The Ontario Securities Commission

OSC Bulletin

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

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NOTICE OF COMMISSION APPROVAL OF
OSC RULE 44-503
EXEMPTION FROM CERTAIN PROSPECTUS REQUIREMENTS FOR WELL-KNOWN SEASONED ISSUERS

September 19, 2024

Introduction

On July 30, 2024, the Ontario Securities Commission (the **Commission** or **we**) made proposed OSC Rule 44-503 *Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers* (the **Rule**) as a rule under the *Securities Act* (Ontario) (the **Act**).

The Rule will, if approved by the Minister of Finance (the **Minister**), provide an exemption in Ontario from certain base shelf prospectus requirements for qualifying well-known seasoned issuers (**WKSIs**) to file a final base shelf prospectus with the Commission and obtain a receipt for that prospectus on an accelerated basis without first filing a preliminary base shelf prospectus.

Blanket Order and OSC Rule 44-502

The Rule is intended to make permanent the exemption first set out in a blanket order issued on December 6, 2021, Ontario Instrument 44-501 *Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers (Interim Class Order)* (the **Blanket Order**), which was then extended by 18 months by OSC Rule 44-502 *Extension to Ontario Instrument 44-501 Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers* (**OSC Rule 44-502**).

The Blanket Order was issued as part of a larger initiative by the Canadian Securities Administrators (**CSA**) to implement a pilot program for WKSIs through local blanket orders that are substantively harmonized across the country. The pilot program has provided the CSA an opportunity to evaluate the appropriateness of the eligibility criteria for WKSIs and identify any potential public interest concerns or operational considerations that should be addressed in future rule amendments.

On September 21, 2023, the CSA published for comment proposed amendments to National Instrument 44-102 *Shelf Distributions* and consequential amendments to related rules that, if adopted, would introduce a permanent WKSI regime in Canada (the **Proposed Amendments**). If adopted, the Proposed Amendments would create a permanent shelf prospectus regime for WKSIs in Canada and replace the local blanket orders currently in effect. The CSA received 11 comment letters in response to the publication of the Proposed Amendments, and commenters were generally supportive of the Proposed Amendments and the adoption of a permanent WKSI regime in Canada. The comments are currently under consideration and further publication regarding the Proposed Amendments is expected in early 2025.

Subject to receipt of all requisite approvals, the Rule is expected to be revoked in connection with the finalization of the Proposed Amendments.

The Blanket Order, as extended by OSC Rule 44-502, will cease to be effective on January 4, 2025. The purpose of the Rule is to make permanent the Blanket Order exemption in Ontario until the Proposed Amendments are adopted by the CSA through the normal rule making procedures on a coordinated basis.

The Commission has made the Rule as a rule pursuant to paragraph 143.2(5)(b) of the Act. Paragraph 143.2(5)(b) provides that publication of a notice and request for comment in respect of a proposed rule is not required if “the proposed rule grants an exemption or removes a restriction and is not likely to have a substantial effect on the interests of persons or companies other than those who benefit under it”. We have determined that the Rule meets the criteria set out in paragraph 143.2(5)(b) of the Act. Accordingly, the Rule is not being published for comment.

The text of the Rule is contained in Annex A of this notice and is also available on the Commission website at www.osc.ca.

Substance and Purpose

The CSA received feedback in response to its Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers*[1] that certain prospectus requirements in the base shelf context create unnecessary regulatory burden for large, established reporting issuers that have strong market following and up-to-date disclosure records. The feedback recommended enhancing the current prospectus system by amending the base shelf prospectus regime to implement a Canadian WKSI regime.

Similar submissions were received in response to OSC Staff Notice 11-784 *Burden Reduction* in 2019 and by the Capital Markets Modernization Taskforce (the **Taskforce**) established by the Government of Ontario in February 2020. On January 22, 2021, the Taskforce published its final report (the **Taskforce Final Report**). The Taskforce Final Report included a recommendation that the Commission develop a WKSI model in Ontario to streamline the prospectus process for issuers that meet certain eligibility criteria.[2]

In the United States, the WKSI regime is codified in the General Rules and Regulations, *Securities Act of 1933*, and has been in regular use for several years.

Having considered market feedback and the Taskforce recommendation, the Commission issued the Blanket Order on December 6, 2021.

The Blanket Order will cease to be effective on January 4, 2025. The purpose of the Rule is to bridge the gap between the expiry of the Blanket Order and the contemplated effective date of the Proposed Amendments. Accordingly, it is expected that the Rule will be revoked if and when the Proposed Amendments are adopted. Without the Rule, WKSIs in Ontario would no longer be able to rely on the exemption in the Blanket Order with the result that WKSIs in Ontario may again experience unnecessary regulatory burden in the base shelf context.

Rule-making authority

The following provisions of the Act provide the Commission with authority to adopt the Rule:

- Paragraph 143(1)15
- Paragraph 143(1)16
- Paragraph 143.2(5)(b)

Delivery of Rule to Minister

We delivered the Rule to the Minister on September 16, 2024. The Minister may approve or reject the Rule or return it for further consideration. If the Minister approves the Rule or does not take any further action, the Rule will come into force on January 4, 2025.

Questions

Please refer any questions to the following Commission staff:

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[1] See CSA Staff Notice 51-353 *Update on CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers.*

[2] See Recommendation No.17 in the Taskforce Final Report, available at https://www.ontario.ca/document/capital-markets-modernization-taskforce-final-report-january-2021

ANNEX A

Ontario Securities Commission Rule 44-503
Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers

PART 1 DEFINITIONS

1. **Definitions**

(1) In this Rule,

"**Act**" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended from time to time;

"**Form 44-101F1**" means Form 44-101F1 *Short Form Prospectus*;

"**ineligible issuer**" means an issuer to which any of the following apply:

(a) the issuer has not filed with the securities regulator or securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction;

(b) the issuer is, or during the past three years the issuer or any of its predecessors was, either of the following:

(i) an issuer whose operations have ceased; or

(ii) an issuer whose principal asset is cash, cash equivalents, or its exchange listing, including, without limitation, a capital pool company, a special purpose acquisition company, or a growth acquisition corporation or any similar entity, as defined in the applicable stock exchange rules or policies;

(c) the issuer has in the past three years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(d) the issuer or any entity that at the time was a subsidiary of the issuer, was the subject of any penalties or sanctions, including restrictions on the use by the issuer of any type of prospectus, or exemption, imposed by a court relating to securities legislation or by a securities regulatory authority within the past three years;

(e) the issuer has been the subject of any cease trade order in any Canadian jurisdiction or any suspension of trading under section 12(k) of the 1934 Act within the past three years;

"**NI 41-101**" means National Instrument 41-101 *General Prospectus Requirements*;

"**NI 44-101**" means National Instrument 44-101 *Short Form Prospectus Distributions*;

"**NI 44-102**" means National Instrument 44-102 *Shelf Distributions*;

"**public float**" has the meaning given in National Instrument 71-101 *The Multijurisdictional Disclosure System*; and

"**well-known seasoned issuer**" or "**WKSI**" means an issuer that has either of the following:

(a) outstanding listed equity securities that have a public float of C$500,000,000;

(b) at least C$1,000,000,000 aggregate amount of non-convertible securities, other than equity securities, distributed under a prospectus in primary offerings for cash, not exchange, in the last three years.

(2) Terms defined in the Act, National Instrument 14-101 *Definitions*, NI 41-101, NI 44-101, NI 44-102, and National Instrument 51-102 *Continuous Disclosure Obligations,* have the same meaning if used in this Rule, unless otherwise defined.

PART 2 EXEMPTION FROM CERTAIN PROSPECTUS REQUIREMENTS

2. An issuer is exempt from the requirement to file and obtain a receipt for a preliminary prospectus in section 53 of the Act in connection with the filing of a base shelf prospectus provided that, at the time the issuer files the base shelf prospectus, it satisfies all of the following:

(a) the issuer meets the definition of a WKSI as of a date within 60 days preceding the date the issuer files the base shelf prospectus;

(b) the issuer is and has been a reporting issuer in at least one jurisdiction of Canada for 12 months;

(c) the issuer is eligible to file a short form prospectus under sections 2.2, 2.3, 2.4 or 2.5 of NI 44-101;

(d) either

(i) the issuer has satisfied the requirements to be qualified to file a short form prospectus under section 2.8 of NI 44-101 or

(ii) at least ten business days have passed since the issuer filed the notice under section 2.8 of NI 44-101;

(e) if the issuer has mining operations,

(i) the issuer's most recent audited financial statements disclose

(A) gross revenue, derived from mining operations, of at least C$55,000,000 for the issuer's most recently completed financial year, and

(B) gross revenue, derived from mining operations, of at least C$165,000,000 in the aggregate for the issuer's 3 most recently completed financial years;

(ii) the issuer files any technical reports that would be required to be filed with a preliminary short form prospectus under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;

(f) the issuer is not an ineligible issuer;

(g) the issuer is not an investment fund;

(h) the issuer has no outstanding asset-backed securities;

(i) the base shelf prospectus

(i) complies with the requirements of NI 41-101, NI 44-101, and NI 44-102 (except as provided in sections 3 and 4 below),

(ii) does not qualify the distribution of any asset-backed security,

(iii) includes as part of the basic disclosure about the distribution the following statement on the cover page: "filed in reliance on an exemption from the preliminary base shelf prospectus requirement for a well-known seasoned issuer", and

(iv) includes cover page disclosure confirming that the issuer qualifies as a WKSI and the date of that determination;

(j) the issuer pays the fee otherwise required for the filing of a preliminary short form prospectus;

(k) the issuer delivers to the regulator any personal information forms that would be required under section 4.1 of NI 44-101 if the issuer were filing a preliminary short form prospectus;

(l) the issuer files, in place of a preliminary base shelf prospectus, a letter that

(i) is dated as of the date of the base shelf prospectus described in paragraph (i) above,

(ii) is executed on behalf of the issuer by one of its executive officers or directors,

(iii) states that the issuer is relying on this Rule,

(iv) sets out, as applicable, the public float of outstanding listed equity securities or aggregate amount of non-convertible securities, other than equity securities, that the issuer has distributed under a prospectus within the last three years that satisfy the definition of WKSI and the date of that determination,

(v) if the issuer has mining operations, describes the basis on which it satisfies the requirement of paragraph (e) above,

(vi) specifies the qualification criteria that the issuer is relying on to satisfy the requirement of paragraph (c) above and certifies that those criteria have been satisfied,

(vii) certifies that the issuer has satisfied the requirements of paragraphs (a) to (k) above.

3. An issuer that satisfies the conditions set out in section 2 is exempt from the following requirements in respect of the base shelf prospectus and any supplement to the base shelf prospectus

(a) the requirement in section 5.4 of NI 44-102 to limit distributions under the base shelf prospectus to the dollar value the issuer reasonably expects to distribute within 25 months after the date of the receipt for the base shelf prospectus,

(b) the requirement in item 5 of section 5.5 of NI 44-102 to state the aggregate dollar amount of securities that may be raised under the base shelf prospectus, and

(c) the requirement in item 1.4 of Form 44-101F1 to include the number of securities qualified for distribution under the base shelf prospectus.

4. An issuer that satisfies the conditions set out in section 2 is exempt from the following requirements in respect of the base shelf prospectus but not any supplement to the base shelf prospectus

(a) the requirements in item 5 of Form 44-101F1 to include a plan of distribution, other than to indicate that the plan of distribution will be described in the supplement for any distribution of securities,

(b) the requirements in item 7 of Form 44-101F1 to describe the securities being distributed, other than as necessary to identify the types of securities, and

(c) the requirements in item 8 of Form 44-101F1 to describe any selling securityholders.

PART 3 EFFECTIVE DATE

5. This Rule comes into force on January 4, 2025.

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B.2
Orders

B.2.1 OTCX Trading Limited – s. 147

Headnote

Section 147 of the Securities Act (Ontario), section 15.1 of NI 21-101, section 12.1 of NI 23-101 and section 10 of NI 23-103 – Application for an order that a multilateral trading facility authorized by the United Kingdom's Financial Conduct Authority to be exempt from the requirement to be recognized as an exchange in Ontario and from the requirements of NI 21-101, NI 23-101 and NI 23-103 in their entirety – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.
National Instrument 21-101 Marketplace Operation, s. 15.1.
National Instrument 23-101 Trading Rules, s. 12.1.
National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces, s. 10.

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

AND

IN THE MATTER OF
OTCX TRADING LIMITED

ORDER
(Section 147 of the Act)

WHEREAS OTCX Trading Limited (**Applicant**) has filed an application dated May 01, 2024 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order for the following relief (collectively, the **Requested Relief**):

(a) exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act pursuant to section 147 of the Act; and

(b) exempting the Applicant from the requirements in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**) pursuant to section 15.1 of NI 21-101, the requirements of National Instrument 23-101 *Trading Rules* (**NI 23-101**) pursuant to section 12.1 of NI 23-101 and the requirements of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (**NI 23-103**) pursuant to section 10 of NI 23-103;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a private limited company organized under the laws of England and Wales. The ultimate parent company of the Applicant is OTCX Limited, a private limited company organized under the laws of England and Wales;

2. OTCX Trading Limited provides electronic trading capabilities in OTC derivatives and structured products;

3. On July 24, 2023 the U.K. Financial Conduct Authority (the **FCA** or **Foreign Regulator**), a financial regulatory body in the United Kingdom (**U.K.**), authorized the Applicant to act as the operator of the OTCX UK MTF, which is a multilateral trading facility (**MTF**). The Applicant currently has approval from the FCA to offer the following products for trading on the OTCX UK MTF: UK MiFID Financial Instruments; C4 Derivatives (interest rate, other interest rate, equity) and C8 Credit Derivatives (credit default swaps, total return swaps, constant maturity swaps). The OTCX UK MTF began operations on December 11, 2023. Structured products do not trade on the OTCX UK MTF and are not part of this order;

4. The financial products included in this order are single and multi-currency interest rate swaps, overnight index swaps, inflation swaps, swaptions, forward rate agreements, constant maturity swaps, caps/floors and total return swaps, which

are either approved by the FCA or are subject to the requirements established by the FCA. The above product set will be restricted to Ontario Users unless otherwise approved by the Commission;

5. The OTCX UK MTF supports a request for quote trading platform for trading derivatives;

6. The Applicant is subject to regulatory supervision by the FCA and is required to comply with the FCA's Handbook, which includes rules on business conduct, market conduct, systems controls, technical resilience, fair and orderly trading and identifying and managing conflicts of interest;

7. The FCA has direct regulatory oversight of U.K. MTFs, and OTCX is subject to the FCA's threshold conditions and principles. The FCA Handbook has specific MTF requirements, including reporting to the FCA any significant breaches of MTF rules, disorderly trading conditions and market abuse. As a result, OTCX UK MTF operates real-time trade surveillance with policies and procedures to escalate potential breaches.

   OTCX has the following policies and procedures to monitor participants' adherence to these FCA rules:

   - a compliance monitoring program that reviews activity in respect of compliance with the MTF rulebook that results in immediately notifying the FCA any significant breaches of MTF rules; and

   - operational and compliance procedures to detect disorderly trading, system disruptions and conduct that may involve market abuse and notify the FCA immediately if detected.

8. An MTF must submit all trades that are required or requested to be cleared to a clearing house for clearing. OTCX UK MTF provides connectivity to LCH Limited and CME Inc via established third party middleware. For Ontario clients LCH Limited is a recognized clearing agency and CME is an exempted clearing agency by the OSC, and consequently both can provide clearing services for interest rate swaps directly to Ontario users;

9. The Applicant requires that its participants be "professional clients" or "eligible counterparties," as defined by the FCA in COBS 3 of the FCA Handbook. OTCX UK MTF has onboarding requirements and procedures to ensure that regulatory, compliance, operational and technical set up is completed before participants are enabled to participate on the venue. These include know your client, anti-money laundering checks and subsequent verification of conduct and technical capabilities as required by the Applicant's rulebook;

10. All participants that are located in Ontario, including participants with their headquarters or legal address in Ontario (e.g., as indicated by a participant's Legal Entity Identifier (**LEI**)) and all traders conducting transactions on its behalf, regardless of the traders' physical location (inclusive of non-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (**Ontario Participants**) are required to be registered under Ontario securities laws, exempt from registration or not subject to registration requirements. All participants are permitted clients as defined by National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. An Ontario Participant is required to immediately notify the Applicant if it ceases to meet any of the above criteria represented by it on an ongoing basis;

11. Because an MTF regulates the conduct of its participants, OTCX UK MTF is considered by the Commission to be an exchange for purposes of the Act;

12. Because the Applicant has participants that are Ontario Participants, it 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;

13. The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above;

14. OTCX UK MTF does not offer access to retail clients; and

15. The Applicant satisfies the exemption criteria as described in Appendix I to Schedule "A".

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

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Requested Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

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, or the determination whether it is

appropriate that the Applicant continue to be exempted from the requirement to be recognized as an exchange, may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant'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 Applicant satisfies the criteria set out in Appendix I to Schedule "A" and that the granting of the Requested Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that

(i) pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act; and

(ii) pursuant to sections 15.1 of NI 21-101, 12.1 of NI 23-101 and 10 of NI 23-103, the Applicant is exempt from the requirements in NI 21-101, NI 23-101 and NI 23-103.

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

DATED September 13, 2024

“Michelle Alexander”
Manager, Trading and Markets
Ontario Securities Commission

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix I to this Schedule.

Regulation and Oversight of the Applicant

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

3. The Applicant will continue to comply with the ongoing requirements applicable to it as the operator of an MTF registered with the FCA.

4. The Applicant will promptly notify the Commission if its authorization as the operator of an MTF has been revoked, suspended, or amended by the FCA, or the basis on which its authorization as an operator has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario including a participant with its headquarters or legal address in Ontario (e.g., as indicated by a participant's Legal Entity Identifier (**LEI**)) and all traders conducting transactions on its behalf, regardless of the traders' physical location (inclusive of non-Ontario branches of Ontario legal entities), as well as any trader physically located in Ontario who conducts transactions on behalf of any other entity (**Ontario User**) unless the Ontario User is appropriately registered under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as a "professional client" or an "eligible counterparty", as defined by the FCA in COBS 3 of the FCA's Handbook.

7. Before being provided direct access to the Applicant, the Applicant will confirm that each Ontario User is a non-individual “permitted client” as that term is defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**). Retail customers and natural persons will not be provided with access to the Applicant.

8. 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 under Ontario securities laws or is exempt from or not subject to those requirements.

9. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered 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.

10. 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 Applicant's MTF if the Ontario User is no longer appropriately registered or exempt from those requirements.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than the Approved Products set out in Representation 4, without prior Commission approval.

12. Trading in the Approved Products by Ontario Users must be cleared and settled through a clearing agency or clearing house that is regulated as a clearing agency or clearing house by the applicable regulator.

Submission to Jurisdiction and Agent for Service

13. 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.

14. The Applicant will submit to 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.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of any if:

(a) any authorization to carry on business granted by the FCA is revoked or suspended or made subject to terms or conditions on the Applicant's operations;

(b) the Applicant institutes 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;

(c) a receiver is appointed for the Applicant or the Applicant makes any voluntary arrangement with creditors;

(d) there is a material change to the Applicant’s ownership or the ownership of a parent company of the Applicant;

(e) the Applicant is not in compliance with this Order or with any applicable requirements, laws or regulations of the FCA where it is required to report such non-compliance to the FCA;

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

(g) the Applicant makes any material change to the eligibility criteria for Ontario Users.

Semi-Annual 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 semi-annual basis (by July 31 for the first half of the calendar year and by January 31 of the following year for the second half), 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 LEI 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 FCA, or, to the best of the Applicant’s knowledge, whom have been disciplined by the FCA with respect to such Ontario Users’ activities on the MTF and the aggregate number of all participants referred to the FCA since the previous report by the Applicant;

(d) a list of all active investigations since the previous report by the Applicant relating to Ontario Users and the aggregate number of active investigations since the previous report 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 since the previous report, together with the reasons for each such denial; and

(f) for each product,

(i) the total trading volume and value 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 Applicant's 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.

Information Sharing

16. The Applicant will provide and, if applicable, cause its regulation services provider (RSP) to 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.

APPENDIX I

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

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 for all officers, directors and employees, 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 submitted to 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 that may include, but are not limited to, 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 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

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

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 respond to market disruptions and disorderly trading.

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 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 Derivatives Markets" (2022).

B.2.2 Wow Exchange Co. Inc.

Headnote

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

Applicable Legislative Provisions

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

September 12, 2024

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

AND

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

AND

IN THE MATTER OF
WOW EXCHANGE CO. INC.
(the Filer)

ORDER

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (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 dual application):

(a) the British Columbia Securities Commission is the principal regulator for this application,

(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 Alberta and Québec, and

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

Interpretation

¶ 2 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

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

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 5*1-105 Issuers Quoted in the U.S. Over-the-Counter Markets*;

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

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

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

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

Order

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

"Noreen Bent"
Chief, Legal Services, Corporate Finance
British Columbia Securities Commission

OSC File #: 2024/0506

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B.3
Reasons and Decisions

B.3.1 BlackRock Asset Management Canada Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief permitting each Fund to hold as cover, in respect of the requirement under paragraph 2.8(1)(d) of National Instrument 81-102 Investment Funds, receivables arising from declared dividends to facilitate "equitization" of those payments once declared, thereby permitting the Fund to track its applicable index in respect of the receivable or to otherwise invest the amount of the receivable, as applicable.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.8(1)(d) and 19.1.

September 11, 2024

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
BLACKROCK ASSET MANAGEMENT
CANADA LIMITED
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) permitting all current and future mutual funds, including exchange-traded funds, that are, or will be, managed by the Filer or an affiliate of the Filer and to which NI 81-102 applies (the **Funds**) to hold as cover, in respect of the requirement under section 2.8(1)(d) of NI 81-102 that a mutual fund must not open or maintain a long position in a standardized future, unless the mutual fund holds cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative (the **Cover Requirement**), one or more receivables (each, a **Receivable**) of the Fund arising as a result of a declaration or payment of a distribution, dividend or other payment on one or more Securities (as defined below) held by the Fund in order to equitize the Receivable during the period from the date that the Fund becomes entitled to receive the Receivable until the date that the Receivable is actually received by the Fund (the **Entitlement Period**), thereby permitting the Fund to seek to track its applicable index in respect of the Receivable or to otherwise invest the amount of the Receivable, as applicable (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

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

2. The Filer is registered as: (i) an investment fund manager in each of the Jurisdictions; (ii) a commodity trading manager in Ontario; (iii) an adviser in Manitoba; (iv) a portfolio manager in each of the Jurisdictions; and (v) an exempt market dealer in each of the Jurisdictions.

3. The Filer or an affiliate of the Filer is, or will be, the investment fund manager of the Funds and the Filer, an affiliate of the Filer or a third-party portfolio manager retained by the Filer is, or will be, the portfolio manager of the Funds.

4. Each Fund is, or will be, a mutual fund created under the laws of a Jurisdiction or the laws of Canada.

5. Each Fund is, or will be, governed by the provisions of NI 81-102, subject to any exemption therefrom that has been, or may be, granted by the securities regulatory authorities.

6. Neither the Filer nor the Funds are in default of securities legislation in any Jurisdiction.

7. Each Fund either seeks to track, or will seek to track, to the extent reasonably possible and before fees and expenses, the performance of a market index (an **Index**) (each, an **Index Fund**) or seeks to invest, or will seek to invest, its portfolio assets in accordance with its investment objective and investment strategies (each, a **Non-Index Fund**).

8. In pursuing its investment objective, each Index Fund seeks to provide long-term capital growth or income by replicating, to the extent possible, the performance of the applicable Index selected at the discretion of the Filer. In the case of each Non-Index Fund, such Non-Index Fund may invest in equity securities, including securities issued by investment funds, fixed income securities, and other financial instruments in accordance with that Non-Index Fund's investment objective and investment strategies. Each equity security, including each security issued by an investment fund, or other financial instrument, such as a specified derivative, where the underlying interest is an equity security held by a Fund from time to time is referred to herein as a **Security**.

9. While a Security is held in the portfolio of a Fund, the issuer of that Security may declare payable, and make or pay, a distribution, a dividend, or another payment, such as in connection with a corporate action, on the Security. Once declared payable, that distribution, dividend or other payment becomes a Receivable of the applicable Fund effective as of the date of entitlement.

10. Under the rules and methodology that govern each Index, an Index treats each Receivable as an investable asset of the applicable Index and deems the amount of the Receivable to be invested in one or more of the constituent securities of the Index effective as of the date that securityholders of the applicable Security would first become entitled to receive the Receivable.

11. A mutual fund generally cannot invest or earn interest income on a Receivable during the Entitlement Period. As a result, Receivables dilute a fund's exposure to market returns. The effect on performance is known as **Cash Drag**.

12. In order to meet its investment objective, reduce Cash Drag, and therefore reduce tracking error in respect of the applicable Index, during the Entitlement Period each Index Fund would like to open and maintain a long position in one or more standardized futures, each of which is expected to provide exposure to market returns that is similar to the applicable Index.

13. Similarly, in order to meet its investment objective and to reduce Cash Drag, each Non-Index Fund would like to open and maintain a long position in one or more standardized futures during the Entitlement Period.

14. In connection with each futures position held by a Fund, the Fund will hold on a daily mark-to-market basis, the amount of cash cover actually required to be paid by it on settlement of that futures position. The Fund will hold this amount of cash cover such that it is not allocated for specific purposes and is available to satisfy the settlement amount of the futures position.

15. The Cover Requirement is based on the assumption that on termination or settlement of each futures position, the mutual fund is required to pay a gross amount equal to the mark-to-market value of the entire underlying market exposure of the standardized future. Accordingly, the Cover Requirement requires a mutual fund to hold a combination of cash cover, margin on account for the futures position and the market value of the futures position that has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the futures position.

16. The purpose of the cash cover requirements in NI 81-102 is to prohibit an investment fund from leveraging its assets when using certain specified derivatives and to ensure that the investment fund is in a position to meet its obligations on the settlement date. This is evident from the definition of "cash cover", which is defined as certain specific portfolio assets of the investment fund that have not been allocated for specific purposes and that are available to satisfy all or part of the obligations arising from a position in specified derivatives held by the investment fund. Currently, the definition of "cash cover" includes eight different categories of portfolio assets, including receivables of the investment fund arising from the disposition of portfolio assets, net of payables arising from the acquisition of portfolio assets.

17. In addition to the portfolio assets included in the definition of cash cover, each Fund would also like to include any Receivable of the Fund arising as a result of a declaration or a payment of a distribution, dividend or other payment on a Security for purposes of satisfying the Cover Requirement.

18. The inclusion of Receivables as an acceptable form of cover for purposes of the Cover Requirement will allow the Index Funds to more closely track the applicable Index by reducing tracking error caused by Cash Drag and will allow the non-Index Funds

to be more fully invested in accordance with their investment objectives. In each case, this may positively impact the performance of all of the Funds and the economic returns to investors.

19. Treating Receivables as cover for purposes of the Cover Requirements is consistent with the global market treatment of Receivables. Given the historically low risk of non-payment associated with Receivables and the need for the industry to have a consistent approach to the different market practices regarding the length of the period between entitlement to a Receivable and receipt of that Receivable, Receivables are treated generally as part of the applicable index by relevant index providers and as an asset of the applicable investment fund by industry participants in most developed markets.

20. As each Fund enters into one or more of the relevant standardized futures in order to equitize one or more Receivables, the notional amount of the standardized futures position or positions will be less than or equal to the dollar value of the applicable Receivables. As an asset of the Fund, each Receivable is available to serve as, and should be able to be used for, cash cover for the related standardized futures position or positions.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that for each long position in a standardized future that a Fund opens or maintains in order to equitize a Receivable, the Fund holds, on each trading day, a combination of the amount of the Receivable, cash cover and margin or collateral posted by the Fund in connection with its obligation under that futures position that, in the aggregate, has a value that is not less than, on a daily mark-to-market basis, the underlying market exposure of the standardized future.

“Darren McKall”
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0499
SEDAR+ File #: 6171026

B.3.2 Goldmoney Inc. et al.

Headnote

Application for a decision to exempt a Filer operating an online precious metals platform for a period of up to five years from the dealer registration and prospectus requirements in connection the offering of precious metals transactions to clients, subject to terms and conditions based on proposed derivatives business conduct and registration rules – Filer is a public company subject to timely and periodic reporting requirements under the Legislation and Toronto Stock Exchange rules – Filer represents that all customer precious metals are allocated, fully-reserved (1:1), and securely stored in fully insured vaults in Canada, Germany, Hong Kong, Singapore, Switzerland, the United Kingdom, and the United States – Filer does not offer or provide credit or margin to any of its clients in connection with the purchase of precious metals – Filer does not operate an exchange, marketplace or alternative trading system (ATS) – Filer agrees to conduct all transactions with clients resident in Canada in compliance with Business Conduct Terms and Conditions as set out in Schedule A – Terms and conditions of relief that are based on the regulatory framework for derivatives firms set out in the proposed derivatives business conduct and registration rules being developed by the Canadian Securities Administrators and a "sunset date" that is date that is the earlier of the coming into force of the derivatives registration rule or five years.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 53(1) and 74.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 1.1 ("permitted client").
National Instrument 93-101 Derivatives: Business Conduct.
Proposed National Instrument 93-102 Derivatives: Registration.

September 11, 2024

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
GOLDMONEY INC.,
GOLDMONEY VAULT INC.
AND
GOLDMONEY VAULT UK LIMITED

DECISION

Background

The Principal Regulator (as defined below) in the Jurisdiction has received an application (the **Application**) from Goldmoney Inc. (the **Company**), Goldmoney Vault Inc. (**GVI**) and Goldmoney Vault UK Limited (United Kingdom) (**GVUK** and collectively with the Company and GVI, the **Filers** or **Goldmoney**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filers and their respective officers, directors and representatives be exempt during the Interim Period (as defined below) from:

(a) the dealer registration requirement (the **Dealer Registration Relief**), and

(b) the prospectus requirement (the **Prospectus Relief**)

in the Legislation in connection with the offering by Goldmoney of Precious Metals Transactions (as defined below) to residents in the Applicable Jurisdictions (as defined below), subject to the terms and conditions below (the Dealer Registration Relief together with the Prospectus Relief being referred to collectively herein as the **Requested Relief**).

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 (the **Principal Regulator**); and

(b) the Filers have provided notice that, in the case of the Dealer Registration Relief and, in the jurisdictions where required, the Prospectus Relief, section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable 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:

Goldmoney Inc.

1. The Company is a corporation organized under the laws of British Columbia with its head office and principal place of business in Toronto, Ontario. The Company is seeking shareholder approval to continue the Company under the corporate laws of British Virgin Islands.

2. The Company is a public company listed on the Toronto Stock Exchange (the **TSX**).

3. The Company is a precious metals and technology company. Through its ownership of various operating subsidiaries, the Company engages with clients in the purchase and sale of precious metals, storage, jewelry sales, coin retailing and lending.

4. The Company makes available its precious metals purchase and storage services (collectively, **Precious Metals Transactions**) through an online trading platform (at https://www.goldmoney.com/) (the **Platform**). The Company considers the purchase of precious metals to be an alternative to traditional accounts at an investment firm or owning precious metals ETFs.

   The Company conducts its precious metal activities through GVI and GVUK which maintain client agreements and related records and provide market-related quotes to enable clients to buy and sell precious metals and, as agent for clients, contract with independent non-bank precious metal vault custodians (sometimes referred to herein as **Independent Non-Bank Vault Custodians**) in seven countries to provide insured physical storage of gold under LBMA and/or COMEX standards. GVI currently maintains vault relationships with The Brink's Company, Loomis International and The Royal Canadian Mint.

5. The Company has clients located in over 100 countries and had safeguarded Client Assets of approximately $2.2 billion as at March 31, 2024.

***Goldmoney Vault Inc*.**

6. In Canada, the Company services its clients primarily through its wholly-owned subsidiary, GVI. Companies, institutions and high-net-worth individuals are managed by GVI or GVUK.

7. GVI is a wholly-owned Canadian subsidiary of the Company. GVI is classified as a "dealer in precious metal and stones" under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (**PCMLTFA)** and associated regulations. Accordingly, GVI is subject to Part 1 of the PCMLTFA and the associated regulations, and the obligations outlined therein. As a "dealer in precious metal and stones", GVI is also subject to certain reporting and record-keeping requirements. GVI is a reporting entity to Financial Transactions and Reports Analysis Centre of Canada (**FINTRAC**).

Goldmoney Vault (UK) Limited (United Kingdom)

8. GVUK is a wholly-owned subsidiary of the Company organized under the laws of England and Wales, is subject to anti-money laundering requirements in England and Wales and is a reporting entity to the National Crime Agency of the United Kingdom.

Online Platform

9. The Company's online Platform is a proprietary internet-based platform used by Goldmoney to communicate and interact with and manage the relationship with prospects and clients.

10. The Platform enables eligible clients to purchase, store or receive, sell, and exchange a weight of physical gold, silver, platinum, and palladium. Precious metals acquired by a Goldmoney client can be stored, if the client chooses, by Goldmoney at the instruction of the client in one or more of 10 high-security third-party bullion vaults chosen by the client. The clients' metal is allocated by the vault to the clients of Goldmoney, and reported by the Company in the client's "Holding" (as defined below) and recorded by the Company off-balance sheet to reflect that the Company has no ownership interest in client-owned assets.

11. The Platform is similar to those developed for order-execution-only online trading platforms that are operated by investment dealers/dealer members of the Canadian Investment Regulatory Organization (**CIRO**) in that the client purchases, stores or receives, and sells precious metal without recommendations or advice from Goldmoney. Goldmoney does not manage any discretionary accounts, nor does it provide any advice or recommendations regarding client purchases, sales or storage decisions.

12. Because a Goldmoney entity is counterparty to every Precious Metals Transaction, the Platform is not a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* since a marketplace is any facility that brings together multiple buyers and sellers by matching orders in fungible contracts in a nondiscretionary manner. The Platform does not bring together multiple buyers and sellers. Goldmoney will not operate a platform that is an exchange or marketplace and will not use the terms "exchange" or "marketplace" when referring to the Platform in the Company's public disclosure or on the Platform itself.

13. Goldmoney completes a Precious Metals Transaction when a customer logs into a Holding and transacts in any of the following ways: (1) purchases metal using cleared funds in the Holding, (2) sells metal owned through the Holding and receives a national currency, or (3) exchanges one type of metal for a different type of metal.

14. The Company maintains its own precious metals inventory. From time to time, the Company may hedge its exposure to gold, silver, platinum and palladium in respect of the Company's own inventory in order to reduce the price risk associated with fluctuations in those metals. The Company does not engage in hedging activities on behalf of the Company's clients or with respect to metals recorded in a client's Holding. If the Company chooses to buy from or sell to the client from its own inventory, the Company is exposed to potential losses or gains from price fluctuations on any additions or reductions to its inventory.

15. Goldmoney does not provide the means for or arrange for Goldmoney clients to make purchases on a leveraged basis.

16. Goldmoney does not allow Goldmoney clients to enter into a short sale of or a short position in precious metals.

17. The Platform technology obtains pricing feeds from gold and other precious metals dealers, bullion banks, and service providers that quote bid/ask spreads in various vaults around the world.

18. During times in which there is no access to market prices, Goldmoney maintains its own bid/ask spreads using commercially reasonable efforts.

19. Goldmoney's physical gold bullion is provided by commodity traders operating in different global markets and some of these suppliers may be licensed to trade on COMEX.

20. The Company has represented on its website, in its Client Agreements and in its public filings that client assets should be considered safe, including the following representation:

> "100% PHYSICAL BACKING, All client assets are segregated, fully-reserved (1:1), and securely stored in insured vaults around the world."

21. Once the purchaser has advanced a national currency and Goldmoney acknowledges receipt in its bank account, the buyer's role is limited to choosing a type of precious metal and storage location or delivery. The Company operates the Platform, and at the client's instruction, arranges for the delivery to the client of the precious metal purchased or its safe, secure, and fully insured storage in third-party vaults.

The Company's Assurances of Integrity

22. The Company provides an extensive description of the activities the Company undertakes in order to provide its clients with "Assurances of Integrity" in the Company's annual continuous disclosure filings, such as the following at p. 12 of the Company's Annual Information Form (**AIF**) for the financial year ended March 31, 2024 (the **2024 AIF**).

> …
>
> - **Internal Ledger Reconciliation –** Each day the Company reconciles individual and aggregate client precious metal recorded in Holdings with the weight of precious metals stored at each vault. This reconciliation ensures

that a 1:1 fully reserved status is always maintained. In addition to daily reconciliations the Company performs a full reconciliation on a monthly basis using a recommended methodology from the Company's external auditor and those monthly reconciliations are then reviewed internally by the Company.

- **Third-Party Independent Vault Audits –** The Company engages independent third parties to conduct quarterly vault audits according to the following parameters that are set out in the scope of service agreement:

  (a) Gold Bars (Good Delivery) – All bars are visually checked by bar number, refiner brand, assay (purity) and are reconciled with the vault's records and those provided records by the Company. Sample selection of 25% of Registered bars Gross Check Weighed (minimum 10 bars). Sample selection of 2.5% of the total holdings Gross Check Weighed (minimum 10 bars).

  (b) Gold 1 kg Bars – All bars are counted and reconciled with the vault's records and the records provided by Goldmoney. Sample selection 25% of Registered bars Gross Check Weighed (minimum 10 bars). Sample selection 2.5% of the total holdings Gross Check Weighed (minimum 10 bars). (Boxes must be opened to verify contents unless they have been audited in previous audits; they must be sealed with numbers recorded and a signed record by the auditor).

  (c) Gold 100 gram Bars – All bars are counted and reconciled with the vault's records and the records provided by the Company. (Boxes must be opened to verify contents unless they have been audited in previous audits; they must be sealed with numbers recorded and a signed record by the auditor).

  (d) Silver Bars (Good Delivery) – Sample selection of 10 pallets pre-selected by the Company is counted and reconciled with the vault's records and the records provided by the Company. Two individual bars from each of the pre-selected pallets are weighed and visually checked for the bar number, refiner brand, assay (purity). These bars are reconciled against the vault's records and the Company's records. All silver bars are counted annually.

  (e) Silver 1 kg Bars – All bars are counted and reconciled with the vault's records and the records provided by Goldmoney. Sample selection 2.5% of the total holdings Gross Check Weighed (minimum 10 bars). (Boxes must be opened to verify contents unless they have been audited in previous audits; they must be sealed with numbers recorded and a signed record by the auditor).

  (f) Platinum Bars – All bars are visually checked for the bar number, refiner brand, assay (purity) and are reconciled with the vault's records and the records provided by Goldmoney. Sample selection 25% of registered bars Gross Check Weighed (minimum 10 bars). Sample selection 2.5% of the total holdings Gross Check Weighed (minimum 10 bars).

  (g) Palladium Bars – All bars are visually checked for the bar number, refiner brand, assay (purity) and are reconciled with the vault's records and the records provided by Goldmoney. Sample selection 25% of registered bars Gross Check Weighed (minimum 10 bars). Sample selection 2.5% of the total holdings Gross Check Weighed (minimum 10 bars).

- **KPMG Audit –** KPMG LLP audits the Company's annual financial statements according to IFRS. Procedures include the auditing of client precious metals, of which the total weight is reported in the group's regulatory filings. The audit includes physical bar counts and random sampling.

The Vault Custodians

23. GVI and GVUK store precious metals on behalf of Goldmoney Clients (which term may include certain Goldmoney entities) (**Goldmoney Clients**) at 10 vaults operated by vault custodians (collectively the **Vault Custodians**) in seven countries.

    As at March 31, 2024, the Vault Custodians (the **Existing Vault Custodians**) are:

    - The Brink's Company (NYSE: BCO),
    - The Royal Canadian Mint, and
    - Loomis International (NASDAQ OMX: LOOM).

24. The Existing Vault Custodians are all Independent Non-Bank Vault Custodians. The Existing Vault Custodians are approved by London Bullion Market Association (**LBMA**). Two are publicly traded companies.

25. If the Requested Relief is granted, the Filers will ensure that all precious metals held on behalf of Goldmoney Clients resident in Canada are held at one or more of the following:

    (a) an Existing Vault Custodian

    (b) a vault custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [*Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada*] of National Instrument 81-102 Investment Funds (**NI 81-102**) or section 14.5.2 [*Restriction on self-custody and qualified custodian requirement*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (collectively, a **CSA Acceptable Vault Custodian**);

    (c) a vault custodian considered by CIRO to be equivalent to an "acceptable securities location" (a **CIRO Acceptable Vault Custodian**), enabling a dealer's client positions in gold and silver bullion to be held at such entities without capital charge to the dealer, as set forth in IIROC Notice 21-0110 and New Self-Regulatory Organization of Canada (**New SRO**) IIROC Form 1 and Rule 4300 Protection of client assets – Segregation, custody and client free credit balances.

Nature of a client's interest in precious metals stored by the Company for the client

26. The client-only accounts with the Vault Custodians are opened in the name of the Company as agent for its clients. Information about the identity of the Goldmoney Clients is not communicated to the Vault Custodians unless the Vault Custodian asks for this information. The Company and its subsidiaries are the sole entities able to deal with the precious metals held in these accounts. In relation to the Vault Custodians, GVI and GVUK are the sole entities able to place in or remove from storage the precious metals that are held in these accounts.

27. A client's ownership interest in precious metals stored by the Company is evidenced by an online record (a **Holding**) made available by the Company to the client that evidences that the client has (1) an undivided interest, measured by weight, in precious metals held by the Vault Custodian chosen by the client on behalf of each client (which term may also include certain Goldmoney entities) or (2) specific bars to identify the precious metal the client owns if the client chose this service.

28. When a potential client visits the Platform, the potential client may apply for a Holding. Depending on the choice of the client (such as an individual, company or trust), size of the proposed purchase and residence, clients choose to begin a relationship with the Company's Canadian operating subsidiary which administers the client's Holding under applicable laws and regulations.

29. Once the client's application has been approved and the client on-boarded, the client is able to fund a Holding for the sole purpose of purchasing precious metals. There is no margin or credit granted in the purchase of precious metals. A client Holding must always be funded first with funds having been cleared by the Company's bank before the client is able to proceed and purchase physical precious metal. Funds are received in client-only bank accounts maintained by the Company. When the client makes a purchase, the Company transfers the appropriate amount of funds from the client-only account to its own operating account. The client's Holding shows a reduction in funds and an increase in metal ownership on a delivery-versus-payment basis. All client precious metal is stored on a 100%-reserved basis with a specified weight of physical metal corresponding to each individual client's ownership.

30. If the client chooses not to take physical delivery, or the amount purchased by the client is too small to make physical delivery economic, the client stores the precious metals they purchase and own at 10 vaults in seven countries worldwide that are operated by an Existing Vault Custodian pursuant to agreements between the Company and the Existing Vault Custodian.

31. Eligible clients of GVI and GVUK have access to the additional features and services including the following:

    - **Registered Bars.** For an additional administration fee, a client may choose to have augmented protection by requesting that a specific bar(s) of precious metal be registered in their name in the records of Goldmoney and thereby record that they own the bar identified by the refinery serial number and other marks stamped into the bar, which is recorded in their Holding as their exclusive property.

    - **Metal Delivery.** Verified clients who are residents of eligible countries including Canada may take delivery of their physical precious metals at certain vaults that allow this process or by way of insured delivery to their residential address in the form of 100 gram or 1 kilogram gold bars, 1 kilogram silver bars, and coins.

32. Clients may also choose by special arrangement with the Company to maintain a sub-account in their own names with the vault custodian for an additional monthly fee. This feature is designed for those institutional and commercial clients of the Company that actively undertake Precious Metals Transactions and individuals who wish to receive the bar lists prepared and issued by the vault that identify the bars of precious metal they own in the sub-account.

33. Each vault has the right to receive customer data to comply with its own KYC/AML requirements and may request that data from the Company.

34. Other than as described above, information about a client's Holding is not communicated to the Vault Custodian or otherwise reflected in the books and records of the Vault Custodian**.**

35. A client who does not request immediate physical delivery as at the purchase date does not have any independent ability to obtain actual possession or control of their precious metals directly from the Vault Custodians without the involvement of the Company.

36. Since the predecessor company to the Company was founded in 2001, the Company has never experienced a client claim for missing metal, metal theft, any failure in precious metal reconciliations during audits or any failure to deliver precious metals after requesting delivery from the Company. There have been a small number of delays in delivery that were the result of incomplete or inaccurate information from the client that Goldmoney needed to meet its AML obligations before releasing the metal to the client.

Regulatory Status of the Platform

The Company's position

37. Based on their publicly disclosed good faith belief that the Filers are not trading in securities or derivatives and that therefore securities laws do not apply, the Filers have not been complying with the dealer registration requirement, the prospectus requirement (in the jurisdictions where securities regulators have asserted that compliance is required) or the trade reporting requirement in the Legislation in connection with Precious Metals Transactions by the Filers with customers resident in Canada. Subject to the preceding statement, the Filers are not in default of securities, commodity futures or derivatives legislation in any province or territory of Canada.

OSC staff position

38. OSC staff have advised the Company of their view that the Goldmoney Precious Metals Transactions constitute or involve transactions in "securities" and "derivatives" for the purposes of Ontario securities law.

39. In support of this view, OSC staff have referred the Company to the following OSC and CSA staff guidance and caselaw:

- OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* (**OSC Staff Notice 91-702**) and the cases cited therein, including *Pacific Coast Coin Exchange v. Ontario (Securities Commission)*;
- CSA Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**CSA Staff Notice 21-327**) and Joint CSA IIROC Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (**CSA IIROC Staff Notice 21-329**); and
- Commission and Court decisions involving online trading platforms, decisions involving evidences of ownership of a commodity, including warehouse receipts, for investment or speculative purposes, and exemptive relief decisions granted to The Royal Canadian Mint in 2011 and 2012 in connection with its periodic offerings of silver bullion receipts and gold bullion receipts.

Staff position as communicated to the Company by the other CSA jurisdictions

40. Staff of the Canadian Securities Administrators (**CSA**) in the provinces of Alberta, British Columbia, Québec, New Brunswick, Nova Scotia, Manitoba and Saskatchewan (the **Other CSA Jurisdictions' staff**) have advised the Company that, in the Other CSA Jurisdictions' staff's view, the Goldmoney agreements constitute derivatives, and in some provinces securities, for the purposes of the securities law regimes in those provinces. Other CSA Jurisdictions' staff generally support the guidance and case law enunciated in paragraph 39 of the Decision in respect of their assessment of the Goldmoney agreements as derivatives or, if applicable, securities under the relevant securities legislation of Alberta, British Columbia, Québec, New Brunswick, Nova Scotia, Manitoba and Saskatchewan.

Basis for application for relief

41. The Filers have advanced arguments in good faith in support of their view that they are not trading in securities or derivatives. In the interest of resolving the regulatory uncertainty that may exist in relation to the status of the Goldmoney Precious Metals Transactions as a result of the above statements of staff position, the Filers are making this application for exemptive relief.

42. The Filers wish to continue to be able to make Goldmoney Precious Metals Transactions available to individuals in Canada on the terms and conditions described in this Decision. For the Interim Period (as defined below), the Filers are seeking the Requested Relief in connection with Goldmoney's activities in Ontario and intend to rely on this Decision and the Passport System described in MI 11-102 to offer Goldmoney Precious Metals Transactions in the Non-Principal Jurisdictions.

43. The Filers acknowledge that clients could benefit from the protection of additional risk disclosure delivered in connection with the exemption order. Accordingly, the Filers are willing to electronically deliver or to make available a risk disclosure document to its clients in order to more fully explain the structure, features and risks of purchasing, selling and requesting Goldmoney to store precious metal for the client when requested by the client.

44. The Filers submit that, in view of the Goldmoney business model, which imposes certain restrictions on the manner in which a client trades and the Company's status as a public company listed on the TSX, as more fully set out below, that requiring one or more of the Filers to obtain investment dealer registration is not necessary to address staff's regulatory concerns.

45. Specifically, the Filers note the following:

    (a) The Company is a reporting issuer in British Columbia, Alberta and Ontario and as such is subject to timely and periodic reporting requirements under the Legislation and TSX rules, including the obligation to file an AIF, audited annual financial statements and interim financial statements and material change reports under the Legislation.

    (b) As a reporting issuer listed on the TSX, the Company has filed with the Principal Regulator and provided to the TSX the name and principal occupation of its officers and directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 *General Prospectus Requirements.*

    (c) A Holding represents a simple evidence of ownership of precious metals that are, fully-reserved (1:1) and stored with the Vault Custodian on an allocated basis under its contractual obligations to GVI which the Company through its own contractual obligations has arranged as agent on behalf of its clients outside of Quebec under principles of bailment.

    (d) Goldmoney does not and will not offer or provide credit or margin to any of its clients in connection with the purchase of precious metals.

    (e) Goldmoney does not and will not allow clients to enter into a short sale or short position in connection with precious metals or other assets.

    (f) Goldmoney will not offer bitcoin, ether, cryptocurrencies or other novel or emerging asset classes, or options or other derivatives thereon, to clients with Holdings in the Applicable Jurisdictions unless and until such time as Goldmoney has obtained registration in an appropriate dealer category or an exemption from registration.

    (g) GVI is subject to the PCMLTFA and is a reporting entity to FINTRAC. GVUK is subject to comparable requirements under the laws of England and Wales.

46. If the Requested Relief is granted, Goldmoney will comply with the terms and conditions of the Requested Relief including the Business Conduct Terms and Conditions in Schedule A (collectively the **Terms and Conditions of the Relief**).

47. Goldmoney acknowledges that the scope of the Requested Relief and the Terms and Conditions of the Relief including, without limitation, requirements in relation to minimum capital applicable to the Filers may need to be revisited as a result of developments in international and domestic capital markets or the Company's activities, or changes in the Goldmoney business or business model or as a result of any changes to the laws in Canada affecting trading in commodities, derivatives, commodity futures contracts, commodity futures options or securities. Nothing in this paragraph 47 is intended to abridge or adversely affect the Filers' procedural and legal rights and protections should changes be proposed to the Requested Relief and the Terms and Conditions of the Relief.

Books and Records

48. Each of the Filers acknowledges that it will become a "market participant" for the purposes of the *Securities Act* (Ontario) (the **OSA**) if the Requested Relief is granted. For the purposes of the OSA, and as a market participant, the Filer is required by subsection 19(1) of the OSA to: (i) keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs, and the transactions that it executes on behalf of others; and (ii) keep such books, records and documents as may otherwise be required under Ontario securities law.

49. For the purposes of its compliance with subsection 19(1) of the OSA, GVI will keep books and records that comply with the requirements set out in Schedule A.

Trade reporting

50. To the extent legally required and subject to any exemptive relief the Filers may obtain, the Filers will comply in respect of the Precious Metals Transaction with the derivatives trade reporting rules and instruments in effect in the provinces and territories of Canada other than Quebec.

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 is met.

The Decision of the Principal Regulator under the Legislation is that the Requested Relief is granted provided that:

(a) the Company remains a reporting issuer listed on the TSX;

(b) the Company remains in compliance with the reconciliation and audit procedures described in paragraph 22 and ensures that all precious metal assets of clients of GVI resident in Canada are allocated, fully-reserved (1:1), and stored in insured vaults that is an Existing Vault Custodian, a CSA Acceptable Vault Custodian or CIRO Acceptable Vault Custodian;

(c) the Filers conduct all transactions with clients resident in Canada in compliance with and otherwise comply with the Business Conduct Terms and Conditions as set out in Schedule A;

(d) each of the Filers remains in compliance with the requirements of the PCMLTFA and FINTRAC or any comparable legislation that applies to them;

(e) prior to a client first entering into a Precious Metal Transaction after the date hereof, GVI or GVUK has provided to the client the Risk Disclosure Document (as defined in Schedule A) and has delivered, or has previously delivered, a copy of the Risk Disclosure Document provided to that client to the Principal Regulator;

(f) prior to the client's first Precious Metal Transaction after the date hereof and as part of the account opening process after the date hereof, GVI or GVUK has obtained an electronic acknowledgement from the client, confirming that the client has received, read, and understood the Risk Disclosure Document;

(g) each of the Filers has furnished to the Principal Regulator the name and principal occupation of its officers and directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 *General Prospectus Requirements* or the registration information form for an individual provided for in Form 33-109F4 of National Instrument 33-109 *Registration Information* completed by any officer or director;

(h) each of the Filers shall promptly inform the Principal Regulator in writing of any material change affecting the Filer, or, to the knowledge of the Filer, a Vault Custodian, being any change in the business, activities, operations or financial results or condition of the Filer or a Vault Custodian that may reasonably be perceived by a Goldmoney client to be material;

(i) each of the Filers shall promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to a compliance or enforcement action against the Filer or, to the knowledge of the Filer, a Vault Custodian;

(j) each of the Filers shall promptly inform the Principal Regulator in writing if the Filer or, to the knowledge of the Filer, a Vault Custodian becomes subject to any of the following under the laws of any jurisdiction including any foreign jurisdiction:

i. a bankruptcy, a filing for bankruptcy or a proceeding governing an event similar to a bankruptcy;

ii. a proposal, including a consumer proposal, under any legislation relating to bankruptcy or insolvency or any similar proceeding;

iii. proceedings under any legislation relating to the winding up or dissolution of the entity, or under the Companies' Creditors Arrangement Act (Canada);

iv. any proceedings, arrangement or compromise with creditors, including the appointment of a receiver, receiver-manager, administrator or trustee;

(k) In the jurisdictions where the Prospectus Relief is required, the first trade of a contract representing a Precious Metals Transaction is deemed to be a distribution under securities legislation of that jurisdiction;

(l) Unless extended, the Requested Relief shall be in effect during a period (the **Interim Period**) that expires upon the earliest of

i. five years from the date that this Decision is issued;

ii. the date of issuance of an order or decision by a court, a Commission or other similar regulatory body in Canada that is not the result of an *ex parte* proceeding and suspends or terminates the ability of any of the Filers to establish client relationships with clients in Canada provided that if the order is stayed, the Requested Relief shall remain effective until the expiration of the stay or the revocation of the order; and

iii. with respect to an Applicable Jurisdiction, the coming into force of a rule or other legislation regarding registration requirements applicable to entities that trade over-the-counter (**OTC**) derivatives with investors in such Applicable Jurisdiction but only to the extent that rule or legislation duplicates or conflicts with the Requested Relief.

"Susan Greenglass"
Senior Vice President, Trading and Markets
Ontario Securities Commission

MITS File #: 2023/0336

Schedule A
Business Conduct Terms and Conditions

Part I – Risk disclosure

Risk Disclosure Statement

1. GVI or GVUK will, prior to a client's first Precious Metal Transaction with any of the Filers after the date hereof, and as part of the account-opening process after the date hereof, provide the client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (collectively the **Risk Disclosure Document**). The Risk Disclosure Document will include a plain language description of the structure, features and risks of holding precious metals and storing them through the Filers, and the potential risks to the client in the event of the bankruptcy or insolvency of any of the Filers.

2. The Risk Disclosure Document will clearly explain, in plain language, that none of the Filers is registered under the securities, commodity futures or derivatives laws of any jurisdiction of Canada and that client assets are not protected under the Canadian Investor Protection Fund (**CIPF**), the U.S. Securities Investor Protection Corporation, or equivalent protections. The Risk Disclosure Statement will include a reference to and a copy of or link to this decision.

3. The Risk Disclosure Statement will clearly explain, in plain language, that the Filers will safeguard assets of a client resident in Canada by:

    (a) keeping client assets separate and apart from their own property;

    (b) in trust for the client;

    (c) in the case of CAD, in a designated customer segregated funds bank account at a bank in Canada or the UK;

    (d) in the case of precious metals that the client chooses to store in Canada, in a designated account at a CSA Acceptable Custodian or a CIRO Acceptable Vault Custodian (and, for this purpose, Rhenus shall be considered a CSA Acceptable Vault Custodian).

4. GVI will include in the Risk Disclosure Document disclosure that clearly explains, in plain language, the following:

    (a) GVUK is not resident in Canada;

    (b) the foreign jurisdiction in which the head office or the principal place of business of GVUK is located;

    (c) all or substantially all of the assets of GVUK may be situated outside Canada;

    (d) there may be extra costs enforcing legal rights against GVUK because of the above;

    (e) the name and address of the agent for service of process of GVUK in the jurisdiction of Canada in which the client resides.

5. Prior to the client's first Precious Metal Transaction with any of the Filers, GVI will also obtain a written or electronic acknowledgement from the client confirming that the client has received, read and understood the Risk Disclosure Document. Such acknowledgment will be separate from and prominent among other acknowledgements provided by the client as part of the Holding-opening process.

6. For each client in Canada with a pre-existing client account with any of the Filers at the date of the Decision and for whom the Filer has not already performed the following with respect to such client as at the date of this Decision, the Filer will deliver to the client a Risk Statement and will require the client to provide an electronic acknowledgement of having received, read and understood the Risk Statement at the earlier of (a) before placing their next Precious Metals Transaction on the Filer's Platform and (b) the next time they log in to their account with the Filer.

7. Prior to a client's first Precious Metal Transaction with any of the Filers, GVI will ensure a complete copy of the Risk Disclosure Document to be provided to that client is delivered, or has previously been delivered, to the Principal Regulator.

Part II – Business conduct obligations

Acting fairly, honestly and in good faith

8. Each of the Filers shall act and shall take reasonable steps to cause each individual acting on its behalf to act fairly, honestly and in good faith with Goldmoney clients resident in Canada.

Conflicts of interest

9. Each of the Filers will establish, maintain and apply reasonable policies and procedures to identify existing material conflicts of interest, and material conflicts of interest that the Filer in its reasonable opinion would expect to arise, between the Filer, including each individual acting on behalf of the Filer, and its client.

10. The Filers will respond to an existing or potential conflict of interest identified under the preceding paragraph. If a client, acting reasonably, would expect to be informed of a conflict of interest identified under the preceding paragraph, the Filers will disclose, in a timely manner, the nature and extent of the conflict of interest to a client whose interest conflicts with the interest identified.

11. On and after the date of this Decision, the Filers will comply, and will take reasonable steps to cause each individual acting on their behalf to act to comply, with the enhanced conflicts of interest provisions in section 13.4 and 13.4.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) as if the Filer were a "registered firm" and individuals acting on behalf of the Filer were "registered individuals".

Gatekeeper know-your-client (KYC) obligations

12. The Filers will establish, maintain and apply reasonable policies and procedures to

    (a) obtain facts necessary to comply with applicable legislation, including anti-money laundering (**AML**) legislation, relating to the verification of a client's identity, and

    (b) establish the identity of a client and, if the Filer has cause for concern, make reasonable inquiries as to the reputation of the client,

13. For the purpose of establishing the identity of a client that is a corporation, partnership or trust, the Filers will establish the following:

    (a) the nature of the client's business;

    (b) the identity of any individual who meets either of the following:

        (i) in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, more than 25% of the voting rights attached to the outstanding voting securities of the corporation;

        (ii) in the case of a partnership or trust, exercises control over the affairs of the partnership or trust.

14. The Filers will take reasonable steps to keep the information required under the preceding two paragraphs current. The requirement in the preceding two paragraphs does not apply if the client is a registered firm, listed on a regulated stock exchange, or a Canadian financial institution.

No recommendations or advice

15. The Filers will not advise a client or prospective client about the merits of making a Precious Metals Transaction or recommend or represent that a Precious Metals Transaction is a suitable action for the client.

16. In making this representation, the Filers have considered the guidance issued by CIRO in connection with activities that may be considered to constitute a recommendation or advice by CIRO order-execution-only dealers.

17. For clarity, the Filers may provide general advice through its website or other marketing materials about the merits of purchasing precious metals provided the general advice is fair, balanced and not misleading and the advice is not directed at or tailored to the needs of the particular person or company receiving the advice.

18. The Filers will not operate a managed account as that term is defined in section 1.1 of NI 31-103.

No client-specific KYC or suitability

19. The Filers shall not be required to determine whether each Precious Metals Transaction is suitable for a client.

20. Despite the preceding paragraph, the Filers will establish, maintain and apply reasonable policies and procedures that provide that, before it opens a Holding for a client after the date hereof,

    (a) a Risk Disclosure Document in a form acceptable to the Principal Regulator has been provided to the client;

(b) The process of opening a Holding includes client identification, screening applicants and customers against lists of prohibited/blocked persons, and detecting and reporting suspicious trading and potential terrorist financing and money laundering activities to applicable enforcement authorities;

(c) The representatives of Goldmoney who conduct the KYC will have the education, training and experience that a reasonable person would consider necessary to perform the activity competently.

21. For each client in Canada with a pre-existing client account with any of the Filers at the date of the Decision and for whom the Filer has not already performed the following with respect to such client as at the date of this Decision, the Filer will take similar steps to the steps set out in the preceding paragraph at the earlier of (a) before placing their next Precious Metals Transaction on the Filer's Platform and (b) the next time they log in to their account with the Filer.

Permitted referral arrangements

22. Neither the Filers, nor any individual acting on behalf of the Filers, will participate in a referral arrangement in respect of a Precious Metals Transaction completed by any of the Filers with another person or company unless all of the following apply:

(a) before a client is referred by or to a Filer, the terms of the referral arrangement are set out in a written agreement between the Filer and the person or company;

(b) the Filer records all referral fees;

(c) the Filer, or the individual acting on behalf of the Filer, ensures that the information prescribed above is provided to the client in writing before the Filer opens a Holding for the referred party or provides services to the referred party.

23. None of the Filers will refer a client to another person or company unless the Filer in question first takes reasonable steps to verify and conclude that the person or company has the appropriate qualifications to provide the services, and, if applicable, is registered to provide those services.

24. The written disclosure of the referral arrangement must include all of the following:

(a) the name of each party to the agreement referred to in this section;

(b) the purpose and material terms of the agreement, including the nature of the services to be provided by each party;

(c) any conflicts of interest resulting from the relationship between the parties to the agreement and from any other element of the referral arrangement;

(d) the method of calculating the referral fee and, to the extent possible, the amount of the fee;

(e) any other information that a reasonable client would consider important in evaluating the referral arrangement.

25. If there is a change to the information set out in the previous section, the Filer must ensure that written disclosure of that change is provided to each referred party affected by the change as soon as possible and no later than the 30th day before the date on which a referral fee is next paid or received.

Restriction on lending

26. The Filers will not lend money, extend credit or provide margin to, or arrange for any of the foregoing for, a client in the Applicable Jurisdictions.

Restriction on short positions

27. The Filers will not allow clients resident in the Applicable Jurisdictions to enter into a short sale of or a short position through a Holding in connection with precious metals or other assets.

Restriction on contracts linked to novel or emerging asset classes

28. The Filers will not offer bitcoin, ether, cryptocurrencies or other novel or emerging asset classes, or options or other derivatives thereon, to investors in the Applicable Jurisdictions without registration with or an exemption from the Principal Regulator and other Applicable Jurisdictions in Canada.

Handling complaints

29. The Filers will document and, in a manner that a reasonable person would consider fair and effective, promptly respond to each complaint made to it about any product or service offered by the Filer or an individual acting on behalf of it.

30. The Filers will include in the Risk Disclosure Document disclosure that clearly explains, in plain language, that none of the Filers is a registered dealer in any jurisdiction in Canada and as such is not presently required to make available to clients the services of an independent dispute resolution or mediation service such as the Ombudsman for Banking Services and Investments (**OBSI**).

Part III – Client Holdings

Relationship disclosure information

31. For the purposes of a requirement in this decision to deliver a document or provide disclosure to a client, including client relationship disclosure, Precious Metals Transaction confirmations and Holding statements, the Filers may deliver the document or provide the disclosure to the client in electronic form if the client has previously provided electronic consent to receive such documents in electronic form.

32. GVI will, prior to a client's first Precious Metals Transaction with any of the Filers, and as part of the relationship-opening process, provide electronically by way of the website or the Risk Disclosure Document statement to a client resident in one of the Applicable Jurisdictions all information that a reasonable person would consider important about the client's relationship with the Filer and each individual acting on behalf of the Filer. Without limiting the foregoing, the information delivered to a client must include all of the following:

    (a) a description of the nature or type of the client's relationship;

    (b) a description of any conflicts of interest that the Filers are required to disclose to a client under this decision;

    (c) disclosure of the fees or other charges the client might be required to pay related to the client's relationship;

    (d) a general description of the types of transaction fees or other charges the client might be required to pay in relation the client's relationship;

    (e) a general description of any compensation paid to the Filers by any other party in relation to a client's Precious Metal Transactions;

    (f) disclosure of the Filers' obligations under this decision if a client has a complaint;

    (h) a statement that the Filers are not registered to provide advice in relation to investments involving securities or derivatives. Accordingly, the Filers will not advise a client or prospective client about the merits of any Precious Metals Transaction completed or recommend or represent that a Precious Metals Transaction is a suitable purchase by the client; and

    (i) the information the Filers must collect about the client under this decision, including its obligations to collect *Gatekeeper know-your-client (KYC) information*.

33. The Filers must deliver the information in the preceding section to the client electronically, for which receipt by the client must be acknowledged before the Filers enter into a Precious Metal Transaction with, for or on behalf of the client. If there is a significant change in respect of the information delivered to a client in the preceding section, the Filers must take reasonable steps to notify the client of the change in a timely manner and, if possible, before the Filer next transacts in a Precious Metal Transaction with, for or on behalf of the client.

Content and delivery of transaction information

34. GVI will on behalf of the Filers promptly deliver to the Holding of a client resident in any of the Applicable Jurisdictions electronically a written confirmation of the transaction to the client;

35. If a Filer transacts with, for or on behalf of a client that is not a permitted client, as defined in NI 31-103, the written confirmation required under the preceding section must include all of the following, if applicable:

    (a) a description of a Precious Metals Transaction;

    (b) a description of the agreement that governs the transaction;

    (c) the notional amount, quantity or volume of the underlying asset of the Precious Metals Transaction;

(d) the number of units of metal in the Precious Metals Transaction;

(e) the total price paid for the Precious Metals Transaction and the per unit price of the metal in the Precious Metals Transaction;

(f) the commission, sales charge, service charge and any other amount charged in respect of the transaction;

(g) the particular Goldmoney entity that transacted with the client and whether such entity acted as principal or agent in relation to the Precious Metals Transaction;

(j) the date of the transaction.

Client statements

36. GVI will on behalf of the Filers make available a statement to a client, at the end of each quarterly period or more frequently if desired by the client , if either of the following applies:

(a) within the quarterly period any Precious Metals Transaction was transacted with, for or on behalf of the client;

(b) the client has an outstanding position resulting from a transaction where the client transacted in a Precious Metals Transaction.

37. A statement made available under this section must include all of the following information for each transaction made with, for or on behalf of the client during the period covered by the statement, if applicable:

(a) the date of the transaction;

(b) a description of the transaction, including notional amount, the number of units of the transaction, the per unit price and the total price;

(c) information sufficient to identify the agreement that governs the transaction.

38. A statement made available under this section must include all of the following information as at the date of the statement, if applicable:

(a) a description of each outstanding precious metal owned by the client;

(b) the valuation in the national currency chosen by the client, as at the statement date, of each outstanding precious metal referred to in paragraph (a);

(c) the final valuation, as at the expiry or termination date, of each precious metal that was bought or sold during the period covered by the statement;

(d) any cash balance in the client's Holding;

(e) the total market value of all cash and precious metals in the client's Holding.

Safeguarding of client assets

39. The Filers will safeguard assets of a client resident in Canada by

(a) keeping client assets separate and apart from their own property;

(b) and in trust for the client;

(c) in the case of CAD, in a designated customer segregated funds bank account at a bank in Canada or the UK;

(d) in the case of precious metals that the client chooses to store in Canada, in a designated account at a CSA Acceptable Custodian or a CIRO Acceptable Vault Custodian.

40. The Filers will provide an authorization and direction in a form acceptable to the Principal Regulator for the Principal Regulator to obtain information directly from each of the Filer's Vault Custodians.

Insurance

41. GVI will confirm that each Independent Non-Bank Vault Custodian maintains insurance covering theft or disappearance at least equal to one hundred per cent (100%) of the value of precious Metal stored by Goldmoney as agent for its Clients. Evidence of this insurance may be viewed by clients when logged into their Holding.

42. The Filer will comply with the applicable requirements of section 12.3 (2) [Insurance -- dealer] of NI 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and Appendix A [*Bonding and Insurance Clauses*] to NI 31-103 by self-funding a segregated trust account holding precious metals having values equivalent to required insurance coverage levels from time to time except modified as follows:

    A. Fidelity -- cover required

    B. On Premises -- cover not required as no assets of material value are held on premises and no client assets are held on site

    C. In transit -- cover not required as there will be no physical transit of precious metals other than by way of armoured carrier

    D. Forgery or alterations -- cover not required as Filer does not deal in cheques, drafts, notes or any other written orders

    E. Securities -- cover not required as risk not applicable to the Filer's business model.

Capital requirements

43. If, at any time, the working capital of GVI calculated in accordance with applicable accounting principles, is less than zero, the Filers must notify the regulator or, in Québec, the securities regulatory authority as soon as possible.

44. The working capital of GVI calculated in accordance with applicable accounting principles only must not be less than zero for 2 consecutive days.

Part IV – Compliance and record-keeping

45. The Filers will establish, maintain and apply policies, procedures, controls and supervision sufficient to provide reasonable assurance that all of the following are satisfied:

    (a) The Filers and each individual acting on its behalf in relation to transacting in a Precious Metal Transaction complies with this decision;

    (b) the risks relating to its precious metals trading activities are managed in accordance with the Filers' risk management policies and procedures;

    (c) each individual who performs an activity on behalf of the Filers relating to transacting in a Precious Metals Transaction, prior to commencing the activity and on an ongoing basis,

        (i) has the experience, education and training that a reasonable person would consider necessary to perform the activity competently,

        (ii) without limiting subparagraph (i), has the understanding of the structure, features and risks of each Precious Metals Transaction that the individual transacts in, and

        (iii) has conducted himself or herself with integrity.

Business continuity and disaster recovery

46. The Filers will establish, maintain and apply a written business continuity and disaster recovery plan that is reasonably designed to allow it to minimize disruption and allow the Filers to continue its business operations.

47. The business continuity and disaster recovery plan must outline the procedures to be followed in the event of an emergency or other disruption of the Filers' normal business activities.

48. The Filers must conduct tests of its business continuity and disaster recovery plan on a reasonably frequent basis and not less than annually.

Records

49. The Filers will keep records of its transactions, including all of the following, as applicable:

    (a) records containing a general description of its business and activities conducted with clients, including

        (i) records of client assets, and

        (ii) records documenting the firm's compliance with internal policies and procedures;

    (b) for each client's assets, records demonstrating the existence and nature of the client assets, including

        (i) records of communications with the client relating to the client assets,

        (ii) online records provided to the client to confirm the client assets, the terms of the client assets and each transaction relating to the client assets,

        (iii) records relating to the client assets and each transaction relating to the client assets, and

        (iv) records made by staff relating to the client assets and each transaction relating to the client assets, including notes, memos or journals;

    (c) for each client's assets, records that provide for a complete and accurate understanding of the client assets and all transactions relating to the client assets, including

        (i) records relating to pre-execution activity for each transaction including all communications relating to quotes, solicitations, instructions, transactions and prices however they may be communicated,

        (ii) reliable timing data for the execution of each transaction relating to the client assets, and

        (iii) records relating to the execution of the transaction, including

            (A) information obtained to determine whether the client qualifies as a permitted client,

            (B) fees or commissions charged,

    (d) the price and valuation of the client assets.

Form, accessibility and retention of records

50. The records required to be maintained must be kept in a safe location, readily accessible and in a durable form for a period of 8 years following the date on which the Precious Metals Transaction expires or is terminated, and

51. A record required to be provided to the regulator or the securities regulatory authority must be provided in a format that is capable of being read by the regulator or the securities regulatory authority.

B.3.3 Instinet Canada Cross Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from the requirement to engage one or more qualified external auditors to conduct an independent systems review and prepare a report in accordance with established audit standards and best industry practices – relief subject to systems reviews similar in scope to that which would have applied to an independent systems review – National Instrument 21-101 Marketplace Operation.

Applicable Legislation

National Instrument 21-101 Marketplace Operation, ss. 12.2, 15.1.

September 12, 2024

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA,
ALBERTA,
MANITOBA,
QUÉBEC
AND
ONTARIO
(the Jurisdictions)

AND

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

AND

IN THE MATTER OF
INSTINET CANADA CROSS LIMITED
(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 relief from the requirements in the Legislation that the Filer, on a reasonably frequent basis and, in any event, at least annually, engage one or more qualified external auditors to conduct an independent systems review and prepare a report in accordance with established audit standards and best industry practices (collectively, an "**ISR**") for 2024 and 2025 inclusive (the **Exemptive Relief Sought**).

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

1. the Ontario Securities Commission ("**Commission**") is the principal regulator for this application, and

2. the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* 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 established under the laws of Canada and its principal business is to operate an alternative trading system ("**ATS**") as defined in National Instrument 21-101 *Marketplace Operation*;

2. The head office of the Filer is located in Toronto, Ontario;

3. The Filer is a member of the Canadian Investment Regulatory Organization and the Canadian Investor Protection Fund and is registered in each of the Jurisdictions in the category of investment dealer;

4. The Filer's system ("**System**") is an ATS and offers three order types – VWAP Cross, Conditional Orders and Continuous Block Cross – that do not affect the national best protected bid and best protected offer for the security traded;

5. The System is not connected to any other marketplace and cannot affect another marketplace or be affected by another marketplace;

6. For each of its systems that supports order entry, order routing, execution, trade reporting, trade comparison, data feeds, market surveillance and trade clearing, the Filer has developed and maintains:

   - reasonable business continuity and disaster recovery plans;
   - adequate internal controls over those systems; and
   - adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security, cyber resilience, change management, problem management, network support and system software support;

7. In accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually, the Filer:

   - makes reasonable current and future capacity estimates;
   - conducts capacity stress tests to determine the processing capability of those systems to perform in an accurate, timely and efficient manner;
   - tests its business continuity and disaster recovery plans; and
   - reviews the vulnerability of the System and data centre operations to internal and external threats, including physical hazards and natural disasters;

8. The Filer's current trading and order entry volumes in the System represent less than 2 percent of peak design capacity of the System, and the Filer has not experienced any failure of the System;

9. The Filer's current trade volume is currently substantially less than 1 percent of total market activity on Canadian equities marketplaces;

10. The estimated cost to the Filer of an annual ISR by a qualified external auditor would represent a material impairment to the Filer's business on an annual basis;

11. The System is monitored 24 hours a day, 7 days a week to ensure that all components continue to operate and remain secure;

12. The Filer shall promptly notify the Commission of any failure to comply with the representations set out herein;

13. The cost of an ISR is prejudicial to the Filer and represents a disproportionate impact on the Filer's revenue; and

14. The Filer is not in default of securities legislation in any jurisdiction.

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 Exemptive Relief Sought is granted provided that:

1. The Filer shall promptly notify the Commission of any material changes to the representations set out herein, including any material changes to the Filer's annual net income or to the market share or daily transaction volume of the System; and

2. The Filer shall, in each year from 2024 to 2025 inclusive, cause Instinet Incorporated to complete a review of the System and of its controls, similar in scope to that which would have applied had the Filer undergone an ISR and in a manner and form acceptable to the Commission, for ensuring that it continues to comply with the representations set out herein and prepare written reports of its reviews, which shall be filed with staff of the

Commission by the earlier of (i) the 30th day after the report is provided to the Filer's board of directors or audit committee and (ii) the 60th day after the report's completion.

"Michelle Alexander"
Manager, Trading and Markets Division
Ontario Securities Commission

B.3.4 FT Portfolios Canada Co.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to permit mutual fund to invest in related underlying US ETF whose securities do not meet the definition of index participation unit in NI 81-102 – mutual fund is the Canadian version of the underlying US ETF – relief is subject to certain conditions including that both funds have the same portfolio manager who is registered both under the OSA as well as with the SEC.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.5(2)(a), 2.5(2)(c), and 19.1.

September 11, 2024

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
FT PORTFOLIOS CANADA CO.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the First Trust Vest SMID Rising Dividend Achievers Target Income ETF (the **Fund**), an exchange-traded mutual fund subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from:

(a) subsection 2.1(1) of NI 81-102 to permit the Fund to purchase securities of the U.S. Underlying ETF (as defined below) even though, immediately after the transaction, more than 10% of the Fund's net asset value (**NAV**) would be invested in it;

(b) paragraph 2.5(2)(a) of NI 81-102 to permit the Fund to purchase securities of the U.S. Underlying ETF (as defined below) even though it is not subject to NI 81-102; and

(c) paragraph 2.5(2)(c) of NI 81-102 to permit the Fund to purchase securities of the U.S. Underlying ETF (as defined below) even though it is not a reporting issuer in a Jurisdiction,

(collectively, 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 of the provinces and territories of Canada other than the Jurisdiction (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

U.S. means the United States of America.

U.S. Underlying ETF means First Trust Vest SMID Rising Dividend Achievers Target Income ETF, an exchange traded mutual fund whose securities are listed on Cboe BZX Exchange, Inc. (**Cboe BZX**).

Representations

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

The Filer

1. The Filer is a corporation formed by amalgamation pursuant to a certificate of amalgamation dated November 29, 2001 under the laws of the province of Nova Scotia.

2. The Filer is the investment fund manager of the Fund and is registered as an investment fund manager under the securities legislation in Ontario, Québec and Newfoundland and Labrador and is also registered in Ontario as a mutual fund dealer. The head office of the Filer is in Toronto, Ontario.

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

The Fund and the U.S. Underlying ETF

4. The Fund is an actively managed exchange-traded open-ended mutual fund governed by the laws of the province of Ontario.

5. The U.S. Underlying ETF is an actively managed exchange-traded fund subject to the U.S. *Investment Company Act of 1940* (the **Investment Company Act**) and is an "investment fund" within the meaning of applicable Canadian securities legislation.

6. First Trust Advisors L.P. (**FTA**), an affiliate of the Filer, acts as the portfolio advisor for the Fund and the U.S. Underlying ETF. FTA is registered under the *Securities Act* (Ontario) as a portfolio manager and is also registered with the U.S. Securities and Exchange Commission (the **SEC**) under the U.S. *Investment Advisers Act of 1940*.

   The primary investment objective of the Fund is to provide its unitholders with current income. The secondary objective of the Fund is to provide its unitholders with capital appreciation by investing primarily in a portfolio of equity securities included in the Nasdaq US Small Mid Cap Rising Dividend Achievers™ Index (the **Index**) as well as listed options on the Russell 2000® Index or exchange-traded funds that track the Russell 2000® Index (the **Russell Index**). The Fund will seek to achieve its investment objectives by investing all, or substantially all, of its assets in the U.S. Underlying ETF.

7. The primary investment objective of the U.S. Underlying ETF is to provide high current income and its secondary investment objective is to provide capital appreciation. The U.S. Underlying ETF seeks to achieve its investment objectives by investing primarily in a portfolio of equity securities that are included in the Index (the **SMID Equities**) in addition to utilizing an "option strategy" consisting of writing U.S. exchange-traded call options on the Russell Index or ETFs that track the Russell Index (the **Options Overlay Strategy**).

8. The Index is designed to measure the performance of securities in the small- to mid-capitalization space determined by NASDAQ, Inc. (the index provider) to have increased their dividend value over the previous three-year and five-year annual periods, while being best positioned to continue the dividend increase. The Russell Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell Index is a subset of the Russell 3000® Index representing approximately 7% of the total market capitalization of that index, as of the most recent reconstitution. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

9. The Fund will seek to hedge its U.S. dollar currency exposure only in respect of the hedged units in the capital of the Fund (the **Hedged Units**), all of the gains or losses associated with any hedging transactions in that regard will be solely for the account of the Hedged Units.

10. The portfolio managers at FTA responsible for overseeing the Fund's and the U.S. Underlying ETF's portfolio and investments are the same portfolio managers.

11. The Fund distributes its securities pursuant to a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**) and is governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the Canadian securities regulatory authorities.

12. Units of the Fund will be, subject to receiving conditional approval and satisfying the original listing requirements of Cboe Canada Inc. (the **Exchange**), listed and traded on the Exchange.

13. The Fund will be a reporting issuer in each of the Jurisdictions.

14. The Fund is not in default of the securities legislation in any of the Jurisdictions.

15. Each of FTA and the U.S. Underlying ETF is regulated by the SEC. The regulatory oversight of FTA and the U.S. Underlying ETF by the SEC is functionally equivalent to that of the Filer and the Fund which are both primarily regulated by the OSC.

16. The Bank of New York Mellon, a sister of CIBC Mellon Trust Company, the Fund's custodian, fund accountant and valuation agent, acts as the administrator, custodian and fund accountant and transfer agent for the U.S. Underlying ETF.

17. As at July 31, 2024, the total value of the U.S. Underlying ETF was $115,090,731, the U.S. Underlying ETF held 101 individual positions (excluding cash) across 8 industries, its average monthly option write was 11.46%, its average monthly upside participation was 88.54% and its average ATM short call maturity was 7 days. "Average monthly option write" is the prior calendar month average percentage of the NAV of the U.S. Underlying ETF used for writing call options against a long position at each monthly call selling date. "Average monthly upside participation" is the prior calendar month average percentage of participation in the price returns of the underlying instrument at each monthly call selling date. "Average ATM short call maturity" reflects the average number of days until expiration of the call options written over the prior calendar month.

18. Neither the Fund nor the U.S. Underlying ETF will employ leverage for the purposes of obtaining additional exposure to the SMID Equities.

19. The portfolio holdings of the U.S. Underlying ETF are available on the U.S. Underlying ETF's website and are updated on a daily basis.

20. Securities of the U.S. Underlying ETF are offered in their primary market in a manner similar to the Fund pursuant to a prospectus filed with the SEC which discloses material facts, similar to the disclosure requirements under Form 41-101F2.

21. The U.S. Underlying ETF is required to prepare key investor information documents which provide disclosure that is substantially similar to the disclosure required to be included in the ETF facts document required by Form 41-101F4 *Information Required in an ETF Facts Document*.

22. The U.S. Underlying ETF is subject to continuous disclosure obligations which are substantially similar to the disclosure obligations under National Instrument 81-106 *Investment Fund Continuous Disclosure*.

23. The U.S. Underlying ETF is required to update information of material significance in its prospectus, to prepare management reports and an unaudited set of financial statements at least semi-annually, and to prepare management reports and an audited set of financial statements annually.

24. FTA is subject to a governance framework which sets out the duty of care and standard of care, which require FTA to act in the best interest of unitholders of the U.S. Underlying ETF.

25. The securities of the U.S. Underlying ETF are listed and traded on Cboe BZX (a recognized exchange in the United States). The listing requirements of Cboe BZX are consistent with the listing requirements of the Exchange and the Toronto Stock Exchange in Canada.

26. The market for securities of the U.S. Underlying ETF is liquid because it is a large fund with US$115,090,731 in assets (as at July 31, 2024) and is traded on the Cboe BZX (i.e. it is more liquid because of its size and its trading volume). In addition, it is supported by authorized participants (who are U.S. broker-dealers) which make the market for the securities of the U.S. Underlying ETF and are incentivized to do so because of the arbitrage opportunities inherent in making such market. Accordingly, the Filer expects the Fund to be able to dispose of its securities of the U.S. Underlying ETF through market facilities in order to raise cash, including to fund the redemption requests of its unitholders from time to time.

Reasons for the Exemption Sought

27. Absent the Exemption Sought, an investment by the Fund of up to 100% of its NAV in securities of the U.S. Underlying ETF would be prohibited by:

    (a) subsection 2.1(1) of NI 81-102 because more than 10% of the Fund's NAV would be invested in securities of the U.S. Underlying ETF;

(b) paragraph 2.5(2)(a) of NI 81-102 because the U.S. Underlying ETF is not subject to NI 81-102; and

(c) paragraph 2.5(2)(c) of NI 81-102 because the U.S. Underlying ETF is not a reporting issuer in a Jurisdiction.

28. The units of the U.S. Underlying ETF would be considered to be an "index participation unit" (as defined in NI 81-102) given that the U.S. Underlying ETF will invest in the SMID Equities in the same proportion as such securities are reflected in the Index however, the U.S. Underlying ETF will also utilize the Options Overlay Strategy in seeking to generate additional income pursuant to which the portfolio managers of the U.S. Underlying ETF will actively write exchange-traded call options.

29. Accordingly, an investment by the Fund in the U.S. Underlying ETF would not qualify for the exception in (a) subsection 2.1(2) or (b) paragraph 2.5(3)(a) of NI 81-102 because the securities of the U.S. Underlying ETF are not index participation units.

30. Since inception of the U.S. Underlying ETF on September 8, 2023, the U.S. Underlying ETF's average monthly option write was approximately 11.51%, its average monthly upside participation was approximately 88.49% and its average ATM short call maturity was 7 days. Accordingly, the Options Overlay Strategy represents a small portion of the U.S. Underlying ETF's NAV with the majority of the fund's assets being invested in SMID Equities in a manner to replicate the Index.

31. The Filer believes that an investment in securities of the U.S. Underlying ETF by the Fund is an efficient and cost-effective alternative to the Fund investing in the SMID Equities and undertaking the Options Overly Strategy directly.

32. The investment objectives, investment strategies, investment restrictions and risk factors applicable to the Fund and the U.S. Underlying ETF are substantially the same. The Fund is essentially the Canadian version of the U.S. Underlying ETF and is managed by affiliates and advised by the same portfolio advisor and portfolio management team. Accordingly, as FTA is the portfolio advisor for both funds, the Filer is in a position to ensure that the requirements of NI 81-102 are complied with.

33. The only material difference in the investment strategies utilized by the Fund and the U.S. Underlying ETF is that the Fund seeks to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar.

34. The Fund will not pay any management or incentive fees in connection with an investment in securities of the U.S. Underlying ETF which to a reasonable person would duplicate a fee payable by the U.S. Underlying ETF for the same service.

35. The management, portfolio management and administration of the U.S. Underlying ETF is substantially similar to that of the Fund given that (a) the manager of the U.S. Underlying ETF is an affiliate of the Filer, (b) FTA manages the investment portfolio of both funds using the same portfolio managers, (c) the custodian, administrator, valuation agent and transfer agent of the U.S. Underlying ETF is a sister company of the custodian, administrator and valuation agent of the Fund and (d) Deloitte LLP is the auditor of both funds.

36. A summary of the key benefits to the Fund in investing 100% of its assets in securities of the U.S. Underlying ETF include:

(a) the Fund would continue to have access to specialized knowledge, expertise and/or analytical resources of FTA;

(b) it is an efficient and cost effective alternative for the Fund to invest directly in the U.S. Underlying ETF instead of mirroring the investments of the U.S. Underlying ETF by investing in a portfolio of SMID Equities and using the Options Overlay Strategy directly; and

(c) unitholders of the Fund will continue to have the ability to make their investments using Canadian dollars.

37. The Filer believes that an investment in securities of the U.S. Underlying ETF by the Fund should pose limited additional investment risk to the Fund because the U.S. Underlying ETF will be subject to the Investment Company Act and oversight of the SEC and the U.S. Underlying ETF will comply with sections 2.1 (concentration restriction), 2.2 (control restrictions), 2.3 (restrictions concerning types of assets), 2.4 (restrictions concerning illiquid assets), 2.6 (restrictions on borrowing and other investment practices) and 2.6(1) (restrictions regarding short sales) of NI 81-102.

38. The amount of loss that could result from an investment by the Fund in securities of the U.S. Underlying ETF will be limited to the amount invested by the Fund in the U.S. Underlying ETF.

39. An investment by the Fund in securities of the U.S. Underlying ETF represents, or will represent, the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.

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 is that the Exemption Sought is granted, provided that:

(a) the investment by the Fund in securities of the U.S. Underlying ETF is in accordance with the investment objectives of the Fund;

(b) the U.S. Underlying ETF is an investment company subject to the Investment Company Act in good standing with the SEC;

(c) the portfolio manager of the Fund and the U.S. Underlying ETF is FTA, or its successor, that is: (i) registered under the *Securities Act* (Ontario) as a portfolio manager and (ii) registered with the SEC under the *U.S. Investment Advisers Act of 1940*;

(d) the U.S. Underlying ETF will not, at the time securities of the U.S. Underlying ETF are acquired by the Fund, hold more than 10% of its NAV in securities of any other mutual fund;

(e) the U.S. Underlying ETF does not use leverage; and

(f) the prospectus of the Fund will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in the U.S. Underlying ETF on the terms described in this decision.

“Darren McKall”
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0497
SEDAR+ File #: 6170473

B.3.5 BlackRock Asset Management Canada Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to exchange-traded alternative mutual funds from aggregate leverage exposure limit of 300% of NAV in s. 2.9.1 of NI 81-102 to permit funds to use Relative Value at Risk (Relative VaR) to measure leverage exposure – The funds invest, directly and indirectly, substantially all their assets in an actively-managed U.S. Underlying ETF that is managed by a U.S. affiliate – The U.S. Underlying ETF invests in various U.S. fixed income securities and enters into derivative transactions to manage credit and duration risk – U.S. Underlying ETF measures leverage risk using Relative VaR in accordance with Rule 18f-4 under the Investment Company Act of 1940 (the SEC Rule) – The funds' substantial exposure to the U.S. Underlying ETF may cause them to exceed 300% NAV leverage limit in s. 2.9.1 – Relief granted to funds from the aggregate leverage exposure limit of 300% subject to various conditions, including that the U.S. Underlying ETF comply with the Relative VaR Test in accordance with SEC Rule, and the investment fund manager of the funds notify the OSC within one business day of being advised by the Sub-Adviser of the funds that the U.S. Underlying ETF is offside the Relative VaR Test for more than five consecutive days.

Relief granted from Items 3.3, 5.1 and 6.1 of Form 41-101F2 and Item 3 of Part I of Form 41-101F4 to exempt funds from the requirement to disclose their maximum aggregate exposure to leverage as calculated pursuant to section 2.9.1 of NI 81-102.

Relief granted from subsection 2.1(1.1) and paragraphs 2.5(2)(a.1), 2.5(2)(b) and 2.5(2)(c) of NI 81-102 to permit exchange-traded alternative mutual fund (Top Fund) to invest all its assets in an actively-managed U.S. Underlying ETF that is not a reporting issuer in the jurisdictions, is not subject to NI 81-102, and that may invest more than 10% of its assets in Bottom Tier Funds – Top Fund's investment in U.S. Underlying ETF resulting in three-tier structure – Relief granted from paragraph 2.5(2)(b) to permit exchange-traded alternative mutual fund that is a Currency Neutral Fund to invest all its assets in the Top Fund, resulting in a four-tier structure – Relief granted subject to various conditions, including that the U.S. Underlying ETF is managed in a manner that is consistent with the investment restrictions of sections 2.1, 2.2, 2.3 and 2.4 of NI 81-102, as such provisions apply to alternative mutual funds, except to the extent that the U.S. Underlying ETF may exceed the leverage limit in accordance with the SEC Rule, and that no management fees or incentive fees are payable by the Top Fund and Currency Neutral Fund that to a reasonable person would duplicate a fee payable by another investment fund in the three-tier structure and four-tier structure for the same service.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1.1), 2.5(2)(a.1), 2.5(2)(b), 2.5(2)(c), 2.9.1 and 19.1.
Form 41-101F2 Information Required in an Investment Fund Prospectus, Items 3.3, 5.1 and 6.1.
Form 41-101F4 Information Required in an ETF Facts Document, Item 3 of Part I.

September 11, 2024

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
BLACKROCK ASSET MANAGEMENT CANADA LIMITED
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the iShares Flexible Monthly Income ETF (the **Top Fund**) and iShares Flexible Monthly Income ETF (CAD-Hedged) (the **Currency Neutral Fund**, together with the Top Fund, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from:

(a) the requirements of

(i) section 2.9.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), which limits an alternative mutual fund's aggregate exposure to cash borrowing, short selling and specified derivatives transactions to 300% of the fund's net asset value (**NAV**); and

(ii) Items 3.3, 5.1 and 6.1 of Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**) and Item 3 of Part I of Form 41-101F4 Inf*ormation Required in an ETF Facts Document* (**Form 41-101F4**), which all require an alternative mutual fund to disclose its maximum aggregate exposure to leverage as calculated pursuant to section 2.9.1 of NI 81-102

(collectively, the **Leverage Relief**);

(b) the requirements of

(i) subsection 2.1(1.1) of NI 81-102 to permit the Top Fund to purchase securities of the U.S. Underlying ETF (as defined below) even though, immediately after the transaction, more than 20% of the Top Fund's NAV would be invested in it;

(ii) paragraph 2.5(2)(a.1) of NI 81-102 to permit the Top Fund to purchase securities of the U.S. Underlying ETF even though it is not subject to NI 81-102;

(iii) paragraph 2.5(2)(b) of NI 81-102 to permit the Top Fund to purchase securities of the U.S. Underlying ETF even though it may hold more than 10% of its NAV in securities of one or more Bottom Tier Funds (as defined below); and

(iv) paragraph 2.5(2)(c) of NI 81-102 to permit the Top Fund to purchase securities of the U.S. Underlying ETF even though it is not a reporting issuer in a Jurisdiction;

(collectively, the **Three-Tier Relief**); and

(c) the requirements of paragraph 2.5(2)(b) of NI 81-102 to permit the Currency Neutral Fund to purchase, directly or indirectly, securities of the Top Fund which holds, directly or indirectly, more than 10% of its NAV in securities of the U.S. Underlying ETF, which may hold more than 10% of its NAV in securities of one or more Bottom Tier Funds

(the **Four-Tier Relief**, and together with the Three-Tier Relief and the Leverage Relief, the **Exemption Sought**).

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

(a) the Ontario Securities Commission (**OSC**) 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 of the provinces and territories of Canada other than the Jurisdiction (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Absolute VaR Test means that the VaR of a fund's portfolio does not exceed 20% of the value of the fund's net assets.

BlackRock Funds means the Funds and the U.S. Underlying ETF.

Bottom Tier Funds means those investment funds, including exchange-traded funds, in which the U.S. Underlying ETF invests that are each subject to the *Investment Company Act of 1940* (the **Investment Company Act**).

Designated Index means an unleveraged index that is approved by the derivatives risk manager for purposes of the Relative VaR Test and that reflects the markets or asset classes in which the fund invests and is not administered by an organization that is an affiliated person of the fund, its investment adviser, or principal underwriter, or created at the request of the fund or its investment adviser, unless the index is widely recognized and used.

Designated Reference Portfolio means a Designated Index or the fund's securities portfolio, provided that, if the fund's investment objective is to track the performance (including a leverage multiple or inverse multiple) of an unleveraged index, the fund must use that index as its Designated Reference Portfolio.

Four-Tier Structure refers to the structure where the Currency Neutral Fund holds, or will hold, securities of the Top Fund, which Top Fund holds, or will hold, more than 10% of its NAV in securities of the U.S. Underlying ETF, and which U.S. Underlying ETF holds, or may hold, securities of one or more Bottom Tier Funds.

Relative VaR Test means that the VaR of the fund's portfolio does not exceed 200% of the VaR of the Designated Reference Portfolio.

Three-Tier Structure refers to the structure where the Top Fund holds, or will hold, more than 10% of its NAV in securities of the U.S. Underlying ETF, and which U.S. Underlying ETF holds, or may hold, securities of one or more Bottom Tier Funds.

U.S. means the United States of America.

U.S. Underlying ETF means the BlackRock Flexible Income ETF (ticker: BINC), an exchange traded mutual fund subject to the Investment Company Act whose securities are listed on NYSE Arca (**NYSE Arca**).

value-at-risk or **VaR** means an estimate of potential losses on an instrument or portfolio, expressed as a percentage of the value of the portfolio's assets (or net assets when computing a fund's VaR), over a specified time horizon and at a given confidence level, provided that any VaR model used by a fund for purposes of determining the fund's compliance with the Relative VaR Test or the Absolute VaR Test must: (1) take into account and incorporate all significant, identifiable market risk factors associated with a fund's investments, including, as applicable: (i) equity price risk, interest rate risk, credit spread risk, foreign currency risk and commodity price risk; (ii) material risks arising from the nonlinear price characteristics of a fund's investments, including options and positions with embedded optionality; and (iii) the sensitivity of the market value of the fund's investments to changes in volatility, (2) use a 99% confidence level and a time horizon of 20 trading days; and (3) be based on at least three years of historical market data.

Representations

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

The Filer

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario with its head office located in Toronto, Ontario, and is an indirect, wholly-owned subsidiary of BlackRock, Inc., a global investment manager headquartered in the U.S.

2. The Filer will be the investment fund manager and portfolio manager of the Funds and is registered in the categories of Portfolio Manager, Investment Fund Manager and Exempt Market Dealer in all of the Jurisdictions. The Filer is also registered as a Commodity Trading Manager in Ontario and an Adviser under the *Commodity Futures Act* in Manitoba.

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

The BlackRock Funds and Portfolio Managers

4. Each Fund will be an actively managed exchange-traded open-ended alternative mutual fund governed by the laws of the Province of Ontario that operates under the provisions of NI 81-102 applicable to alternative mutual funds.

5. The U.S. Underlying ETF is an actively managed exchange-traded fund subject to the Investment Company Act and is an "investment fund" within the meaning of applicable Canadian securities legislation.

6. Each Bottom Tier Fund is, or will be, a fund subject to the Investment Company Act and an "investment fund" within the meaning of applicable Canadian securities legislation. Each Bottom Tier Fund may be managed by an affiliate of the Filer or a third-party fund manager.

7. BlackRock Fund Advisors (**BFA**), an affiliate of the Filer, acts as the investment adviser for the U.S. Underlying ETF. BFA is registered with the U.S. Securities and Exchange Commission (the **SEC**) under the U.S. *Investment Advisers Act of 1940* (the **Investment Advisers Act**).

8. BFA, in respect of the U.S. Underlying ETF, has appointed BlackRock International Limited (**BIL**) and BlackRock (Singapore) Limited (**BSL**), each an affiliate of the Filer, to act as sub-advisers. Each of BIL and BSL are registered with the SEC under the Investment Advisers Act.

9. BlackRock Institutional Trust Company, N.A. (**BTC**), an affiliate of the Filer and BFA, will act as sub-adviser (the **Sub-Adviser**) to the Funds. BTC is a national banking association organized under the laws of the U.S. and its primary regulator is the Office of the Comptroller of the Currency, the agency of the U.S. Treasury Department. Its principal office is located in San Francisco, California. References herein to **Portfolio Manager** are to BFA, BTC, BIL and BSL and their respective investment management professionals, as applicable.

10. Each of BFA, BIL, BSL and the U.S. Underlying ETF are regulated by the SEC. The regulatory oversight of BFA, BIL, BSL and the U.S. Underlying ETF by the SEC is functionally equivalent to that of the Filer and the Funds which are both primarily regulated by the OSC.

11. BFA is subject to a governance framework which sets out the duty of care and standard of care, which require BFA to act in the best interest of the U.S. Underlying ETF.

12. The primary individual portfolio managers at BFA and BTC responsible for overseeing each BlackRock Fund's portfolio and investments are the same.

13. State Street Bank and Trust Company, the parent company of State Street Trust Company Canada, currently acts as the administrator, custodian, fund accountant and transfer agent for the U.S. Underlying ETF. State Street Trust Company Canada will act as the custodian, fund accountant and valuation agent for the Funds.

14. The primary investment objective of each of the BlackRock Funds is to seek to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation.

15. Each Fund will distribute its securities under a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and Form 41-101F2 and will be governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the Canadian securities regulatory authorities.

16. The Filer filed a preliminary long form prospectus in respect of the Funds with the securities regulatory authorities in each of the Jurisdictions on July 18, 2024. The Filer expects to file a final long form prospectus in respect of the Funds with the securities regulatory authorities in each of the Jurisdictions on or about the date that the Exemption Sought is granted.

17. The Filer has applied to list the units of the Funds on the Toronto Stock Exchange (the **TSX**). The Filer will not file a final long form prospectus for any of the Funds in respect of the units of such Fund until the TSX has conditionally approved the listing of such units.

18. Subject to approval of the TSX, units of the Funds will be listed and traded on the TSX.

19. Each Fund will be a reporting issuer in each of the Jurisdictions.

20. None of the Funds are in default of the securities legislation in any of the Jurisdictions.

21. Securities of the U.S. Underlying ETF are offered in their primary market in a manner similar to the Funds pursuant to a prospectus filed with the SEC which discloses material facts, similar to the disclosure requirements under Form 41-101F2.

22. The U.S. Underlying ETF is required to prepare key investor information documents which provide disclosure that is substantially similar to the disclosure required to be included in the ETF facts document required by Form 41-101F4.

23. The U.S. Underlying ETF is subject to continuous disclosure obligations which are substantially similar to the disclosure obligations under National Instrument 81-106 *Investment Fund Continuous Disclosure*.

24. The U.S. Underlying ETF is required to update information of material significance in its prospectus, to prepare management reports and an unaudited set of financial statements at least semi-annually, and to prepare management reports and an audited set of financial statements annually.

25. The securities of the U.S. Underlying ETF are listed and traded on NYSE Arca (a recognized exchange in the U.S.). The listing requirements of NYSE Arca are consistent with the listing requirements of the TSX and Cboe Canada in Canada.

Principal Investment Objectives and Strategies of the BlackRock Funds

26. Each BlackRock Fund employs a flexible, active investment process, and does not seek to maintain any specified degree of similarity relative to its benchmark.

The Currency Neutral Fund

27. The investment objective of the Currency Neutral Fund is to seek to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation. The Currency Neutral Fund also seeks to hedge any resulting U.S. dollar currency exposure, as applicable, back to Canadian dollars. The Currency Neutral Fund will seek to achieve its investment objective primarily by investing all or substantially all of its assets in the Top Fund or by investing directly in Fixed Income Securities (as defined below).

The Top Fund

28. The investment objective of the Top Fund is to seek to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation. The Top Fund will seek to achieve its investment objective primarily by investing all or substantially all of its assets in the U.S. Underlying ETF or by investing directly in Fixed Income Securities (as defined below).

The U.S. Underlying ETF

29. The investment objective of the U.S. Underlying ETF is to seek to maximize long-term income by primarily investing in debt and income-producing securities with a secondary objective of capital appreciation. Under normal market conditions, the U.S. Underlying ETF will invest in a combination of fixed-income securities, including, but not limited to: high yield securities; obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities; mortgage-backed securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities, including U.S. agency mortgage pass-through securities; commercial mortgage-backed securities; non-agency residential mortgage-backed securities; mortgage to-be-announced securities; municipal securities; securitized assets such as asset-backed securities; dollar-denominated and non-dollar-denominated debt obligations of U.S. or foreign issuers, including emerging market issuers; collateralized debt obligations (**CDOs**) and collateralized loan obligations (**CLOs**); floating rate loans and other types of floating rate instruments; preferred securities; and money market securities (collectively, **Fixed Income Securities**). Depending on market conditions, the U.S. Underlying ETF may invest in other market sectors.

30. The U.S. Underlying ETF may also gain exposure to Fixed Income Securities through its investments in Bottom Tier Funds that invest in such securities, although it is not a principal investment strategy of the U.S. Underlying ETF to do so. The U.S. Underlying ETF will invest in Bottom Tier Funds generally only for cash management purposes or for temporary exposure to Fixed Income Securities while the U.S. Underlying ETF is not fully invested directly in Fixed Income Securities. In some circumstances, these investments in Bottom Tier Funds may exceed 10% of the U.S. Underlying ETF's NAV where the Bottom Tier Funds represent securities of a money market fund or a mutual fund that issues index participation units, or as otherwise permitted by discretionary relief. Each Bottom Tier Fund will primarily invest directly in a portfolio of securities of issuers that are not investment funds and/or in other assets.

31. The U.S. Underlying ETF may invest in bonds of any maturity, but will maintain an average portfolio duration that is between 1 and 5 years (the **Duration Target**).

32. The U.S. Underlying ETF will invest not more than 20% of its assets in U.S.-domiciled, U.S.-registered dollar-denominated investment grade corporate bonds, U.S. Treasury securities, U.S. agency securities and U.S. agency mortgage-backed securities (collectively, **Core Securities**).

33. The U.S. Underlying ETF may invest without limit in securities rated below investment grade or which are considered to be of comparable quality by its Portfolio Manager ("high yield" or "junk" bonds) at the time of purchase.

34. The U.S. Underlying ETF may invest up to 10% of its assets in preferred securities. The U.S. Underlying ETF may invest in CDOs, including up to 15% of its assets in CLOs. CDOs are types of asset-backed securities. CLOs are ordinarily issued by a trust or other special purpose entity and are typically collateralized by a pool of loans, which may include, among others, domestic and non-U.S. senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans, held by such issuer.

35. The U.S. Underlying ETF may also invest up to 15% of its assets in floating rate loans. The U.S. Underlying ETF may invest in other types of floating rate instruments without limit.

36. The U.S. Underlying ETF may use derivatives, such as futures contracts, options (including, but not limited to, options on futures and swaps) and various other instruments including, but not limited to, interest rate, total return, credit default and credit default index swaps (which can be used to transfer the credit risk of a security without actually transferring ownership of the security or to customize exposure to a particular credit risk) and indexed and inverse floating-rate securities. The U.S. Underlying ETF may also invest in derivatives based on foreign currencies. In addition, the U.S. Underlying ETF may use derivatives and short sales to enhance returns as part of an overall investment strategy or to offset a potential decline in the value of other holdings (commonly referred to as a **hedge**), although the U.S. Underlying ETF is not required to hedge and may choose not to do so.

37. As at September 4, 2024, the total value of the U.S. Underlying ETF was US$4,063 million and the U.S. Underlying ETF held 2,378 individual positions across 15 sectors of the fixed income market.

38. The U.S. Underlying ETF is permitted under applicable securities laws in the U.S. to invest up to 15% of its NAV in securities and other instruments that are, at the time of investment, illiquid. The Funds will be subject to NI 81-102 which limits the extent to which the Funds may invest in illiquid assets to a similar degree.

39. Generally, the U.S. Underlying ETF does not invest in illiquid assets.

40. The portfolio holdings of the U.S. Underlying ETF are available on the U.S. Underlying ETF's website and are updated on a daily basis.

41. The market for securities of the U.S. Underlying ETF is liquid because it is a large fund and is traded on NYSE Arca (i.e. it is more liquid because of its size and its trading volume). In addition, it is supported by authorized participants (who are U.S. broker-dealers) which make the market for the securities of the U.S. Underlying ETF and are incentivized to do so because of the arbitrage opportunities inherent in making such market. Accordingly, the Filer expects the Funds to be able to dispose of their securities of the U.S. Underlying ETF through market facilities in order to raise cash, including to fund the redemption requests of their unitholders from time to time.

Fixed Income Securities

42. The size of the USD-denominated Fixed Income Securities market is currently around US$52.9 trillion. The Portfolio Manager believes that Fixed Income Securities are an important and desirable asset class for investors given the asset's unique combination of relatively high yield potential and low duration.

43. The Funds will provide significant exposure to Fixed Income Securities which are generally complementary to Core Securities. The Funds will therefore provide Canadian investors with an opportunity to diversify their overall fixed income portfolios, as well as generate income.

Indirect Investment Exposure

44. The investment opportunities available to the Funds are affected by the total assets available to invest. A larger total asset base enables greater diversification, as a larger number of Fixed Income Securities can be purchased, held, and sold efficiently in "Round Lots" (typically quantities of $100,000 par or more). Generally, it is more costly to transact in Fixed Income Securities in quantities smaller than a Round Lot.

45. The U.S. Underlying ETF is a Qualified Institutional Buyer (**QIB**) pursuant to Rule 144 of the Securities Act, 1933. A significant proportion of the Fixed Income Securities purchased by the U.S. Underlying ETF are distributed pursuant to registration exemptions and may only be purchased by QIBs (**144A Securities**). Each Fund would not qualify as a QIB unless its total assets are at least USD$100 million. An inability to purchase 144A Securities would severely limit the investment opportunities available to the Funds and would undermine each Fund's ability to effectively implement its investment strategy.

46. There is no certainty as to the timeline for the Funds to achieve QIB status, if at all.

47. Given the benefits that the Funds can achieve by obtaining exposure to Fixed Income Securities through direct or indirect investment in the U.S. Underlying ETF (being diversification, liquidity, access to greater Fixed Income Securities exposure), each Fund would like to invest, directly or indirectly, up to 100% of its net assets in the U.S. Underlying ETF.

Leverage and Derivatives

48. Pursuant to section 2.9.1 of NI 81-102, an alternative mutual fund or non-redeemable investment fund's aggregate exposure to cash borrowing, short-selling and specified derivatives transactions must not exceed 300% of the fund's NAV (the **Leverage Limit**). That section further requires that an alternative mutual fund or non-redeemable investment fund include in its calculation of aggregate leverage exposure its proportionate share of the assets of any underlying investment fund for which a similar calculation is required.

49. The U.S. Underlying ETF enters into derivative transactions in order to ensure that average portfolio duration is within the Duration Target. Depending on the overall duration of the Fixed Income Securities in which the U.S. Underlying ETF is invested, there may be a need for the U.S. Underlying ETF to enter into derivatives transactions with large notional exposures to adjust the overall portfolio duration to be within the Duration Target. Although these transactions can have large notional exposures, such transactions are ultimately intended to more precisely manage overall duration risk and ensure that overall portfolio duration is within the Duration Target.

50. Accordingly, each Fund may, from time to time, exceed the Leverage Limit as a result of the U.S. Underlying ETF's derivatives transactions that are intended to manage the portfolio's credit risk and duration risk, and to maintain an average portfolio duration that is within the Duration Target.

51. Although the U.S. Underlying ETF seeks to manage credit risk and duration risk through risk managed derivatives transactions, such transactions may not always constitute "hedging" as such term is defined in NI 81-102. A "hedging" transaction under NI 81-102 requires a high degree of negative correlation between changes in the value of the investment or position, or group of investments or positions, being hedged and changes in the value of the instrument or

instruments with which the investment or position is hedged. Only specified derivatives positions that constitute "hedging" reduce the notional exposure of a fund for purposes of calculating the Leverage Limit.

52. The European Union approved a new regulation of mutual funds in 2010 in the fourth European Directive covering Undertakings for Collective Investment in Transferable Securities (**UCITS IV**), which introduced a value-at-risk based approach to regulatory risk management for investment funds that extensively use derivatives.

53. This approach allows for two methods of VaR limits, the Relative VaR Test and the Absolute VaR Test, which in general terms can be summarized as follows:

    (a) Relative VaR Test: This approach uses a ratio of up to 200% between the VaR of the portfolio and the VaR of a reference portfolio.

    (b) Absolute VaR Test: This approach is generally used when there is no reference portfolio or benchmark and allows the one-month VaR to be up to 20% of the NAV of the portfolio.

54. UCITS IV also includes rules for the computation of VaR and requires regular stress- and back-testing to complement the VaR estimation.

55. On October 28, 2020 the SEC adopted new Rule 18f-4 under the Investment Company Act of 1940 (17 CFR § 270.18f-4, the **SEC Rule**), which modernized the regulatory framework for derivatives used by registered funds. The SEC Rule is generally the same as the UCITS IV rule as it adopted a 200% limit for funds using a Relative VaR Test, and a 20% VaR limit for funds using an Absolute VaR Test.

56. The SEC Rule institutes a standardized risk management framework for registered funds, while also permitting principles-based tailoring to the registered fund's particular derivatives risks, including leverage, market, counterparty, liquidity, operational, and legal risks. The "Derivatives Risk Management Program" (**DRMP**) required by the SEC Rule must include risk guidelines, stress testing, back testing, internal reporting and escalation, and program review elements:

    (a) Risk guidelines. The DRMP must include risk guidelines, including establishing, maintaining, and enforcing these guidelines. These include investment, risk management, or related guidelines that provide for quantitative or otherwise measurable criteria, metrics, or thresholds related to a fund's derivatives risks.

    (b) Stress testing. The DRMP must include stress testing of the fund's portfolio to evaluate potential losses under stressed conditions.

    (c) Backtesting. The DRMP must provide for "backtesting" its VaR model on a weekly basis by comparing the fund's actual gain or loss for each business day with the VaR calculated for that day. A fund must identify any instance in which the fund experiences a loss exceeding the corresponding VaR calculation's estimated loss.

    (d) Internal reporting and escalation. Certain matters relating to a fund's derivatives use would have to be reported to the fund's portfolio management and board of directors (the **board**), and require the derivatives risk manager (the **DRM**) to inform (1) the fund's portfolio managers about guideline exceedances and stress testing results, and (2) the fund's board directly about material risks arising from the fund's derivatives use.

    (e) Periodic review of the program. The DRM is required to review the DRMP at least annually, to evaluate the DRMP's effectiveness and to reflect changes in risk over time.

57. Pursuant to the SEC Rule, if the fund's DRM reasonably determines that a Designated Reference Portfolio would not provide an appropriate reference portfolio for purposes of the Relative VaR Test, the fund would be required to comply with the Absolute VaR Test.

58. Pursuant to the SEC Rule, a fund must determine its compliance with its VaR approach at least once each business day. If a fund is not in compliance, then it must come back into compliance promptly, in a manner that is in the best interests of the fund and its securityholders. If the fund is not in compliance within five business days, the DRM must provide certain written reports to the fund's board and analyze the circumstances that caused the fund to be out of compliance and update any program elements as appropriate. For funds that remain out of compliance for thirty calendar days, the DRM must update the board at regularly scheduled intervals until the fund has come back into compliance.

Reasons for Exemption Sought

Leverage Relief

59. Absent the Leverage Relief, a Fund may exceed the Leverage Limit in section 2.9.1 of NI 81-102 as a result of the derivatives transactions of the U.S. Underlying ETF in which it invests because subsection 2.9.1(3) of NI 81-102 requires

the Fund to include in its calculation of aggregate leverage exposure, its proportionate share of the assets of any underlying investment fund for which a similar calculation is required.

60. The U.S. Underlying ETF currently relies on, and complies with, the SEC Rule, specifically the Relative VaR Test, to monitor fund leverage risk.

61. As recognized in the SEC Rule, VaR is a commonly-known and broadly-used industry metric that enables risk to be measured in a reasonably comparable and consistent manner across the diverse instruments that may be included in a fund's portfolio. The VaR-based limits in the SEC Rule are designed to address leverage risk for a variety of fund strategies.

62. For the Funds, which are currently expected to directly or indirectly invest all or substantially all of their assets in the U.S. Underlying ETF, a VaR-based approach is a better means of managing risk because, unlike notional amounts which do not measure risk or volatility, VaR enables risk to be measured in a reasonably comparable and consistent manner.

63. The risk-based approach in the SEC Rule, which relies on VaR, stress testing, and overall risk management, addresses concerns about fund leverage for fund investment portfolios, while allowing such portfolios to continue to use derivatives for a variety of purposes.

64. Allowing the Funds to use the same Relative VaR Test used by the U.S. Underlying ETF in which they invest should give investors access to a fixed income mandate that seeks to manage overall portfolio duration and credit risk within specific limits. Of the two VaR approaches ("absolute" and "relative") used in the SEC Rule, the relative approach used by the U.S. Underlying ETF is the approach that is most suitable as there are appropriate reference portfolios that can be used.

65. BFA already uses a VaR model. The U.S. Underlying ETF complies with the SEC Rule and its board has appointed a DRM, who is responsible for administering the DRMP in accordance with the SEC Rule. The Designated Reference Portfolio of the U.S. Underlying ETF is the U.S. Underlying ETF's securities portfolio, excluding any derivatives positions. Thus, as a result of their direct or indirect investment of substantially all of their assets in securities of the U.S. Underlying ETF, each Fund will adhere to the Relative VaR Test and operate in accordance with the SEC Rule.

66. BlackRock, Inc. and its affiliates, including BTC, BFA and the Filer share a common investment management infrastructure. This infrastructure will allow the Portfolio Manager and Sub-Adviser of the Funds to have direct access to the DRMP for the U.S. Underlying ETF, including the information necessary to determine whether the U.S. Underlying ETF is offside the Relative VaR Test.

67. As at the date of this decision, the U.S. Underlying ETF has consistently operated well below the Relative VaR Test.

Three-Tier Relief

68. Absent the Three-Tier Relief, an investment by the Top Fund of up to 100% of its NAV in securities of the U.S. Underlying ETF would be prohibited by:

    (a) subsection 2.1(1.1) of NI 81-102 because more than 20% of the Top Fund's NAV would be invested in securities of the U.S. Underlying ETF;

    (b) paragraph 2.5(2)(a.1) of NI 81-102 because the U.S. Underlying ETF is not subject to NI 81-102;

    (c) paragraph 2.5(2)(b) of NI 81-102 because the U.S. Underlying ETF may invest more than 10% of its NAV in securities of Bottom Tier Funds, resulting in a Three-Tier Structure; and

    (d) paragraph 2.5(2)(c) of NI 81-102 because the U.S. Underlying ETF is not a reporting issuer in a Jurisdiction.

69. An investment by the Top Fund in the U.S. Underlying ETF would not qualify for the exceptions in subsection 2.1(2), paragraph 2.5(3)(a) and subsection 2.5(4) of NI 81-102.

70. The Top Fund's investment objectives and investment strategies seek to provide its unitholders with exposure to a diversified portfolio of Fixed Income Securities. The Filer submits that having the ability to directly or indirectly invest up to 100% of the Top Fund's NAV in securities of the U.S. Underlying ETF will provide the Top Fund with access to investment opportunities that the Top Fund is currently unable to access due to its size, which will in turn allow the Top Fund to maintain a much more diversified portfolio.

71. The Filer submits that an investment in securities of the U.S. Underlying ETF by the Top Fund is an efficient and cost-effective alternative to investing in Fixed Income Securities directly.

72. The investment objectives, investment strategies, investment restrictions and risk factors applicable to the Top Fund and the U.S. Underlying ETF are substantially the same. The Top Fund is essentially the Canadian version of the U.S. Underlying ETF and is managed by affiliates and advised by the same portfolio advisor and portfolio management team.

73. The Top Fund will not pay any management or incentive fees in connection with an investment in securities of the U.S. Underlying ETF which to a reasonable person would duplicate a fee payable by the U.S. Underlying ETF for the same service.

74. Given the benefits that the Top Fund can achieve by obtaining exposure to Fixed Income Securities through direct investment in the U.S. Underlying ETF (being diversification, liquidity, access to greater Fixed Income Securities exposure and the ability to buy Round Lots), each Fund would like to invest up to 100% of its net assets in the U.S. Underlying ETF.

75. Any risks associated with an investment in securities of the U.S. Underlying ETF are mitigated by the fact that:

    (a) the U.S. Underlying ETF is subject to the Investment Company Act and BFA is regulated by the SEC; and

    (b) the U.S. Underlying ETF is managed in a manner that is consistent with the investment restrictions in sections 2.1 (concentration restriction), 2.2 (control restrictions), 2.3 (restrictions concerning types of assets) and 2.4 (restrictions concerning illiquid assets) of NI 81-102 that apply to an “alternative mutual fund”.

76. The amount of loss that could result from an investment by the Top Fund in securities of the U.S. Underlying ETF will be limited to the amount invested by the Top Fund in the U.S. Underlying ETF.

77. An investment by the Top Fund in securities of the U.S. Underlying ETF represents, or will represent, the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.

Four-Tier Relief

78. Absent the Four-Tier Relief, an investment by the Currency Neutral Fund of up to 100% of its NAV in securities of the Top Fund would be prohibited by paragraph 2.5(2)(b) of NI 81-102 because the Top Fund may hold more than 10% of its NAV in the U.S. Underlying ETF, which may in turn hold more than 10% of its NAV in one or more Bottom Tier Funds. This Four-Tier Structure is contrary to the multi-layering restriction in paragraph 2.5(2)(b) of NI 81-102 and does not fit within the exceptions to paragraph 2.5(2)(b) found in subsection 2.5(4) of NI 81-102. Except for paragraph 2.5(2)(b), the Currency Neutral Fund’s use of the Four-Tier Structure will be made in accordance with the provisions of section 2.5 of NI 81-102.

79. The investment objectives, investment strategies, investment restrictions and risk factors applicable to the Currency Neutral Fund and the Top Fund are substantially the same. The Currency Neutral Fund is essentially a currency hedged version of the Top Fund and is managed by affiliates and advised by the same portfolio advisor and portfolio management team.

80. The Currency Neutral Fund will not pay any management or incentive fees in connection with an investment in securities of the Top Fund which to a reasonable person would duplicate a fee payable by the Top Fund for the same service.

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.

Leverage Relief

1. The decision of the principal regulator is that the Leverage Relief is granted, provided that:

    (a) the portfolio manager of the U.S. Underlying ETF (the **Underlying Portfolio Manager**) is BFA or any affiliate, or their respective successors, that is registered with the SEC under the Investment Advisers Act;

    (b) the Underlying Portfolio Manager has appointed a DRM;

    (c) the Underlying Portfolio Manager and the U.S. Underlying ETF comply with the Relative VaR Test, in accordance with the SEC Rule;

    (d) the Filer discloses in the Funds’ prospectus and ETF facts document the maximum VaR that each Fund is permitted to incur, and the Filer discloses in the annual and interim MRFP of each Fund the maximum amount of VaR incurred by each Fund over the applicable period;

(e) the Filer notifies the OSC within one business day of being advised by the Sub-Adviser of the Funds that the U.S. Underlying ETF is offside the Relative VaR Test for more than five consecutive days, as required by its sub-advisory agreement with the Sub-Adviser (the **Sub-Advisory Agreement**);

(f) the Filer promptly (e.g. within 24 hours) provides the OSC with any other information that it may request regarding the Funds' direct or indirect investments in the U.S. Underlying ETF and the inter-month calculations and risk metrics that the U.S. Underlying ETF is using, which the Sub-Adviser has agreed to provide to the Filer pursuant to the terms of the Sub-Advisory Agreement;

(g) the Filer appropriately documents its risk methodology for each Fund in accordance with the requirements of paragraph 15.1.1(a) of NI 81-102 and items 2 and 4 of Appendix F *Investment Risk Classification Methodology* to NI 81-102; and

(h) all or substantially all of the Funds' assets are, directly or indirectly, invested in the U.S. Underlying ETF in accordance with the Thee-Tier Relief and Four-Tier Relief.

Three-Tier Relief

2. The decision of the principal regulator is that the Three-Tier Relief is granted, provided that:

(a) the investment by the Top Fund in securities of the U.S. Underlying ETF is in accordance with the investment objectives of the Top Fund;

(b) the Top Fund only invests directly in the U.S. Underlying ETF, cash, cash equivalents and specified derivatives used to equitize cash or to hedge risks associated with the portfolio holdings of the U.S. Underlying ETF and/or Bottom Tier Funds, but does not hold directly any other portfolio securities;

(c) the U.S. Underlying ETF is an investment company subject to the Investment Company Act in good standing with the SEC;

(d) the portfolio manager of the U.S. Underlying ETF is BFA or any affiliate, or their respective successors, that is registered with the SEC under the Investment Advisers Act;

(e) the U.S. Underlying ETF is managed in a manner that is consistent with the investment restrictions of sections 2.1, 2.2, 2.3 and 2.4 of NI 81-102, as such provisions apply to alternative mutual funds, except to the extent that the U.S. Underlying ETF may exceed the Leverage Limit in accordance with the SEC Rule;

(f) the U.S. Underlying ETF does not, at the time securities of the U.S. Underlying ETF are acquired by the Top Fund, hold more than 10% of its NAV in securities of any Bottom Tier Funds other than securities of a money market fund or a mutual fund that issues index participation units, except to the extent that discretionary relief has been granted from any such requirement;

(g) no management fees or incentive fees are payable by the Top Fund that, to a reasonable person, would duplicate a fee payable by another investment fund in the Three-Tier Structure for the same service;

(h) the Top Fund's investments in securities of the U.S. Underlying ETF are otherwise made in compliance with all other requirements of section 2.5 of NI 81-102, except to the extent that discretionary relief has been granted from any such requirement; and

(i) the final long form prospectus of the Top Fund discloses, in the investment strategy section, the fact that the Top Fund has obtained the Three-Tier Relief to permit investments in the U.S. Underlying ETF on the terms described in this decision.

Four-Tier Relief

3. The decision of the principal regulator is that the Four-Tier Relief is granted, provided that:

(a) the Currency Neutral Fund only invests directly in the Top Fund, cash, cash equivalents and specified derivatives used to equitize cash or to hedge risks associated with the portfolio holdings of the Top Fund, the U.S. Underlying ETF and/or Bottom Tier Funds, but does not hold directly any other portfolio securities;

(b) the Top Fund in which the Currency Neutral Fund invests complies with the terms of the Three-Tier Relief;

(c) no management fees or incentive fees are payable by the Currency Neutral Fund that, to a reasonable person, would duplicate a fee payable by another investment fund in the Four-Tier Structure for the same service;

(d) the Currency Neutral Fund's investments in securities of the Top Fund are otherwise made in compliance with all other requirements of section 2.5 of NI 81-102, except to the extent that discretionary relief has been granted from any such requirement; and

(e) the final long form prospectus of the Currency Neutral Fund discloses, in the investment strategy section, the fact that the Currency Neutral Fund has obtained the Four-Tier Relief to permit investments in the Top Fund on the terms described in this decision.

"Darren McKall"
Manager, Investment Management Division
Ontario Securities Commission

Application File #: 2024/0249
SEDAR+ File #: 6117671

B.3.6 JP Morgan Asset Management (Canada) Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-102 Investment Funds.

An issuer wants relief from the investment restrictions contained in subsection 2.1(1) of National Instrument 81-102 Investment Funds prohibiting a mutual fund from investing more than 10% of the net assets of the fund, taken at market value at the time of the transaction, in securities of any one issuer – The mutual fund is the Canadian version of the underlying US ETF, the mutual fund is unlikely to achieve the same investment portfolio without investing in the underlying US ETF, the US ETF will comply with key provisions of U.S. securities law and NI 81-102, the portfolio managers for the mutual fund and underlying US ETF will have the appropriate registrations in Canada and the USA.

A mutual fund seeks relief from the restrictions in 2.5(2)(a) and (c) of NI 81-102 to permit the fund to invest up to its entire net asset value in a US ETF – The mutual fund is the Canadian version of the underlying US ETF, the mutual fund is unlikely to achieve the same investment portfolio without investing in the underlying US ETF, the US ETF will comply with key provisions of U.S. securities law and NI 81-102, the portfolio managers for the mutual fund and underlying US ETF will have the appropriate registrations in Canada and the USA.

Relief from the requirement in subsection 59(1) of the Securities Act (Ontario) to include an underwriter's certificate in the ETF's prospectus – The designated brokers and authorized dealers do not provide the same services in connection with a distribution of the ETF's securities as would typically be provided by an underwriter in a conventional underwriting, will not be involved in the preparation of the fund prospectus, will not perform any review or independent due diligence as to the content of the fund prospectus, and will not incur any marketing costs or receive any underwriting fees or commissions from the ETFs or the Filer in connection with the distribution of ETF securities.

Relief from the formal take-over bid requirements in Part 2 of NI 62-104 for the purchases of listed securities of the ETFs in the normal course through the facilities of a marketplace in Canada – It is not possible for one of more securityholders to exercise control or direction over the ETF, the number of outstanding ETF Securities will always be in flux as a result of the ongoing issuance and redemption of listed securities by each ETF, and there is no incentive to acquire control or offer to pay a control premium for outstanding ETF Securities because pricing for each ETF Security will generally reflect its net asset value.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 59(1) and 147.
National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.
National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.5(2)(a) and 2.5(2)(c), and 19.1.

September 11, 2024

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

AND

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

AND

IN THE MATTER OF
JP MORGAN ASSET MANAGEMENT (CANADA) INC.
(the Filer)

DECISION

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer on behalf of JPMorgan Income ETF (Canadian JPIE) and JPMorgan Ultra-Short Income ETF (Canadian

JPST, and together with Canadian JPIE, the Top Funds), each an exchange-traded mutual fund (ETF) subject to National Instrument 81-102 *Investment Funds* (NI 81-102), together with such other ETFs as the Filer (for all purposes herein, Filer also shall include an affiliate or successor of the Filer, unless the context otherwise requires) may manage in the future (together with the Top Funds, the JPM ETFs and individually a JPM ETF) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) granting:

(a) an exemption for the Filer and each JPM ETF from the requirement to include a certificate of an underwriter in a JPM ETF's prospectus (the Underwriter's Certificate Requirement);

(b) an exemption for a person or company purchasing JPM ETF Securities (as defined below) in the normal course through the facilities of a Marketplace (as defined below) from the Take Over Bid Requirements (as defined below)

(paragraphs (a) and (b) together, the JPM ETF Relief)

(c) an exemption for the Top Funds from subsection 2.1(1) of NI 81-102 to permit the Top Funds to purchase securities of the U.S. Underlying Funds (as defined below) even though, immediately after the transaction, more than 10% of each Top Fund's respective net asset value (NAV), would be invested in securities of the U.S. Underlying Funds;

(d) an exemption for the Top Funds from paragraph 2.5(2)(a) of NI 81-102 to permit the Top Funds to purchase securities of the U.S. Underlying Funds even though they are not subject to NI 81-102; and

(e) an exemption for the Top Funds from paragraph 2.5(2)(c) of NI 81-102 to permit the Top Funds to purchase securities of U.S. Underlying Funds even though they are not reporting issuers in an Applicable Jurisdiction (as defined below)

(paragraphs (c), (d) and (e), the U.S. Underlying Fund Relief)

(collectively, the Exemption Sought)

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

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

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

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

Interpretation

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

Affiliate Dealer means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined below) from time to time.

Authorized Dealer means a registered dealer that has entered into an agreement with the manager of a JPM ETF authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more JPM ETFs on a continuous basis from time to time.

Basket of Securities means, in relation to the JPM ETF Securities of a JPM ETF, a group of securities or assets representing the constituents of the JPM ETF.

Designated Broker means a registered dealer that has entered into an agreement with the manager of a JPM ETF to perform certain duties in relation to the JPM ETF, including the posting of a liquid two-way market for the trading of the JPM ETF Securities on a Marketplace.

ETF Facts means a prescribed summary disclosure document required in respect of one or more classes or series of JPM ETF Securities being distributed under a prospectus.

Investment Company Act means the U.S. Investment Company Act of 1940, as amended from time to time.

JPIE means JPMorgan Income ETF, a U.S. ETF the securities of which are listed on the NYSE Arca.

JPM ETF Security means a listed security of a JPM ETF.

JPST means JPMorgan Ultra-Short Income ETF, a U.S. ETF the securities of which are listed on the NYSE Arca.

Legislation means the securities legislation of the BCSC and OSC.

Marketplace means a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* that is in Canada.

Other Dealer means a registered dealer that is not an Authorized Dealer, Designated Broker or Affiliate Dealer.

Prescribed Number of JPM ETF Securities means the number of JPM ETF Securities determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Prospectus Delivery Requirement means the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the Legislation applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement.

Securityholders means beneficial or registered holders of JPM ETF Securities.

Take-Over Bid Requirements means the requirements of NI 62-104 relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each Applicable Jurisdiction.

U.S. means the United States of America.

U.S. Underlying Funds means JPIE and JPST and each successor ETF to these ETFs.

Representations

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

The Filer

1. the Filer is a corporation formed by amalgamation pursuant to a certificate of amalgamation dated August 3, 2004, as amended by a certificate of amendment dated February 24, 2005, under the laws of Canada;

2. the Filer is registered as an investment fund manager under the securities legislation in British Columbia, Newfoundland and Labrador, Ontario and Québec and is also registered as an exempt market dealer and portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Québec and Saskatchewan. The head office of the Filer is in British Columbia;

3. the Filer is or will be the manager and portfolio manager of each of the JPM ETFs;

4. the Filer has applied, or will apply, to list the JPM ETF Securities on a Marketplace; and

5. the Filer is not in default of the securities legislation in any of the Applicable Jurisdictions;

A. JPM ETF Relief

The JPM ETFs

6. the JPM ETFs are or will be either trusts or corporations or classes thereof governed by the laws of a Jurisdiction; each JPM ETF is or will be a reporting issuer in the Jurisdiction(s) in which its securities are distributed;

7. subject to any exemptions that have been, or may be, granted by the applicable securities regulatory authorities, each JPM ETF will be an open-ended mutual fund subject to NI 81-102 and Securityholders of each JPM ETF will have the right to vote at a meeting of Securityholders in respect of matters prescribed by NI 81-102;

8. the JPM ETF Securities will be listed on a Marketplace;

9. the Filer has filed, or will file, a long form prospectus prepared and filed in accordance with NI 41-101, subject to any exemptions that may be granted by the applicable securities regulatory authorities;

10. JPM ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus; JPM ETF Securities may generally only be subscribed for or purchased directly from the JPM ETF (Creation Units) by Authorized Dealers or Designated Brokers; generally, subscriptions or purchases may only be placed for a Prescribed Number of JPM ETF Securities (or a multiple thereof) on any day when there is a trading session on a Marketplace; Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of JPM ETF Securities on a Marketplace;

11. in addition to subscribing for and re-selling Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling JPM ETF Securities of the same class or series as the Creation Units in the secondary market; Other Dealers may also be engaged in purchasing and selling JPM ETF Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer.

12. each Designated Broker or Authorized Dealer that subscribes for Creation Units must deliver, in respect of each Prescribed Number of JPM ETF Securities to be issued, a Basket of Securities and/or cash in an amount sufficient so that the value of the Basket of Securities and/or cash delivered is equal to the NAV of the JPM ETF Securities subscribed for next determined following the receipt of the subscription order; in the discretion of the Filer, the JPM ETF may also accept subscriptions for Creation Units in cash only, in securities other than Baskets of Securities and/or in a combination of cash and securities other than Baskets of Securities, in an amount equal to the NAV of the JPM ETF Securities subscribed for next determined following the receipt of the subscription order;

13. Designated Brokers and Authorized Dealers will not receive any fees or commissions from the Filer or a JPM ETF in connection with the issuance of Creation Units to them. On the issuance of Creation Units, the Filer or a JPM ETF may, in the Filer's discretion, charge a fee to a Designated Broker or an Authorized Dealer to offset the expenses incurred in issuing the Creation Units;

14. upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker may be contractually required to subscribe for Creation Units of a JPM ETF for cash in an amount not to exceed a specified percentage of the NAV of the JPM ETF or such other amount established by the Filer;

15. each JPM ETF will appoint, at any given time, a Designated Broker to perform certain other functions, which include standing in the market with a bid and ask price for JPM ETF Securities for the purpose of maintaining liquidity for the JPM ETF Securities;

16. except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, JPM ETF Securities generally will not be able to be purchased directly from a JPM ETF. Investors are generally expected to purchase and sell JPM ETF Securities, directly or indirectly, through dealers executing trades through the facilities of a Marketplace; JPM ETF Securities may also be issued directly to Securityholders upon a reinvestment of distributions of income or capital gains;

17. Securityholders that are not Designated Brokers or Authorized Dealers that wish to dispose of their JPM ETF Securities may generally do so by selling their JPM ETF Securities on a Marketplace, through a registered dealer, subject only to customary brokerage commissions; a securityholder that holds a Prescribed Number of JPM ETF Securities or multiple thereof may exchange such JPM ETF Securities for Baskets of Securities and/or cash in the discretion of the Filer; securityholders may also redeem JPM ETF Securities for cash at a redemption price equal to 95% of the closing price of the JPM ETF Securities on a Marketplace on the date of redemption, subject to a maximum redemption price of the applicable NAV per JPM ETF Security.

Underwriter's Certificate Requirement

18. Authorized Dealers and Designated Brokers will not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting;

19. the Filer will generally conduct its own marketing, advertising and promotion of the JPM ETF;

20. the Authorized Dealers and Designated Brokers will not be involved in the preparation of a JPM ETF's prospectus, will not perform any review or any independent due diligence as to the content of a JPM ETF's prospectus, and will not incur any marketing costs or receive any underwriting fees or commissions from the JPM ETFs or the Filer in connection with the distribution of JPM ETF Securities; the Authorized Dealers and Designated Brokers generally seek to profit from their ability to create and redeem JPM ETF Securities by

engaging in arbitrage trading to capture spreads between the trading prices of JPM ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in JPM ETF Securities;

21. in addition, neither the Filer nor the JPM ETFs will pay any fees or commissions to the Designated Brokers and Authorized Dealers; as the Designated Brokers and Authorized Dealers will not receive any remuneration from the Filer or a JPM ETF in connection with distributing JPM ETF Securities and as the Authorized Dealers will change from time to time, it is not practical to provide an underwriter's certificate in the prospectus of the ETF Funds;

Take-Over Bid Requirements

22. as equity securities that will trade on a Marketplace, it is possible for a person or company to acquire such number of JPM ETF Securities so as to trigger the application of the Take-Over Bid Requirements; however:

    (a) it will be difficult for one or more Securityholders to exercise control or direction over a JPM ETF, as the constating documents of each JPM ETF will provide that there can be no changes made to such JPM ETF which do not have the support of the Filer;

    (b) it will be difficult for the purchasers of JPM ETF Securities to monitor compliance with the Take-Over Bid Requirements because the number of outstanding JPM ETF Securities will always be in flux as a result of the ongoing issuance and redemption of JPM ETF Securities by each JPM ETF; and

    (c) the way in which the JPM ETF Securities will be priced deters anyone from either seeking to acquire control of, or offering to pay a control premium for, outstanding JPM ETF Securities because pricing for each JPM ETF Security will generally reflect the NAV of the JPM ETF Securities;

23. the application of the Take-Over Bid Requirements to the JPM ETFs would have an adverse impact on the liquidity of the JPM ETF Securities because they could cause the Designated Brokers, Authorized Dealers and other large Securityholders to cease trading JPM ETF Securities once the Securityholder has reached the prescribed threshold at which the Take-Over Bid Requirements would apply; this, in turn, could serve to provide conventional mutual funds with a competitive advantage over the JPM ETFs;

B. U.S. Underlying Fund Relief

The Top Funds

24. the Top Funds will be actively managed ETFs governed by the laws of the province of British Columbia;

25. the Filer intends to launch the Top Funds essentially as the Canadian versions of the U.S. Underlying Funds;

26. J.P. Morgan Investment Management Inc. (JPMIM; for all purposes herein, JPMIM also shall include an affiliate or successor of JPMIM, unless the context otherwise requires) acts as the portfolio advisor for the U.S. Underlying Funds and will act as portfolio sub-advisor to the Top Funds; JPMIM is registered with the United States Securities and Exchange Commission (the SEC) under the U.S. Investment Advisers Act of 1940;

27. the investment objectives, investment strategies, investment restrictions and risk factors applicable to Canadian JPIE will be substantially the same as those applicable to JPIE, except that Canadian JPIE will be permitted to achieve these objectives by investing substantially all of its assets in JPIE shares;

28. the investment objectives, investment strategies, investment restrictions and risk factors applicable to Canadian JPST will be substantially the same as those applicable to JPST, except that Canadian JPST will be permitted to achieve these objectives by investing substantially all of its assets in JPST shares;

29. it is currently expected that each Top Fund may seek to hedge substantially all of its U.S. dollar currency exposure back to the Canadian dollar;

30. the portfolio managers at JPMIM currently responsible for overseeing each U.S. Underlying Fund's portfolio and investments are currently expected to be the same as the portfolio managers responsible for overseeing each Top Fund's portfolio and investments, in JPMIM's capacity as sub-advisor to the Top Funds;

31. affiliates of JPMorgan Chase Bank, N.A., the custodian and transfer agent for the U.S. Underlying Funds, will act as the Top Funds' custodian and transfer agent;

32. the Top Funds will distribute their securities pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 *Information Required in an Investment Fund Prospectus* (Form 41-101F2) and will be governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the Canadian securities regulatory authorities;

33. the Top Funds will be reporting issuers in each of the Applicable Jurisdictions;

34. the Top Funds will be subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107);

35. the Top Funds are not in default of the securities legislation in any of the Applicable Jurisdictions;

The U.S. Underlying Funds

36. the U.S. Underlying Funds are actively managed exchange-traded funds subject to the Investment Company Act and each is an "investment fund" within the meaning of applicable Canadian securities legislation;

37. each of JPMIM and the U.S. Underlying Funds are regulated by the SEC; the regulatory oversight of JPMIM and the U.S. Underlying Funds by the SEC will be functionally equivalent to that of the Filer and the Top Funds, which will be primarily regulated by the BCSC;

38. the portfolio holdings of each of the U.S. Underlying Funds are available on their respective websites and are updated on a daily basis as of the close of business on the prior business day;

39. securities of each U.S. Underlying Fund are offered in their primary markets pursuant to a prospectus filed with the SEC which discloses material facts, similar to the disclosure requirements under Form 41-101F2;

40. the U.S. Underlying Funds are required to prepare a summary prospectus which provides disclosure that is substantially similar to the disclosure required to be included in the ETF Facts required by Form 41-101F4 Information Required in an ETF Facts Document;

41. the U.S. Underlying Funds are subject to continuous disclosure obligations which are substantially similar to the continuous disclosure obligations under National Instrument 81-106 *Investment Fund Continuous Disclosure*;

42. the U.S. Underlying Funds are required to update information of material significance in their respective prospectuses, to prepare an unaudited set of financial statements at least semi-annually, and to prepare management discussion of fund performance and an audited set of financial statements annually;

43. JPMIM owes its clients (including the U.S. Underlying Funds) a fiduciary duty under the U.S. Investment Advisers Act of 1940, which comprises a duty of care and a duty of loyalty; JPMIM must, at all times, serve the best interests of its clients, including the U.S. Underlying Funds;

44. the securities of the U.S. Underlying Funds are listed and traded on the NYSE Arca, a regulated exchange in the United States; the listing requirements of the NYSE Arca substantially address the same concerns as the listing requirements of Marketplaces in Canada;

45. the markets for securities of the U.S. Underlying Funds are sufficiently liquid because the U.S. Underlying Funds are large funds, with JPIE having US$1.00B in assets (as at January 31, 2024) and JPST having US$22.30B in assets (as at January 31, 2024); in addition, they are supported by authorized participants and market makers (each of whom are U.S. broker-dealers) which make the markets for the securities of the U.S. Underlying Funds and are incentivized to do so because of the arbitrage opportunities inherent in making such markets; accordingly, the Filer expects the Top Funds to be able to dispose of securities of the U.S. Underlying Funds through market facilities in order to raise cash, including to fund the redemption requests of their respective Securityholders from time to time;

JPIE

46. the investment objective of JPIE is to seek to provide income with a secondary objective of capital appreciation;

47. JPIE seeks to achieve its investment objectives by investing opportunistically among multiple debt markets and sectors that JPMIM believes will have high potential to produce income and have low correlations to each other in order to manage risk;

48. JPIE is not managed to a benchmark, which allows it to shift its allocations based on changing market conditions, which may result in investing in a single or in multiple markets and sectors;

49. JPIE has broad flexibility to invest in a wide variety of debt securities and instruments of any maturity. JPIE may invest in fixed and floating rate debt securities issued in both the U.S. and foreign markets, including emerging markets, and anticipates it will invest no more than 10% of its total assets in non-U.S. dollar denominated securities;

50. although JPIE has the flexibility to invest above 65% of its total assets in investments that are rated below investment grade (also known as "junk bonds" or "high yield securities") or the unrated equivalent (which may

include distressed debt), to take advantage of market opportunities, under normal market conditions, JPIE invests at least 35% of its total assets in investments that, at the time of purchase, are rated investment grade or the unrated equivalent;

51. JPIE may invest in (a) asset-backed securities, mortgage-related securities, mortgage-backed securities and sub-prime mortgaged-related securities, (b) inverse floaters and inverse interest-only securities, (c) structured investments and adjustable-rate mortgage loans, (d) securities issued by the U.S. government and its agencies and instrumentalities, (e) inflation-linked debt securities, (g) loan participations, assignments and commitments to purchase loans, and (h) convertible securities and preferred stock;

52. JPIE has flexibility to utilize derivatives, which will be used primarily for hedging, but may also be used as substitutes for securities in which JPIE can invest; such derivatives may include futures contracts, options, swaps (including interest rate and credit default swaps) and forward contracts;

53. JPIE may also invest in mortgage pass-through securities including securities eligible to be sold on the "to-be-announced" or TBA market (mortgage TBAs); JPIE may enter into dollar rolls, in which JPIE sells mortgage-backed securities including mortgage TBAs and at the same time contracts to buy back very similar securities on a future date. JPIE may also sell mortgage TBAs short;

54. as part of its principal investment strategy and for temporary defensive purposes, any portion of JPIE's assets may be invested in cash and cash equivalents;

55. as at January 31, 2024, the NAV of JPIE was US$1.00B and JPIE held 1,222 individual positions across 14 industries;

56. given the size of JPIE, it is able to invest in a wide variety of debt securities, providing exposure to multiple debt markets, and resulting in a well-diversified portfolio; the Filer submits that Canadian JPIE would require substantial initial investment in order to properly articulate its investment strategy through a directly held portfolio, and because it will have significantly less assets than JPIE at inception, the Filer believes that if Canadian JPIE was to directly make investments in debt securities, it likely would not be able to achieve the portfolio diversification available to it by investing substantially all of its assets in JPIE;

57. furthermore, the Filer believes that it is expected that there will be pricing and efficiency benefits from Canadian JPIE investing in JPIE; JPIE benefits from more competitive pricing as a result of purchasing significantly larger volumes of debt securities, and therefore, by Canadian JPIE investing substantially all of its assets in shares of JPIE, the Filer believes that trading costs are expected to be lower for Canadian JPIE than Canadian JPIE could achieve through a directly held portfolio;

58. given the expected benefits that the Filer believes Canadian JPIE can achieve through direct investment in JPIE (being efficient exposure to a diversified pool of debt securities in multiple debt markets, with the benefit of more competitive pricing, greater liquidity and lower trading costs), Canadian JPIE would like to invest up to 100% of its net assets in JPIE;

JPST

59. the investment objective of JPST is to seek to provide current income while seeking to maintain a low volatility of principal;

60. under normal circumstances, JPST seeks to achieve its investment objective by investing at least 80% of its assets in investment grade, U.S. dollar denominated short-term fixed, variable and floating rate debt;

61. for purposes of JPST's 80% policy, the investment grade U.S. dollar denominated short-term fixed, variable and floating rate debt securities in which JPST will invest will carry a minimum short-term rating of P-2, A-2 or F2 or better by Moody's Investors Service Inc. (Moody's), Standard & Poor's Corporation (S&P), or Fitch Ratings (Fitch), respectively, or the equivalent by another nationally recognized statistical rating organization, or a minimum long-term rating of Baa3, BBB- or BBB- by Moody's, S&P or Fitch, respectively, or an equivalent by another nationally recognized statistical rating organization at the time of investment, or if such investments are unrated, deemed by JPMIM to be of comparable quality at the time of investment.

62. JPST also may invest in securities rated below investment grade (i.e., high yield bonds, also called junk bonds or non-investment grade bonds) or the unrated equivalent;

63. JPST may invest in (a) corporate securities, (b) asset-backed securities (including sub prime securities and collateralized loan obligations), (c) mortgage-backed securities and mortgage related securities, (d) high quality money market instruments (such as commercial paper and certificates of deposit), (e) U.S. Treasury securities (including Separate Trading of Registered Interest and Principal of Securities), (f) securities issued or guaranteed by the U.S. government or its agencies and instrumentalities, (g) securities issued or guaranteed

by foreign governments, (h) repurchase agreements, (i) when-issued securities, (j) delayed delivery securities, (k) forward commitments, (l) zero-coupon securities, and (m) privately placed securities;

64. under normal conditions, JPST will invest more than 25% of its assets in securities issued by companies in the banking industry; JPST may, however, invest less than 25% of its assets in the banking industry as a temporary defensive measure;

65. as part of its principal investment strategy and for temporary defensive purposes, any portion of JPST's total assets may be invested in cash, money market funds and cash equivalents;

66. as at January 31, 2024, the NAV of JPST was US$22.30B and JPST held 681 individual positions across 10 industries;

67. given the size of JPST, it is able to invest in a wide variety of short-term fixed, variable and floating rate debt securities, resulting in a well-diversified portfolio; the Filer submits that Canadian JPST would require substantial initial investment in order to properly articulate its investment strategy through a directly held portfolio, and because it will have significantly less assets than JPST at inception, the Filer believes that if Canadian JPST was to directly make investments in debt securities, it likely would not be able to achieve the portfolio diversification available to it by investing substantially all of its assets in JPST;

68. furthermore, the Filer believes that it is expected that there will be pricing and efficiency benefits from Canadian JPST investing in JPST; JPST benefits from more competitive pricing as a result of purchasing significantly larger volumes of debt securities, and therefore, by Canadian JPST investing substantially all of its assets in shares of JPST, the Filer believes that trading costs are expected to be lower for Canadian JPST than Canadian JPST could achieve through a directly held portfolio; and

69. given the expected benefits that the Filer believes Canadian JPST can achieve through direct investment in JPST (being efficient exposure to a diversified pool of short-term fixed, variable and floating rate debt securities, with the benefit of more competitive pricing, greater liquidity and lower trading costs), Canadian JPST would like to invest up to 100% of its net assets in JPST.

¶ 4 Reasons for Exemption Sought

A. JPM ETF Relief

Underwriter's Certificate Requirement

70. Authorized Dealers and Designated Brokers will not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting;

71. the Filer will generally conduct its own marketing, advertising and promotion of the JPM ETFs;

72. the Authorized Dealers and Designated Brokers will not be involved in the preparation of a JPM ETF's prospectus, will not perform any review or any independent due diligence as to the content of a JPM ETF's prospectus, and will not incur any marketing costs or receive any underwriting fees or commissions from the JPM ETFs or the Filer in connection with the distribution of JPM ETF Securities; the Authorized Dealers and Designated Brokers generally seek to profit from their ability to create and redeem JPM ETF Securities by engaging in arbitrage trading to capture spreads between the trading prices of JPM ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in JPM ETF Securities;

73. in addition, neither the Filer nor the JPM ETFs will pay any fees or commissions to the Designated Brokers and Authorized Dealers; as the Designated Brokers and Authorized Dealers will not receive any remuneration from the Filer or a JPM ETF in connection with distributing JPM ETF Securities and as the Authorized Dealers will change from time to time, it is not practical to provide an underwriter's certificate in the prospectus of the JPM ETFs.

Take-Over Bid Requirements

74. as equity securities that will trade on a Marketplace, it is possible for a person or company to acquire such number of ETF Securities so as to trigger the application of the Take-Over Bid Requirements; however:

    (a) it will be difficult for one or more Securityholders to exercise control or direction over a JPM ETF, as the constating documents of each JPM ETF will provide that there can be no changes made to such JPM ETF which do not have the support of the Filer;

(b) it will be difficult for the purchasers of JPM ETF Securities to monitor compliance with the Take-Over Bid Requirements because the number of outstanding JPM ETF Securities will always be in flux as a result of the ongoing issuance and redemption of JPM ETF Securities by each JPM ETF; and

(c) the way in which the JPM ETF Securities will be priced deters anyone from either seeking to acquire control or offering to pay a control premium for outstanding JPM ETF Securities because pricing for each JPM ETF Security will generally reflect the NAV of the JPM ETF Securities.

75. the application of the Take-Over Bid Requirements to the JPM ETFs would have an adverse impact on the liquidity of the JPM ETF Securities because they could cause the Designated Brokers and other large Securityholders to cease trading JPM ETF Securities once the Securityholder has reached the prescribed threshold at which the Take-Over Bid Requirements would apply; this, in turn, could serve to provide conventional mutual funds with a competitive advantage over the JPM ETFs;

B. *U.S. Underlying Fund Relief*

76. The Filer believes that having the ability to invest up to 100% of each Top Fund's NAV in securities of the corresponding U.S. Underlying Fund is expected to provide the Top Funds with access to investment opportunities which, as described herein, the Top Funds would not be expected to be able to access on an equivalent and cost-efficient basis, which in turn is expected to allow the Top Funds to obtain more advantageous pricing and/or maintain significantly more diversified or tailored portfolios;

77. the Top Funds will not pay any management or incentive fees in connection with an investment in securities of the U.S. Underlying Funds which to a reasonable person would duplicate a fee payable by the U.S. Underlying Funds for the same service;

78. the investment universe in which JPMIM selects portfolio investments for each of the U.S. Underlying Funds will be the same investment universe in which JPMIM will be permitted to select portfolio investments for each of the Top Funds;

79. As the U.S. Underlying Funds are expected to always have more assets than each of the respective Top Funds, JPMIM is expected to be able to take advantage of investment opportunities given its ability to transact on a larger scale (i.e., the U.S. Underlying Funds are expected to be able to obtain more advantageous pricing and/or have the ability to purchase certain securities that would not otherwise be expected to be available to the Top Funds, given their expected size). Accordingly, the U.S. Underlying Fund securityholders are expected to have exposure to a portfolio of assets on a more cost-efficient basis and/or with greater diversification than the Filer believes the Top Funds would otherwise be expected to have in a directly held structure.

80. a summary of key expected benefits to the Top Funds in investing in securities of the U.S. Underlying Funds include:

(a) the Top Funds would have access to specialized knowledge, expertise and/or analytical resources of JPMIM;

(b) expected pricing, diversification and/or efficiency benefits that would otherwise not be available to the Top Funds;

(c) greater liquidity than would be achieved purchasing a directly held portfolio of fixed income instruments; and

(d) securityholders of the Top Funds will have the ability to make their investments using Canadian dollars;

81. any risks associated with an investment in securities of the U.S. Underlying Funds are mitigated by the fact that:

(a) the U.S. Underlying Funds are subject to the Investment Company Act and oversight by the SEC, and JPMIM is subject to the Investment Advisers Act and oversight by the SEC, and

(b) the U.S. Underlying Funds will comply with sections 2.1 (concentration restriction), 2.2 (control restrictions), 2.3 (restrictions concerning types of investments), 2.4 (restrictions concerning illiquid assets), 2.6 (borrowing and other investment practices) and 2.6.1 (short sales) of NI 81-102;

82. the amount of loss that could result from an investment by the Top Funds in securities of the U.S. Underlying Funds will be limited to the amount invested by the Top Funds in the U.S. Underlying Funds;

83. an investment by the Top Funds in securities of the U.S. Underlying Funds will represent the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Top Funds;

84. the securities of the U.S. Underlying Funds will not meet the definition of index participation unit as set out in NI 81-102, because the U.S. Underlying Funds will not:

    (a) hold securities that are included in a specified widely quoted index in substantially the same proportion as those securities are reflected in that index; or

    (b) invest in a manner that causes the U.S. Underlying Funds to replicate the performance of an index.

Decision

¶ 5 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 is that:

(a) the Exemption Sought from the Underwriter's Certificate Requirement is granted;

(b) the Exemption Sought from the Take-Over Bid Requirement is granted; and

(c) the Exemption Sought in respect of the U.S. Underlying Fund Relief is granted to each Top Fund, provided that:

    (i) the investments by a Top Fund in securities of a U.S. Underlying Fund are in accordance with the investment objectives of the Top Fund;

    (ii) the relevant U.S. Underlying Fund is an investment company subject to the Investment Company Act and oversight by the SEC, and there is no currently effective:

        (A) stop order issued by the SEC suspending the effectiveness of the registration statement of the relevant U.S. Underlying Fund under the U.S. Securities Act of 1933; or

        (B) order issued by the SEC suspending the effectiveness of the registration statement of the relevant U.S. Underlying Fund under the U.S. Securities Exchange Act of 1934;

    (iii) the relevant U.S. Underlying Fund will comply with sections 2.1 (concentration restriction), 2.2 (control restrictions), 2.3 (restrictions concerning types of investments), 2.4 (restrictions concerning illiquid assets), 2.6 (borrowing and other investment practices) and 2.6.1 (short sales) of NI 81-102;

    (iv) the portfolio manager of each Top Fund is the Filer, that is registered under the Securities Act (British Columbia) as a portfolio manager and the portfolio advisor of each U.S. Underlying Fund and sub-advisor of each Top Fund is JPMIM, that is registered with the SEC under the U.S. Investment Advisers Act of 1940 and subject to oversight by the SEC;

    (v) the relevant U.S. Underlying Fund will not, at the time securities of the U.S. Underlying Fund are acquired by the Top Fund, hold more than 10% of its NAV in securities of any other investment fund other than securities of a money market fund or a mutual fund that issues index participation units; and

    (vi) the Top Fund will disclose in its prospectus following the date of this decision, in the investment strategy section, the fact that the Top Fund has obtained the Exemption Sought to permit investments in the U.S. Underlying Funds on the terms described in this decision.

"Gordon Johnson"
Vice-Chair
British Columbia Securities Commission

B.3.7 Citadel Advisors LLC

Headnote

Application for relief from the investment fund manager registration requirement in order to allow to senior level employees of Citadel Canada ULC or other Canadian affiliates who are eligible employees the opportunity to voluntarily participate in investment opportunities alongside other partners and employees of the firm, globally – The Filer is (a) registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended; (b) registered with the Commodity Futures and Trading Commission as a commodity trading adviser, and as a commodity pool operator and (c) a member of the National Futures Association – the investment funds advised by the filer are or will be established outside of Canada – the filer's head office or principal place of business is in the United States – the filer distributes to no more than 20 "Canadian Eligible Investors" – the filer shall not receive any trade-based compensation – the participation in an investment opportunity by a Canadian eligible employee is voluntary – the filer is subject to the standard conditions applicable to a non-registered exempt international firm

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(4) and 74.
Multilateral Instrument 32-102 Registration Exemptions for Non-Resident Investment Fund Managers, ss. 1, 3 and 4.

September 11, 2024

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

AND

IN THE MATTER OF
CITADEL ADVISORS LLC

DECISION

Background

The Ontario Securities Commission (the **Commission**) has received an application of Citadel Advisors LLC (the **Filer**) for a ruling pursuant to subsection 74(1) of the Act that the Filer is not subject to the investment fund manager registration requirement in subsection 25(4) of the Act (the **Investment Fund Manager Relief**) in respect of the Filer acting as an investment fund manager for a Plan Company (as defend below) where all of the securities of the Plan Company distributed in Ontario have been distributed:

(a) under the employee exemption under section 2.24 of National Instrument 45-106 *Prospectus Exemptions* (NI **45-106**);

(b) to no more than 20 Qualified Employees (as defined below) who qualify as accredited investors as such term is defined under section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (NI **45-106**).

Interpretation

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

The following terms shall have the following meanings:

CEIF Eligible Employee means, in Ontario, an employee eligible to participate in the Deferred Compensation Program who is a more senior ranking employee of Citadel ULC or any of its Canadian affiliates who:

(a) meets the eligibility criteria contained in the relevant CEIF Documentation including a minimum of two years' service and a level of total compensation that is above the amounts set out in the CEIF Documentation and such other criteria as the Citadel Parties may determine from time to time; and

(b) qualifies as an accredited investor as such term is defined under section 1.1 [definitions] of NI 45-106.

Citadel Entity means any company in the Citadel Parties;

Citadel Parties means the Filer and a group of affiliated entities that together comprise a leading global financial institution with a diverse business platform, which includes two separate and distinct units: (i) a global investment firm and (ii) a global market maker;

CVIP Eligible Employee means, in Ontario, an employee eligible to participate in the Voluntary Program who is a more senior ranking employee of Citadel ULC or any of its Canadian affiliates who:

(a) meet the eligibility criteria contained in the relevant CVIP Documentation (defined below) including a minimum of two years' service and a level of total compensation that is above the amounts set out in the CVIP Documentation and such other criteria as the Citadel Parties may determine from time to time;

(b) establish to the satisfaction of the Citadel Entity that he or she has sufficient sophistication and assets to make a Voluntary Contribution; and

(c) qualify as an accredited investor as such term is defined under section 1.1 [*definitions*] of NI 45-106.

MI 32-102 means Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*;

NI 31-103 means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

NI 45-106 means National Instrument 45-106 *Prospectus Exemptions*;

Notice of Regulatory Action means the form attached as Appendix "B" to this Decision;

OSC Rule 13-502 means Ontario Securities Commission Rule 13-502 Fees;

Permitted Client has the same meaning ascribed to that term in section 1 [*definitions*] of MI 32-102;

Permitted Client IFM Exemption means the exemption from the investment fund manager registration requirement set out in section 4 [*permitted clients*] of MI 32-102;

Plan Company means CEIF or a CVIP Company;

Portfolio Fund means a private investment fund managed by the Filer;

Qualified Employees means, collectively, CEIF Eligible Employees and CVIP Eligible Employees;

Submission to Jurisdiction and Appointment of Agent for Service means the form attached as Appendix "A" to this Decision;

US or **USA** means the United States of America; and

Voluntary Program means one or more voluntary employee incentive programs or initiatives sponsored by the Filer or its affiliates providing for the acquisition of securities of a CVIP Company.

Representations

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

Citadel Advisors LLC (the Filer)

1. The Filer is a limited liability company formed under the laws of Delaware with its principal place of business located in Southeast Financial Center, 200 South Biscayne Boulevard, Suite 3300, Miami, Florida 33131 USA.

2. The Filer is (a) registered with the Securities and Exchange Commission as an investment adviser under the *Investment Advisers Act of 1940*, as amended; (b) registered with the Commodity Futures and Trading Commission as a commodity trading adviser, and as a commodity pool operator and (c) a member of the National Futures Association.

3. The Filer has the exclusive authority to manage and control the business and affairs of each of CEIF (defined below) and the CVIP Companies.

4. The Filer is the portfolio manager of CEIF and CVIPD and manager of CVIP and has full discretionary investment management authority over their investments, subject to the terms of their constituent documents.

5. The Filer also serves as the portfolio manager or manager of the Portfolio Funds.

6. The Filer is not registered under the securities legislation of any jurisdiction of Canada or of any foreign jurisdiction.

7. The Filer is not in default of securities legislation, commodity futures legislation or derivatives legislation of any jurisdiction of Canada.

8. The Filer is in compliance in all material respects with the securities laws, commodity futures laws and derivatives laws of the United States.

9. The Filer does not maintain a physical office in Canada.

CEIF International Ltd. (CEIF)

10. CEIF is a Cayman Islands exempted company incorporated on October 5, 2009 under the *Cayman Islands' Companies Act (As Revised)*. CEIF's registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

11. The CEIF shares are issued only to eligible employees of the Citadel Parties.

12. CEIF's objective is to achieve consistently high, risk-adjusted rates of return by investing its assets into the Portfolio Funds.

13. CEIF is a sister fund to CVIPD and CVIPC and they invest in the same portfolio of Portfolio Funds.

Citadel Voluntary Investment Fund Ltd. (CVIPD)

14. CVIPD is a Cayman Islands exempted company incorporated on February 5, 2024 under the Cayman Islands' *Companies Act (As Revised)*. CVIPD's registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

15. The CVIPD shares are issued only to eligible employees of the Citadel Parties.

16. CVIPD's objective is to achieve consistently high, risk-adjusted rates of return by investing its assets into the Portfolio Funds.

Citadel Voluntary Investment Fund LLC (CVIPC)

17. CVIPC is a limited liability company formed under the laws of Delaware in the United States with a principal office located in Southeast Financial Center, 200 South Biscayne Boulevard, Suite 3300, Miami, Florida 33131 USA.

18. The CVIPC membership interests are issued only to eligible employees of the Citadel Parties.

19. CVIPC's objective is to achieve consistently high, risk-adjusted rates of return by investing its assets into the Portfolio Funds.

20. CVIPC operates as an "employees' securities company" as defined in Section 2(a)(13) and pursuant to Section 6(b) of the US Investment Company Act of 1940, as amended (**Investment Company Act**), pursuant to an exemptive order granted by the US Securities and Exchange Commission under Sections 6(b) and 6(e) of the Investment Company Act.

Citadel Canada ULC (Citadel ULC)

21. Citadel ULC is an unlimited liability company formed under the laws of the Province of Nova Scotia, a wholly owned subsidiary of CIG Canada Holdings LLC.

22. Citadel ULC is a Citadel Party and an affiliate of the each of the Filer and the CVIP Companies.

23. Citadel ULC operates as an administrative entity and currently provides primarily engineering and technology support for the Portfolio Manager and its affiliates in the U.S. and other jurisdictions. Citadel ULC has operations in the provinces of Alberta, British Columbia, Ontario and Nova Scotia.

24. Citadel ULC does not conduct any registerable activities. Citadel ULC is not registered under the Act or under either the securities or derivatives legislation, including commodity futures legislation, of any jurisdiction of Canada or of any foreign jurisdiction.

The Deferred Compensation Program

25. Certain eligible employees of the Citadel Parties receive as part of their compensation an incentive award of unvested participating shares of CEIF (**CEIF Shares**), whereby the eligible employee generally becomes a shareholder of CEIF in

accordance with, and subject to, the terms of CEIF's articles of association and the program document made available to CEIF shareholders setting forth the terms of the deferred compensation program (the **Deferred Compensation Program**), as supplemented by any addendum thereto, including any letter awarding a shareholder its CEIF Shares, as the same may be amended from time to time in accordance with the terms of the program document (the **CEIF Documentation**).

26. Upon vesting such vested CEIF Shares are automatically redeemed for cash unless the CEIF shareholder elects to remain invested in which case the CEIF Shares are exchanged for CVIP Securities on a net asset value (**NAV**) for NAV basis. The Investment Basket to which the CEIF Shares were exposed remains the same following the exchange.

27. CEIF Shares are only issued to eligible employees of the Citadel Parties.

28. CEIF Shares generally carry no voting rights. The voting non-participating management shares of CEIF are held by the Filer, and therefore the Filer controls all voting rights of CEIF.

29. In Ontario, the Deferred Compensation Program is offered only to CEIF Eligible Employees.

30. The Filer has determined that CEIF Shares can be offered to CEIF Eligible Employees in Ontario in reliance on existing statutory exemptions from applicable Ontario securities law requirements.

31. CEIF Eligible Employees will not receive any advice from the Filer as to whether an investment in CEIF is suitable.

The Voluntary Program

32. The Citadel Parties provide certain eligible employees of Citadel Entities the opportunity to make voluntary contributions (**Voluntary Contributions**) to acquire participating shares of CVIPD or membership interests of CVIPC (collectively, **CVIP Securities**) pursuant to one or more Voluntary Programs.

33. CVIP Securities are only issued to eligible employees of the Citadel Parties

34. CVIP Securities generally carry no voting rights. The voting non-participating management shares of CVIPD are held by the Filer, and therefore the Filer controls all voting rights of CVIPD. Membership interests of CVIPC generally do not have any voting rights aside from amendments to the operative limited liability company operating agreement that are materially adverse to the interests of members as a whole.

35. In Ontario, the Voluntary Program will be offered to employees of Citadel ULC or any of its Canadian affiliates who:

    (a) meet the eligibility criteria contained in the relevant CVIP Documentation (defined below) and such other criteria as the Citadel Parties may determine from time to time;

    (b) establish to the satisfaction of the Citadel Entity that he or she has sufficient sophistication and assets to make a Voluntary Contribution; and

    (c) qualify as an accredited investor as such term is defined under section 1.1 [*definitions*] of NI 45-106 (each a **CVIP Eligible Employee**).

36. CVIP Securities are generally available only by making a Voluntary Contribution whereby the CVIP Eligible Employee will become a shareholder of CVIPD or non-managing member of CVIPC in accordance with, and subject to, the terms of the relevant CVIP Documentation.

37. The determination as to which CVIP Company a CVIP Eligible Employee will be offered the opportunity to make a Voluntary Contribution into is driven by a combination of tax, securities, administrative and internal business considerations.

38. Voluntary Contributions will only be accepted at the discretion of the Filer and may not be available to all CVIP Eligible Employees. The minimum and/or maximum Voluntary Contribution that may be made by a CVIP Eligible Employee shall be determined in the sole discretion of the Citadel Parties and may vary among CVIP Eligible Employees.

39. In Ontario, the Voluntary Program will be offered solely to an employee of Citadel ULC or any of its Canadian affiliates who has established to the satisfaction of the Citadel Entity that he or she has sufficient sophistication and assets to make a Voluntary Contribution.

40. The offering of CVIP Securities is made to CVIP Eligible Employees globally, subject to the rules and regulations of the corresponding jurisdiction. CVIP Securities are generally issued on a fully-vested basis.

41. The Filer has determined that securities issued to CVIP Eligible Employees in Ontario can be made pursuant to existing statutory exemptions from certain securities law requirements.

42. CVIP Eligible Employees will not receive any advice from the Filer as to whether an investment in a CVIP Company is suitable.

43. No trade based fees or commission are charged to a CVIP Eligible Employee in Ontario by any Citadel Entity in connection with the CVIP Eligible Employee's acquisition of CVIP Securities.

44. Neither CVIP Company directly pays any management fees or expense reimbursements to the Filer, and the Filer does not receive any direct incentive compensation for managing either CVIP Company. However, as an investor in the Portfolio Funds, each CVIP Company pays its *pro rata* share of expense reimbursements and any management fees of such Portfolio Funds and is subject to incentive allocations made to Filer at the Portfolio Fund level.

45. Before a CVIP Eligible Employee in Ontario acquires CVIP Securities, the CVIP Eligible Employee will be provided with a disclosure package (**CVIP Documentation**) comprising (a) a Confidential Eligible Employee Information Memorandum, (b) the Articles of Association of CVIPD or the Limited Liability Company Agreement of CVIPC, (c) for CVIPD, the Portfolio Management Agreement between CVIPD and the Filer, (d) a Subscription Agreement or a similar agreement, as applicable, and (e) a Supplement that provides summaries of certain, but not all, terms and information regarding the Portfolio Funds that form a part of the investment basket relevant to the CVIP Securities.

46. In addition, CVIP Eligible Employees may be able to attend information sessions that are generally held in respect of the Voluntary Program at which the terms of the Voluntary Program and certain aspects of the CVIP Companies and/or the Portfolio Funds are discussed.

Why is the relief needed?

47. The Filer has applied for the Investment Fund Manager Relief to reflect the fact that (a) each Plan Company is a fund of funds; (b) the Filer is not registered as an investment fund manager in Ontario or any other Canadian jurisdiction; and (c) not all securities of a Plan Company will be distributed to Permitted Clients. Because not all securities of a Plan will be distributed to Permitted Clients, the Filer cannot rely on the Permitted Client IFM Exemption in Ontario.

Decision

In the opinion of the Commission it is not prejudicial to the public interest to make this Order.

It is ordered by the Commission pursuant to section 74 of the Act that the Investment Fund Manager Relief is granted provided that:

1. All securities of a Plan Company distributed in Ontario are distributed under the employee exemptions under section 2.24 of NI 45-106 to Qualified Employees who also qualify as accredited investors as such term is defined under section 1.1 of NI 45-106.

2. Securities of the Plan Company shall be distributed to no more than 20 Qualified Employees in Ontario.

3. The Filer continues to be registered as an investment adviser with the US Securities and Exchange Commission.

4. The Filer does not have its head office or principal place of business in any jurisdiction of Canada.

5. The Filer remains incorporated, formed or created under the laws of a foreign jurisdiction.

6. None of the Plan Companies or Portfolio Funds is a reporting issuer in any jurisdiction of Canada.

7. The Filer has submitted to the Ontario Securities Commission a completed Submission to Jurisdiction and Appointment of Agent for Service.

8. Before acquiring any CVIP Securities, each Qualified Employee in Ontario will be notified in writing of all of the following with respect to the Filer:

    (a) the Filer is not registered in Ontario to act as an investment fund manager;

    (b) the head office of the Filer is located in Miami, Florida USA;

    (c) all or substantially all of the assets of the Filer may be situated outside of Canada;

    (d) there may be difficulty enforcing legal rights against the Filer because of the above; and

(e) the name and address of the agent for service of process of the Filer in Ontario.

9. If the Filer has relied on the Investment Fund Manager Relief under this ruling to act as an investment fund manager for a Plan Company during the 12 month period preceding December 1 of a year, it must notify the Commission, by December 1 of that year, of the following:

(a) the fact that it relied upon the Investment Fund Manager Relief; and

(b) for each CVIP Company, the total assets under management expressed in Canadian dollars, attributable to securities beneficially owned by residents of Ontario as at the most recently completed month.

10. The Filer files with the Commission, a completed Notice of Regulatory Action in respect of the last 7 years within 10 days of the date on which the Filer begins relying on the Ruling.

11. The Filer notifies the Commission, of any change to the information previously submitted in the Notice of Regulatory Action within 10 days of the change.

12. The Filer complies with the filing and fee payment requirements applicable to an unregistered investment fund manager under OSC Rule 13-502.

DATED at Toronto, Ontario, this **11th** day of **September**, 2024.

“Elizabeth Topp”
Manager, Investment Management Division

OSC File #: 2024/0332

APPENDIX A

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

1. Name of person or company (**International Firm**):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. Details of the exemption order that the International Firm is relying on (the **Decision**), including the date of the Decision:

7. Name of agent for service of process (the **Agent for Service**):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a **Proceeding**) arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Decision, the International Firm must submit to the regulator

    (a) a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    (b) an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service; and

    (c) a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name and Title of authorized signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of (Insert name of International Firm) under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of Agent for Service or authorized signatory)

_____
(Name and Title of authorized signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	___	___
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	___	___
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	___	___
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	___	___
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	___	___
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	___	___
(g) Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	___	___

If yes, provide the following information for each action:

Name of entity	
Type of action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliates is the subject?

   Yes _____ No _____

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 Registration Information.

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm:
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

B.4
Cease Trading Orders

B.4.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
GOLD'N FUTURES MINERAL CORP.	September 5, 2024	September 12, 2024
Cloud DX Inc	September 5, 2024	September 10, 2024

B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

B.4.3 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Sproutly Canada, Inc.	June 30, 2022	
iMining Technologies Inc.	September 30, 2022	
Alkaline Fuel Cell Power Corp.	April 4, 2023	
mCloud Technologies Corp.	April 5, 2023	
FenixOro Gold Corp.	July 5, 2023	
HAVN Life Sciences Inc.	August 30, 2023	
Perk Labs Inc.	April 4, 2024	
Organto Foods Inc.	May 8, 2024	
AI/ML Innovations Inc.	August 30, 2024	
AION THERAPEUTIC INC.	August 30, 2024	

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B.6
Request for Comments

B.6.1 CSA Notice of Consultation – Proposed Amendments to National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives

CSA NOTICE OF CONSULTATION

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 94-101 MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES

September 19, 2024

Introduction

The members of the Canadian Securities Administrators (the **CSA** or **we**) are publishing for comment proposed amendments to National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives* (**National Instrument 94-101**). The proposed amendments to National Instrument 94-101 (the **Proposed Amendments**) aim to update the list of mandatory clearable derivatives to reflect the transition to a new interest rate benchmarks regime based on overnight risk-free interest rate benchmarks. Specifically, the Proposed Amendments reflect the cessation of certain inter-bank offered rates (**IBORs**) and the Canadian dollar offered rate (**CDOR**) interest rate benchmarks. The Proposed Amendments also contemplate adding credit default swaps (**CDS**) referencing certain indexes as mandatory clearable derivatives.

The Proposed Amendments will be available on the websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.ca
https://mbsecurities.ca
http://nssc.novascotia.ca
www.fcnb.ca
www.osc.ca
www.fcaa.gov.sk.ca

We are publishing this Notice and the Proposed Amendments for comment for 90 days. The comment period will expire on December 19, 2024. See below under “Request for Comments” section.

The British Columbia Securities Commission (**BCSC**) did not publish the Proposed Amendments for comment at this time. BCSC staff anticipates doing so following the British Columbia election.

Background of National Instrument 94-101

National Instrument 94-101 came into force in 2017. Its main purposes are to reduce counterparty risk in the over-the-counter (**OTC**) derivatives market and increase financial stability by requiring certain counterparties to clear certain prescribed derivatives through a central clearing counterparty. An overview of this regime was provided in the January 19, 2017, CSA Notice of Publication: National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives* and related Companion Policy[1].

National Instrument 94-101 is divided into two parts: (i) mandatory central counterparty clearing for prescribed derivatives by certain counterparties (including exemptions), and (ii) the determination of derivatives subject to mandatory central counterparty clearing. The list of mandatory clearable derivatives is included as Appendix A to National Instrument 94-101.

[1] Available online at: https://www.osc.ca/sites/default/files/pdfs/irps/csa_20170119_94-101_derivatives.pdf

Purpose of Proposed Amendments

(1) Transition to risk-free interest rate benchmarks

In 2012, allegations of manipulation of the London inter-bank offered rate (**LIBOR**) led to the loss of market confidence in the credibility and integrity of not only LIBOR, but also in financial benchmarks in general. In response to concerns regarding IBORs, the Financial Stability Board called for the cessation of the IBORs and the implementation of alternative reference rates. Publication of several IBORs has stopped and CDOR has ceased to be published on June 28, 2024[2].

As a result, the use of interest rate swaps referencing these benchmarks has significantly decreased and, in several cases, has disappeared.

Conversely, the adoption of risk-free interest rate benchmarks, as an alternative for certain IBORs and CDOR, has led to an increase in the liquidity of interest rate swaps referencing these benchmarks. Consequently, their systemic importance in financial markets globally and in Canada has also increased.

Other international regulators have recognized the systemic importance of interest rate swaps referencing risk-free interest rate benchmarks and have required these swaps to be mandatorily cleared in their respective jurisdictions[3].

The CSA contributes to and follows international regulatory proposals and legislative developments on an ongoing basis. Among the latest proposals, the CSA have closely monitored the replacement of IBORs and CDOR with risk-free interest rate benchmarks and the impact of this development on Appendix A of National Instrument 94-101.

As a result, the list of derivatives required to be cleared needs to be updated to reflect the transition to risk-free interest rate benchmarks, such as the Canadian Overnight Repo Rate Average (**CORRA**) and Secured Overnight Financing Rate (**SOFR**). This update accounts for the shift in trading activity and systemic importance. Consequently, the Proposed Amendments remove the requirement to clear certain classes of OTC derivatives referencing certain IBORs or CDOR. These benchmarks are no longer of systemic importance, and they are replaced with overnight interest rate swaps (**OIS**) referencing risk-free interest rate benchmarks.

(2) Addition of certain OTC derivatives

In addition to updating the list of mandatory clearable derivatives to reflect the transition, the CSA has also reviewed the suitability of adding certain OTC derivatives to be mandatorily cleared.

To determine which OTC derivatives or classes of OTC derivatives will be subject to the mandatory central counterparty clearing requirements, the CSA used most of the factors listed in Companion Policy *94-101 Mandatory Central Counterparty Clearing of Derivatives*[4]. Such factors include the following:

- the availability of the derivative to be cleared by a regulated clearing agency;
- the level of standardization of the derivative;
- the effect of central clearing of the derivative on the mitigation of systemic risk, taking into account the size of the market for the derivative and the available resources of the regulated clearing agency to clear the derivative;
- whether mandating the derivative or class of derivatives to be cleared would bring undue risk to regulated clearing agencies;
- the current liquidity in the market for the derivative or class of derivatives. Specifically, for the review period of April 2023 to September 2023 (the **reference period**), we analyzed monthly volume by assessing the number of transactions and the gross notional amount outstanding for certain OTC derivatives, including the gross notional by maturity, and the percentage of outstanding notional cleared during each month of the reference period;
- with regards to a regulated clearing agency, the existence of capacity, operational expertise and resources; and
- international harmonization.

2 See CSA Multilateral Staff Notice 25-312 *Reminder of Cessation of CDOR on June 28, 2024*.

3 For example, you may consult the Commodity Futures Trading Commission (CFTC) amendments adopted in 2022 available online at: https://www.cftc.gov/sites/default/files/2022/08/2022-17736a.pdf

4 Available online at: https://www.osc.ca/sites/default/files/2022-09/csa_20220901_94-101cp_unofficial-consolidation.pdf

To conduct our analysis, we have relied upon data reported by market participants to designated or recognized trade repositories in accordance with applicable regulations, as well as discussions with recognized central counterparties and requirements in foreign jurisdictions.

Summary of Proposed Amendments

(1) Proposed Amendments to reflect the cessation of certain IBORs and CDOR and the transition to risk-free interest rate benchmarks

The Proposed Amendments will remove mandatory central counterparty clearing of certain interest rate swaps and forward rate agreements (**FRA**) referencing the following interest rate benchmarks listed in Appendix A of National Instrument 94-101:

- Canadian dollar (**CAD**) CDOR,
- United States dollar (**USD**) LIBOR,
- British pound (**GBP**) LIBOR, and
- Euro (**EUR**) Euro Overnight Index Average (**EONIA**).

These derivatives are removed in each of the fixed-to-float swap, basis swap, OIS, and FRA classes, as applicable.

Furthermore, we propose to amend Appendix A of National Instrument 94-101 by adding mandatory central counterparty clearing of OIS referencing USD SOFR with a maturity between 7 days to 50 years and EUR Euro Short-Term Rate (**€STR**) with a maturity between 7 days to 3 years.

For reasons of liquidity and international harmonization, we are also proposing to expand the maturity of OIS referencing GBP SONIA subject to mandatory clearing to include maturity between 7 days to 50 years. Likewise, it is our view that given the significant liquidity for the reference period, we propose to expand the maturity of OIS referencing CAD CORRA to include maturity between 7 days to 30 years.

(2) Addition of new classes of OTC derivatives

Based on the factors listed above, we concluded that the following classes of OTC derivatives should be added to the list of mandatory clearable derivatives provided in Appendix A of National Instrument 94-101:

- Fixed-to-float interest rate swaps referencing Australian dollar (**AUD**) Bank Bill Swap rates (**BBSW**) with a maturity including 28 days to 30 years;
- CDS index CDX.NA.IG[5] with tenors of 5 and 10 years (Series 46 and all subsequent Series);
- CDS index CDX.NA.HY[6] with a tenor of 5 years (Series 46 and all subsequent Series); and
- CDS index iTraxx Europe with a tenor of 5 years (Series 45 and all subsequent Series).

We concluded that the addition of the above listed derivatives would be in the public interest.

Local Matters

An annex is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Alternatives Considered to the Proposed Amendments

The alternative to the Proposed Amendments would be not to proceed with making amendments to National Instrument 94-101 to reflect the cessation of certain IBORs and CDOR, or not adding certain liquid and standardized classes of products to the list of mandatory clearable derivatives. However, not proceeding with the removal of derivatives referencing certain IBORs and CDOR would be inconsistent with the desire to align with both the implementation of Canada's commitments in relation to global OTC derivatives markets reforms stemming from the G20 commitments of 2009[7] and the Financial Stability Board's recommendations for reforming major interest rate benchmarks[8]. Furthermore, not proceeding with the Proposed Amendments would result in certain

5 North American Investment Grade CDX Index
6 North American High Yield CDX Index
7 For more information relating to the G20 Summit of Pittsburgh, please see: http://www.g20.utoronto.ca/2009/2009communique0925.html
8 For more information relating to the Financial Stability Board' recommendations published in July 2014, please see: https://www.fsb.org/2014/07/r_140722/

liquid and standardized OTC derivatives remaining uncleared by a central counterparty potentially increasing systemic risks in Canada.

Anticipated Costs and Benefits of the Proposed Amendments

The Proposed Amendments would only apply to certain counterparties executing OTC derivatives which are subject to mandatory central counterparty clearing. Overall, the CSA is of the view that the regulatory costs of the Proposed Amendments are proportionate to the benefits that would be gained by reducing the credit risk of counterparties and increasing financial stability in the Canadian OTC derivatives market.

Contents of Annexes:

This Notice includes the following Annexes:

Annex A: Proposed Amendments to National Instrument 94-101 *Mandatory Central Counterparty Clearing of Derivatives*

Annex B: Specific question of the CSA relating to the Proposed Amendments

Annex C: Local Matters

Request for Comments

We welcome your comments on the Proposed Amendments and also invite comments on the specific question set out in Annex B of this Notice. Please submit your comments in writing on or before December 19, 2024. Please send your comments by email. Your submissions should be provided in Microsoft Word format.

Please address your submission to all of the CSA members as follows:

Alberta Securities Commission
Autorité des marchés financiers
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission, New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Superintendent of Securities Nunavut
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Financial and Consumer Services Division, Department of Justice and Public Safety, Prince Edward Island

Please deliver your comments only to the addresses that follow. Your comments will be forwarded to the remaining CSA member jurisdictions.

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: 514 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

The Secretary Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Fax: 416 593-2318
E-mail: comments@osc.gov.on.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of the written comments received during the comment period. All comments received will be posted on the websites of each of the Alberta Securities Commission at www.asc.ca, the Autorité des marchés financiers at www.lautorite.qc.ca and the Ontario Securities Commission at www.osc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

Questions with respect to this Notice and the Proposed Amendments may be referred to:

Julie Boyer,
Senior Policy Advisor
Autorité des marchés financiers
Tel: 514 395-0337, ext. 4345
Email: julie.boyer@lautorite.qc.ca

Greg Toczylowski,
Manager, Derivatives, Trading & Markets
Ontario Securities Commission
Tel: 416-419-1133
Email: gtoczylowski@osc.gov.on.ca

Janice Cherniak
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Alberta Securities Commission
403-355-4864
janice.cherniak@asc.ca

Leigh-Anne Mercier
General Counsel
Manitoba Securities Commission
204-945-0362
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Abel Lazarus
Director, Corporate Finance
Nova Scotia Securities Commission
902-424-6859
abel.lazarus@novascotia.ca

ANNEX A

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 94-101 *MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES*

1. National Instrument 94-101 Mandatory Central Counterparty Clearing of Derivatives is amended by this Instrument.

2. Appendix A is replaced with the following:

APPENDIX A

TO

NATIONAL INSTRUMENT 94-101 *MANDATORY CENTRAL COUNTERPARTY CLEARING OF DERIVATIVES*

MANDATORY CLEARABLE DERIVATIVES
(Subsection 1(1))

INTEREST RATE SWAPS

FIXED-TO-FLOAT SWAPS

Floating Rate Index	Settlement Currency	Maturity	Settlement Currency Type	Optionality	Notional Type
EURIBOR	EUR	28 days to 50 years	Single currency	No	Constant or variable
BBSW	AUD	28 days to 30 years	Single currency	No	Constant or variable

BASIS SWAPS

Floating Rate Index	Settlement Currency	Maturity	Settlement Currency Type	Optionality	Notional Type
EURIBOR	EUR	28 days to 50 years	Single currency	No	Constant or variable

OVERNIGHT INDEX SWAPS

Floating Rate Index	Settlement Currency	Maturity	Settlement Currency Type	Optionality	Notional Type
CORRA	CAD	7 days to 30 years	Single currency	No	Constant
FedFunds	USD	7 days to 3 years	Single currency	No	Constant
SOFR	USD	7 days to 50 years	Single currency	No	Constant
€STR	EUR	7 days to 3 years	Single currency	No	Constant
SONIA	GBP	7 days to 50 years	Single currency	No	Constant

FORWARD RATE AGREEMENTS

Floating Rate Index	Settlement Currency	Maturity	Settlement Currency Type	Optionality	Notional Type
EURIBOR	EUR	3 days to 3 years	Single currency	No	Constant

CREDIT DEFAULT SWAPS

Index	Region	Maturity	Applicable Series	Tranched
CDX.NA.IG	North America	5 years, 10 years	Series 46 and all subsequent Series.	No
CDX.NA.HY	North America	5 years	Series 46 and all subsequent Series.	No
iTraxx Europe	Europe	5 years	Series 45 and all subsequent Series.	No

3. This Instrument comes into force on [*insert date here*].

ANNEX B

Would adding some single-name CDS to the list of mandatory clearable derivatives be beneficial for market participants? Please explain the reasons why it would be appropriate or not.

ANNEX C

LOCAL MATTERS

COST AND BENEFIT ANALYSIS

As set out in the main body of this Notice, the CSA are publishing the following for a comment period:

- The proposed amendments (**Proposed Amendments**) to National Instrument 94-101, *Mandatory Central Counterparty Clearing Of Derivatives* (**NI 94-101**)

In this annex, we present our qualitative assessment of the estimated costs and benefits of the Proposed Amendments to Ontario's capital markets.

A. Background – Current Framework and the Purpose of the Proposed Amendments

The NI 94-101 is part of Canada's commitments in relation to global over-the-Counter (**OTC**) derivatives markets reforms stemming from the G20 commitments of 2009 in response to the financial crisis. The NI 94-101 first came into force in April 2017. Since then, many of the OTC derivatives required to be cleared in the NI 94-101 reference interest rate benchmarks that have been or will be replaced with new reference interest rates. For example, in Canada, the Canadian Dollar Offered rate (**CDOR**) will be replaced by the Canadian Overnight Reference Rate Average (**CORRA**) on June 28, 2024. The Proposed Amendments have two objectives:

1. Updating the list of mandatory clearable OTC derivatives to include products that reference the new replacement interest rate benchmarks.

   - In 2012, allegations of manipulation of the London inter-bank offered rate (**LIBOR**) led to the loss of market confidence in the credibility and integrity of not only LIBOR, but also in financial benchmarks in general. In response to concerns regarding inter-bank offered rates (**IBORs**), the Financial Stability Board has called for the cessation of IBORs and the implementation of alternative reference rates. Subsequently on May 16, 2022, the Ontario Securities Commission (**OSC**) authorised a cessation plan of CDOR.[1]

   - As a result, the list of those derivatives that are required to be cleared needs to be updated to reflect the transition to risk-free rate benchmarks such as CORRA and Secured Overnight Financing Rate (**SOFR**) to reflect the shift in trading activity and systemic importance.

2. Adding new products to the list of OTC derivatives subject to mandatory clearing.

   - To determine which OTC derivatives or class of OTC derivatives will be subject to mandatory central counterparty clearing requirements, we considered most of the factors outlined in the Companion Policy to NI 94-101.[2] We came to our conclusion by analysing data reported by market participants to designated or recognized trade repositories in accordance with applicable regulations, and by also having discussions with recognized central counterparties.

B. Stakeholders Affected by the Proposed Amendment

The stakeholders that will be affected include:

1. Entities[3] operating in Ontario that transact in the class of designated OTC derivatives found in Appendix A of NI 94-101(**Appendix A**) and that satisfy one or more of the conditions listed in section 3 of the NI 94-101.[4] These entities (nine entities in total) consist of local Canadian Banks, as well as local pension funds.

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1 The OSC's decision is available at: https://www.osc.ca/en/securities-law/orders-rulings-decisions/canadian-dollar-offered-rate-and-refinitiv-benchmark-services-uk-limited-1

2 The relevant Companion Policy can be found at: https://www.osc.ca/sites/default/files/2022-09/csa_20220901_94-101cp_unofficial-consolidation.pdf

3 By Ontario entities we mean "local counterparty" in Ontario.

Pursuant to section 1(1) of NI 94-101, "local counterparty" means a counterparty to a derivative if, at the time of execution of the transaction, either of the following applies:
(a) the counterparty is a person or company, other than an individual, to which one or more of the following apply:
(i) the person or company is organized under the laws of the local jurisdiction;
(ii) the head office of the person or company is in the local jurisdiction;
(iii) the principal place of business of the person or company is in the local jurisdiction;
(b) the counterparty is an affiliated entity of a person or company referred to in paragraph (a) and the person or company is liable for all or substantially all the liabilities of the counterparty;

4 Both the Ontario entity and its counterparty must satisfy at least one of the following three conditions:

1. The party is a participant of a regulated clearing agency that offers clearing services in respect of the mandatory clearable derivative, and the party subscribe to clearing services for the class of derivatives to which the mandatory clearable derivative belongs.

2. The general public in Ontario including assets owners and investors insofar as they receive the benefits of a more stable financial system.

C. Impact on the OSC mandate

The OSC considers the impact of proposed rulemaking on the OSC's mandate to:

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

The Proposed Amendments will impact the systemic risk component of the OSC's mandate.

By updating the list of products that must be cleared through a central counterparty (**CCP**) and that have systemic importance to Ontario's capital markets, the Proposed Amendments help mitigate potential systemic risks by reducing the counterparty credit risk present in bilateral trades.

Clearing OTC derivatives through a CCP mitigates counterparty credit risk by novating bilateral trades to one CCP, the clearing agency. As a result, the CCP is the buyer to every seller, and the seller to every buyer. Due to the strict regulation and oversight of CCPs and the CCP's rules for products, valuation, and collateral, it is widely felt that mandating suitable products to be cleared at a CCPs is beneficial to the stability of capital markets.

D. Anticipated costs and benefits

1. Benefits to stakeholders

a. Ontario entities and their domestic and foreign counterparties

Increased harmonization with other jurisdictions and reduced confusion amongst market participants

- Maintaining an up-to-date and relevant list of clearable products helps reduce regulatory confusion amongst market participants. We do so by updating Appendix A, to reflect the cessation of IBOR and CDOR interest rate benchmarks. The interest rate benchmarks added or modified in Appendix A (SOFR, CORRA, and Euro Short-Term Rate (**ESTR**)) are being or have been adopted by other jurisdictions globally in their mandatory clearing rules. By adopting these interest rate benchmarks in NI 94-101, we will be in-line with the global standard.

b. General Public in Ontario

Reduction in systemic risk

- Central clearing of OTC derivatives will result in more effective management of counterparty credit risk, thus mitigating the effects if one of the counterparties does not fulfill its obligations.[5] Central clearing can increase market transparency, contribute to the stability of our financial markets, and reduce systemic risk. [6]

Increased confidence in regulatory oversight

- Maintaining an up-to-date and relevant list of clearable products helps increase confidence amongst market participants that regulatory authorities are being vigilant and aware of market characteristics and trends.

2. A party is a subsidiary of a party referred in paragraph (1) and has had a month-end gross notional amount under all outstanding derivatives exceeding $1 000 000 000.
3. The party is from a Canadian jurisdiction and has had a month-end gross notional amount under all outstanding derivatives, combined with each affiliated entity that is a local counterparty in any jurisdiction of Canada, exceeding $500 000 000 000.

[5] A central counterparty (CCP) reduces counterparty credit and liquidity risk exposures through netting. It replaces bilateral trading exposures between market participants with a centralized network of exposures between clearing participants. Instead of being subject to multiple exposures to a range of counterparties, each market participant maintains just a single trading exposure to the CCP. Because of multilateral netting, the size of this exposure is equivalent to the net position vis-à-vis all other clearing members.

[6] BIS Quarterly review, December 2015, *Central Clearing: Trends and current issues,* https://www.bis.org/publ/qtrpdf/r_qt1512g.htm

2. Costs to stakeholders

a. Ontario Entities

The incremental cost of clearing to Ontario entities:

- The OTC derivatives products being added to Appendix A are already being cleared by the majority of the Ontario entities that are required to clear pursuant to NI 94-101. The majority of the entities that will be affected by the Proposed Amendments are already clearing members of regulated clearing agencies.
- For entities that are not clearing members of a recognized or exempt clearing agency, they can clear their transactions through existing clearing members of the regulated clearing agencies provided there is a trading relationship established. From reviewing the trade repository data, we know that the entities are currently clearing some or all of the products listed in the amended Appendix A. Thus, we do not anticipate that the Proposed Amendments will create significant operational or administration burden to these Ontario entities.

Legal and compliance costs:

- We anticipate the costs for entities to review the rule and implement processes and controls to ensure compliance with the rule will be minimal. The Proposed Amendments do not change any of the text in the rule and as a result, the amount of time and expertise required to review and assess its impact should be minimal. In addition, as the OTC derivatives being added to the Appendix A are highly liquid and are currently cleared, changes to existing trading agreements may not be required.

There may be some initial set-up compliance costs associated with the changes for each impacted Ontario entity, but they should not persist going forward. These initial set up costs could include the following:

- Legal analysis and review of the Proposed Amendments (in house legal – 2 hours);
- compliance analysis and review (compliance director – 2 hours); and
- systems development to ensure compliance (project manager, developers, business analyst – 5 hours each).

Thus, the estimated cost[7] on personnel per firm will be:

Activity	Staff Involved	Hourly rate	Total hours per activity	Total cost per activity
Legal analysis and review of the amendment	Senior Legal Counsel	$96	2	$192
Compliance analysis and review	Compliance Director	$78	2	$156
Systems development to ensure compliance	Project Manager	$75	5	$380
	Software Developer	$65	5	$325
	Business Analyst	$64	5	$320

[7] The source of the hourly rate is from Robert Half salary Guide 2024, https://www.roberthalf.com/ca/en/insights/salary-guide:

Position	Hourly rate
In-House Legal Counsel 0-3 Years' Experience	$66.35
In-House Legal Counsel 4-9 Years' Experience	$82.86
In-House Legal Counsel 10+ years' Experience	$95.90
Compliance Director - Corporate Accounting	$78.23
Project Manager	$75.47
Software Developer	$65.44
Business Analyst - Technology	$64.44

Estimated cost	$1,373[8]
Total estimated costs of the 9 entities	$12,357

b. Retail investors

Retail investors will not be impacted by the Proposed Amendments.

[8] We round the number to the nearest dollar.

The precise estimation when a senior legal counsel (10+ years of experience) is being employed is:
(2x 95.90) + (2x 78.23) + (5x (75.47 +65.44+64.44) = CAD 1375.01

In the scenario where a mid-level legal counsel (4-9 years of experience) is being employed, the precise estimated cost is:
(2x 82.86) + (2x 78.23) + (5x (75.47 +65.44+64.44) = CAD 1348.93.

B.7
Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.com).

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

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

B.9
IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Mulvihill Premium Yield Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Sep 13, 2024
NP 11-202 Final Receipt dated Sep 13, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06168963

Issuer Name:
Fidelity Equity Premium Yield ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Sep 9, 2024
NP 11-202 Final Receipt dated Sep 10, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06165438

Issuer Name:
Partners Value Split Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated Sep 13, 2024
NP 11-202 Preliminary Receipt dated Sep 13, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06183959

Issuer Name:
Evolve Canadian Aggregate Bond Enhanced Yield Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Sep 16, 2024
NP 11-202 Preliminary Receipt dated Sep 16, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06184294

Issuer Name:
Harvest Industrial Leaders Enhanced Income ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Sep 10, 2024
Withdrawn on Apr 5, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06093211

Issuer Name:
BMO Brookfield Global Renewables Infrastructure Fund
BMO Canadian Equity ETF Fund
BMO Global Strategic Bond Fund
BMO International Equity ETF Fund
BMO Money Market Fund
BMO Sustainable Income Portfolio
BMO Sustainable Conservative Portfolio
BMO Sustainable Balanced Portfolio
BMO Sustainable Growth Portfolio
BMO Sustainable Equity Growth Portfolio
BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated August 30, 2024
NP 11-202 Final Receipt dated Sep 10, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06114680, 06114207, 06114275, 06114452, 06114483 & 06114641

Issuer Name:
Alphabet (GOOGL) Yield Shares Purpose ETF
Amazon (AMZN) Yield Shares Purpose ETF
Apple (AAPL) Yield Shares Purpose ETF
Tesla (TSLA) Yield Shares Purpose ETF
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Long Form Prospectus dated September 12, 2024
NP 11-202 Final Receipt dated Sep 16, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06040811

Issuer Name:
Purpose Best Ideas Fund
Purpose Core Dividend Fund
Purpose Core Equity Income Fund
Purpose Enhanced Premium Yield Fund
Purpose Global Bond Class
StoneCastle Equity Growth Fund (formerly, Purpose Canadian Equity Growth Fund)
StoneCastle Income Growth Fund (formerly, Purpose Canadian Income Growth Fund)
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated September 12, 2024
NP 11-202 Final Receipt dated Sep 16, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06096884

NON-INVESTMENT FUNDS

Issuer Name:
HIVE Digital Technologies Ltd.
Principal Regulator – British Columbia
Type and Date:
Final Shelf Prospectus dated September 11, 2024
NP 11-202 Final Receipt dated September 13, 2024
Offering Price and Description:
US$300,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities, Share Purchase Contracts
Filing # 06156099

Issuer Name:
AIP Realty Trust
Principal Regulator – British Columbia
Type and Date:
Amendment to Preliminary Shelf Prospectus dated September 13, 2024
NP 11-202 Amendment Receipt dated September 13, 2024
Offering Price and Description:
$125,000,000 - Trust Units, Debt Securities, Subscription Receipts, Warrants, Units
Filing # 06146544

Issuer Name:
Atico Mining Corporation
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated September 11, 2024
NP 11-202 Preliminary Receipt dated September 11, 2024
Offering Price and Description:
C$15,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities, Share Purchase Contracts
Filing # 06183223

Issuer Name:
McEwen Mining Inc.
Principal Regulator – Ontario
Type and Date:
Final MJDS Prospectus dated September 11, 2024
NP 11-202 Final Receipt dated September 11, 2024
Offering Price and Description:
45,000,000 Shares of Common Stock
Filing # 06172436

Issuer Name:
Anthem Citizen Real Estate Development Trust
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated September 10, 2024
NP 11-202 Preliminary Receipt dated September 10, 2024
Offering Price and Description:
Minimum: $65,000,000 of Class A Units and/or Class F Units
Maximum: $82,000,000 of Class A Units and/or Class F Units
Filing # 06182976

Issuer Name:
National Bank of Canada
Principal Regulator – Québec
Type and Date:
Final Shelf Prospectus dated September 6, 2024
NP 11-202 Final Receipt dated September 9, 2024
Offering Price and Description:
$5,000,000,000 - Debt Securities (unsubordinated indebtedness), Debt Securities (subordinated indebtedness), First Preferred Shares, Common Shares, Subscription Receipts
Filing # 06179715

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated September 9, 2024
NP 11-202 Final Receipt dated September 10, 2024
Offering Price and Description:
Units, Subscription Receipts, Warrants, Debt Securities
Filing # 06182601

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated September 9, 2024
NP 11-202 Final Receipt dated September 10, 2024
Offering Price and Description:
$5,000,000,000 Senior Medium Term Notes
Filing # 06161757

Issuer Name:
IsoEnergy Ltd.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated September 5, 2024
NP 11-202 Final Receipt dated September 9, 2024
Offering Price and Description:
$200,000,000 - Common Shares, Warrants, Units, Debt Securities, Subscription Receipts
Filing # 06175603

Issuer Name:
POET Technologies Inc.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated September 6, 2024
NP 11-202 Final Receipt dated September 9, 2024
Offering Price and Description:
US$250,000,000 - Common Shares, Debt Securities, Convertible Securities, Subscription Receipts, Warrants, Units
Filing # 06151549

Issuer Name:
Kits Eyecare Ltd.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 9, 2024
NP 11-202 Preliminary Receipt dated September 10, 2024
Offering Price and Description:
$11,418,750
1,125,000 Common Shares
Price: $10.15 per Common Share
Filing # 06182002

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Grandview Capital Corp.	Exempt Market Dealer	September 16, 2024

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