily quantified, and that if this matter were to proceed to a contested hearing, the number would be the subject of competing expert reports, including a dispute as to the basis for calculating that number.

[14] I accept that submission as well, and as I noted earlier, I accord significant deference to the negotiated result arrived at by experienced and able counsel on both sides. I see no reason to conclude that this result is outside the reasonable range. In my view, the settlement properly reflects the principles applicable to sanctions, including general and specific deterrence as mentioned earlier, the seriousness of the misconduct, and the importance of fostering investor protection and confidence in the capital markets. I am reinforced in this view by the terms and conditions to be imposed on CIM's registration, which will serve a preventative and protective purpose.

[15] For all of these reasons, I conclude that it is in the public interest to approve the settlement. I will therefore issue an order substantially in the form of the draft attached to the settlement agreement.

Dated at Toronto this 19th day of July, 2019.

"Timothy Moseley"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Distinct Infrastructure Group Inc.	19 July 2019	
Mercal Capital Corp.	06 May 2019	16 July 2019

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
Peeks Social Ltd.	04 July 2019	

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Chapter 7

Insider Reporting

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).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Brompton European Dividend Growth ETF
Brompton Global Healthcare Income & Growth ETF
Brompton Tech Leaders Income ETF
Principal Regulator - Ontario
Type and Date:
Amendment #1 to Final Long Form Prospectus dated July 22, 2019
Received on July 22, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Brompton Funds Limited
Project #2876253

Issuer Name:
Brompton Flaherty & Crumrine Investment Grade Preferred ETF
Brompton Global Dividend Growth ETF
Brompton North American Financials Dividend ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated July 22, 2019
Received on July 22, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Brompton Funds Limited
Project #2809968

Issuer Name:
Clearpoint Short Term Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated July 18, 2019
Received on July 18, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2866730

Issuer Name:
FBC Distributed Ledger Technology Adopters ETF
Principal Regulator - British Columbia
Type and Date:
Amendment #1 to Final Long Form Prospectus dated July 18, 2019
Received on July 19, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
First Block Capital Inc.
Project #2758201

Issuer Name:
Vision Alternative Income Fund
Principal Regulator - Ontario
Type and Date:
Amended and Restated to the Final Simplified Prospectus dated July 19, 2019
Received on July 22, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
Vision Capital Corporation
Project #2862242

Issuer Name:
SmartBe Global Value Momentum Trend Index ETF
Principal Regulator - Alberta (ASC)
Type and Date:
Amendment #1 to Final Long Form Prospectus dated July 12, 2019
NP 11-202 Receipt dated July 17, 2019
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
SmartBe Wealth Inc.
Project #2853464

Issuer Name:
CI First Asset Global Asset Allocation ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Jul 19, 2019
NP 11-202 Final Receipt dated Jul 22, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2934086

Issuer Name:
AGFiQ US Long/Short Dividend Income CAD-Hedged ETF
AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Jul 16, 2019
NP 11-202 Preliminary Receipt dated Jul 16, 2019
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2940823

Issuer Name:
Fidelity Canadian Short Term Corporate Bond ETF
Fidelity Fundamental High Yield Currency Neutral ETF
Fidelity Fundamental High Yield ETF
Fidelity Global Core Plus ETF
Fidelity Systematic Canadian Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Jul 19, 2019
NP 11-202 Preliminary Receipt dated Jul 19, 2019
Offering Price and Description:
Series L units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2941765

Issuer Name:
CI First Asset MSCI World ESG Impact ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Jul 19, 2019
NP 11-202 Preliminary Receipt dated Jul 19, 2019
Offering Price and Description:
Unhedged Common Units
Common Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2941733

Issuer Name:
Lorica Canadian Fixed Income Fund (formerly Marquest Canadian Fixed Income Fund)
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jul 16, 2019
NP 11-202 Final Receipt dated Jul 17, 2019
Offering Price and Description:
Class F Units and Class A Units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2937978

Issuer Name:
AGFiQ US Long/Short Dividend Income CAD-Hedged Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jul 16, 2019
NP 11-202 Preliminary Receipt dated Jul 16, 2019
Offering Price and Description:
Series T Securities, Series F Securities, Series FV Securities, Series V Securities, Mutual Fund Series Securities, Series I Securities and Series O Securities
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2940822

Issuer Name:
Fidelity Canadian Short Term Corporate Bond ETF Fund
Fidelity Fundamental High Yield Currency Neutral ETF Fund
Fidelity Fundamental High Yield ETF Fund
Fidelity Global Core Plus ETF Fund
Fidelity Systematic Canadian Bond Index ETF Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jul 19, 2019
NP 11-202 Preliminary Receipt dated Jul 19, 2019
Offering Price and Description:
Series B units, Series O units and Series F units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2941762

Issuer Name:
MLD Core Fund
Purpose Floating Rate Income Fund (formerly Redwood Floating Rate Income Fund)
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Jul 15, 2019
NP 11-202 Final Receipt dated Jul 16, 2019
Offering Price and Description:
Class A units, Class F units, Class A non-currency hedged units, ETF units, Class F non-currency hedged units, ETF non-currency hedged USD units and ETF non-currency hedged CAD units
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2929335

Issuer Name:
Gateway Low Volatility U.S. Equity Fund
Loomis Sayles Global Diversified Corporate Bond Class
Loomis Sayles Global Diversified Corporate Bond Fund
Loomis Sayles Strategic Monthly Income Fund
Natixis Canadian Bond Class
Natixis Canadian Bond Fund
Natixis Canadian Dividend Class
Natixis Canadian Dividend Registered Fund
Natixis Canadian Preferred Share Class
Natixis Canadian Preferred Share Registered Fund
Natixis Global Equity Class
Natixis Global Equity Registered Fund
Natixis Intrinsic Balanced Class
Natixis Intrinsic Balanced Registered Fund
Natixis Intrinsic Growth Class
Natixis Intrinsic Growth Registered Fund
Natixis Strategic Balanced Class
Natixis Strategic Balanced Registered Fund
Natixis U.S. Dividend Plus Class
Natixis U.S. Dividend Plus Registered Fund
Natixis U.S. Growth Class
Natixis U.S. Growth Registered Fund
Oakmark International Natixis Class
Oakmark International Natixis Registered Fund
Oakmark Natixis Class
Oakmark Natixis Registered Fund
Principal Regulator – Ontario
Type and Date:
Amended and Restated to Final Simplified Prospectus dated July 12, 2019
NP 11-202 Final Receipt dated Jul 17, 2019
Offering Price and Description:
Return of Capital (Series A, Series F and Series I), Compound Growth (Series A, Series F and Series I), Series A units, Series I units, Series A units (Ordinary Class), Compound Growth (Series A shares, Series F shares, Series I shares), Return of Capital (Series A, Series F and Series I), Series F units, Return of Capital (Series A, Series F and Series I
Dividend (Series A, Series F and Series I) and Series F units (Ordinary Class)
Underwriter(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #2913136

NON-INVESTMENT FUNDS

Issuer Name:
Apolo II Acquisition Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 19, 2019
NP 11-202 Preliminary Receipt dated July 22, 2019
Offering Price and Description:
No securities are being offered pursuant to this prospectus.
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2941925

Issuer Name:
Bespoke Capital Acquisition Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 17, 2019
NP 11-202 Preliminary Receipt dated July 17, 2019
Offering Price and Description:
U.S.$350,000,000.00 - 35,000,000 Class A Restricted Voting Units
Price: U.S.$10.00 per Class A Restricted Voting Unit(1)
Underwriter(s) or Distributor(s):
BESPOKE SPONSOR CAPITAL LP
Promoter(s):
BESPOKE SPONSOR CAPITAL LP, AS PROMOTER, by its general partner
BESPOKE CAPITAL PARTNERS, LLC
Project #2941116

Issuer Name:
Canadian Natural Resources Limited
Principal Regulator - Alberta (ASC)
Type and Date:
Preliminary Shelf Prospectus dated July 17, 2019
NP 11-202 Preliminary Receipt dated July 17, 2019
Offering Price and Description:
$3,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
MERRILL LYNCH CANADA INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #2941169

Issuer Name:
Cresco Labs Inc.
Principal Regulator - British Columbia
Type and Date:
Amendment dated July 17, 2019 to Preliminary Shelf Prospectus dated April 25, 2019
NP 11-202 Preliminary Receipt dated July 19, 2019
Offering Price and Description:
$500,000,000.00 - Subordinate Voting Shares, Debt Securities, Subscription Receipt, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2905866

Issuer Name:
DURO METALS INC
Principal Regulator - Alberta (ASC)
Type and Date:
Preliminary CPC Prospectus dated July 18, 2019
NP 11-202 Preliminary Receipt dated July 19, 2019
Offering Price and Description:
$300,000.00 (3,000,000 Common Shares)
Price: $0.10 per Offered Share
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
SEAN MAGER
Project #2941633

Issuer Name:
Freeform Capital Partners Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated July 17, 2019
NP 11-202 Preliminary Receipt dated July 22, 2019
Offering Price and Description:

$200,000.00 - 2,000,000 common shares
Price: $0.10 per common share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
Promoter(s):
Kevin Smith
Project #2941904

Issuer Name:
GFL Environmental Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 19, 2019
NP 11-202 Preliminary Receipt dated July 19, 2019
Offering Price and Description:
$ *.** - Subordinate Voting Shares
Price: C$ *.** per Subordinate Voting Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Goldman Sachs Canada Inc.
J.P. Morgan Securities Canada Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #2941753

Issuer Name:
Gold Standard Ventures Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated July 17, 2019
NP 11-202 Preliminary Receipt dated July 17, 2019
Offering Price and Description:
$18,300,000.00 - 15,000,000 Common Shares
Price: $1.22 per Offered Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
PI FINANCIAL CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2940101

Issuer Name:
Logica Ventures Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated July 18, 2019
NP 11-202 Preliminary Receipt dated July 22, 2019
Offering Price and Description:
$300,000.00 (3,000,000 Common Shares)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Echelon Weather Partners Inc.
Promoter(s):
-
Project #2941915

Issuer Name:
Optimum Ventures Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated July 19, 2019
NP 11-202 Preliminary Receipt dated July 22, 2019
Offering Price and Description:
Notes://App01/852569990074E907/E23CB3483BE08A5C8525739B007A007B/B1005D2BBE2C978B8525843C007D523D
#2941894 Optimum Ventures Ltd.: Preliminary$600,000.00 - 4,000,000 Common Shares at $0.15 per Offered Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #2941894

Issuer Name:
Brookfield Renewable Partners L.P.
Brookfield Renewable Partners ULC
Brookfield Renewable Power Preferred Equity Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 17, 2019
NP 11-202 Receipt dated July 18, 2019
Offering Price and Description:
Limited Partnership Units
Preferred Limited Partnership Units
US$2,000,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2939282

Issuer Name:
Brookfield Renewable Partners ULC
Brookfield Renewable Power Preferred Equity Inc.
Brookfield Renewable Partners L.P.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 17, 2019
NP 11-202 Receipt dated July 18, 2019
Offering Price and Description:
Debt Securities
US$2,000,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2939283

Issuer Name:
Brookfield Renewable Power Preferred Equity Inc.
Brookfield Renewable Partners L.P.
Brookfield Renewable Partners ULC
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus (NI 44-102) dated July 17, 2019
NP 11-202 Receipt dated July 18, 2019
Offering Price and Description:
Class A Preference Shares
US$2,000,000,000.00
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2939284

Issuer Name:
CARS and PARS Programme
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated July 19, 2019
NP 11-202 Receipt dated July 19, 2019
Offering Price and Description:
Coupons And ResidualS (“CARS”™) and Par Adjusted Rate Securities™ (“PARS”™) Programme (“CARS and PARS Programme”) Strip Coupons, Strip Residuals and Strip Packages (including packages of Strip Coupons and PARS) derived by
RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Desjardins Securities Inc., National Bank Financial Inc., Scotia Capital Inc. and TD Securities Inc. from up to Cdn $5,000,000,000 of Debt Obligations of Various Canadian Corporations, Trusts and Partnerships
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Project #2937645

Issuer Name:
Conscience Capital Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated July 18, 2019
NP 11-202 Receipt dated July 19, 2019
Offering Price and Description:
Minimum Offering: $1,000,000.00or 10,000,000 Common Shares
Maximum Offering: $1,500,000.00 or 15,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
John-David A. Belfontaine
Project #2907212

Issuer Name:
TELUS Corporation
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated July 19, 2019
NP 11-202 Receipt dated July 19, 2019
Offering Price and Description:
$3,000,000,000.00 - Debt Securities, Preferred Shares, Common Shares, Warrants to Purchase Equity Securities, Warrants to Purchase Debt Securities, Share Purchase Contracts, Share Purchase or Equity Units, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2939780

Issuer Name:
The Flowr Corporation (formerly The Needle Capital Corp.)
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 18, 2019
NP 11-202 Receipt dated July 18, 2019
Offering Price and Description:
$125,000,000.00
[□] Common Shares
Price: $[□] per Offered Share

Underwriter(s) or Distributor(s):
Barclays Capital Canada Inc.
BMO Nesbitt Burns Inc.
Credit Suisse Securities (Canada), Inc.
AltaCorp Capital Inc.
Clarus Securities Inc.
Sprott Capital Partners LP
Promoter(s):
Thomas Flow
Steven Klein
Project #2933259

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Crown Capital Partners Inc.	From: Exempt Market Dealer and Investment Fund Manager To: Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	July 18, 2019
Name Change	From: Sun Life Institutional Investments (Canada) Inc./Placements Institutionnel Sun Life (Canada) Inc. To: Sun Life Capital Management (Canada) Inc./Gestion de capital Sun Life (Canada) Inc.	Commodity Trading Manager, Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	June 18, 2019
New Registration	Finn River Investment Management Inc.	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	July 22, 2019

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 TriAct Canada Marketplace LP – Change to the MATCHNow Trading System – Notice of Proposed Change and Request for Comment

TRIACT CANADA MARKETPLACE LP

NOTICE OF PROPOSED CHANGE AND REQUEST FOR COMMENT

CHANGE TO THE MATCHNOW TRADING SYSTEM

TriAct Canada Marketplace LP (also known as **MATCHNow**) has announced plans to implement the change described below, following approval by the Ontario Securities Commission (the **OSC**). MATCHNow is publishing this Notice of Proposed Change in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto". Market participants are invited to provide the OSC with comments on the proposed change.

Feedback on the proposed change should be in writing and submitted by **August 24, 2019** to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Kuno Tucker
Chief Compliance Officer
MATCHNow
The Exchange Tower
130 King Street West, Suite 1050
Toronto, Ontario M5X 1B1
Fax: (416) 874-0690
e-mail: kuno.tucker@matchnow.ca

Feedback received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of OSC staff's review and to specify the intended implementation date of the Change.

If you have any questions concerning the information below, please contact Kuno Tucker, Chief Compliance Officer for MATCHNow, at (416) 874-0830.

Trade Message Fee Marker

A. Detailed description of the proposed Significant Change

MATCHNow intends to provide Subscribers with the benefit of having the option of receiving a trading fee message attached to their executions. Currently, Subscribers only see their trading fees when they receive their daily trade diary (T+1) or on their monthly invoice. With this change, MATCHNow will send a new FIX Tag and tag value inside a Subscriber's partial fill or fill messages. The feature will be available on drop copy FIX sessions and order entry FIX sessions. The Fee Marker FIX Tag will always be present on the drop copy sessions, but will be optional on the order entry sessions.

Using a FIX Tag, Subscribers will be able to map the trading fees to a specified (as yet to be determined) value, which will allow Subscribers to see their MATCHNow trading fees intraday. The value sent back in the new tag will reflect how a client will be billed for that particular trade.

Example: A value of 'E' might mean that the client was a passive supplier of mid-point liquidity in a small-cap stock. The Subscriber could then reference our fee schedule and, at its will, map that trade to a dollar amount. We will also include the new values on MATCHNow's website as part of our fee schedule.

We also note that the proposed change was previously filed, as a Significant Change subject to Public Comment, in June 2017; however, following a concern raised in a July 2017 comment letter from the Canadian Securities Traders Association (the **CSTA**) to the proposed change — in the form in which it was proposed at the time — we decided to withdraw it, as explained in a September 2017 Notice. After further review, we have decided to file a new version of the proposed change at this time; while similar to the June 2017 proposal, in the current version, we have eliminated the element that caused the concern raised in the July 2017 CSTA comment letter — namely, the risk of information leakage from fee markers relating to unintentional crosses — insofar as all unintentional crosses will now show as billable trades.

B. Expected implementation date

The proposed change is expected to be implemented 90 days after approval by the OSC.

C. Rationale for the proposed change and any supporting analysis

This proposed change will permit Subscribers to monitor their trading costs on MATCHNow in real time. This feature has been requested by multiple Subscribers.

***D. The expected impact of the proposed change on market structure, subscribers, and, if applicable, investors and capital* markets**

This change should not have any impact on market structure or Subscribers.

***E. Expected impact of the proposed change on MATCHNow's compliance with Ontario securities law, including the* requirements of fair access and the maintenance of fair and orderly markets**

The impact of the proposed change will be to maintain MATCHNow's compliance with Ontario securities law, including fair access and the maintenance of fair and orderly markets.

F. Consultations undertaken in formulating the Significant Change

MATCHNow was asked by multiple Subscribers for this feature in recent months, as well as in the past.

G. If the Significant Change will require subscribers or service vendors to modify their systems after implementation of the Change, the expected impact of the Change on the systems of subscribers and service vendors together with a reasonable estimate of the amount of time needed to perform the necessary work

MATCHNow notes that making use of the feature that the proposed change will create is voluntary. We do not know how much work will be needed by Subscribers and vendors to implement this change. Moreover, we could not make a reasonable estimate of the time needed for Subscribers and vendors to modify their own systems as a result of this change, as this will depend on the specific circumstances of each Subscriber or vendor, and any estimate would be somewhat unreliable until the Subscriber or vendor begins the user acceptance testing process.

H. If applicable, whether the proposed Significant Change would introduce a feature that currently exists in other markets or jurisdictions

This feature has been in use for several years on marketplaces in the United States.

13.2.2 Neo Exchange Inc. – Amendments Respecting Foreign-Listed Structured Product Notes – Notice of Approval

NEO EXCHANGE INC.

AMENDMENTS RESPECTING FOREIGN-LISTED STRUCUTRED PRODUCT NOTES

NOTICE OF COMMISSION 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*, Neo Exchange Inc. ("NEO Exchange") has adopted and the Ontario Securities Commission has approved amendments to NEO Exchange's Form 21-101F1 (the "Amendments"). The Amendments comprise changes to reflect that NEO Exchange may now trade foreign-listed structured product notes ("Foreign-Listed Structured Product Notes") on an unlisted basis.

Approval of the Amendments is subject to the following conditions:

1. NEO Exchange will only make notes available for trading consistent with Phase 1, as described in the Notice of the Amendments (described below), with the exception of the alternative of the notes' availability upon reaching 10% of their life-time, which has been removed. In addition, these notes will not include single stock notes.

2. NEO Exchange will only make Foreign-Listed Structured Product Notes available for trading that would not be considered novel if a Canadian bank offered a similar product, unless such notes are submitted to OSC and AMF staff for their review in advance. Otherwise, the notes must be similar to those currently offered by Canadian banks. If NEO is uncertain whether a particular note would be considered novel in Canada, it will consult with OSC and AMF staff first before making the note available for trading.

3. NEO Exchange will report regularly to OSC and AMF staff regarding trading volumes relative to those of the foreign listing exchange and total notes issued and will include a high level description of the types of notes that appear most popular. NEO will also provide any other information requested by OSC staff to assist in determining to what extent an issuer of Foreign-Listed Structured Product Notes may be active in our jurisdiction beyond its Foreign-Listed Structured Product Notes just being available for secondary market trading.

4. NEO will not trade any Foreign-Listed Structured Product Notes that are in distribution in Canada unless the issuer has filed a prospectus and obtained a receipt from one of the Canadian securities regulatory authorities.

5. NEO Exchange will cease making any new Foreign-Listed Structured Product Notes available for trading upon request by OSC staff.

6. NEO Exchange will cease trading any existing Foreign-Listed Structured Product Notes, due to an investor protection concern, based on a timeline and approach agreed between NEO Exchange and OSC staff.

Notice of the Amendments and a request for comments was published on August 9, 2018. Two comments were received. NEO Exchange's summary of the comments and its responses can be found at www.osc.gov.on.ca.

The Amendments are expected to be effective in the first quarter of 2020.

13.2.3 Financial & Risk Transaction Services Ireland Limited – Application for Exemption from Recognition as an Exchange – OSC Staff Notice and Request for Comment

NOTICE AND REQUEST FOR COMMENT

APPLICATION BY FINANCIAL & RISK TRANSACTION SERVICES IRELAND LIMITED FOR EXEMPTION FROM RECOGNITION AS AN EXCHANGE

A. Introduction

This notice requests comment on (i) the application filed by Financial & Risk Transaction Services Ireland Limited (the **Applicant**) under section 147 of the Securities Act (Ontario) (**Act**) for an exemption from the requirement to be recognized as an exchange contained in section 21 of the Act (**Recognition Requirement**); and (ii) the draft order exempting the Applicant from the Recognition Requirement.

The Applicant is a private company headquartered in Ireland that will assume the operation of the Refinitiv Multilateral Trading Facility (**MTF**), which will be regulated by the Central Bank of Ireland (**CBI**).

The MTF offers trading in Forwards Matching, FX forwards (swaps), FXall RFQ, FX forward (outrights), FX swaps, FX NDFs, and FX options. The Applicant proposes to offer direct access in Ontario to its MTF to prospective participants in Ontario (**Ontario Participants**).

As the Applicant will be carrying on business in Ontario, it is required either to be recognized as an exchange under the Act or to apply for an exemption from the Recognition Requirement. The Applicant has applied for an exemption from the Recognition Requirement on the basis that it is already subject to regulatory oversight by the CBI.

B. Background

On January 3, 2018, the Markets in Financial Instruments Directive 2014/65/EU of the European Parliament and of the Council (**MiFID II**) was implemented. Under Article 28(1) of the Markets in Financial Instruments Regulation (Regulation (EU) No. 600/2014) (**MiFIR**), the regulation that accompanies MiFID II, certain European counterparties must trade certain derivatives on a trading venue and not bilaterally. As a result, Canadian banks and other institutions wishing to enter into transactions in these derivatives with EU counterparties must do so on a trading venue, namely a regulated market, an organised trading facility (**OTF**), an MTF or a third-country trading venue that the European Commission has determined has an equivalent system for regulating trading venues.

The Applicant has indicated that Canadian banks and other institutions wish to trade on its MTF.

MTFs provide a facility for bringing together orders from multiple buyers and sellers for types of over-the-counter (**OTC**) derivatives and other securities and use established non-discretionary methods under which the orders interact with each other. They meet the definition of "marketplace."

An MTF has a responsibility to regulate the conduct of its participants with respect to trading on the MTF and to set rules governing trading on the system. Because of these self-regulatory responsibilities, under the Act they would be considered an exchange.

C. Application and Draft Exemption Order

In the application, the Applicant has outlined how it meets the criteria for exemption from the Recognition Requirement. The specific criteria can be found in Appendix 1 of the draft exemption order. Subject to comments received, Staff intend to recommend that the Commission grant an exemption order with terms and conditions based on the draft exemption order. The application can be found on our website at www.osc.gov.on.ca and the draft exemption order is attached to this Notice.

D. Comment Process

The Commission is publishing for public comment the Applicant's application and the draft exemption order. We are seeking comment on all aspects of the application and draft exemption order.

Please provide your comments in writing, via e-mail, on or before August 23, 2019, to the attention of:

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

Email: comments@osc.gov.on.ca

The confidentiality of submissions cannot be maintained as the comment letters and a summary of written comments received during the comment period will be published.

Questions may be referred to:

Keir Wilmut
Legal Counsel, Market Regulation
email: kwilmut@osc.gov.on.ca

Kortney Shapiro
Legal Counsel, Market Regulation
email: kshapiro@osc.gov.on.ca

Jalil El Moussadek
Risk Specialist, Market Regulation
email: jelmoussadek@osc.gov.on.ca

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

AND

IN THE MATTER OF
FINANCIAL & RISK TRANSACTION SERVICES IRELAND LIMITED

ORDER
(Section 147 of the Act)

WHEREAS Financial & Risk Transaction Services Ireland Limited ("**FRTSIL**" or the "**Applicant**") has filed an application on behalf of the Refinitiv Multilateral Trading Facility (the "**Facility**" or "**MTF**") dated June 21, 2019, ("**Application**") with the Ontario Securities Commission ("**Commission**") pursuant to section 147 of the Ontario *Securities Act* ("**Act**") requesting an order exempting the Facility from the requirement to be recognized as an exchange under subsection 21(1) of the Act ("**Order**");

AND WHEREAS the Facility is currently operated by Refinitiv Transaction Services Limited ("**RTSL**"), is located in the United Kingdom, and is subject to the regulatory oversight of the UK Financial Conduct Authority;

AND WHEREAS the Facility is currently offered to participants in Ontario pursuant to an Interim Order dated August 17, 2018 (the "**Interim Order**");

AND WHEREAS on June 7, 2019, the Commission granted a variation order extending the termination date of the Interim Order to the earlier of (i) March 1, 2020 and (ii) 90 days after the effective date of a subsequent order exempting the MTF from the requirement to be recognized as an exchange;

AND WHEREAS it is the Applicant's intention to assume operation of the Facility and migrate its operations to Ireland by the end of September 2019;

AND WHEREAS the Applicant has represented to the Commission that:

1. FRTSIL received authorization on March 28, 2019 from the Central Bank of Ireland ("**CBI**"), the Irish financial services regulator, under Part 2 of the Irish European Union ("**Markets in Financial Instruments**") Regulations 2017 ("**2017 Regulations**") as an investment firm, to act as the operator of the MTF;

2. The following types of investment are offered for trading on the Facility: foreign exchange FX forwards (swaps), FX forwards (outrights), FX swaps, FX non-deliverable forwards ("**NDFs**") and FX options;

3. On January 3, 2018, the Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council) ("**MiFID II**") entered into force as implemented in the Republic of Ireland with the transposition into national law of the 2014 Regulations, The 2017 Regulations, together with the Markets in Financial Instruments Regulation (Regulation (EU) No 600/2014 of the European Parliament and of the Council) ("**MiFIR**") which is directly applicable in the Republic of Ireland, contain the key requirements governing the regulatory framework for the operator of a multilateral trading facility;

4. Without the Requested Relief, participants in Ontario will be precluded from trading with EU/EEA participants on the MTF, a EU regulated trading venue;

5. The MTF comprises two trading segments known as Forwards Matching and FXall RFQ. All trading segments are governed by the MTF Rule Book ("**Rules**") applicable to the MTF as a whole. Each trading segment further has its own Rules specific to that trading segment. A client who enters into a Participant Agreement in respect of the MTF (a "**Participant**") must comply with both the Rules applicable to the Facility as a whole, and the Rules applicable to the specific trading segment to which the Participant is authorized and wishes to access. Trading on the Facility is offered in the financial instruments listed in the following table:

Trading Segment	Financial Instruments (as defined in MiFID II)
Forwards Matching	FX forwards (swaps)
FXall RFQ	FX forwards (outrights), FX swaps, FX NDFs, FX options

These Financial Instruments are admitted in various currency pairs;

6. The Applicant is subject to regulatory supervision by the CBI, pursuant to an authorization to operate a multilateral trading facility granted March 28, 2019.

7. Accordingly, the Applicant is required to comply with the CBI's regulatory framework, which includes, among other things, rules on (i) the conduct of business (including rules regarding client categorization, communication with clients and other investor protections and client agreements), (ii) market conduct (including rules applicable to firms operating a multilateral trading facility), and (iii) systems and controls (including rules on outsourcing, governance, record-keeping and conflicts of interest). The CBI requires the Applicant to comply at all times with a set of threshold conditions for authorization, including requirements that the Applicant is "fit and proper" to be authorized and that it has appropriate resources for the activities it carries on. The Applicant is subject to prudential regulation, including minimum regulatory capital requirements, and is capitalized in excess of regulatory requirements. The Applicant is required to maintain a permanent and effective compliance function. The Applicant's Compliance Department is responsible for implementing and maintaining adequate policies and procedures designed to ensure that the Applicant (and all associated staff) comply with their obligations under the CBI rules. These policies and procedures are set forth in the FRTSIL Compliance Manual and associated internal policies and procedures;

8. The MTF is obliged to have requirements governing the conduct of Participants, to monitor compliance with those requirements and report to the CBI (a) significant breaches of the Facility's Rules, (b) disorderly trading conditions, and (c) conduct that may involve market abuse. The Applicant may also notify the CBI when a Participant's access is terminated, temporarily suspended or subject to condition(s). As required, the Applicant has implemented a trade surveillance program. As part of the program, the Applicant's Compliance Department conducts real-time market monitoring of trading activity on the MTF to identify disorderly trading and market abuse or anomalies. The trade surveillance program is designed to maintain a fair and orderly market for MTF participants;

9. Participants may only connect to the Facility using a connection method permitted by FRTSIL. These connection methods are described more fully in the rules relevant to each specific trading segment. The Forwards Matching trading segment currently permits connections through a Refinitiv GUI application and the Matching application programming interface ("**API**") for FX Forwards. Participants may allow remote-manned use of Refinitiv APIs if the Participant ensures that the API applications in use at the remote site are at all times monitored and managed from that remote monitoring site. The Facility offers publicly available pricing plans based on trading segment, rate engine or pricing tool selected. The rate stated is purely for the MTF transaction component and does not include any pricing for the rates engine or pricing tools used;

10. Participants are responsible for ensuring the prompt exchange and processing of transaction confirmations directly with their counterparties in accordance with market practice. Failure to settle transactions will constitute a breach of the Facility Rules. Participants are also responsible for ensuring that transactions are not required to be cleared pursuant to applicable law. If Participants are required or choose to clear a transaction, they are responsible for making the necessary arrangements;

11. The Applicant requires that all Participants meet the criteria of an Eligible Counterparty, either “per se” or “elective” as defined in Regulation 38 of the European Union (Markets in Financial Instruments) Regulations 2017. Each prospective participant must (i) comply and ensure that its authorized traders comply, and, in each case, continue to comply, with the Rules and applicable law (ii) have a sufficient level of trading ability, skill, competence and experience to conduct activities on the Facility; (iii) must be of adequate financial soundness; (iv) have adequate organizational arrangements commensurate with meeting their own regulatory obligations (v) have in place adequate systems and controls to ensure their on-going compliance with the Rules and management of their trading activities, and (vi) must satisfy any other criteria that FRTSIL may reasonably require from time to time;

12. FRTSIL offers direct access to trading on the MTF to participants that are located in Ontario (“**Ontario Participants**”) and are appropriately registered as applicable under Ontario securities laws or are exempt from or not subject to those requirements, and qualify as an “eligible counterparty” (either “per se” or “elective”), as defined in Regulation 38 of the European Union (Markets in Financial Instruments) Regulations 2017. Ontario Participants are required to notify immediately the Applicant if they cease to meet the criteria of an Eligible Counterparty. Participants must also supply any information requested by the Facility or Applicant to enable monitoring of responsibilities with respect to eligibility and operational criteria;

13. The Facility also requires information to be provided regarding the operational functions of the participants, including the qualifications required of staff in key position and pre and post-trade controls;

14. Ontario Participants may include financial institutions, asset managers, dealers, government entities, pension funds and other well-capitalized entities that meet the criteria described above;

15. The MTF provides certain Ontario Participants with significant access to liquidity for which, at least for certain types of transactions, there is no appropriate alternative platform, and the Ontario capital markets will be disrupted if the Order is not granted;

16. Because the Facility sets requirements for the conduct of its participants and surveils the trading activity of its Participants, it is considered by the Commission to be an exchange;

17. Since the Applicant seeks to provide Ontario Participants with direct access to trading on the Facility, the Facility is considered by the Commission to be "carrying on business as an exchange" in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

18. The Facility has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described herein;

AND WHEREAS the products traded on the Facility are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Facility is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the requested relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant or the Facility's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgments of the Applicant to the Commission, the Commission has determined that the granting of the requested relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Facility is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A".

DATED , 2019

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Schedule A

Terms and Conditions

Regulation and Oversight of the Applicant

1. The Applicant will maintain its permission to operate as a multilateral trading facility (MTF) with the Central Bank of Ireland (CBI) and will continue to be subject to the regulatory oversight of the CBI.

2. The Applicant will continue to comply with the ongoing requirements applicable to it as the operator of an MTF authorized by the CBI.

3. The Applicant will promptly notify the Commission if its permission to operate an MTF has been revoked, suspended, or amended by the CBI, or the basis on which its permission to operate an MTF has been granted has significantly changed.

4. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

5. The Applicant will not provide direct access to a participant in Ontario (Ontario User) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements and qualifies as an "eligible counterparty" (either "per se" or "elective"), as defined by Regulation 38 of the European Union (Markets in Financial Instruments) Regulations 2017.

6. For each Ontario User provided direct access to its MTF, the Applicant will require, as part of its application documentation or continued access to the MTF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

7. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote or otherwise uses the Applicant's MTF.

8. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the MTF if the Ontario User is no longer appropriately registered or exempt from those requirements.

9. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

10. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the United States Commodity Exchange Act as amended, without prior Commission approval.

Submission to Jurisdiction and Agent for Service

11. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

12. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

13. The Applicant will provide to its Ontario Users disclosure that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the Republic of Ireland, rather than the laws of Ontario and may be required to be pursued in the Republic of Ireland rather than in Ontario; and

    (b) the rules applicable to trading on MTF may be governed by the laws of the Republic of Ireland rather than the laws of Ontario.

Prompt Reporting

14. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to material changes to:

        (i) the regulatory oversight by the CBI;

        (ii) the corporate governance structure of the Applicant;

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

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the Republic of Ireland relevant to the financial instruments available for trading on the Applicant's MTF where such change may materially affect its ability to meet the criteria set out in Attachment I to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet any of the relevant rules and regulations of the CBI, as set forth in the regulatory guidance issued by the CBI or applicable legislation (including the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) and related Irish and European legislation, the Markets in Financial Instruments Regulation (EU) No 600/2014, applicable anti-money laundering, financial sanctions and market abuse legislation).

    (d) any known investigations of, or any disciplinary action against the Applicant by the CBI or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

15. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CBI:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

Quarterly Reporting

16. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading on the Applicant's MTF as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users whom the Applicant has referred to the CBI, or, to the best of the Applicant's knowledge, whom have been disciplined by the CBI with respect to such Ontario Users' activities on the Applicant's MTF and the aggregate number of all participants referred to the CBI in the last quarter by the Applicant;

    (d) a list of all active investigations during the quarter by the Applicant relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (g) for each product,

        (i) the total trading volume and value on the MTF originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the MTF conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (h) a list outlining each material incident of a security breach, systems failure, malfunction, or delay (including cyber security breaches, systems failures, malfunctions or delays reported under section 14(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

17. The Applicant will file with the Commission any annual financial report or financial statements (audited or unaudited) of the Applicant provided to or filed with the CBI promptly after filing with the CBI.

Information Sharing

18. The Applicant will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

Attachment 1

CRITERIA FOR EXEMPTION

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the MTF

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (Foreign Regulator).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are reviewed by the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange including, but not limited to, margin requirements, intra-day margin calls, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws or Ontario commodity futures laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

(ii) impose any burden on competition that is not reasonably necessary and appropriate.

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (Rules) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

N/A

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and circuit breakers.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Ontario Securities Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organization of Securities Commissions (**IOSCO**) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivative Markets” (**2011**).

13.3 Clearing Agencies

13.3.1 CDCC – Amendments to the Rules and Operations Manual of the Canadian Derivatives Clearing Corporation to Shorten Time Frames for Monthly Options Expiry – Notice of Commission Approval

CDCC

AMENDMENTS TO THE RULES AND OPERATIONS MANUAL OF THE CANADIAN DERIVATIVES CLEARING CORPORATION TO SHORTEN TIME FRAMES FOR MONTHLY OPTIONS EXPIRY

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and The Canadian Derivatives Clearing Corporation (CDCC), the Commission approved on July 22, 2019 amendments to shorten the time frames for the monthly options expiry.

A copy of the CDCC notice was published for comment on May 16, 2019 on the Commission's website at: www.osc.gov.on.ca. No comments were received.

13.4 Trade Repositories

13.4.1 Currenex Multilateral Trading Facility – Application for Exemptive Relief – Notice of Commission Interim Order

CURRENEX MULTILATERAL TRADING FACILITY ("CURRENEX MTF")

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION INTERIM ORDER

On June 21, 2019, the Commission issued an order (Order) to Currenex MTF pursuant to section 147 of the *Securities Act* (Ontario) (the Act) exempting Currenex MTF on an interim basis from the requirement to be recognized as an exchange under section 21 of the Act. The Order expires on the earlier of (i) June 30, 2020, and (ii) the effective date of a subsequent order exempting the Facility from the requirement to be recognized as an exchange under section 147 of the Act.

A copy of the Order is published in Chapter 2 of this Bulletin.

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Index

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