

May 18, 2021

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

AND

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

AND

**IN THE MATTER OF
FIDELITY INVESTMENTS CANADA ULC
(FIC)**

DECISION

Background

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

- (a) for an exemption from the prohibition in subsection 4.2(1) of National Instrument 81-102 *Investment Funds (NI 81-102)* to permit the NI 81-102 Funds (as hereinafter defined) to purchase debt securities from, or sell debt securities to, a Canadian Pooled Fund (as hereinafter defined) or a U.S. Fund (as hereinafter defined) (the **Section 4.2(1) Relief**);
- (b) for an exemption from the prohibitions in subparagraphs 13.5(2)(b)(ii) and (iii) 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 or sell a security from or to the investment portfolio of an associate of a responsible person or an investment fund for which a responsible person acts as an adviser, in order to permit:
 - (i) a Canadian Fund (as hereinafter defined) to purchase securities from or sell securities to another Canadian Fund (as hereinafter defined);

- (ii) a Canadian Client Account (as hereinafter defined) to purchase securities from or sell securities to a Canadian Fund (as hereinafter defined);
- (iii) a Canadian Fund (as hereinafter defined) to purchase securities from or sell securities to a U.S. Fund (as hereinafter defined);
- (iv) a Canadian Client Account (as hereinafter defined) to purchase securities from or sell securities to a U.S. Fund (as hereinafter defined);
- (v) the transactions listed in (i) to (ii) (each, a **Canadian Inter-Fund Trade**) and (iii) and (iv) (each, a **Cross-Border Inter-Fund Trade**) to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of “current market price of the security” in subparagraph 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds (NI 81-107)* on that trading day where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities);
- (vi) for an Inter-Fund Trade (as hereinafter defined) in a Canadian-Listed Security (as hereinafter defined) or Inter-Listed Security (as hereinafter defined), the requirements in paragraph 6.1(2)(f) of NI 81-107 may be satisfied as follows:
 - (A) where at least one party to the trade is a Canadian-Advised Fund (as hereinafter defined) or Canadian-Advised Canadian Client Account (as hereinafter defined), the Filer uses a Third-Party IIROC Registered Dealer (as hereinafter defined) to execute the Inter-Fund Trade (as hereinafter defined) on behalf of the Canadian Advised Fund (as hereinafter defined) or Canadian-Advised Canadian Client Account (as hereinafter defined); and
 - (B) where one party to the trade is a U.S.-Advised Fund (as hereinafter defined), U.S. Fund (as hereinafter defined) or U.S.-Advised Canadian Client Account (as hereinafter defined), and the other party to the trade is a U.S.-Advised Fund (as hereinafter defined) or U.S.-Advised Canadian Client Account (as hereinafter defined), the Filer uses either a Third-Party IIROC Registered Dealer (as hereinafter defined) or, provided certain conditions are met, a Third-Party U.S. Broker-Dealer (as hereinafter defined) to execute the Inter-Fund Trade (as hereinafter defined) on behalf of the U.S.-Advised Fund (as hereinafter defined), U.S. Fund (as hereinafter defined) or U.S.-Advised Canadian Client Account (as hereinafter defined);

((b)(i), (b)(ii), (b)(iii), (b)(iv), (b)(v) and (b)(vi) above are collectively referred to herein as the **Inter-Fund Trading Relief**). The Section 4.2(1) Relief and the Inter-Fund Trading Relief are collectively referred to herein as the **Relief Sought**.

Under National Policy 11-203 *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) FIC has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon by the Filer (as hereinafter defined) in each jurisdiction of Canada outside of Ontario (together with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NI 81-102, NI 31-103 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined. The following terms have the following meanings:

- (a) **33 Act** means the U.S. *Securities Act of 1933*, as amended
- (b) **40 Act** means the U.S. *Investment Company Act of 1940*, as amended;
- (c) **40 Act Funds** means, collectively, the Existing 40 Act Funds (as hereinafter defined) and the Future 40 Act Funds (as hereinafter defined);
- (d) **Applicable Inter-Fund Trading Policies** has the meaning given to it in Representation 27;
- (e) **Canadian-Advised Canadian Client Account** means a Canadian Client Account (as hereinafter defined) that has at least one of the following:
 - (i) a Canada-domiciled portfolio manager; or
 - (ii) a Canada-domiciled portfolio sub-adviser;
- (f) **Canadian-Advised Fund** means a Canadian Fund (as hereinafter defined) that has at least one of the following:
 - (i) a Canada-domiciled portfolio manager; or
 - (ii) a Canada-domiciled portfolio sub-adviser;
- (g) **Canadian Client Account** means an account managed by the Filer (as hereinafter defined) that is beneficially owned by a client that is resident or domiciled in Canada and is not a responsible person, and over which the Filer (as hereinafter defined) has discretionary authority;

- (h) **Canadian Clients** means, collectively, the NI 81-102 Funds (as hereinafter defined), the Canadian Pooled Funds (as hereinafter defined) and the Canadian Client Accounts;
- (i) **Canadian Funds** means, collectively, the NI 81-102 Funds (as hereinafter defined) and the Canadian Pooled Funds (as hereinafter defined);
- (j) **Canadian-Listed Security** means a security listed only on a Marketplace (as hereinafter defined);
- (k) **Canadian Pooled Funds** means, collectively, the Existing Canadian Pooled Funds (as hereinafter defined) and the Future Canadian Pooled Funds (as hereinafter defined);
- (l) **Existing 40 Act Fund** means each existing investment fund registered under the 40 Act and the 33 Act, for which a FIC Sub-adviser (as hereinafter defined) or an affiliate of a FIC Sub-adviser (as hereinafter defined) acts as manager and/or portfolio manager;
- (m) **Existing Canadian Pooled Fund** means each investment fund domiciled in Canada that is not a reporting issuer, and to which NI 81-102 and NI 81-107 do not apply, for which FIC acts as the investment fund manager and the Filer (as hereinafter defined) acts as portfolio manager;
- (n) **Existing NI 81-102 Fund** means each existing investment fund that is a reporting issuer, and to which NI 81-102 and NI 81-107 apply, for which FIC acts as the investment fund manager and the Filer (as hereinafter defined) acts as portfolio manager;
- (o) **Existing U.S. Pooled Fund** means each investment fund domiciled in the United States that is exempt from registration under the 40 Act and the 33 Act, for which a FIC Sub-adviser (as hereinafter defined) or an affiliate of a FIC Sub-adviser (as hereinafter defined) acts as manager and/or portfolio manager;
- (p) **FIC Sub-adviser** means those entities within the larger Fidelity enterprise which provide advice with respect to all or a portion of the investments of the Canadian Clients and **FIC Sub-adviser** shall mean any one of them;
- (q) **Filer** means FIC and any affiliate of FIC that is registered as an adviser (portfolio manager) in any Jurisdiction;
- (r) **Funds** means, collectively, the Canadian Funds and the U.S. Funds (as hereinafter defined and each, a **Fund**);
- (s) **Future 40 Act Fund** means each investment fund, to be established in the future, and registered under the 40 Act and the 33 Act, for which a FIC Sub-adviser or an affiliate of a FIC Sub-adviser acts as manager and/or portfolio manager;

- (t) **Future Canadian Pooled Fund** means each investment fund, to be established in the future, that will be domiciled in Canada that will not be a reporting issuer, and to which NI 81-102 and NI 81-107 will not apply, for which FIC will act as the investment fund manager and the Filer will act as portfolio manager;
- (u) **Future NI 81-102 Fund** means each investment fund to be established in the future, that will be a reporting issuer, and to which NI 81-102 and NI 81-107 will apply, for which FIC will act as the investment fund manager and the Filer will act as portfolio manager;
- (v) **Future U.S. Pooled Fund** means each investment fund, to be established in the future, that will be domiciled in the United States and is exempt from registration under the 40 Act and the 33 Act, for which a FIC Sub-adviser or an affiliate of a FIC Sub-adviser acts as manager and/or portfolio manager;
- (w) **Inter-Fund Trades** means, collectively, Canadian Inter-Fund Trades, Cross-Border Inter-Fund Trades and, where applicable, all trades made pursuant to the Section 4.2(1) Relief;
- (x) **Inter-Listed Security** has the same meaning as in section 6.6.1 of National Instrument 23-101 *Trading Rules*;
- (y) **IRC** means the independent review committee of the Canadian Funds, and for greater certainty includes the Pooled Fund IRC (as hereinafter defined);
- (z) **Marketplace** has the same meaning as in section 1.1 of National Instrument 21-101 *Marketplace Operation*, and for greater certainty refers to a venue in Canada;
- (aa) **NI 81-102 Funds** means, collectively, the Existing NI 81-102 Funds and the Future NI 81-102 Funds;
- (bb) **Pooled Fund IRC** means the IRC to be established for the Canadian Pooled Funds as contemplated in Representation 30;
- (cc) **Third-Party IIROC Registered Dealer** means a dealer that is not the Filer, and registered with the Investment Industry Regulatory Organization of Canada;
- (dd) **Third-Party U.S. Broker-Dealer** means a broker or dealer that is not the Filer, domiciled in the U.S., and registered with the appropriate U.S. securities regulatory authorities;
- (ee) **U.S.-Advised Canadian Client Account** means a Canadian Client Account that:
 - (i) is not a Canadian-Advised Canadian Client Account; and
 - (ii) has at least one of the following:

- (A) a U.S.-domiciled portfolio manager; or
 - (B) a U.S.-domiciled portfolio sub-adviser;
- (ff) **U.S.-Advised Fund** means a Canadian Fund that:
- (i) is not a Canadian-Advised Fund; and
 - (ii) has at least one of the following:
 - (A) a U.S.-domiciled portfolio manager; or
 - (B) a U.S.-domiciled portfolio sub-adviser;
- (gg) **U.S. Funds** means, collectively, the 40 Act Funds and the U.S. Pooled Funds (as hereinafter defined);
- (hh) **U.S. Inter-Fund Trading Rules** means Rule 17a-7 under the 40 Act and other applicable laws governing inter-fund trading in the United States; and
- (ii) **U.S. Pooled Funds** means, collectively, the Existing U.S. Pooled Funds and the Future U.S. Pooled Funds.

Representations

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

The Filer

1. FIC is a corporation amalgamated under the laws of Alberta, with its head office in Toronto, Ontario. FIC is registered as an adviser in the category of portfolio manager and mutual fund dealer in each of the Jurisdictions and is registered under the *Commodity Futures Act (Ontario) (CFA)* in the category of commodity trading manager. FIC is registered as an investment fund manager under the relevant securities legislation of the provinces of Ontario, Quebec and Newfoundland and Labrador.
2. FIC acts or will act as investment fund manager of each of the Canadian Funds.
3. FIC is or will be the portfolio manager for the Canadian Clients. FIC has entered into sub-advisory agreements with the FIC Sub-advisers, to provide advice with respect to all or a portion of the investments of the Canadian Clients. The FIC Sub-advisers may change from time to time.
4. The Filer and each of the Canadian Funds are not in default of the securities legislation of any Jurisdiction.

The Canadian Clients

5. Each NI 81-102 Fund is or will be an open-end investment fund trust created under the laws of Ontario or a class of shares of a corporation incorporated under the laws of the Province of Alberta.
6. The securities of each of the NI 81-102 Funds are or will be qualified for distribution in some or all of the Jurisdictions pursuant to prospectuses prepared in accordance with applicable securities legislation and filed with and received by the securities regulators in each of the applicable Jurisdictions.
7. Each of the NI 81-102 Funds is or will be a reporting issuer in one or more of the Jurisdictions.
8. FIC has established the IRC in respect of the NI 81-102 Funds in accordance with NI 81-107. Any Future NI 81-102 Fund will also be within the mandate of the IRC.
9. Each Canadian Pooled Fund is or will be an open-end investment fund trust created under the laws of Ontario.
10. The securities of each of the Canadian Pooled Funds are distributed by way of an applicable prospectus exemption as permitted by National Instrument 45-106 *Prospectus Exemptions*.
11. FIC offers discretionary investment management services to institutional investors in Canada through the Canadian Client Accounts.
12. Each Canadian client wishing to receive discretionary investment management services from FIC, has entered into, or will enter into, a written agreement whereby the client appoints FIC, to act as portfolio manager in connection with an investment portfolio of the client with full discretionary authority to trade in securities for the Canadian Client Account without obtaining the specific consent of the client to execute the trade.

The U.S. Funds

13. Each 40 Act Fund is, or will be, established under the laws of a U.S. jurisdiction and registered under the 40 Act and the 33 Act for distribution of its shares to the public.
14. Each U.S. Pooled Fund is, or will be, established under the laws of a U.S. jurisdiction, and exempt from registration under the 40 Act. Shares of U.S. Pooled Funds are, or will be, distributed on a private placement basis pursuant to available exemptions from the registration requirements of the 33 Act.

The Inter-fund Trades

15. The Filer wishes to be able to permit any Canadian Client to engage in Inter-Fund Trades of portfolio securities with a Fund.
16. NI 31-103, NI 81-102 and NI 81-107 restrict inter-fund trading. Absent the Relief Sought, none of the Canadian Clients, nor the Filer on their behalf, will be permitted to engage in Inter-Fund Trades as contemplated in this decision.

17. The Filer is a responsible person for the purpose of paragraph 13.5(2)(b) of NI 31-103 and, absent exemptive relief, is prohibited from effecting any Inter-Fund Trades between Canadian Clients or other Funds (as investment funds for which the Filer, or other responsible person, acts as an adviser).
18. Each FIC Sub-adviser which is an affiliate of the Filer and has access to, or participates in, formulating, an investment decision made on behalf of the Canadian Clients is a responsible person for the purpose of paragraph 13.5(2)(b) of NI 31-103. As responsible persons, absent the Relief Sought, each such FIC Sub-adviser is prohibited from effecting any Inter-Fund Trades between Canadian Clients or other Funds (as investment funds for which the Filer, or other responsible person, acts as an adviser).
19. Absent exemptive relief, each NI 81-102 Fund is prohibited under subsection 4.2(1) of NI 81-102 from purchasing a security from or selling a security to a Fund (if the Fund is an associate or an affiliate of the Filer).
20. The exception in section 4.3(1) of NI 81-102 which permits certain inter-fund trades of securities subject to public quotations is not available for any Inter-Fund Trades of debt securities because debt securities are typically not subject to public quotations.
21. The exception in section 4.3(2) which permits certain inter-fund trades of debt securities is not available for any Inter-Fund Trades of debt securities between: (i) NI 81-102 Funds and Canadian Pooled Funds; and (ii) NI 81-102 Funds and U.S. Funds. In both instances, that exemption only applies where funds on both sides of the inter-fund trade are investment funds subject to NI 81-107. The Canadian Pooled Funds and U.S. Funds will not be subject to NI 81-107.
22. Where a FIC Sub-adviser is a responsible person of the Canadian Clients and also acts as an adviser to a U.S. Fund, any Cross-Border Inter-Fund Trades between the Canadian Clients and the U.S. Funds would be prohibited under subparagraphs 13.5(2)(b)(ii) or (iii) of NI 31-103. Other Fidelity entities within the Fidelity enterprise are not affiliates of the Filer and, although they may be FIC Sub-advisers and although their activities are overseen by FIC, they are not responsible persons of the Canadian Clients as contemplated by paragraph 13.5(1)(c) of NI 31-103 as they are not adviser to the Canadian Clients. When these entities act as an adviser to a U.S. Fund, FIC has not, to date, permitted any Cross-Border Inter-Fund Trades between the Canadian Clients and the U.S. Funds, even though these Cross-Border Inter-Fund Trades are not prohibited under the applicable provisions of NI 31-103.
23. Overall, the trading conducted within the Fidelity enterprise on its various trading desks is in respect of approximately U.S. \$3.9 trillion of managed assets (as of March 31, 2021), of which trading for the Canadian Clients is a smaller part, being approximately CDN \$182 billion as of that date. FIC wishes to institute a program allowing for Inter-Fund Trades, so as to optimize the trading that is conducted on the various trading desks and to allow for efficiencies in carrying out this trading, all of which FIC considers to be in the best interests of the Canadian Clients.

24. The traders employed as traders for each Fidelity trading desk carry out sophisticated trading for the entire Fidelity enterprise, including the Canadian Clients, and the U.S. Funds. Trading on each trading desk is carried out, when appropriate, on an aggregated and bunched (blocked) basis for all trades involving the Fidelity enterprise. Upon trade execution, allocations are automatically performed through the systematic application of rules which are derived in accordance with established Fidelity enterprise trading policies. Within the Fidelity enterprise, portfolio management and trading functions are separated to enhance the overall control environment to ensure that trade allocation policies and procedures are consistently and fairly applied. Traders on each trading desk seek to ensure that all trades for the Fidelity enterprise are carried out whenever possible in a systematic and consistent manner.
25. Trading on each trading desk complies with all applicable laws, including those of Canada, and inter-fund trades or broker crosses are not permitted if such trading is not permitted by the laws applying to the accounts being traded through the trading desk.
26. Each Inter-Fund Trade will be consistent with the investment objectives of the Fund or Canadian Client Account, as applicable.
27. The Filer and each FIC Sub-adviser is subject to cross trade and transfer-in-kind policies (the **Applicable Inter-Fund Trading Policies**). Such Applicable Inter-Fund Trading Policies include a Canadian specific policy which ensures that Canadian Inter-Fund Trades are conducted in accordance with the requirements of applicable securities legislation, including NI 81-102 and NI 81-107.
28. At the time of an Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Canadian Clients to engage in the Inter-Fund Trades.
29. Inter-Fund Trades involving an NI 81-102 Fund will be referred to and approved by the IRC of the NI 81-102 Fund under subsection 5.2(1) of NI 81-107 and FIC, as investment fund manager of an NI 81-102 Fund, and the IRC of the NI 81-102 Fund, will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade. The IRC of the NI 81-102 Funds will not approve an Inter-Fund Trade involving an NI 81-102 Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.
30. FIC, as investment fund manager of the Canadian Pooled Funds, will establish an IRC (which may also be the IRC in respect of the NI 81-102 Funds) in respect of each Canadian Pooled Fund (the **Pooled Fund IRC**). The sole mandate of the Pooled Fund IRC will be considering and, if appropriate, approving the Inter-Fund Trades made by the Canadian Pooled Funds in reliance upon the Relief Sought. Such approvals may be made by way of standing instruction in the same way as permitted under NI 81-107 for the NI 81-102 Funds.
31. The Pooled Fund IRC will be composed by FIC, as manager of a Canadian Pooled Fund, in accordance with section 3.7 of NI 81-107 and the IRC will comply with the standard of care set out in section 3.9 of NI 81-107. Further, the Pooled Fund IRC

will not approve Inter-Fund Trades unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

32. The investment management agreement or other documentation in respect of a Canadian Client Account will contain the authorization of the client on behalf of the Canadian Client Account to engage in Inter-Fund Trades.
33. When the Filer engages in an Inter-Fund Trade of securities between Funds or between a Canadian Client Account and a Fund, including Cross-Border Inter-Fund Trades, each will comply with the following procedures:
 - (a) the portfolio manager of one Client (Client A) will deliver the trade instructions in respect of a purchase or a sale of a security by Client A to a trader on the trading desk of the Filer or one of the FIC Sub-advisers;
 - (b) the portfolio manager of the other Client (Client B) will deliver the trade instructions in respect of a purchase or a sale of a security by Client B to a trader on the trading desk of the Filer or one of the FIC Sub-advisers (this may be the same trading desk or a different trading desk than is handling the order for Client A);
 - (c) the traders on the trading desk will have the discretion to execute the trade as an Inter-Fund Trade between Client A and Client B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for exchange-traded securities, the Inter-Fund Trade may be executed at the Last Sale Price of the security, determined at the time the decision to execute the trade as an Inter-Fund Trade is made, prior to the execution of the trade;
 - (d) the policies applicable to the trading desks will require that: (i) all orders are to be executed on a timely basis, (ii) orders will be executed for no consideration other than cash payment against prompt delivery of a security, (iii) the transaction is consistent with the investment policies of each Fund participating in the transaction as recited in its registration statement or offering documents, and (iv) the transaction complies with all other requirements of applicable law; and
 - (e) the trader on each trading desk will advise the portfolio managers of Client A and Client B of the price at which the Inter-Fund Trade occurs.
34. Where an Inter-Fund Trade is executed by the Filer without the use of a Third-Party IIROC Registered Dealer or Third-Party U.S. Broker-Dealer, the Filer will comply with the market integrity requirements as set out in paragraph 6.1(1)(b) of NI 81-107.
35. If the IRC of a Canadian Fund becomes aware of an instance where FIC did not comply with the terms of any decision document issued in connection with the Inter-Fund Trades, including any Cross-Border Inter-Fund Trades, or a condition imposed by securities legislation or by the IRC in its approval, the IRC of the Canadian Fund

will, as soon as practicable, notify in writing the securities regulatory authority or regulator which is the Canadian Fund's principal regulator.

Benefits of the Relief Sought

36. The Filer considers that it would be in the best interests of the Canadian Clients to receive the Relief Sought as making Canadian Clients subject to the same set of rules governing the execution of the transactions will result in:
 - (a) cost, potentially pricing and timing efficiencies in respect of the execution of transactions for the Canadian Clients; and
 - (b) less complicated and more reliable compliance procedures, as well as simplified and more efficient monitoring thereof, for the Filer, in connection with the execution of transactions on behalf of the Canadian Clients and the U.S. Funds.
37. U.S. Funds currently conduct inter-fund trading pursuant to the Applicable Inter-Fund Trading Policies, which complies with U.S. Inter-Fund Trading Rules. From a procedural perspective, inter-fund trades involving 40 Act Funds are subject to oversight by the applicable U.S. fund board. In addition, in order to comply with SEC rules governing inter-fund trades and the Applicable Inter-Fund Trading Policies as noted above, it is explicitly required that no brokerage commission, fee (except for customary transfer fees) or other remuneration be paid by the accounts in connection with the transaction. Cross-Border Inter-Fund Trades would be conducted on FIC's portfolio management system, which is monitored by an integrated compliance group including representatives of FIC and its related Fidelity enterprise entities.
38. FIC has determined that similar regulatory requirements applicable to inter-fund trading in Canada and the United States, together with FIC's compliance systems, creates a framework for conducting Cross-Border Inter-Fund Trades in a manner which minimizes conflicts of interest and promotes fairness and transparency for all Clients.

Decision

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

The decision of the principal regulator under the Legislation is that:

1. the Section 4.2(1) Relief is granted provided that the following conditions are satisfied:
 - (a) the Inter-Fund Trade is consistent with the investment objectives of each of the Funds involved in the trade;

- (b) FIC, as the investment fund manager of an NI 81-102 Fund, refers the Inter-Fund Trade involving such NI 81-102 Fund to the IRC of that NI 81-102 Fund in the manner contemplated by section 5.1 of NI 81-107, and FIC and the IRC of the NI 81-102 Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;
 - (c) the IRC of the Canadian Fund involved in the trade has approved the transaction in respect of that Canadian Fund in accordance with the terms of section 5.2 of NI 81-107;
 - (d) the fund board of the U.S. Fund, or the trust committee or equivalent of the entity acting as trustee or equivalent of the U.S. Fund, involved as a counterparty to the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with U.S. Inter-fund Trading Rules; and
 - (e) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;
2. the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:
- (a) the Inter-Fund Trade is consistent with the investment objectives of each of the Canadian Clients involved in the trade;
 - (b) FIC, as the investment fund manager of a Canadian Fund, refers the Inter-Fund Trade involving such Canadian Fund to the IRC of that Canadian Fund in the manner contemplated by section 5.1 of NI 81-107, and FIC and the IRC of the Canadian Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade;
 - (c) in the case of an Inter-Fund Trade between Canadian Funds:
 - (i) the IRC of each Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and
 - (ii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:
 - (A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;
 - (B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where at least one party is a Canadian-Advised Fund, the Filer may satisfy the requirements in paragraph

6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of a Canadian-Advised Fund; and

(C) for an Inter-Fund Trade where each party is a U.S.-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Funds:

(I) a Third Party IIROC Registered Dealer; or

(II) a Third-Party U.S. Broker-Dealer, provided that:

(a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;

(b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and

(c) an Inter-Fund Trade in an Inter-Listed Security is printed:

(i) on a Marketplace; or

(ii) in accordance with any applicable U.S. market transparency obligations;

(d) in the case of an Inter-Fund Trade between a Canadian Client Account and a Canadian Fund:

(i) the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

(ii) the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade; and

(iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:

(A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

(B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where at least one party is a Canadian-Advised Fund or Canadian-Advised Canadian Client Account, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a

Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of the Canadian-Advised Fund or Canadian-Advised Canadian Client Account; and

(C) for an Inter-Fund Trade where one party is a U.S.-Advised Canadian Client Account and the other party is a U.S.-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Canadian Client Account or U.S.-Advised Fund:

(I) a Third-Party IIROC Registered Dealer; or

(II) a Third-Party U.S. Broker-Dealer, provided that:

(a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;

(b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and

(c) an Inter-Fund Trade in an Inter-Listed Security is printed:

(i) on a Marketplace; or

(ii) in accordance with any applicable U.S. market transparency obligations;

(e) in the case of an Inter-Fund Trade between a Canadian Fund and a U.S. Fund:

(i) the IRC of the Canadian Fund has approved the Inter-Fund Trade in respect of the Canadian Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

(ii) the fund board of the U.S. Fund, or the trust committee or equivalent of the entity acting as trustee or equivalent of the U.S. Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with the U.S. Inter-Fund Trading Rules;

(iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:

(A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

(B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where one party is a Canadian-Advised Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of the Canadian-Advised Fund; and

(C) for an Inter-Fund Trade where one party is a U.S.-Advised Fund and the other party is a U.S. Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Fund or U.S. Fund:

(I) a Third-Party IIROC Registered Dealer; or

(II) a Third-Party U.S. Broker-Dealer, provided that:

(a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;

(b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and

(c) an Inter-Fund Trade in an Inter-Listed Security is printed:

(i) on a Marketplace; or

(ii) in accordance with any applicable U.S. market transparency obligations;

(f) in the case of an Inter-Fund Trade between a Canadian Client Account and a U.S. Fund:

(i) the investment management agreement or other documentation in respect of the Canadian Client Account authorizes the Inter-Fund Trade;

(ii) the fund board of the U.S. Fund, or the trust committee or equivalent of the entity acting as trustee or equivalent of the U.S. Fund, involved in the trade has approved policies and procedures that permit Cross-Border Inter-Fund Trades that require compliance with the U.S. Inter-Fund Trading Rules;

(iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107, except that:

(A) for the purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of exchange-traded securities, the current market price of the securities may be the Last Sale Price;

(B) for an Inter-Fund Trade of a Canadian-Listed Security or Inter-Listed Security where one party is a Canadian-Advised Canadian Client Account, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using a Third-Party IIROC Registered Dealer to execute the Inter-Fund Trade on behalf of the Canadian-Advised Canadian Client Account; and

(C) for an Inter-Fund Trade where one party is a U.S.-Advised Canadian Client Account and the other party is a U.S. Fund, the Filer may satisfy the requirements in paragraph 6.1(2)(f) by using either of the following to execute the Inter-Fund Trade on behalf of the U.S.-Advised Canadian Client Account or U.S. Fund:

(I) a Third-Party IIROC Registered Dealer; or

(II) a Third-Party U.S. Broker-Dealer, provided that:

(a) best-execution considerations require the use of a Third-Party U.S. Broker-Dealer;

(b) an Inter-Fund Trade in a Canadian-Listed Security is printed on a Marketplace; and

(c) an Inter-Fund Trade in an Inter-Listed Security is printed:

(i) on a Marketplace; or

(ii) in accordance with any applicable U.S. market transparency obligations;

3. from the date of this decision until June 30, 2021, and for each complete six-month period that follows until this decision ceases to be operative (each a **Reporting Period**), FIC:

(a) prepares a report (the **Report**) containing the following information for the Reporting Period:

(i) the total value traded in Canadian-Listed Securities and, separately, the total value traded in Inter-Listed Securities, for each of the following:

(A) U.S.-Advised Funds;

(B) Canadian-Advised Funds;

- (C) Canadian-Advised Canadian Client Accounts; and
- (D) U.S.-Advised Canadian Client Accounts;
- (ii) the total value of Inter-Fund Trades in Canadian-Listed Securities and, separately, the total value of Inter-Fund Trades in Inter-Listed Securities, between each of the following:
 - (A) Canadian-Advised Funds and Canadian-Advised Funds;
 - (B) Canadian-Advised Funds and U.S.-Advised Funds;
 - (C) Canadian-Advised Funds and U.S. Funds;
 - (D) U.S.-Advised Funds and U.S.-Advised Funds;
 - (E) U.S.-Advised Funds and U.S. Funds;
 - (F) Canadian-Advised Canadian Client Accounts and Canadian-Advised Funds;
 - (G) Canadian-Advised Canadian Client Accounts and U.S.-Advised Funds;
 - (H) Canadian-Advised Canadian Client Accounts and U.S. Funds;
 - (I) U.S.-Advised Canadian Client Accounts and Canadian-Advised Funds;
 - (J) U.S.-Advised Canadian Client Accounts and U.S.-Advised Funds;
 - (K) U.S.-Advised Canadian Client Accounts and U.S. Funds; and
- (iii) the total value of Inter-Fund Trades in Inter-Listed Securities printed on a Marketplace, and separately, the total value of Inter-Fund Trades in Inter-Listed Securities printed in the U.S., between each of the following:
 - (A) U.S.-Advised Funds and U.S.-Advised Funds;
 - (B) U.S.-Advised Funds and U.S. Funds;
 - (C) U.S.-Advised Canadian Client Accounts and U.S.-Advised Funds; and
 - (D) U.S.-Advised Canadian Client Accounts and U.S. Funds; and

- (b) sends the Report, within 10 business days from the last calendar day of the Reporting Period, to:
 - (i) the Director of the Investment Funds and Structured Products Branch of the Ontario Securities Commission by e-mail at IFSPDirector@osc.gov.on.ca; and
 - (ii) the Director of the Market Regulation Branch of the Ontario Securities Commission by e-mail at marketregulation@osc.gov.on.ca; and
- 4. this decision ceases to be operative three years from the date of such decision.

“Darren McKall”

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

Application No. 2018/0692

Sedar Nos. 3239229; 3239228; 3239230; 3239227; 3239225; 3239233; 3239234; 3239226; 3239235