

- (ii) enacts legislation that:
 - (A) removes the implied guarantee by the U.S. government of Fannie Mae and/or Freddie Mac; or
 - (B) specifies a future effective date on which the implied guarantee by the U.S. government of Fannie Mae and/or Freddie Mac will end,

the Funds will take the steps that are reasonably required to dispose of such Fannie and Freddie Securities in an orderly and timely fashion such that the Fannie and Freddie Securities held by the Funds comply with subsections 2.1(1) and 2.1(1.1) of NI 81-102.

“Darren McKall”
Manager
Investment Funds and Structured Products
Ontario Securities Commission

Application File #: 2022/0110
SEDAR #: 3347121

2.1.4 MD Financial Management Inc. and MD Management Limited

Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. The Filers are affiliated entities and have valid business reasons for their representatives, within a designated class, to be registered with both firms. The Filers have policies in place to handle potential conflicts of interest. The Filers are exempted from the prohibition. Due to the broader scope of this relief, the decision subject to a sunset clause to permit evaluation of the implementation of the dual registration of individuals.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1 and 15.1.

March 15, 2022

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

AND

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

AND

**IN THE MATTER OF
MD FINANCIAL MANAGEMENT INC.
(MD FINANCIAL)**

AND

**MD MANAGEMENT LIMITED
(MD MANAGEMENT, and together with MD FINANCIAL,
the Filers)**

DECISION

Background

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

- (a) from the restriction under paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) (such restriction, the **Dual Registration Restriction**), pursuant to section 15.1 of NI 31-103, to permit, for a

period of seven years from the date of this decision, the Signature Representatives (defined below) to be registered as an advising representative, associate advising representative, and/or dealing representative, as the case may be, of each of MD Financial and MD Management (the **Relief Sought**); and

- (b) to revoke and replace previous relief from the Dual Registration Restriction granted to the Filers on November 23, 2017 to permit a maximum of ten (10) individuals to be registered as a dealing representative, advising representative or associate advising representative, as the case may be, of each of MD Financial and MD Management (the **Prior Order**).

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 Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon by the Filers in each jurisdiction of Canada outside of Ontario (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. MD Financial is registered as a portfolio manager in each of the provinces and territories of Canada and is registered in Ontario in the categories of commodity trading manager and investment fund manager. MD Financial is also registered as an investment fund manager in the provinces of Quebec and Newfoundland and Labrador. The head office of MD Financial is located in Ontario.
2. MD Financial is the investment fund manager of two families of mutual funds that are each offered by simplified prospectus – being the MD family of mutual funds, primarily distributed by MD Management, and the MDPIIM family of mutual funds (collectively, **MD Family of Funds**), which are available to discretionary managed account clients of MD Financial through its division known as MD Private Investment Counsel (**MDPIC**). MD Financial is also the investment fund manager of a pooled fund and three limited partnership funds (collectively, **MDPIIM Pooled Funds**) that are distributed pursuant to applicable prospectus exemptions to its MDPIC managed account clients.

3. MDPIC, a division of MD Financial, offers investment advice and portfolio management services to clients that have discretionary asset managed accounts.
4. MD Management is registered as an investment dealer in each province and territory of Canada and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**). The head office of MD Management is located in Ontario.
5. MD Management offers primarily “advisory” services to its clients, being non-discretionary accounts, as well as financial planning and life insurance products (through its dually licenced representatives).
6. Both MD Financial and MD Management are indirect wholly owned subsidiaries of The Bank of Nova Scotia. MD Financial directly holds all the issued and outstanding shares of MD Management. As such, each of MD Financial and MD Management is an affiliate of the other.
7. Clients of both MD Management and MD Financial must be “qualified eligible clients”, which is defined primarily as Canadian physicians and their families or clients who are sponsored by Canadian physicians.
8. Pursuant to the Prior Order, in June 2018, MD Financial established a new Private Client Program called “MD Signature Private Wealth Management” (**MD Signature**) for its most affluent of clients – being those clients with investable assets above the specified minimums for participation in MD Signature. Through MD Signature, MD Financial and MD Management offer customized and holistic financial planning and an enhanced service model to clients that have complex financial needs and the applicable levels of investable assets.
9. MD Signature is unrelated to the activities of MD Financial as investment fund manager of the MD Family of Funds and the MDPIIM Pooled Funds. Neither the MD Family of Funds, nor the MDPIIM Pooled Funds are, or will be, a client of the Signature Representatives (defined below) in MD Signature.
10. Clients participating in MD Signature have a single point of contact (a Signature Representative (defined below)), who advises the clients on their advisory accounts with MD Management and their discretionary accounts with MD Financial, and assists them with any tax planning, estate and trust planning, legal issues (e.g., incorporation strategies), insurance or other financial planning matters. The Signature Representative is the single client contact who coordinates all financial planning needs for MD Signature clients by referring the clients to MD experts or to outside experts that have been vetted by MD Financial where appropriate.

11. From an investment perspective, MD Signature clients continue to have an advisory account with MD Management, as well as an MDPIC managed account with MD Financial. The Signature Representative coordinates these investment accounts, and the client does not liaise with any other individual registrant.
12. Pursuant to the Prior Order, each of the individuals listed in Appendix A (the **Existing Representatives**) is registered as a dealing representative (registered representative) of MD Management and as an advising or associate advising representative of MD Financial.
13. Consistent with the Prior Order, currently, there are ten (10) Existing Representatives for MD Signature clients. However, MD Financial expects to add additional individuals (**Future Representatives**) to be so employed by MD Financial and MD Management in MD Signature.
14. Pursuant to this decision, the dual registration of any Existing Representative and Future Representative (together, the **Signature Representatives**), which is only being requested for the purpose of providing registrable services in respect of MD Signature, will permit any individual to be registered as both a dealing representative (registered representative) with MD Management and an advising representative or associate advising representative with MD Financial provided that the individual meets the criteria set out below for a Signature Representative. Each Signature Representative will:
- (a) be the single point of contact for clients participating in MD Signature;
 - (b) have sole focus on MD Signature clients by advising MD Signature clients on their advisory accounts with MD Management and their discretionary accounts with MD Financial;
 - (c) will not serve any client outside of MD Signature;
 - (d) be responsible for providing the Filers' highest levels of service to clients of MD Signature; and
 - (e) be qualified, under NI 31-103 and applicable IROC rules, to be registered as an advising representative or associate advising representative with MD Financial, and also as a dealing representative (registered representative) with MD Management and will seek such dual registration.
15. The Signature Representatives will be subject to supervision by, and the applicable compliance requirements of, both Filers.
16. The Chief Compliance Officer and Ultimate Designated Person of each Filer will ensure that the Signature Representatives have sufficient time and resources to adequately serve each Filer and the clients in MD Signature.
17. The Filers each have adequate policies and procedures in place to address any potential conflicts of interest that may arise as a result of the dual registration of the Signature Representatives and will be able to deal appropriately with any such conflicts.
18. The policies and procedures of the Filers include policies and procedures for the following:
- (a) mitigating or eliminating any client confusion that may result from the dual registration of the Signature Representatives;
 - (b) ensuring that Signature Representatives know which Filer they are acting on behalf of, when interacting with each client or prospective client;
 - (c) ascertaining the responsible Filer in respect of the supervision of each Signature Representative;
 - (d) ascertaining the responsible Filer in respect of any complaints from current or prospective clients;
 - (e) handling and tracking MD Signature records for each Filer, including ensuring that the appropriate records are kept for each Filer by the Signature Representatives; and
 - (f) ensuring necessary and timely interaction between the compliance personnel of each Filer to resolve any matters in respect of the dual registration of the Signature Representatives (including having shared supervisors and branch managers, if appropriate).
19. The compliance teams of the Filers are equipped to:
- (a) manage and address the complexity and size of the Filers and MD Signature;
 - (b) adequately communicate amongst each other, or share compliance staff, in respect of MD Signature;
 - (c) access the necessary books and records of each Filer;
 - (d) manage conflicts of interest specific to large affiliated registered firms and organizations;
 - (e) mitigate any confusion, or potential confusion, that may arise for Signature Representatives regarding which firms they are servicing and in what capacity;

- (f) mitigate client confusion stemming from the dual registration of the Signature Representatives within a large affiliated organization;
 - (g) supervise a large number of registered individuals across affiliated registrants; and
 - (h) provide adequate compliance for distinct business lines.
20. The Filers have previously obtained relief from the Dual Registration Restriction via the Prior Order and are thus familiar with the rules, requirements and necessary procedures of having dually registered individuals.
21. The Filers are not in default of any requirement of securities legislation in any Canadian jurisdiction.
22. MD Financial is not in default of any requirement of commodity futures legislation or derivatives legislation.
23. In the absence of the Relief Sought, the Filers would be prohibited by the Dual Registration Restriction from permitting a Signature Representative to be registered as a dealing representative, advising representative or associate advising representative, as the case may be, of each of MD Financial and MD Management, even though the Filers are affiliates and have controls and compliance procedures in place to deal with such advising, associate advising and/or dealing activities.
24. Both MD Financial and MD Management consider that the concept of the Signature Representative being the single point of contact for clients in MD Signature to be in the best interests of those clients.
25. The effective delivery of MD Signature depends on the industry experience and proficiency of the Signature Representatives that are registered with both Filers.
26. There are valid business reasons for the Signature Representatives to be registered with both Filers.
27. MD Management and MD Financial are affiliated entities and accordingly, the dual registration of the Signature Representatives will not give rise to the conflicts of interest present in a similar arrangement involving unrelated, arm's length firms. The interests of MD Financial and MD Management are aligned in conjunction with MD Signature. The role of the Signature Representatives will be to support the business activities and interests of both MD Financial and MD Management in connection with MD Signature, as well as the clients who participate in MD Signature, and accordingly no conflicts of interest arise from the dual registration.
28. The Signature Representatives will have a sole focus on MD Signature clients; therefore, their dual registration does not create significant additional

work for these individuals, and they will be able to adequately serve both Filers.

29. The relationship between MD Financial and MD Management, and the fact that the Signature Representatives are dually registered with both MD Financial and MD Management, will be fully disclosed in writing to clients of both MD Management and MD Financial that participate in MD Signature.

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 as follows:

- a) the Prior Order is revoked; and
- b) the Relief Sought is granted, for a period of seven years from the date of this decision, on the following conditions:
 - i. the Signature Representatives are subject to supervision by, and the applicable compliance requirements of, both Filers;
 - ii. the Chief Compliance Officer and Ultimate Designated Person of each Filer ensures that the Signature Representatives have sufficient time and resources to adequately serve each Filer and the clients in MD Signature;
 - iii. the Filers each have adequate policies and procedures in place to address any potential conflicts of interest that may arise as a result of the dual registration of the Signature Representatives, and deal appropriately with any such conflicts; and
 - iv. the relationship between the Filers, and the fact that the Signature Representatives are dually registered with both of them, is fully disclosed in writing to clients of each of them that participate in MD Signature.

“Elizabeth King”
Deputy Director
Compliance and Registrant Regulation
Ontario Securities Commission

OSC File #: 2021-0470

Appendix A

Existing Representatives

Ty Saunders (Halifax)
Marisa Cobuzzi (Montreal)
Carol Fensom (Ottawa)
Paolo Larenza (GTA)
David Irwin (London)
Brian Evans (Regina)
David Zizek (Calgary)
Dennis Pon (Edmonton)
Dhar Atwal (Vancouver)
Kerry Foord (Victoria)

2.1.5 The Asian Infrastructure Investment Bank

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from prospectus requirement – relief grants a multilateral development bank an exemption from the prospectus requirement with a two-year sunset clause – relief similar to exemption for “permitted supranational agency” in section 2.34 of National Instrument 45-106 Prospectus and Registration Exemptions.

Applicable Legislative Provisions

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

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
THE ASIAN INFRASTRUCTURE INVESTMENT BANK
(the Filer)

DECISION

Background

The principal regulator has received an application from the Filer for a decision under the securities legislation of the Jurisdiction exempting the Filer from the requirements contained in section 53 of the Act to file and obtain a receipt for a preliminary prospectus and a final prospectus (the **Prospectus Requirement**) as it relates to a debt security issued or guaranteed by the Filer in the currency of Canada or the United States of America (the **Exemption Sought**).

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

- (a) The Ontario Securities Commission is the principal regulator for this application, and
- (b) The Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in all other provinces and territories other than the Jurisdiction.

Interpretation

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