The Ontario Securities Commission

OSC Bulletin

October 24, 2024

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The Ontario Securities Commission carries out the powers, duties and functions given to it pursuant to the *Securities Commission Act, 2021* (S.O. 2021, c. 8, Sched. 9).

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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FOR IMMEDIATE RELEASE
October 21, 2024

KALLO INC.,
JOHN CECIL AND
SAMUEL PYO,
File No. 2023-12

TORONTO – The previously scheduled days of October 22, 23 and 24, 2024 will not be used for the merits hearing in the above-named matter. The merits hearing will commence on October 29, 2024 and continue on October 30 and 31, November 28 and 29, December 2, 3, 12, 13, 16, 17 and 18, 2024, January 14, 15, 16, 21, 22, 23, 28, 29 and 30, February 4, 5, 6 and 11, 2025 at 10:00 a.m. on each day.

The hearing will be held at the offices of the Tribunal at 20 Queen Street West, 17th floor, Toronto. Members of the public may observe the hearing by videoconference, by selecting the "Register to attend" link on the Tribunal's hearing schedule, at capitalmarketstribunal.ca/en/hearing-schedule.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.2.2 Kallo Inc. et al.

FOR IMMEDIATE RELEASE
October 21, 2024

KALLO INC.,
JOHN CECIL AND
SAMUEL PYO,
File No. 2023-12

TORONTO – A confidential conference in the above-named matter is scheduled to be heard on October 23, 2024 at 10:00 a.m.

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B. Ontario Securities Commission

B.1
Notices

B.1.1 Notice of Framework Arrangement for Regulatory, Supervisory and Oversight Cooperation on Eurex Clearing AG (Global College)

NOTICE OF
FRAMEWORK ARRANGEMENT FOR REGULATORY, SUPERVISORY AND
OVERSIGHT COOPERATION ON EUREX CLEARING AG (GLOBAL COLLEGE)

October 24, 2024

The Ontario Securities Commission (**OSC**) has entered into a Framework Arrangement for Regulatory, Supervisory and Oversight Cooperation on Eurex Clearing AG (Global College) (**Arrangement**) with the German Bundesanstalt für Finanzdienstleistungsaufsicht (**BaFin**).

The objective of the Arrangement is to create a framework arrangement to enhance, through discussion, consultation and disclosure of information between authorities, the regulation of Eurex Clearing AG.

The Arrangement came into effect in Ontario on September 25, 2024.

Contact Information

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[**Editor's Note:** Framework Arrangement for Regulatory, Supervisory and Oversight Cooperation on Eurex Clearing AG (Global College) is reproduced on the following separately formatted pages. Bulletin pagination resumes at the end of the Framework.]

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Framework Arrangement for Regulatory, Supervisory and Oversight Cooperation on Eurex Clearing AG (Global College)

A. Preamble

1. Eurex Clearing AG („ECAG") is a stock corporation incorporated in Germany and licensed by the German Federal Financial Supervisory Authority ("BaFin") as a Central Counterparty according to Regulation (EU) No. 648/2012 („EMIR") as well as a deposit taking credit institution. ECAG provides clearing services for derivatives, equities, bonds and secured funding and for the securities financing market.

2. ECAG is also registered, licensed or authorised to provide clearing services in certain other non-EU jurisdictions.

3. Due to the products and values cleared by ECAG, the various clearing Members' countries of incorporation as well as the currencies of denomination and settlement of ECAG's cleared products, several financial regulatory, supervisory or oversight authorities in jurisdictions not included in the EMIR College written agreement for ECAG are interested in having a general arrangement for international regulatory cooperation regarding ECAG.

4. The establishment of such a framework arrangement is in line with Responsibility E of the CPMI-IOSCO Principles for Financial Market Infrastructures ("Responsibility E"). Responsibility E requires central banks, market regulators and other relevant authorities to cooperate in order to promote the safety and efficiency of financial market infrastructures ("FMIs"), to support each other in fulfilling their respective regulatory, supervisory, or oversight mandates, to facilitate the comprehensive regulation, supervision, and oversight and to provide a mechanism whereby the responsibilities of multiple authorities can be fulfilled efficiently and effectively taking into consideration the statutory responsibilities of the authorities, the systemic importance of the FMI for the respective jurisdictions, the FMI's comprehensive risk profile and the FMI's participants.

5. BaFin is responsible for the supervision of ECAG in Germany and is ECAG's competent authority under EMIR. BaFin takes responsibility to set up a framework that will govern the operation of international regulatory cooperation concerning ECAG's supervision ("the Framework Arrangement"). This Framework Arrangement is the governing framework under which BaFin and other authorities with a regulatory interest in ECAG will work together to co-operate in the supervision and oversight of ECAG.

B. Definitions

6. In this Framework Arrangement, unless otherwise specified

„BaFin" means Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority).

"EMIR" means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

"Participating Authority" means any other authority than BaFin with a regulatory interest in ECAG satisfying the criteria for participation in para. 17 et seqq. of the Framework Arrangement.

"EMIR College" means the College established pursuant to Art. 18 EMIR.

"Confidential Information" means any non-public information relating to the business or other affairs of any person or firm (including supervisory judgments or opinions of a Participating Authority) that is received by a Participating Authority through its participation in the Framework.

"Emergency Situation" means not withstanding any other arrangement, any situation on which there is (or is a serious threat of) a major disruption to the functioning of ECAG, or there is significant evidence to indicate that there is a high risk of a default of a major participant of ECAG, or such a default has occurred.

C. Framework Arrangement

I. Objectives and Scope

7. BaFin and other authorities with a regulatory interest in ECAG want to create a framework arrangement to enhance, through discussion, consultation and disclosure of information between authorities, the regulation of ECAG. BaFin and the Participating Authorities will seek to promote and facilitate the effective and consistent application of international standards, including the CPMI-IOSCO Principles for Financial Market Infrastructure and facilitate the implementation of Responsibility E.

8. In particular BaFin and the Participating Authorities seek to promote a consistent regulatory approach, which:

   (1) improves oversight efficiency by minimising the burden on ECAG and the duplication of effort by BaFin and the Participating Authorities in line with their respective responsibilities;

   (2) enables consistent and transparent communication among the Participating Authorities and with ECAG;

   (3) promotes transparency among the Participating Authorities regarding the development and implementation of applicable policies; and

   (4) supports fully informed judgments when Participating Authorities make their independent assessments and decisions regarding ECAG, while recognising that individual assessments and decisions by a Participating Authority could have implications for other Participating Authorities.

9. This Framework Arrangement governs and provides the necessary bases for the interaction between BaFin and the Participating Authorities regarding ECAG.

10. The scope of the Framework Arrangement covers all clearing services provided by ECAG and ECAG's governance, controls, structure, arrangements and processes implemented or provided by ECAG to facilitate, enable and risk manage the provision of clearing services.

11. The Framework Arrangement is not legally binding. Therefore, its provisions do not create any legally binding obligations or any directly or indirectly enforceable rights, confer any rights, modify or supersede any domestic laws or regulatory requirements in the Participating Authorities' respective jurisdictions. Nothing in the Framework Arrangement will affect the competence of Participating Authorities under their respective laws and regulations.

12. The Framework Arrangement does not affect any other arrangements between two or more Participating Authorities or any arrangements between a Participating Authority and any other third party or parties, including any bilateral or multilateral arrangements between BaFin and another authority or authorities that may be put in place with regard to the supervision and oversight of ECAG as mandated by relevant legislation, regulatory development or otherwise, either at the time of signature of these terms or at a future date.

Nothing in this Framework Arrangement will prescribe, mandate or limit the ability of the authorities with statutory responsibility for the supervision or oversight of ECAG to develop and operate other arrangements for regulatory cooperation with regard to ECAG. For the avoidance of doubt, such bilateral or multilateral arrangements will operate independently of and in parallel to this Framework Agreement.

13. It will be a required precondition for participation in the Framework Arrangement that the Participating Authority acknowledges and agrees to the terms of this Framework Arrangement.

14. This Arrangement will continue indefinitely subject to modification or termination. Any modification of the Framework Arrangement, except the change in the parties thereto which will be subject to paragraph 20, will be agreed in writing by all Participating Authorities.

15. Each of the Participating Authorities may terminate their participation in the Framework Arrangement by giving one (1) month's prior notice in writing to BaFin, whereby Confidential Information received remains subject to the provisions in Section VI below. Upon such termination, the Framework Arrangement will continue to apply between the remaining Participating Authorities; an exception exists in the case of a termination of this Arrangement by BaFin, where the Framework Arrangement will cease to apply with respect to all parties.

II. Authority with Primary Responsibility

16. BaFin has the primary responsibility to enable the operation and development of the Framework Arrangement in order to establish efficient and effective cooperation among all Participating Authorities.

III. Participation of Authorities

17. The Framework Arrangement will be concluded with authorities that wish to engage in regulatory cooperation with regard to ECAG and which are:

    (1) central banks of issuance of currencies for which ECCAG's settlements are systemically important against the PFMIs; or

    (2) central banks providing standing account facilities to ECAG; or

    (3) authorities that have statutory responsibility, under national or supra-national law, for the supervision or oversight of ECAG, clearing services operated by ECAG, ECAG's significant clearing members and/or other FMIs with which ECAG has a significant relationship or interdependency; or

    (4) authorities that are members of the ECAG EMIR College or have been members of the ECAG EMIR College in the previous 5 years.

18. In line with Responsibility E, BaFin will consider requests from authorities with a relevant interest in ECAG, as specified in paragraph 17. BaFin will inform all Participating Authorities

if any new Authority joins the Framework Arrangement. BaFin will carry out periodic reviews of the membership of the Framework Arrangement.

19. In order to act as a Participating Authority, an authority must satisfy the criteria for participation in the Framework Arrangement at the point of adoption and on an ongoing basis as detailed in paragraphs 17 and 20 of this Framework Arrangement. Should changing conditions result in a Participating Authority no longer meeting the criteria for participation in this Framework Arrangement, the Participating Authority shall discuss with BaFin a timeline for it to cease participation in this Framework Arrangement taking into account the terms of paragraph 15.

20. In order to be eligible to act as a Participating Authority, an authority must acknowledge in writing to BaFin that it supports the establishment of this Framework Arrangement and that its participation in the Arrangement will be consistent with its terms. Such acknowledgement should be in the form set out in Annex 1 to these Terms. This form should be signed by an authorised signatory who has the relevant authority in accordance with the authority's internal corporate governance or board approvals. Such acknowledgement must be made no later than five business days before the authority in question commences its participation in this Framework Arrangement. Before an authority in question commences its participation in this Framework Arrangement, BaFin will confirm to all authorities that are already Participating Authorities that the authority in question has acknowledged in writing its acceptance of the Arrangement.

21. Each Participating Authority must provide BaFin with contact details for two staff members to act as its representatives for the purpose of this Framework Arrangement. One representative will be nominated as the primary representative, the other as the secondary representative. These representatives will act as the contact point for the provision of information, information requests and crisis information sharing under the Framework Arrangement and for any administrative purposes related to the operation of this Arrangement. BaFin will use these designated contacts for the sending of all information under this Framework Arrangement. Such contact details must be communicated to BaFin in writing, and should include:

    (1) the name of the contact person;

    (2) the telephone number of the contact person;

    (3) an email address for the contact person; and

    (4) a mailing address for the contact person.

IV. Activities of the Global College

1. Form of cooperation

22. Cooperation in the Framework Arrangement will consist of the reciprocal exchange of regulatory information, regulatory perspectives and opinions related to ECAG between the Participating Authorities. A Participating Authority shall consider discussing with the other

Participating Authorities any forthcoming regulatory interaction with ECAG if it considers that this may be of interest and relevance to the other Participating Authorities.

23. Except where regular intervals are specified below, information will be shared on a quarterly basis with summary reports given in conference calls or when possible in in-person meetings or as otherwise discussed by Participating Authorities. Information sharing and related discussions between Participating Authorities regarding member defaults and market emergencies will take place as soon as practical taking into consideration operational arrangements and any need for a Participating Authority to gain approval for the disclosure of information.

24. Cooperation in the Framework Arrangement will include mutual discussion of Participating Authorities' views and regulatory assessments of ECAG, primarily through discussion of regulatory assessments and material risk issues raised by ECAG's business and risk management practices and/or proposed changes to these practices.

    (1) BaFin and all Participating Authorities maintain the right to prepare their own independent analyses and assessments of ECAG. If a Participating Authority conducts its own assessment of ECAG, it will consider the views of BaFin before finalising its analysis and conclusions. Any Participating Authority which conducts an assessment of ECAG will consult the other Participating Authorities, where practicable. Consultations conducted under this Paragraph may be either bilateral between the two relevant Participating Authorities or multilateral, involving other Participating Authorities, as appropriate.

    (2) A Participating Authority, including BaFin, which conducts an assessment of ECAG against the CPMI-IOSCO Principles for Financial Market Infrastructure will, when assessing procedures for any currency for which ECAG's payment and settlement arrangements and its related liquidity risk-management procedures are systemically important, consult the relevant central bank of issue and will consider the views expressed by the central bank before finalising its analysis.

    (3) An assessment of ECAG conducted by a Participating Authority (including results and related reports) will not be disclosed to the public unless the Participating Authorities agree otherwise.

    (4) Where disclosure of an assessment of ECAG conducted by a Participating Authority (including results and related reports) is required by statutory responsibilities, charters, or publically stated policy, the Participating Authority required to disclose the assessment (the 'Disclosing Authority') will share its assessments with the other Participating Authorities before the assessment is made publicly available, and will provide an opportunity for other Participating Authorities to raise any concerns. The Disclosing Authority will not attribute or imply any views, participation, or approval of another Participating Authority in assessments publicly disclosed without the consent of such party.

25. A Participating Authority should provide the other Participating Authorities with details of the authorisation or licenses issued by that Participating Authority to ECAG in its respective jurisdiction and the requirements that attach to such regulatory status. A Participating

Authority should also notify the other Participating Authorities as soon as practical of changes to regulatory, supervisory or oversight requirements in its jurisdiction, which it considers may have material implications for the oversight of ECAG in other jurisdictions.

2. Areas of regulatory cooperation

26. It is envisaged that regulatory cooperation in the Framework Arrangement will include the following areas, unless such information is already made available to the Participating Authorities through alternative channels:

    (1) monthly data reports covering relevant services of ECAG, to be distributed by BaFin by email, containing data on margin, collateral and other key indicators, the content and format of which will be developed by BaFin in consultation with the other Participating Authorities and reviewed periodically;

    (2) information on any events of member default that have occurred, including details of use of ECAG's default protections and default management processes that have occurred and which impact the operation or resilience of ECAG and the total level of financial resources remaining at ECAG for default management purposes;

    (3) discussion of regulatory assessments against international standards, such as the CPMI-IOSCO Principles for Financial Market Infrastructure or, where each Participating Authority deems it appropriate, other standards or requirements that a Participating Authority implements, or self-assessments of ECAG against international standards, when such assessments have been made;

    (4) where each Participating Authority deems it appropriate, Participating Authorities' regulatory opinions and priorities;

    (5) information in the event of a business continuity event, member default, force majeure, market emergency or other non-business as usual event and which impact the operation or resilience of ECAG;

    (6) details of any material changes to the ownership, regulatory status, senior management, product or service offering, risk management or control processes or operational methodology implemented or proposed by ECAG.

27. BaFin may also distribute such other information as it judges appropriate, which may include information with regards to the governance, controls, arrangements and processes that ECAG maintains should such information be required by a Participating Authority to inform that authority's regulatory assessment of ECAG or its assessment of ECAG's systemic importance in the Participating Authority's jurisdiction.

3. Meetings and communication

28. A meeting of Participating Authorities will be held on at least an annual basis (in-person or videoconference). BaFin will organise and Chair this meeting. Meetings of Participating Authorities will be subject to an agenda, to be set by BaFin in consultation with the other Participating Authorities and distributed no later than one week before the meeting. BaFin will endeavour to provide written documentation to support discussion at the meeting no

later than one week before the meeting. BaFin will prepare formal minutes of a meeting of Participating Authorities and provide the Participating Authorities with the opportunity for comment before these minutes are finalised. The minutes are for the benefit of the Participating Authorities and will not be made publically available. Each Participating Authority, other than BaFin, will be represented at meetings of Participating Authorities by only one member of its staff, unless BaFin, acting at its discretion, permits one or more Participating Authorities to be represented by more than one member of staff. Generally, the representative will be the person designated by the Participating Authority as its primary or secondary representative, but the Participating Authority may be represented by an alternative person at the discretion of the Participating Authority in question. To facilitate the effectiveness of the meetings, BaFin may be represented by more than one member of staff. BaFin may, on notification to Participating Authorities, invite authorities qualifying under paragraph 17, which are not yet signatories to this Framework Arrangement, to participate in meetings and discussions, subject to relevant confidentiality agreements being in place.

29. BaFin may direct a conference call to be held between the Participating Authorities, either on its own initiative or following a request by any Participating Authority. Where practical, notice of ten business days will be given before such a conference call is held, and such conference calls will be subject to an agenda and will be formally minuted, following the arrangements for in-person meetings of the Participating Authorities.

30. Should BaFin assess it to be appropriate and practical, representatives from ECAG may be invited to attend meetings and conference calls to directly provide updates, information and answer questions.

4. Request of additional information by Participating Authorities

31. A Participating Authority may request information additional to that covered under paragraph 26 from BaFin or from any other Participating Authority (the 'requested authority'). BaFin may also request information from any Participating Authority. Such requests for the provision of information or other assistance will be made in writing where possible, but in urgent cases may be made verbally and confirmed in writing within five business days. To facilitate assistance, the Participating Authority making a request (the 'requesting authority') to BaFin should specify in its request:

    (1) the information or other assistance sought;

    (2) a general description of the matter which is the subject of the request;

    (3) the purpose for which the information or other assistance is sought;

    (4) if the requesting authority is seeking confirmation of the accuracy of information provided by the requested authority and the nature of the confirmation sought;

    (5) if the requesting authority is seeking further information in relation to information provided by the requested authority and should specify the nature of the further information sought;

(6) where onward disclosure of information provided to the requesting authority is likely to be necessary, the identity of the person to whom disclosure may be made and the reasons for such disclosure; and

(7) the desired time period for a reply.

V. Emergency Situation

32. In the event of an emergency situation, BaFin (or where relevant any other Participating Authority) will share with Participating Authorities the following information, where possible and as soon as practical:

    (1) details of the emergency situation;

    (2) actions likely to be taken by BaFin or, where relevant, by any other Participating Authority, should BaFin be aware of any such possibly action and the Participating Authority in question consents to the sharing of this information by BaFin;

    (3) actions being taken by ECAG. Including under its default rules, recovery or emergency procedures;

    (4) if applicable, details of any default protections exercised and/or recovery powers deployed by ECAG; and

    (5) any other available information that would be of particular relevance to other Participating Authorities.

33. BaFin or, where relevant, any other Participating Authority, may choose to distribute the information specified in Paragraph 32 by email or by means of a conference call or in-person meeting, as is considered appropriate at the time, and taking into account

    (1) whether other authorities should be included in this communication; and

    (2) whether it would be appropriate to contact other crisis communication networks beyond this Framework Arrangement.

34. BaFin (or, where relevant, any other Participating Authority) will use the contact details referred to in paragraph 21 of these Terms. These representatives are responsible for notifying relevant individuals in there authorities where necessary and subject to confidentiality restraints.

35. Subject to the provisions of this Framework Arrangement regarding confidentiality and use of information as laid out in section VI., BaFin will decide on whether it may be appropriate to distribute information provided by BaFin on the emergency situation outside primary and secondary representatives of the Participating Authorities and, if so, in what form and scope.

VI. Confidentiality and Uses of Information

36. A legal gateway (a provision in legislation, which allows a person to disclose information to another person) must exist between BaFin and each authority participating in this Framework Arrangement to enable BaFin to exchange Confidential Information with each Participating Authority. A Participating Authority may require specific and additional arrangements to be in place between it and the Participating Authorities to control and manage any provision of Confidential Information it may share under this Framework Arrangement and the potential use of such Confidential Information by the Participating Authorities that receive it.

37. All Confidential Information will be treated as confidential by the receiving Participating Authority to the extent permitted by applicable law (including by ensuring that all persons dealing with, or having access to such information are bound by obligations of professional secrecy) and, subject to the provisions on disclosure below, will be used by, within, and among the Participating Authorities only within the context of this Framework Arrangement and in connection with their regulatory, supervisory, or oversight responsibilities under, and subject to applicable laws or charters. Confidential Information received by a Participating Authority from any other Participating Authority, including BaFin, will not be disclosed other than in connection with those responsibilities or pursuant to legal obligations.

38. Except as provided in paragraphs 39, 40 and 41 below, before a Participating Authority ('Participating Authority A') discloses any Confidential Information received from another Participating Authority ('Participating Authority B'), Participating Authority A will request and obtain prior written consent from Participating Authority B which shall not be unreasonably withheld. Each Participating Authority will endeavour to respond to a request to disclose information within twenty calendar days.

39. Notwithstanding paragraph 38, a Participating Authority ('Participating Authority A') that receives Confidential Information from another Participating Authority ('Participating Authority B') may, without obtaining the consent of Participating Authority B, discuss such information with a third Participating Authority, provided that the authority with whom the Confidential Information is discussed has already received the same information in accordance with this Framework Arrangement.

40. In the event that a Participating Authority ('Participating Authority A') is required by statute or legal process to disclose Confidential Information provided by another Participating Authority ('Participating Authority B'), Participating Authority A will, to the extent permitted by law, inform Participating Authority B about such possible compelled disclosure and seek Participating Authority B's prior consent. If Participating Authority B does not consent to such disclosure, Participating Authority A will assert all appropriate legal exemptions or privileges from disclosure that may be available. If despite such efforts, disclosure of the Confidential Information is ultimately compelled, Participating Authority A will, to the extent permitted by law, inform Participating Authority B in advance of such disclosure.

41. A Participating Authority ('Participating Authority A') may disclose Confidential Information provided by another Participating Authority ('Participating Authority B') to its national, state

or provincial public sector financial authorities, subject to Participating Authority A, to the extent permitted by the law applicable to Participating Authority A, informing Participating Authority B about such disclosure and Participating Authority A obtaining the public sector financial authority's agreement to keep such Confidential Information confidential and not further disclose it except in accordance with paragraph 37 of these Terms.

42. The existence of this Framework Arrangement may be publicly disclosed. BaFin or a Participating Authority may publicly disclose an outline of the provisions of this Framework Arrangement or all or portions of this Framework Arrangement itself, except for Annex 2 and the signing pages of other Parties than the one publicly disclosing the Framework Arrangement or parts of it, if required to do so by law, or if such public disclosure is in the proper exercise of its functions, powers or obligations. If a Party discloses any part of this Framework Arrangement, it will inform BaFin, which will inform the other Parties.

B.2
Orders

B.2.1 Powertap Hydrogen Capital Corp.

Headnote

National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions – Application by an issuer for a revocation of cease trade orders issued by the Commission and British Columbia Securities Commission – Cease trade order issued because the issuer had failed to file certain continuous disclosure materials required – Ontario opt-in to revocation order issued by British Columbia Securities Commission, as principal regulator.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.
National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.

Citation: 2024 BCSECCOM 411

REVOCATION ORDER

POWERTAP HYDROGEN CAPITAL CORP.

UNDER THE SECURITIES LEGISLATION OF BRITISH COLUMBIA AND ONTARIO (the Legislation)

Background

¶ 1 Powertap Hydrogen Capital Corp. (the Issuer) is subject to a failure-to-file cease trade order (the FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) and Ontario (each a Decision Maker) respectively on December 12, 2023.

¶ 2 The Issuer has applied to each of the Decision Makers under National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* (NP 11-207) for an order revoking the FFCTOs.

¶ 3 This order is the order of the Principal Regulator and evidences the decision of the Decision Maker in Ontario.

Interpretation

¶ 4 Terms defined in National Instrument 14-101 *Definitions* or in NP 11-207 have the same meaning if used in this order, unless otherwise defined.

Order

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

¶ 6 The decision of the Decision Makers under the Legislation is that the FFCTO is revoked.

¶ 7 October 7, 2024

"Allan M. Lim"
CPA, CA
Manager, Corporate Disclosure
Corporate Finance

OSC File #: 2024/0233

B.2.2 GFL Environmental Inc. – s. 6.1 of NI 62-104

Headnote

Section 6.1 of NI 62-104 Issuer bid – relief from requirements applicable to issuer bids in Part 2 of NI 62-104 – issuer bids resulting from a reorganization involving issuer and holders of multiple voting shares – purpose of reorganization is to mitigate certain potential adverse financial consequences that may result from the relocation of issuer's President, Chief Executive Officer and Chairman at the request of issuer – after reorganization, issuer will have the same number of shares issued and outstanding, and each shareholder will have the same number of shares and same relative ownership that they owned prior to the reorganization – shareholder to indemnify issuer and its subsidiaries against any liabilities as a result of reorganization – no adverse economic effect on, or adverse tax consequences or prejudice to, issuer or public shareholders – requested relief granted.

Applicable Legislative Provisions

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

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c.S.5,
AS AMENDED

AND

IN THE MATTER OF
GFL ENVIRONMENTAL INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of GFL Environmental Inc. ("**GFL**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**") exempting GFL from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the "**Issuer Bid Requirements**") in connection with certain acquisitions by GFL of its multiple voting shares ("**MVS**") pursuant to a proposed reorganization (the "**Reorganization**") described below;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON GFL having represented to the Commission as follows:

1. GFL is a corporation existing and in good standing under the *Business Corporations Act* (Ontario) (the "**OBCA**"). GFL's registered and head office is located at Suite 500, 100 New Park Place, Vaughan, Ontario, L4K 0H9.

2. GFL is a reporting issuer in all of the provinces and territories of Canada and is not in default of any requirements of securities legislation in the jurisdictions in which it is a reporting issuer. GFL is also a "foreign private issuer" (as such term is defined in Rule 3b-4 of the *Securities Exchange Act of 1934*, as amended) in the United States.

3. The authorized capital of GFL consists of:

   (a) an unlimited number of subordinate voting shares ("**SVS**"), of which 381,570,096 SVS were issued and outstanding as of September 30, 2024;

   (b) an unlimited number of MVS, of which 11,812,964 MVS were issued and outstanding as of September 30, 2024;

   (c) an unlimited number of preferred shares, issuable in series;

   (d) 28,571,428 Series A perpetual convertible preferred shares (the "**Series A Convertible Preferred Shares**"), of which 10,401,871 Series A Convertible Preferred Shares were issued and outstanding as of September 30, 2024; and

   (e) 8,196,721 Series B perpetual convertible preferred shares (the "**Series B Convertible Preferred Shares**" and, together with the Series A Preferred Shares, the "**Convertible Preferred Shares**"), of which 8,196,721 Series B Convertible Preferred Shares were issued and outstanding as of September 30, 2024.

4. Holders of SVS are entitled to one vote per SVS and holders of MVS are entitled to 10 votes per MVS on all matters upon which holders of SVS and MVS are entitled to vote. Each holder of the Convertible Preferred Shares is entitled to vote, to the greatest extent possible, with holders of SVS and MVS as a single class. Each Convertible Preferred Share

is entitled to one vote per share and, for the purpose of voting at any meeting at which such holder is entitled to vote, each holder of Convertible Preferred Shares will be deemed to hold such number of Convertible Preferred Shares that is equal to the number of SVS into which the holder's Convertible Preferred Shares are convertible pursuant to the terms of the Convertible Preferred Shares as of the applicable record date.

5. Each outstanding MVS may at any time, at the option of the holder, be converted into one SVS. Additionally, in certain circumstances each MVS will convert automatically into one SVS.

6. The SVS are listed on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange. Neither the MVS nor the Convertible Preferred Shares are listed on any stock exchange.

7. Each of Sejosa Holdings Inc. ("**Sejosa**") and Sejosa II Holdings Inc. ("**Sejosa II**") is a corporation existing under the laws of the Province of Ontario. Neither Sejosa nor Sejosa II is a reporting issuer in any province or territory of Canada. Each of Sejosa and Sejosa II is an investment holding company and does not carry on any active business.

8. Patrick Dovigi, the President, Chief Executive Officer and Chairman of the board of directors of GFL, his family members, and discretionary trusts settled by family members (collectively, the "**Dovigi Group**") directly and indirectly hold all of the issued and outstanding shares of Sejosa, which in turn holds all of the issued and outstanding shares of Sejosa II.

9. As of September 30, 2024, Sejosa directly owned 11,785,722 MVS and Sejosa II directly owned 27,242 MVS (collectively, the "**Sejosa GFL Shares**"), representing all of the issued and outstanding MVS and 3.0% of the issued and outstanding SVS assuming the conversion of all of the MVS into SVS. In addition, as of September 30, 2024, the Dovigi Group owns 78,860 SVS and 17,262,262 options to purchase SVS.

10. In 2023, GFL requested that Mr. Dovigi relocate to the United States given GFL's significant U.S. footprint, strategic focus on U.S. market expansion, and the continued build out of GFL's U.S. management team. The Reorganization is being carried out to mitigate certain potential adverse financial consequences that may result from the relocation of Mr. Dovigi at the request of GFL. The effect of the Reorganization will be that, upon completion, the Dovigi Group will hold 11,812,964 MVS directly, rather than indirectly through Sejosa and Sejosa II.

11. The Reorganization entails a series of consecutive transactions which, for the purposes of the Application, may be summarized as follows:

    (a) prior to the Reorganization, Sejosa and Sejosa II will complete an internal reorganization whereby:

        (i) Sejosa, Sejosa II, and three investment holding companies with no active business that are wholly-owned by the Dovigi Group will amalgamate to form a new corporation ("**Sejosa Amalco**") by way of an amalgamation under the OBCA (the "**Sejosa Amalgamation**");

        (ii) immediately following the Sejosa Amalgamation, Sejosa Amalco will transfer all of its assets, other than the Sejosa GFL Shares, to the Dovigi Group and its affiliates; and

        (iii) the Dovigi Group or an affiliate thereof will assume all of Sejosa Amalco's liabilities, including the liability for any taxes resulting from the transfer of its assets to them;

    (b) GFL will incorporate a wholly-owned subsidiary under the OBCA ("**Subco**"). Subco will have no material assets and no liabilities. The authorized capital of Subco will consist of an unlimited number of common shares;

    (c) Sejosa Amalco and Subco will amalgamate to form a new corporation ("**Amalco**") by way of an amalgamation under the OBCA (the "**Amalgamation**");

    (d) on the Amalgamation:

        (i) GFL will issue that number of MVS to the Dovigi Group which will equal, in the aggregate, the number of MVS owned by Sejosa Amalco immediately prior to the Amalgamation; and

        (ii) Amalco will be wholly-owned by GFL and will own the Sejosa GFL Shares; and

    (e) immediately following the Amalgamation, Amalco will distribute the Sejosa GFL Shares, its only remaining assets, to GFL in connection with a voluntary winding up of Amalco pursuant to the provisions of the OBCA (the "**Voluntary Wind-Up**") and immediately thereafter GFL will cancel the Sejosa GFL Shares.

12. The Reorganization is subject to:

    (i) approval by GFL's Nomination, Governance and Compensation Committee (the "**Governance Committee**"), which is comprised entirely of directors that are independent in connection with the Reorganization;

(ii) approval by the board of directors of GFL (with Patrick Dovigi declaring his interest and abstaining from voting); and

(iii) acceptance of notice of the Reorganization by the TSX.

13. The Reorganization does not and will not have any adverse economic effect on, or adverse tax consequences to, and will not in any way prejudice, GFL, Subco, Amalco, or the public shareholders of GFL (the "**Public Shareholders**"), and GFL will not incur material costs or expenses in connection with the Reorganization.

14. No material actual or contingent liability of Sejosa Amalco will be assumed by GFL, Subco, or Amalco in connection with the Reorganization.

15. Pursuant to an indemnity agreement (the "**Indemnity**") to be entered into between the Dovigi Group and GFL, the Dovigi Group will agree to indemnify GFL and its subsidiaries, including Subco and Amalco, against any liabilities which have been or may be incurred by any of them as a result of the Reorganization. The terms of the Indemnity, which will be consistent with terms of indemnities for arm's length third party transactions, will be approved by GFL's Governance Committee.

16. The Reorganization will not change the number of MVS or SVS issued and outstanding, as GFL will have the same aggregate number of MVS and SVS outstanding following the Reorganization as it did immediately prior to the Reorganization.

17. Following the Reorganization, each of the Dovigi Group and the Public Shareholders will beneficially own the same aggregate number and same relative percentages of MVS and SVS that they owned immediately prior to the Reorganization and will have the same rights and benefits in respect of such shares that they currently have.

18. The Reorganization constitutes a related party transaction under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). However, GFL will be exempt from the formal valuation and minority approval requirements of MI 61-101 by virtue of the Reorganization satisfying the conditions set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively.

19. The acquisition of the Sejosa GFL Shares by Amalco in connection with the Amalgamation will constitute an indirect "issuer bid" (as such term is defined in section 1.1 of NI 62-104) by GFL pursuant to section 1.10 of NI 62-104. Further, the subsequent acquisition of the Sejosa GFL Shares by GFL in connection with the Voluntary Wind-Up will also constitute an "issuer bid" (as such term is defined in section 1.1 of NI 62-104) by GFL. Neither will be exempt issuer bids under Part 4 of NI 62-104.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that GFL be exempt from the Issuer Bid Requirements in connection with acquisitions by GFL of the Sejosa GFL Shares pursuant to the Reorganization.

DATED at Toronto, Ontario this 17th day of October, 2024.

"David Mendicino"
Manager, Corporate Finance Division
Ontario Securities Commission

B.2.3 XS Financial Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Securities Act s. 88 Cease to be a reporting issuer in BC – The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation.

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.B.C. 1996, c. 418, s. 88.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

Citation: 2024 BCSECCOM 446

October 17, 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
XS FINANCIAL 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

(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 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

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

3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is 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 #: 2024/0554

B.2.4 Cliffside Capital Ltd. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT
(ONTARIO),
R.S.O. 1990, c. B.16,
AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
CLIFFSIDE CAPITAL LTD.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. the Applicant is an "offering corporation" as defined in subsection 1(1) of the OBCA;

2. the Applicant's head and registered office is located at 11 Church Street, Suite 200, Toronto, Ontario, M5E 1W1;

3. the Applicant has no intention to seek public financing by way of an offering of securities;

4. on October 17, 2024, the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in section 19 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*; and

5. the representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED at Toronto on this 18th day of October, 2024.

"Leslie Milroy"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0550

B.2.5 Ontario Genomics Institute – s. 74(1)

Headnote

Application by a not-for-profit corporation pursuant to subsection 74(1) of the Securities Act (Ontario) – Filer's mandate relates to funding research and development projects based in genomics, engineering biology or associated technologies (Eligible Projects) – Filer does not fall within any of the enumerated classes of "accredited investor" in section 73.3 of the Securities Act (Ontario) and National Instrument 45-106 Prospectus Exemptions – Filer will only invest in securities of Eligible Projects (Eligible Project Securities) – Filer's staff are experts in the field of genomics and related life sciences and are qualified to determine the quality and viability of the projects in which the Filer invests – All investments and divestitures in Eligible Project Securities will be reviewed by the Filer's Private Sector Advisory Committee, the members of which, individually and collectively, have significant knowledge and experience in investment matters – Order that the prospectus requirements in section 53 of the Securities Act (Ontario) do not apply in respect of a trade in Eligible Project Securities to the Filer granted, subject to conditions – Order expires in two years.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 73.3 and 74(1).
National Instrument 45-106 Prospectus Exemptions, ss. 1.1, 6.1.
Form 45-106F1 Report of Exempt Distribution.
National Instrument 45-102 Resale of Securities, s. 2.5.

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

AND

IN THE MATTER OF
ONTARIO GENOMICS INSTITUTE

ORDER
(Subsection 74(1))

WHEREAS Ontario Genomics Institute ("**OGI**") has filed an application (the "**Application**") with the Ontario Securities Commission (the "**Commission**") for recognition as an accredited investor for the purposes of securities legislation;

AND WHEREAS the Commission may, pursuant to subsection 74(1) of the Act, rule that any trade, intended trade, security, person or company is not subject to section 53 of the Act (the "**Prospectus Requirement**") where it is satisfied that to do so would not be prejudicial to the public interest;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON it being represented by OGI to the Commission that:

1. OGI was established by letters patent on October 18, 2000 under the *Canada Corporations Act* as a non-profit corporation and was continued under the *Canada Not-For-Profit Corporations Act* on October 31, 2013.

2. OGI's offices are located at 661 University Avenue, Suite 490, Toronto, Ontario, M5G 1M1.

3. OGI is not in default of securities legislation in any jurisdiction.

4. OGI's mandate is to fund world-class research to create strategic genomics resources and accelerate Ontario's development of a globally-competitive life sciences sector.

5. OGI primarily receives its funding from Genome Canada (a not-for-profit corporation which is funded by Innovation, Science and Economic Development), the Government of Ontario and the Government of Canada.

6. OGI receives separate funding for: (i) operation, administration and business development of OGI ("**Operations Funding**"), and (ii) investment in genomics research and development projects ("**Project Funding**").

7. In its most recently completed fiscal year (the fiscal year ended March 31, 2024), OGI received $3.4 million of Operations Funding and $14.1 million of Project Funding.

8. The business development mandate at OGI is to catalyze access to, and the impact of, genomics capacity and applicable resources. One of the ways that OGI does this is through early stage company investments, the principal purpose of which is to enhance progress towards the marketplace for genomics outcomes or genomics-related technologies and to thereby assist the relevant scientific founder in formative efforts to commercialize that early stage research.

9. OGI wishes to structure the funding of, and/or investments in, research and development projects based in genomics, engineering biology or associated technologies ("**Eligible Projects**") being conducted on a for-profit basis through an investment by OGI from its Operations Funding in the corporate entity undertaking each such Eligible Project and, in return for providing funding and other resources to such corporate entity, OGI would receive equity (or convertible debt) or other securities in the corporation ("**Eligible Project Securities**").

10. OGI only enters into funding arrangements in respect of Eligible Projects after careful research and consideration by experts in the industry and

has designed its business development program to use the same careful analysis and metrics.

11. OGI staff are experts in the field of genomics and related life sciences and are qualified to determine the quality and viability of the projects in which OGI invests.

12. All investments in, and divestitures of, Eligible Project Securities by OGI will be reviewed by OGI's Private Sector Advisory Committee. The members of OGI's Private Sector Advisory Committee, individually and collectively, all have significant knowledge and experience in investment matters.

13. OGI does not fall within any of the enumerated classes of accredited investors set forth in the definition of "accredited investor" in section 73.3 of the *Securities Act* (Ontario) and in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE the Commission orders that the Prospectus Requirement does not apply in respect of a trade in Eligible Project Securities to OGI as if OGI were an accredited investor, provided that:

(a) OGI purchases as principal;

(b) if the trade is a distribution, the issuer of the Eligible Project Securities files a Form 45-106F1 *Report of Exempt Distribution* in Ontario on or before the tenth day after the distribution;

(c) the first trade in such Eligible Project Securities will be deemed to be a distribution that is subject to section 2.5 of National Instrument 45-102 *Resale of Securities*; and

(d) this order expires two years from the date of this order, unless earlier renewed.

DATED at Toronto, Ontario on this 10th day of October, 2024.

"Marie-France Bourret"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0581

B.2.6 Blackwolf Copper and Gold Ltd.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Securities Act s. 88 – Cease to be a reporting issuer in BC – The securities of the issuer are beneficially owned by more than 50 persons and are not traded through any exchange or market; following an arrangement, all of the issuer's common shares were acquired by another company that is a reporting issuer and in compliance with its continuous disclosure obligations; the issuer has convertible securities that are beneficially owned by more than 50 persons; the convertible securities are exercisable for securities of the acquirer or redeemable based on the value of the shares of the acquirer; the issuer is not required under the terms of the convertible securities to provide any continuous disclosure to the holders of the convertible securities or to remain a reporting issuer; the issuer is not in default of securities legislation except it has not filed certain continuous disclosure documents.

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Following an arrangement, all of the issuer's common shares were acquired by another company that is a reporting issuer and in compliance with its continuous disclosure obligations; the issuer has outstanding securities that are beneficially owned by more than 14 persons in a jurisdiction in Canada and more than 50 persons in total worldwide; the outstanding securities are exercisable for securities of the acquirer or redeemable based on the value of the shares of the acquirer; the issuer is not required under the terms of the outstanding securities to remain a reporting issuer; the issuer is in default of securities legislation for its failure to file by the prescribed deadline certain interim continuous disclosure filings, which filings were due after the completion of the arrangement.

Applicable Legislative Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

Citation: 2024 BCSECCOM 441

October 9, 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
BLACKWOLF COPPER AND GOLD LTD.
(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

(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 was incorporated under the *Business Corporations Act* (British Columbia) (the BCBCA);

2. prior to the Arrangement (as defined below), the Filer's head office was located in Vancouver, British Columbia;

3. the common shares in the capital of the Filer (the Filer Shares) traded on the TSX Venture Exchange (the TSXV) under the symbol "BWCG" and were quoted on the OTCQB under the symbol "BWCGF"; no other securities of the Filer were listed on any marketplace;

4. immediately prior to the Effective Time (as defined below), the Filer had the following issued and outstanding securities:

(a) 144,355,589 Filer Shares;

(b) stock options exercisable to purchase 3,785,000 Filer Shares (the Filer Options);

(c) common share purchase warrants to acquire 6,126,607 Filer Shares which expired on July 15, 2024;

(d) common share purchase warrants to acquire 15,000,000 Filer Shares at a price of $0.35 per Filer Share (the April 2023 Warrants);

(e) common share purchase warrants to acquire 2,506,746 Filer Shares at a price of $0.20 per Filer Share (the April 2023 Finder Warrants); and

(f) common share purchase warrants to acquire 13,870,903 Filer Shares at a price of $0.35 per Filer Share (the October 2023 Warrants);

(the April 2023 Warrants, the April 2023 Finder Warrants and the October 2023 Warrants, collectively, the Filer Warrants);

5. to the best of the Filer's knowledge and belief, upon due diligence searches conducted with the Filer's transfer agent and Broadridge Financial Solutions Inc., the Filer was able to ascertain the residence of 150 beneficial holders of Filer Warrants, 83 of which are in British Columbia, 27 of which are in Ontario, 3 of which are in Saskatchewan, 1 of which is in Alberta, 1 of which is in Quebec, and 35 of which are in a foreign jurisdiction;

6. under the terms and conditions of an arrangement agreement dated May 1, 2024 between the Filer and NexGold Mining Corp. (NexGold), effective at 12:01 a.m. (Pacific Time) on July 3, 2024 (the Effective Time), NexGold acquired all of the issued and outstanding Filer Shares by way of a statutory plan of arrangement under the BCBCA (the Arrangement);

7. NexGold is a corporation existing under the BCBCA, and its authorized share capital consists of an unlimited number of common shares (the NexGold Shares), which are listed on the TSXV under the symbol "NEXG" and are quoted on the OTCQX under the symbol "NXGCF";

8. the notice of special meeting of holders of Filer Shares and Filer Options (the Voting Filer Securityholders) and management information circular dated May 27, 2024 was delivered to the Voting Filer Securityholders entitled to vote at the special meeting of the Voting Filer

Securityholders that took place on June 26, 2024 to consider the Arrangement;

9. under the Arrangement:

   (a) NexGold acquired all of the Filer Shares;

   (b) all Filer Options were exchanged into stock options of NexGold to acquire NexGold Shares;

   (c) all Filer Warrant holders became entitled to receive, and NexGold became obligated to provide, upon exercise of such Filer Warrants, such number of NexGold Shares that the holders would have been entitled to receive if the holders had exercised their Filer Warrants immediately prior to the Effective Time;

10. the Filer is not required to remain a reporting issuer in any jurisdiction under any contractual arrangement between the Filer and the holders of the Filer Warrants, and no consents or approvals were required from the holders of the Filer Warrants;

11. the Filer Warrants do not provide the holders thereof with voting rights in respect of NexGold;

12. in connection with the Arrangement, additional NexGold Shares were authorized for issuance upon exercise of the Filer Warrants;

13. the Filer Shares were delisted from the TSXV and withdrawn from the OTCQB in the United States effective at the close of business on July 4, 2024;

14. NexGold is a reporting issuer in each of Alberta, British Columbia and Ontario, and as such, NexGold is subject to the continuous disclosure requirements that are relevant to holders of Filer Warrants, as such holders are entitled to receive NexGold Shares upon exercise of such securities;

15. NexGold is not in default of securities legislation in any jurisdiction;

16. the Filer is not an OTC issuer as that term is defined under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

17. the Filer has no intention to seek public financing by way of an offering of securities;

18. no securities of the Filer, including any 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; the Filer is applying for an order that it has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer;

19. the Filer is not in default of securities legislation in any jurisdiction other than its obligations to file on or before October 1, 2024 its interim financial statements and related management's discussion and analysis for the interim period ended July 31, 2024, as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the Filings);

20. the Filer cannot rely on the exemption available in section 13.3 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) for issuers of exchangeable securities because the Filer Warrants are not "designated exchangeable securities" as that term is defined under NI 51102;

21. the Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (NP 11-206) because the securities of the Filer, namely the Filer Warrants, are not 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;

22. the Filer is not eligible to use the modified procedure under NP 11-206 because, among other things, the Filer is not organized or incorporated in a foreign jurisdiction; and

23. upon the granting of the Order Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada.

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.

"Melody Chen"
Acting Chief, Legal Services, Corporate Finance
British Columbia Securities Commission

OSC File #: 2024/0433

B.2.7 Cliffside Capital Ltd.

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).

October 17, 2024

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

AND

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

AND

IN THE MATTER OF
CLIFFSIDE CAPITAL LTD.
(the Filer)

ORDER

Background

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

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

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

b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia and Alberta.

Interpretation

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

Representations

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

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

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

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

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

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

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0549

B.2.8 Lotus Ventures Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act, s. 88 – Cease to be a reporting issuer in BC – The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation except it has not filed certain continuous disclosure documents.

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Following an arrangement, all of the issuer's common shares were acquired by another company that is a reporting issuer and in compliance with its continuous disclosure obligations; the issuer has outstanding securities that are beneficially owned by more than 14 persons in a jurisdiction in Canada and more than 50 persons in total worldwide; the outstanding securities are exercisable for securities of the acquirer or redeemable based on the value of the shares of the acquirer; the issuer is not required under the terms of the outstanding securities to remain a reporting issuer; the issuer is in default of securities legislation for its failure to file by the prescribed deadline certain interim continuous disclosure filings, which filings were due after the completion of the arrangement.

Applicable Legislative Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

Citation: 2024 BCSECCOM 451

October 18, 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
LOTUS VENTURES 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,

(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's head office is located in Armstrong, British Columbia;

2. the Filer is a reporting issuer in British Columbia, Alberta and Ontario;

3. the Filer was incorporated under the *Business Corporations Act* (British Columbia);

4. on January 17, 2024, the Filer initiated proposal proceedings under the *Bankruptcy and Insolvency Act* (Canada) (the BIA Proceedings) in the Supreme Court of British Columbia (the Court);

5. on April 8, 2024, the British Columbia Securities Commission issued a failure-to-file cease trade order (the FFCTO) as a result of the Filer's failure to file the following continuous disclosure for the year ended November 30, 2023 (the Required Records):

   (a) audited financial statements;

   (b) the related management's discussion and analysis; and

   (c) certification of annual filings;

6. the Filer's failure to file the Required Records was a result of financial distress;

7. on May 7, 2024, the Filer filed a proposal (the Proposal) which was unanimously approved at a meeting of the Filer's creditors;

8. the Proposal was funded from the proceeds of a Subscription Agreement between the Filer and 5008679 Ontario Limited (the Purchaser) dated May 3, 2024 (the Subscription Agreement);

9. on July 29, 2024, the British Columbia Securities Commission granted a partial revocation of the FFCTO to permit the Filer to complete the Transactions (as defined below);

10. on August 16, 2024, the Filer completed the various transactions under the Proposal and the Subscription Agreement (collectively, the Transactions), which were effected in accordance with their terms and pursuant to the provisions of the approval and reverse-vesting order granted by the Court (the RVO);

11. as a result of the Transactions, among other things, all outstanding equity interests, including shares, convertible securities, or any other rights or interests to purchase the same, of the Filer were deemed cancelled for no consideration;

12. the Purchaser was issued 1,000 common shares of the Filer pursuant to the Transactions to become the sole securityholder of the Filer, and the Filer does not have any other securities issued and outstanding;

13. on August 20, 2024, the common shares of the Filer were delisted from the Canadian Securities Exchange and were removed from the over-the-counter trading market in the United States;

14. 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;

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

16. 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;

17. 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;

18. the Filer is not in default of securities legislation in any jurisdiction, other than the defaults that led to the issuance of the FFCTO and its obligations to file on or before April 29, 2024 its interim financial statements and related management's discussion and analysis for the three months ended February 29, 2024 and on or before July 30, 2024 its interim financial statements and related management's discussion and analysis for the six months ended May 31, 2024 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the Subsequent Records);

19. the Filer's failure to file the Subsequent Records was a result of financial distress;

20. the Filer has concurrently applied for a full revocation of the FFCTO;

21. the Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* as it is in default for failure to file the Required Records and the Subsequent Records; and

22. upon the granting of the Order Sought, the Filer will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

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 #: 2024/0533

B.2.9 Adventus Mining Corporation

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – application for an order that the issuer is not a reporting issuer under applicable securities laws, following completion of a plan of arrangement – issuer does not satisfy the conditions for the simplified procedure in NP 11-206 – issuer's outstanding securities, including debt securities, are not 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 – issuer is in default of securities legislation for failure to file interim continuous disclosure filings.

Applicable Legislative Provisions

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

(the Jurisdiction)

AND

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

AND

IN THE MATTER OF
ADVENTUS MINING CORPORATION
(the Filer)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the **CBCA**) and prior to the Arrangement (as defined below) its head office was located at 220 Bay Street, Suite 550, Toronto, Ontario, M5J 2W4. After the closing of the Arrangement and the Filer becoming a wholly-owned subsidiary of Silvercorp Metals Inc. (**Silvercorp**), the Filer's head office was changed to 1066 West Hastings Street, Suite 1750, Vancouver, British Columbia, V6E 3X1.

2. The Filer is a reporting issuer under the securities legislation in each of Ontario, Alberta, British Columbia, Manitoba, New Brunswick, and Newfoundland and Labrador. The Filer is not a reporting issuer in any other jurisdiction of Canada.

3. Under the terms and conditions of an arrangement agreement dated April 26, 2024 (the **Arrangement Agreement**) between the Filer and Silvercorp, effective at 12:01 a.m. (Toronto time) (the **Effective Time**) on July 31, 2024 (the **Effective Date**), Silvercorp acquired all of the issued and outstanding common shares in the capital of the Filer (the **Filer Shares**) by way of a statutory plan of arrangement under the CBCA (the **Arrangement**), resulting in the Filer becoming a wholly-owned subsidiary of Silvercorp.

4. On April 26, 2024, the Filer issued a news release, publicly announcing the Arrangement Agreement.

5. Silvercorp, the parent company of the Filer, is a corporation existing under the *Business Corporations Act* (British Columbia). Silvercorp's authorized share capital consists of an unlimited number of common shares (the **Silvercorp Shares**), which are listed on the Toronto Stock Exchange (**TSX**) under the symbol "SVM".

6. Immediately prior to the Effective Time on the Effective Date, the Filer had the following issued and outstanding securities: (a) 449,892,862 Filer Shares (including 67,441,217 Filer Shares already owned by Silvercorp, representing approximately 14.99% of the issued and outstanding Filer Shares); (b) 7,406,337 stock options exercisable to purchase a total of 17,406,337 Filer Shares (the **Filer Options**); (c) 4,108,000 restricted share units (the **Filer RSUs**), each exercisable for one Filer Share; and (d) 27,458,330 common share purchase warrants, each exercisable to purchase one Filer Share (the **Filer Warrants**).

7. The Filer Shares traded on the TSX Venture Exchange (**TSXV**) under the symbol "ADZN" and were quoted on the OTCQX under the symbol "ADVZF".

8. Under the Arrangement, at the Effective Time on the Effective Date:

   (a) Silvercorp acquired all of the Filer Shares not already owned by Silvercorp;

   (b) each holder of Filer Shares other than Silvercorp became entitled to receive, and Silvercorp became obligated to provide, 0.1015 of one Silvercorp Share in exchange for each Filer Share held immediately prior to the Effective Time on the Effective Date of the Arrangement (the **Exchange Ratio**);

   (c) each Filer RSU outstanding immediately prior to the Effective Time on the Effective Date was deemed to be fully vested and was surrendered to the Filer in exchange for a cash payment from the Filer to each holder thereof equal to the volume-weighted average trading price of one Filer Share on the TSXV during the five trading days ending on the last trading day prior to the Effective Date of the Arrangement;

   (d) each Filer Option outstanding immediately prior to the Effective Time on the Effective Date was exchanged for a replacement option of Silvercorp (each a **Silvercorp Replacement Option**) exercisable by the holder thereof for Silvercorp Shares, with the number and price of such Silvercorp Replacement Options adjusted in accordance with the Exchange Ratio; and

   (e) each holder of a Filer Warrant outstanding immediately prior to the Effective Time on the Effective Date became entitled to receive, and Silvercorp became obligated to provide, upon exercise of each such Filer Warrant, such number of Silvercorp Shares calculated in accordance with the Exchange Ratio.

9. The Filer distributed the meeting materials (which included, among other things, the management information circular, notice of meeting, and letter of transmittal) on June 4, 2024 to the holders of Filer Shares, Filer Options, and Filer RSUs (collectively, the **Voting Filer Securityholders**), in connection with the special meeting of Voting Filer Securityholders that took place on June 26, 2024 (the **Meeting**) to consider the Arrangement, in accordance with the interim order of the Ontario Superior Court of Justice (Commercial List) (the **Court**) rendered May 22, 2024.

10. As was required pursuant to the terms of the Arrangement,

    (a) the special resolution approving the Arrangement was approved at the Meeting, by the affirmative votes of at least: (i) 66 2/3% of the votes cast in person or by proxy by holders of Filer Shares; (ii) 66 2/3% of the votes cast in person or by proxy by Voting Filer Securityholders, voting as a single class; and (iii) a simple majority of the votes cast by holders of Filer Shares, excluding the votes cast by Silvercorp and other interested parties, in accordance with the minority approval requirements for a business combination under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*; and

    (b) the Filer received a final order from the Court on July 2, 2024, approving the Arrangement.

11. The full details of the Arrangement are contained in the Filer's management information circular dated May 21, 2024.

12. On July 31, 2024, the Filer issued a news release, publicly announcing: (i) the completion of the Arrangement, and (ii) the Filer's related intention to submit an application to cease to be a reporting issuer under applicable Canadian securities laws.

13. The Filer Shares were delisted from the TSXV and withdrawn from the OTCQB in the United States effective at the close of business on August 6, 2024.

14. All of the issued and outstanding Filer Shares are owned by Silvercorp.

15. On completion of the Arrangement, the Filer Warrants continued to exist as warrants of the Filer. The Filer Warrants are not, and were not, listed for trading on the TSXV. The Filer Warrants are the only outstanding securities of the Filer held by persons other than Silvercorp.

16. Upon the exercise of the Filer Warrants, only Silvercorp Shares are issuable. No Filer Shares or other securities of the Filer are issuable upon the exercise of the Filer Warrants.

17. The Filer has made diligent enquiry (the **Investigation**) to determine the number and jurisdiction of the beneficial holders of the Filer Warrants, however, it has been unable to determine with certainty the total number of beneficial holders of Filer Warrants. The Investigation included the procurement of a shareholder report provided by Computershare Trust Company of Canada, and a geographic report provided by Broadridge Financial Services Inc. Based on the Investigation, there are at least 88 beneficial holders of Filer Warrants, 2 of which are in Alberta, 56 of which are in British Columbia, 6 of which are in Ontario, 2 of which are in Saskatchewan, 2 of which are in the United States, and 20 of which are in a foreign jurisdiction other than the United States.

18. There are 17 registered holders of Filer Warrants, 7 of which are in British Columbia, 2 of which are in Ontario, 6 of which are in the United States, and 2 of which are in a foreign jurisdiction other than the United States.

19. The Filer is not required to obtain any consents or approvals to cease to be a reporting issuer in any jurisdiction under any contractual arrangement between the Filer and the holders of the Filer Warrants.

20. In connection with the Arrangement, up to 2,114,583 Silvercorp Shares were reserved for issuance upon exercise of the Filer Warrants.

21. Silvercorp, the parent company of the Filer, is a reporting issuer in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan.

22. Silvercorp is not in default of securities legislation in any jurisdiction.

23. The Filer is not an OTC issuer as that term is defined under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*.

24. The Filer has no intention to seek public financing by way of an offering of securities.

25. 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.

26. The Filer is applying for an order that it has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer.

27. The Filer is not in default of securities legislation in any jurisdiction, except for its failure to file on or before August 29, 2024 its interim financial report and related interim management's discussion and analysis for its interim period ended June 30, 2024, as required under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), and related certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the **Q2 Interims**).

28. The Filer cannot rely on the exemption available in section 13.3 of NI 51-102 for issuers of exchangeable securities because the Filer Warrants are not "designated exchangeable securities" as that term is defined in NI 51-102. The Filer Warrants do not provide their holders with voting rights in respect of Silvercorp.

29. The Filer is not eligible to surrender its status as a reporting issuer pursuant to the simplified procedure under section 19 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* because: (i) the outstanding securities of the Filer, namely the Filer Warrants, are not 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; and (ii) the Filer is in default of securities legislation for failure to file the Q2 Interims by the prescribed deadline.

30. Upon the granting of the Order Sought, the Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada.

Order

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

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

DATED at Toronto on this 22nd day of October, 2024.

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0469

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B.3
Reasons and Decisions

B.3.1 Guardian Capital LP and Worldsource Financial Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the requirement in subsection 3.2.01(1) of NI 81-101 to deliver a fund facts document to investors for subsequent purchases of mutual fund securities made pursuant to a model portfolio program, subject to certain conditions – relief granted from the requirement in subsection 3C.2(2) of NI 41-101 to deliver an ETF facts document to investors for subsequent purchases of mutual fund securities made pursuant to a model pursuant to a model portfolio program, subject to certain conditions – National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 41-101 General Prospectus Requirements.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 3.2.01(1) and 6.1.
National Instrument 41-101 General Prospectus Requirements, ss. 3C.2(2) and 19.1.

October 15, 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
GUARDIAN CAPITAL LP
(the Filer)

AND

IN THE MATTER OF
WORLDSOURCE FINANCIAL MANAGEMENT INC.
(the Representative Dealer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer and the Representative Dealer for a decision under the securities legislation of the Jurisdiction (**Legislation**) exempting each Dealer (as defined below) from:

(a) the requirement in subsection 3.2.01(1) of NI 81-101 (as defined below) (the **Fund Facts Delivery Requirement**) that a Dealer send or deliver the most recently filed fund facts document (the **Fund Facts**) in the manner as required under NI 81-101 in respect of purchases of securities of the Funds (as defined below), other than with respect to initial allocation purchases as part of the initial set-up of a new Model Portfolio (as defined below) for a client or purchases when a new Fund is added to the applicable Model Portfolio, that are made in connection with Weighting Change Trades, Rebalancing Trades, or Additional Investment Trades (each, as defined below) executed in accordance with a Model Portfolio (the **Fund Facts Delivery Exemption**); and

(b) the requirement in subsection 3C.2(2) of NI 41-101 (as defined below) (the **ETF Facts Delivery Requirement** and, together with the Fund Facts Delivery Requirement, the **Delivery Requirements**) that a Dealer send or deliver the most

recently filed ETF facts document (the **ETF Facts**) in the manner as required under NI 41-101 in respect of purchases of securities of the Funds, other than with respect to initial allocation purchases as part of the initial set-up of a new Model Portfolio for a client or purchases when a new Fund is added to the applicable Model Portfolio, that are made in connection with Weighting Change Trades, Rebalancing Trades, or Additional Investment Trades executed in accordance with a Model Portfolio (the **ETF Facts Delivery Exemption** and, together with the Fund Facts Delivery Exemption, 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 and the Representative Dealer have 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 the other provinces of Canada (the **Other Jurisdictions**, and together with Ontario, the **Canadian Jurisdictions**) in respect of the Exemption Sought.

Interpretation

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

NI 41-101 means National Instrument 41-101 *General Prospectus Requirements.*

NI 81-101 means National Instrument 81-101 *Mutual Fund Prospectus Disclosure.*

Representations

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

The Filer

1. The Filer is an Ontario limited partnership, which is wholly-owned by Guardian Capital Group Limited. The general partner of the Filer is Guardian Capital Inc., an Ontario corporation wholly-owned by Guardian Capital Group Limited, with its head office in Toronto, Ontario.

2. The Filer is registered as: (i) a portfolio manager in all of the provinces of Canada; (ii) an exempt market dealer in all of the provinces of Canada; (iii) an investment fund manager in Ontario, Québec and Newfoundland and Labrador; (iv) commodity trading counsel in Ontario; and (v) a commodity trading manager in Ontario.

3. The Filer is not in default of securities legislation in any Canadian Jurisdiction.

4. As described in more detail below, the Filer, in its role as portfolio manager, will create and manage model portfolios (the **Services**), comprising investment funds managed by the Filer, an affiliate of the Filer or third-party unaffiliated investment fund managers (collectively, the **Funds**).

5. Each Fund will be an open-ended mutual fund, including an exchange-traded fund (**ETF**), established under the laws of Ontario or another Canadian Jurisdiction.

6. The securities of each Fund that is an ETF are, or will be, listed and traded on a recognized exchange.

7. Each Fund will be a reporting issuer in one or more of the Canadian Jurisdictions and will be subject to the provisions of National Instrument 81-102 *Investment Funds*.

The Representative Dealer and the Dealers

8. The Representative Dealer is a corporation continued under the *Canada Business Corporations Act*, with its head office located in Markham, Ontario.

9. The Representative Dealer is a member of the Canadian Investment Regulatory Organization (**CIRO**) and is registered as a mutual fund dealer and exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Quebec, Saskatchewan and Yukon.

10. Each Dealer is, or will be: (a) registered in the applicable Canadian Jurisdiction(s) as a dealer in the category of mutual fund dealer, and a member of CIRO; or (b) registered in the applicable Canadian Jurisdiction(s) as a dealer in the category of investment dealer, and a member of CIRO.

11. The Representative Dealer is not in default of securities legislation in any Canadian Jurisdiction.

The Services

12. Pursuant to a written agreement (the **Services Agreement**) between the Filer and the applicable dealer, the Filer will provide the Services to be made available to clients of investment dealers and mutual fund dealers that are affiliated and/or unaffiliated with the Filer (the **Dealers**), including the Representative Dealer which is unaffiliated with the Filer and the principal distributor of certain investment funds managed by the Filer, that participate in the Dealers' model portfolio programs (each, a **Program**).

13. The Programs will allow Dealers to recommend to clients model portfolios of Funds (each, a **Model Portfolio**) that are created and maintained by the Filer pursuant to the Services.

14. As part of the Services, the Filer will manage each Model Portfolio to ensure it remains in compliance with its stated investment objective and investment guidelines at all times (the **Investment Guidelines**) and will determine from time to time whether any changes to the composition of the Model Portfolio would be appropriate.

15. The Filer will design the asset mix and select securities for the Model Portfolios, as well as direct trades that reflect changes in the Model Portfolios made from time to time and that will be effected by the Dealers in client accounts. Each Model Portfolio will comprise a selection of Funds and will have its own unique allocation of Funds that are exposed to different asset classes (the **Asset Classes**).

16. Exposure to the different Asset Classes in a Model Portfolio will be achieved using the Funds. Each Model Portfolio will have a percentage target weight within one or more Asset Classes (the **Target Weight**), which may, due to changes in the market value of the Funds within the Model Portfolio, increase or decrease within an upper and lower range (the **Permitted Range**). From time to time, the Filer may decide to change the Target Weight within the Permitted Range of a Model Portfolio or replace a Fund in the Model Portfolio with one or more alternative Funds (the **Model Re-allocation**). Subject to the notice requirements set out in paragraph 47 below, the Filer may also decide to change the Permitted Range of an Asset Class of a Model Portfolio (**Weighting Changes**).

17. The applicable Dealer will collect all of the required know-your-client (**KYC**) and trusted contact person (**TCP**) information (including information about the client's personal circumstances, financial circumstances, investment needs and objectives, investment knowledge, risk profile and investment time horizon required for a suitability determination) for each client who wishes to participate in the Program. Prospective clients of the Dealer will complete a questionnaire and meet with a registered dealing representative of the Dealer (an **Advisor**) in order to determine which Model Portfolio will be suitable for the client and put the client's interest first. Based on the Advisor's suitability determination, a Model Portfolio recommendation will be made to the prospective client by the Advisor.

18. The client will discuss the recommended Model Portfolio and the Funds within the Model Portfolio with their Advisor. The Advisor will communicate with the client in accordance with the Dealer's usual processes and in accordance with securities legislation, which may include face-to-face meetings (in person or on-line) and/or via telephone or email or other written correspondence. However, the client ultimately chooses the Model Portfolio. The client has no ability to select Funds within a Model Portfolio.

19. A detailed investment policy statement or similar document (the **Investment Policy Statement**) will be created for the client by the Dealer. The Investment Policy Statement or other similar document will reflect the Investment Guidelines of the Model Portfolio, the composition of the Model Portfolio and the Funds in the Model Portfolio, the Target Weights among the Asset Classes and the Permitted Range(s) of the Model Portfolio.

20. Once the client confirms the final Investment Policy Statement, the client will sign an acknowledgement form or similar document that describes the fees and provides for the payment of the fees to the Dealer, who will in turn pay fees to the Filer for the Services, and the terms of the Program (the **Client Agreement**), approving the final Investment Policy Statement and the Model Portfolio, and authorizing the Filer and the Dealer to implement and maintain the Model Portfolio.

21. The Dealer will make trades in the Funds to invest the client in accordance with their chosen Model Portfolio.

22. When, due to changes in the relative market value of the Funds included in a Model Portfolio, the Model Portfolio exceeds the Permitted Range, the Filer will update the Model Portfolio so that it is returned to a relative weight that is within the Permitted Range, and the Filer may also use its discretion from time to time to rebalance holdings in the Funds in the Model Portfolios within the Permitted Ranges (an **Account Rebalance**). As noted above, and subject to the applicable notice requirements, the Filer may also use its discretion to implement a Weighting Change in a Model Portfolio.

23. Where the Filer updates a Model Portfolio to reflect a Model Re-Allocation or an Account Rebalance, the Dealer will execute appropriate trades (a **Rebalancing Trade**) within a reasonable time to reflect such updates in client accounts. Where the Filer updates a Model Portfolio to reflect a Weighting Change, the Dealer will execute appropriate trades (**Weighting Change Trades**) within a reasonable time to reflect such updates in client accounts. In each case, the Dealer

will confirm receipt of the Filer's instructions and will provide written confirmation to the Filer that the trades have been effected in accordance with the Filer's instructions in the applicable client accounts.

24. In the Client Agreement, the client will authorize the Dealer (or an affiliate of the Dealer or another dealer registered in a category that permits the trade) to undertake Rebalancing Trades and Weighting Change Trades in accordance with the Model Portfolios and as directed by the Filer.

25. Clients will have no direct contact with the Filer in connection with the Filer's management of the Model Portfolios. Clients will interact solely with the applicable Dealer and Advisor of the Dealer in connection with the Filer's management of the Model Portfolios and the Dealer's administration of the clients' accounts.

26. Each Dealer and their Advisors will not market the Programs as managed account programs to their clients – their recommendation will be limited to recommending that a client participate in a Program, through which the client will invest in accordance with a Model Portfolio. Although the Filer develops the Model Portfolios, each Dealer and each Advisor must determine whether or not investing in the constituent Funds included in the Model Portfolio is suitable for that client and puts the client's interest first. The Filer is responsible for developing the Model Portfolios and managing them, but does not refer to any specific client's circumstances in doing so.

27. Where the Dealer determines that a Model Portfolio is no longer suitable for a client or no longer puts the client's interest first or that a different Model Portfolio would be more appropriate for the client, this will be communicated to the client by the Dealer, and the Dealer will take appropriate action. A change to a different Model Portfolio will not be made without the client entering into a new Client Agreement in respect of the new Model Portfolio.

28. Each Dealer has the option of imposing a minimum investment amount for clients to participate in the Program, and the minimum investment amounts for different Dealers may vary.

29. A client may terminate their participation in a Program at any time by contacting their Dealer.

Client Agreement and Client Reporting

30. If the prospective client decides to proceed with participating in a Program and investing in accordance with a Model Portfolio, the Client Agreement is entered into between the client and the Dealer, which will set out, among other matters, the following:

    (i) Model Portfolio -- The client will acknowledge the Filer's role in managing the Model Portfolios on a discretionary basis with a view to ensuring that the Model Portfolios are managed in accordance with the Investment Guidelines and within the Permitted Ranges indicated in the Client Agreement, which may be adjusted in the discretion of the Filer subject to the notice requirement described below, and that the Filer is not responsible for taking into consideration the client's circumstances in the management of the Model Portfolios;

    (ii) No changes to another Model Portfolio -- In the event that a Dealer determines that an investment in a particular Model Portfolio is no longer suitable for a client or no longer puts the client's interest first, and that a different Model Portfolio would be more appropriate for the client, this will be communicated to the client by the Dealer, and the Advisor of the Dealer will undertake the analysis described in paragraphs 17 and 18 above and enter into a new Client Agreement before the client's investments are changed to reflect the new Model Portfolio;

    (iii) KYC, TCP and suitability -- The client will acknowledge that the KYC requirement, the TCP requirement, and the suitability requirement are not the responsibility of the Filer, but instead will be that of the Dealer who will gather and periodically update the KYC and TCP information concerning the client and determine, on at least an annual basis, that the selected Model Portfolio continues to be suitable for the client and put the client's interest first;

    (iv) Weighting Change Trades – Subject to the notice requirements set out in paragraph 47 below, the client will acknowledge that the Filer may use its discretion, from time to time, to make decisions regarding Weighting Changes for a Model Portfolio, and will authorize the Dealer to purchase and redeem securities of the Funds in the client's account to reflect such Weighting Changes to the Model Portfolio (the **Weighting Change Trades**);

    (v) Rebalancing Trades -- The client will acknowledge that the Filer may from time to time use its discretion to direct an Account Rebalance or a Model Re-allocation, which will be effected through the Dealer as Rebalancing Trades;

    (vi) Fee Redemption Trades -- The client will authorize the Dealer to redeem units of the Funds to pay fees owed by the client to the Dealer pursuant to the Client Agreement (the **Fee Redemption Trades**);

(vii) The Filer will agree, in its Services Agreement with each Dealer, to be responsible for ensuring that the Model Portfolios are managed in accordance with the Investment Guidelines agreed to with the Dealer and acknowledged by the client; and

(viii) No discretionary authority for the Dealers -- The client will acknowledge that the Dealer will not have discretionary authority to participate in the management of the Model Portfolio or to direct Weighting Change Trades or Rebalancing Trades.

31. In addition to the Client Agreement, the client will also be provided by the Dealer:

(a) with the final Investment Policy Statement prior to or concurrently with the execution of the Client Agreement which sets out the Investment Guidelines of the Model Portfolio, the composition of the Model Portfolio and the Funds in the Model Portfolio, the Target Weights, the Permitted Range(s), as well as the fees payable to the Dealer, who will in turn pay fees to the Filer; and

(b) within two days of trades being implemented for the Model Portfolio, with the Fund Facts and ETF Facts, as applicable, as may be required by applicable securities laws, subject to any applicable exemption available to the Dealer, in respect of the Funds included in the Model Portfolio for a client. In the event that, as part of the Rebalancing Trades, a new replacement Fund is incorporated as part of the Model Portfolio, the client will similarly be provided with the Fund Facts or ETF Facts, as applicable, for the replacement Fund, as may be required by applicable securities laws, subject to any applicable exemption available to the Dealer.

32. The Dealer is responsible for arranging for the execution of the Client Agreement and related materials by the client.

33. Account opening documents relating to the Program will explain the different responsibilities of the Dealer and the Filer with respect to the client and the Model Portfolio. This will include disclosure that the Filer is responsible for managing the Model Portfolio without reference to the client's circumstances and only in accordance with the Model Portfolio selected by the client, and that the Dealer alone will have the responsibility to determine that the selected Model Portfolio is and remains suitable for the client and puts the client's interest first.

34. The Funds that will comprise each Model Portfolio will be held directly by each client in their own account with the Dealer and if the client has not already opened an account with the Dealer, the client will complete an account application.

35. Each Dealer will reflect all Weighting Change Trades, Rebalancing Trades or Fee Redemption Trades in the client's account.

36. Each Dealer will be responsible for providing clients in the Program with account statements in accordance with the requirements under the Legislation. Such statements of account will identify the assets participating in the Program and invested in accordance with the Model Portfolios.

37. Trade confirmations for every transaction in a client's account will be provided to the client by the Dealer in accordance with the requirements under the Legislation.

38. An investment performance report will be sent to each client in the Program by the applicable Dealer on an annual basis.

39. The Dealer will also provide the client with an annual tax reporting package, as applicable.

40. Clients will be able to access their accounts in the manner each Dealer makes its accounts available for its clients.

Fees and Expenses

41. Each client that participates in the Program will pay a fixed Dealer fee in return for the administration of the Program (the **Program Fee**).

42. The Program Fee will include the fee payable by the Dealer to the Filer in return for the Services and any Outside Management Fees (as defined below).

43. The Model Portfolios comprise institutional series units of Funds that are conventional mutual funds, and, if applicable, units of ETFs. Any applicable management fees for institutional series units of Funds (the **Outside Management Fees**) that are conventional mutual funds will be charged outside the Funds and negotiated by the Dealer with the applicable investment fund manager of the Fund. Certain institutional series of Funds that are conventional mutual funds have operating expenses, and may have a performance fee, that will be charged within the Funds. The management fees and operating expenses for ETFs will be charged within the ETFs.

44. There will be no duplication of any fees or charges for the same services as a result of a client's decision to participate in the Program. No sales charges, redemption fees, switch fees or early trading fees will be charged in connection with

any of the trades effected by the Dealer in connection with the Service. For Model Portfolios comprised of ETFs, brokerage fees, if any, will be paid by the Dealer for each trade it effects in connection with the Service.

45. All fees and expenses charged in respect of the Program, including the Program Fee (which includes any Outside Management Fees), will be described in the Client Agreement. The fees and expenses related to the Funds, including those managed by the Filer, will be described in the Fund prospectus and Fund Facts or ETF Facts, as applicable.

Oversight and Monitoring

46. The following monitoring and oversight procedures will be carried out in connection with each client's account in the Program:

    (a) An annual portfolio review will be conducted by the relevant Advisor to determine whether there have been any changes to the client's circumstances, including the client's personal and financial circumstances, investment needs and objectives, risk profile and investment time horizon, that would warrant the selection of another Model Portfolio; and

    (b) There will be ongoing oversight of each Model Portfolio by the Filer's advising representatives to determine whether the composition of the Model Portfolio remains in compliance with its Investment Guidelines and the Filer's advising representatives will determine from time to time whether any changes to the composition of the Model Portfolio, such as changes to the Funds or Target Weights, would be appropriate.

47. Provided that the Dealer, except in exceptional market circumstances, is given at least 60 days' advance written notice (the **Written Notice**) and the Model Portfolio remains consistent with its Investment Guidelines at all times, the Filer may also, from time to time, use its discretion to make Weighting Changes.

48. The Written Notice will describe the proposed Weighting Change and will provide sufficient detail for the Dealer to determine whether the Model Portfolios, after the implementation of the proposed change, would continue to be appropriate for its clients. The Written Notice will specify that if the Dealer does not provide an objection to the proposed Weighting Change by a specified date, such non-objection will be deemed to be consent for the changes on the effective date.

The Delivery Requirements

49. The Services will result in redemptions and purchases of securities of one or more Funds in client accounts based on the Model Portfolio. Each such purchase is a "distribution" under applicable securities legislation, which triggers the Fund Facts Delivery Requirement or ETF Facts Delivery Requirement, as applicable.

50. The Fund Facts Delivery Requirement requires that a Dealer, unless it has previously done so, deliver or send to a purchaser of a security of a mutual fund the most recently filed Fund Facts for the applicable class or series of securities of the mutual fund before the dealer accepts an instruction from the purchaser for the purchase of the security.

51. The ETF Facts Delivery Requirement requires that a Dealer acting as agent for a purchaser who receives an order for the purchase of a security of an ETF, unless it has previously done so, deliver or send to the purchaser the most recently filed ETF Facts for the applicable class or series of securities of the ETF not later than midnight on the second business day after entering into the purchase of the security.

52. As part of the initial set-up of a new Model Portfolio for a client, the Dealer will send or deliver the Fund Facts or ETF Facts, as applicable, in respect of each Fund in the selected Model Portfolio to the client, in accordance with the Delivery Requirements.

53. The Dealer will also deliver or send to the client the most recently filed Fund Facts or ETF Facts, as applicable, for any new Funds that are added to the applicable Model Portfolio in accordance with the Delivery Requirements.

54. The Dealer will not otherwise deliver or send to the client the most recently filed Fund Facts or ETF Facts, as applicable, in connection with any purchases of securities of one or more Funds in client accounts based on the Model Portfolios, including where such purchases are a result of additional funds contributed by a client to their client account (**Additional Investment Trades**).

Exemption Sought

55. In the absence of the Exemption Sought:

    (a) in the case of a Fund that is not an ETF, unless the Dealer has previously done so, the Dealer would be required to deliver or send the most recently filed Fund Facts for each affected Fund in a client's selected Model Portfolio prior to each Rebalancing Trade, Weighting Change Trade, or Additional Investment Trade; and

(b) in the case of a Fund that is an ETF, unless the Dealer has previously done so, the Dealer would be required to deliver or send the most recently filed ETF Facts for each affected Fund in a client's selected Model Portfolio not later than midnight on the second business day after effecting each Rebalancing Trade, Weighting Change Trade, or Additional Investment Trade.

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 on the following conditions:

(a) the Dealer sends or delivers to each client in a Model Portfolio a notice that states:

(i) that except as provided for in paragraphs 52 and 53 above, the client will not receive the Fund Facts and ETF Facts, as applicable, for the Funds in the Model Portfolio after the date of the notice, unless the client specifically requests them;

(ii) that the client is entitled to receive upon request to the Dealer, at no cost to the client, the most recently filed Fund Facts and ETF Facts, as applicable, for the Funds in the Model Portfolio by calling a specified toll-free number, or by sending a request to the Dealer by mail or e-mail to a specified address or e-mail address;

(iii) how to access the Fund Facts and ETF Facts, as applicable, for the Funds in the Model Portfolio electronically from the Dealer;

(iv) that except with respect to initial allocation purchases as part of the initial set-up of a new Model Portfolio for a client or purchases when a new Fund is added to the applicable Model Portfolio, the client will not have a right of withdrawal under the Legislation for any trades, but will continue to have a right of action if there is a misrepresentation in the prospectus or any document incorporated by reference into the prospectus; and

(v) that the client may terminate the Client Agreement at any time;

(b) at least annually, the client will be advised in writing of how they can request the most recently filed Fund Facts and ETF Facts, as applicable, from the Dealer;

(c) the most recently filed Fund Facts and ETF Facts, as applicable, are sent or delivered to the client by the Dealer if the client so requests;

(d) the Filer will provide to the principal regulator, on an annual basis, beginning 60 days after the date upon which the Exemption Sought is first relied upon by a Dealer, either:

(i) a current list of all such Dealers that are relying on the Exemption Sought; or

(ii) an update to the list of such Dealers or confirmation that there has been no change to such list; and

(e) prior to a Dealer relying on the Exemption Sought, the Filer provides to the Dealer a disclosure statement informing the Dealer of the implications of this decision.

“Darren McKall”
Manager, Investment Management
Ontario Securities Commission

Application File #: 2023/0515
SEDAR+ File #: 6037303

B.3.2 Oak Hill Asset Management Inc. and Oak Hill AQR Delphi Long-Short Equity Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from section 2.9.1 of NI 81-102 to permit an alternative mutual fund to use "value at risk" (VaR) measure instead of aggregate exposure to leverage, and relief from section 2.1 of NI 81-101 to permit prospectus and fund facts disclosure to reference use of VaR methodology – Fund to calculate VaR in a manner substantially similar to what is required European fund requirements for use of "relative VaR" methodology.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.9.1 and 19.1.
National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1 and 6.1.
Form 81-101F1 Contents of Simplified Prospectus, Item 4, Instruction (4).
Form 81-101F3 Contents of Fund Facts Document, Item 3.

October 9, 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
OAK HILL ASSET MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
OAK HILL AQR DELPHI LONG-SHORT EQUITY FUND
(the Fund)

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**) to grant the Fund relief (the **Exemption Sought**) from the following provisions:

(a) 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**) (the **Leverage Requirement**); and

(b) Section 2.1 of National Instrument 81-101 *Mutual Fund Prospectus* Disclosure,(**NI 81-101**) with respect to relief from Item 4 and instruction (4) of Part B of Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) and item 3 of Part I of Form 81- 101F3 *Contents of Fund Facts Document* (**Form 81-101F3**), which 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 (the **Form Requirements**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11- 102 *Passport System* (**MI 11-102**) is intended to be relied upon in each province and territory of Canada (the **Jurisdictions**).

Interpretation

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

Representations

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

The Filer and the Fund

1. The Filer is incorporated under the laws of Ontario**.** The Filer is registered as an investment fund manager, portfolio manager and exempt-market dealer in each of Ontario and Quebec and as a portfolio manager and exempt-market dealer in each of British Columbia, Alberta, Saskatchewan and Manitoba. The Filer's head office is in Toronto, Ontario. The Filer will be the Fund's investment fund manager and portfolio manager of the fund.

2. The Fund is a mutual fund trust organized under the laws of the Province of Ontario.

3. The Fund will be a reporting issuer subject to NI 81-102 and will be an "alternative mutual fund" as defined in that Instrument. The Fund's securities will be distributed pursuant to a simplified prospectus and fund facts prepared in accordance with Form 81-101F1 and Form 81-101F3 respectively.

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

The Sub-Advisor

5. The Filer intends to appoint AQR Capital Management, LLC (the **Sub-Advisor**) as portfolio Sub-Advisor for the Fund. The Sub-Advisor is a limited liability company formed in the State of Delaware and is registered with the United States Securities and Exchange Commission (**SEC**) as an investment adviser and with the United States Commodity Futures Trading Commission ("**CFTC**") as a commodity pool operator and commodity trading advisor and is a member of the U.S. National Futures Association. The Sub-Advisor will be retained by the Filer to manage the Funds' investment strategy.

6. The Sub-Advisor is not in default of the securities legislation of any of the Jurisdictions.

Relief from the Leverage Requirement

7. The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return by actively investing in a portfolio comprised of long and short equity securities.

8. The Sub-Advisor intends to employ a proprietary quantitative and systematic investment strategy for the Fund that attempts to benefit from perceived short-term mispricing in various equity securities. In this context, systematic refers to the implementation of portfolio position changes derived from quantitative models which have been developed by the Sub-Advisor and are refined as part of the investment research process. The Sub-Advisor uses the models to allocate exposure on a tactical basis between the various equity securities in which the Fund may invest.

9. The Fund will be primarily managed according to the investment strategy and process that AQR has deployed as investment adviser to the AQR Sustainable Delphi Long-Short Equity UCITS Fund ("**UCITS Fund**"). The UCITS Fund was established on October 26,2018 and is distributed in the United Kingdom (**UK**) and the European Union (**EU**).

10. If the UCITS Fund were required to use measure its exposure to leverage in accordance with the Leverage Requirement, it would have consistently exceeded 300% of its NAV, since inception. Based on the UCITS Fund's data, its aggregate exposure leverage under the Leverage Requirement has typically ranged between 300-600% of its NAV, and have average approximately 500% since the UCITS Fund's inception.

11. Since the Fund's investment strategies will be based on and substantially similar to the UCITS Fund, the Filer anticipates that the Fund's exposure to leverage as measured under the Leverage Requirement would produce similar results and regularly exceed the 300% of NAV limit in the Leverage Requirement.

12. The Filer is instead proposing that the Fund use a value-at-risk (**VaR**) methodology to measure its leverage risk, similar to what the UCITS Fund uses, and as described in this decision document.

13. The Fund needs relief from the Leverage Requirement to have aggregate exposure to leverage that exceeds 300% of NAV and to use to a VaR methodology to measure the Fund's leverage risk.

Relief from the Form Requirement

14. The Form Requirement requires the Fund to disclose in its fund facts and simplified prospectus its maximum aggregate exposure to cash borrowing, short selling and specified derivatives, as measures in accordance with the Leverage Requirements.

15. The Fund needs relief from the Form Requirement in order to disclose the Fund's use of VaR to measure its leverage risk, as described in this decision document.

Generally

16. The Fund's investment strategies will use specified derivatives that will result in the Fund's aggregate exposure to cash borrowing, and specified derivatives transactions exceeding 300% Fund's NAV, but in a manner that does not expose the Fund to excessive leverage risk.

17. For strategies that deploy leverage, 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. For this reason, VaR is a widely used risk measure and has been adopted in both the EU and the United States for their respective risk frameworks for retail-based funds.

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

19. This approach allows for two methods of measuring VaR limits, "relative" (**Relative VaR**) and "absolute" (**Absolute VaR**), which in general terms can be summarized as follows:

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

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

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

21. On October 28, 2020 the SEC adopted Rule 18f-4 under the *Investment Company Act of 1940*, (the **SEC Rule**), which included a regime for using VaR to measure leverage risk that is substantially the same as the regime under the UCITS Framework including permitting the use of Relative VaR and Absolute VaR and the respective limits for each approach.

22. In addition to complying with VaR limits, both the UCITS Framework and SEC Rule require that a fund must adopt a risk management policy, which includes risk guidelines, stress testing, back testing, internal reporting and escalation, and periodic review thereof. The risk management policy addresses concerns about fund leverage for investment portfolios which utilize derivatives and deploy leverage.

23. For long-short strategies that use leverage such as the Fund, the Filer believes a VaR-based approach is a better means of managing risk because, unlike notional measures, which do not measure risk or volatility, VaR enables risk to be measured in a reasonably comparable and consistent manner.

24. Allowing the Fund to use a VaR-based methodology is a more appropriate risk framework for long-short portfolios and would give investors access to an investment product that will diversify their holdings and may result in superior non-correlated returns at critical times.

25. The Sub-Advisor has employed a VaR-based risk management framework for its UCITS Fund since its inception that conforms with the UCITS Framework and is experienced in managing strategies similar to what the Fund will be adopting. rules.

26. The Filer has determined that a Relative VaR measure will be the most suitable approach for the Fund because the Filer has been able to identify a suitable reference portfolio for the purposes of the methodology. The Filer has identified to the MSCI World Net Total Return Hedged Index in USD as the appropriate designated reference portfolio for the Fund, for the purposes of its Relative VaR calculations.

27. The Fund will otherwise comply with all the material aspects of the Relative VaR methodology as outlined in the UCITS Framework. In addition to complying with Relative VaR limits, the Filer's risk process will include regular reporting to Senior Management and to the IRC, highlighting the current level of risks relevant to the Fund, and outlining any actual or foreseeable breaches to their limits to ensure prompt and appropriate action is taken.

28. On a daily basis the Filer will produce risk reports (the **Bloomberg Reports**) from the Bloomberg MARS (Multi Asset Risk System) application (the **Bloomberg MARS System**), to confirm that the Fund is compliant with the Relative VaR test.

29. It is not consistent with the requirement to provide full, true and plain disclosure for the Fund to be required to refer to the Leverage Requirement in its Prospectus, since the Filer is not proposing to manage the Fund in accordance with that requirement.

30. The Fund's simplified prospectus and fund facts will disclose the Fund's use of Relative VaR, including the appropriate reference portfolio selected for its Relative VaR calculations.

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.

1. The decision of the Commission under the Legislation is that the Exemption Sought is granted, provided that

   (a) the Filer and the Fund complies with the Relative VaR, as described in Appendix A, and complies with all of the additional leverage conditions for funds set out in Appendix A;

   (b) the Filer does not change the VaR methodology that it is using with respect to the Fund;

   (c) the Fund's prospectus disclosure concerning its use of VaR includes the appropriate designated reference portfolio selected for the purposes of its Relative VaR calculations;

   (d) the Filer uploads the investment portfolio each business day to the Bloomberg MARS system in order to have the applicable Bloomberg Reports confirm that the Fund is compliant with the Relative VaR test;

   (e) the Filer provides to the Principal Regulator on a quarterly basis a copy of each daily Bloomberg Report for the last quarter, and a copy of each report submitted to the IRC;

   (f) the Filer provides to the principal regulator on a quarterly basis a copy of each daily Bloomberg Report report for the last quarter for the Fund;

   (g) the Filer notifies the principal regulator within one business day if the Fund is offside the Relative VaR test for more than five consecutive business days;

   (h) the Filer promptly (e.g., within 24 hours) provides the principal regulator with any other information that the principal regulator may request regarding the intermonth calculations and risk metrics the Filer is using; and

   (i) the Fund's annual and interim prospectus, management report of fund performance (MRFP), and fund facts will report the range and maximum amount of relative VaR incurred by the Fund over the applicable period.

Expiration

2. This decision expires on October 9, 2028.

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

Application File #: 2023/0206
SEDAR+ File #: 6192990

APPENDIX A
ADDITIONAL LEVERAGE CONDITIONS

In these conditions,

"IRC", with respect to the Fund, means the fund's independent review committee ("IRC");

"derivatives risks" means the risks associated with a fund's derivatives transactions or its use of derivatives transactions, including leverage, market, counterparty, liquidity, operational, and legal risks and any other risks the derivatives risk manager deems material;

"derivatives transaction" means

(1) any swap, security-based swap, futures contract, forward contract, option, any combination of the foregoing, or any similar instrument, under which a fund is or may be required to make any payment or delivery of cash or other assets during the life of the instrument or at maturity or early termination, whether as margin or settlement payment or otherwise; and

(2) any short sale borrowing.

"designated index" means an unleveraged index that is approved by the Filer 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. In the case of a blended index, none of the indexes that compose the blended index may be 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;

"independent director" means a director who would be independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*;

"Relative VaR test" means that the VaR of the fund's portfolio does not exceed 200% of the VaR of the designated reference portfolio;

"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.

Conditions

1. ***Risk management policy and program -***

The fund must adopt and implement a written risk management policy, and a risk program which must include policies and procedures that are reasonably designed to manage the fund's risks and to reasonably segregate the functions associated with the program from the portfolio management of the fund. The program must include the following elements:

i. ***Risk identification and assessment.*** The program must provide for the identification and assessment of the fund's derivatives risks. This assessment must take into account the fund's derivatives transactions and other investments.

ii. ***Risk guidelines.*** The program must provide for the establishment, maintenance, and enforcement of investment, risk management, or related guidelines that provide for quantitative or otherwise measurable criteria, metrics, or thresholds of the fund's derivatives risks. These guidelines must specify levels of the given criterion, metric, or threshold that the fund does not normally expect to exceed, and measures to be taken if they are exceeded.

iii. ***Stress testing.*** The program must provide for stress testing to evaluate potential losses to the fund's portfolio in response to extreme but plausible market changes or changes in market risk factors that would have a significant adverse effect on the fund's portfolio. The frequency with which the stress testing under this paragraph is conducted must take into account the fund's strategy and investments and current market conditions, provided that these stress tests must be conducted no less frequently than weekly.

iv. ***Backtesting*.** The program must provide for backtesting to be conducted no less frequently than weekly, of the results of the VaR calculation model used by the fund in connection with the relative VaR test by comparing the fund's gain or loss that occurred on each business day during the backtesting period with the corresponding VaR calculation for that day, estimated over a one-trading day time horizon, and identifying as an exception any instance in which the fund experiences a loss exceeding the corresponding VaR calculation's estimated loss.

v. ***Internal reporting and escalation –***

A. ***Internal reporting.*** The program must identify the circumstances under which persons responsible for portfolio management will be informed regarding the operation of the program, including exceedances of the guidelines specified in paragraph 1.ii. of these conditions and the results of the stress tests specified in paragraph 1.iii. of these conditions.

B. ***Escalation of material risks.*** The person responsible for overseeing the Filer's risk program must inform in a timely manner persons responsible for portfolio management of the fund of material risks arising from the fund's derivatives transactions, including risks identified by the fund's exceedance of a criterion, metric, or threshold provided for in the fund's risk guidelines established under paragraph 1.ii. of these conditions or by the stress testing described in paragraph 1.iii. of these conditions.

vi. ***Periodic review of the program.*** Senior Management of the Filer must review the program at least annually to evaluate the program's effectiveness and to reflect changes in risk over time. The periodic review must include a review of the VaR calculation model used by the fund under condition 2 below (including the backtesting required by paragraph 1.iv. of these conditions) and any designated reference portfolio to evaluate whether it remains appropriate.

2. ***Limit on fund leverage risk -***

i. The fund must comply with the relative VaR test unless it is determined that the designated reference portfolio would not provide an appropriate reference portfolio for purposes of the relative VaR test, taking into account the fund's investments, investment objectives, and strategy. A fund that does not apply the relative VaR test must comply with the absolute VaR test.

ii. The fund must determine its compliance with the applicable VaR test at least once each business day. If the fund determines that it is not in compliance with the applicable VaR test, the fund must come back into compliance promptly after such determination, in a manner that is in the best interests of the fund and its securityholders.

3. ***Board oversight and reporting -***

i. ***Regular board reporting.*** The Filer must provide to the IRC, annually or at such other frequency determined by the board, a written report regarding the Filer's analysis of exceedances described in paragraph 1. ii. of these conditions. Each report under this paragraph must include such information as may be reasonably necessary for the board to evaluate the fund's response to exceedances.

4. ***Recordkeeping -***

i. **Records to be maintained and Retention Periods**. A fund must maintain all records and materials that paragraphs 1. and 2. of these conditions describe for a period of not less than seven years (the first two years in an easily accessible place) following each determination, action, or review that these paragraphs describe.

B.3.3 Coveo Solutions Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from the extension take up requirements in subsection 2.32(4) of National Instrument 62-104 Take-Over Bids and Issuer Bids – an issuer conducting an issuer bid requires relief from the requirement not to extend its issuer bid if all terms and conditions are met unless the issuer first takes up all securities validly deposited and not withdrawn under the issuer bid – requested relief granted, subject to conditions.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, ss. 2.32(4) and 6.1.

[Original text in French]

SEDAR+ filing Nº: 06137589

July 8, 2024

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

AND

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

AND

IN THE MATTER OF
COVEO SOLUTIONS INC.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for, in connection with the proposed purchase by the Filer of a portion of its outstanding subordinate voting shares (the **Subordinate Voting Shares**) pursuant to an issuer bid (the **Offer**), an exemption (the **Exemption Sought**), subject to the conditions set forth herein, from the requirements in Section 2.32 of *Regulation 62-104 respecting Take-over Bids and Issuer Bids*, CQLR, c. V-1.1. r. 35 (**Regulation 62-104**) that an issuer bid not be extended if all the terms and conditions of the issuer bid have been complied with or waived unless the issuer first takes up all securities deposited under the issuer bid and not withdrawn (collectively, the **Extension Take Up Requirement**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System*, CQLR, c. V-1.1, r. 1 (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, Yukon and Nunavut; and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, CQLR, c. V-1.1, r. 3 and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation validly existing under the *Canada Business Corporations Act* and is in good standing.

2. The head office and registered office of the Filer is located in Quebec.

3. The Filer is a reporting issuer in each of the jurisdictions of Canada and the Subordinate Voting Shares are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "CVO". The Filer is not in default of any requirement of the securities legislation in any jurisdiction in which it is a reporting issuer.

4. The Filer's authorized share capital consists of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of multiple voting shares (the **Multiple Voting Shares**), and (iii) an unlimited number of preferred shares, issuable in series. As of May 31, 2024, 59,395,907 Subordinate Voting Shares, 43,367,153 Multiple Voting Shares and no preferred shares were issued and outstanding.

5. Each Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. The Multiple Voting Shares are not listed for trading on any stock exchange.

6. On May 31, 2024, the closing price of the Subordinate Voting Shares on the TSX was C$7.71. On the basis of this closing price, on such date the Subordinate Voting Shares had an aggregate market value of approximately C$457.9 million (on a non-diluted basis).

7. The Filer commenced the Offer on June 4, 2024. Pursuant to the Offer, the Filer offers to purchase that number of Subordinate Voting Shares having an aggregate maximum purchase price of C$50,000,000 (the **Specified Maximum Dollar Amount**).

8. On June 3, 2024, the board of directors of the Filer has determined that the Offer is in the best interests of the Filer and its Shareholders given, among other things, its significant level of cash on hand, expectations around cash flow from operations, and the current market price of the Subordinate Voting Shares, which the board of directors of the Filer believes does not currently reflect the fundamental value of the Filer. The Offer allows the Filer to return up to C$50,000,000 of capital to Shareholders who elect to tender their Subordinate Voting Shares or Multiple Voting Shares, while at the same time increasing the proportionate equity ownership of Shareholders who elect not to tender.

9. Holders of Multiple Voting Shares will be entitled to participate in the Offer by depositing their Multiple Voting Shares to the Offer. Multiple Voting Shares deposited under the Offer will be considered as Subordinate Voting Shares (i.e. on an as-converted basis) for purposes of all calculations under the Offer. Only those Multiple Voting Shares proposed to be taken up by the Filer will be converted into Subordinate Voting Shares immediately prior to take up.

10. The purchase price per Subordinate Voting Share will be determined by the Filer through a modified "Dutch auction" procedure in the manner described below, but will not be less than C$7.70 and not more than C$9.25 per Subordinate Voting Share (the **Price Range**).

11. The Offer is made only for Subordinate Voting Shares and is not made for any convertible securities. Pursuant to Section 2.8(b) of Regulation 62-104, the Filer also made the Offer to each holder of convertible securities that, before the expiry of the deposit period of the Offer, are convertible into or exchangeable for Subordinate Voting Shares. Such convertible securities may, at the option of the holder, be converted for Subordinate Voting Shares in accordance with the terms of such convertible securities prior to the expiry of the deposit period of the Offer. Subordinate Voting Shares issued upon the conversion of the convertible securities may be tendered to the Offer in accordance with the terms of the Offer.

12. Both the Specified Maximum Dollar Amount and the Price Range are specified in the issuer bid circular dated June 3, 2024 (the **Circular**).

13. The Filer will fund the purchase of Subordinate Voting Shares pursuant to the Offer, together with the fees and expenses of the Offer, using available cash on hand. The Offer will not be conditional upon the receipt of financing.

14. A holder of Subordinate Voting Shares or Multiple Voting Shares (each, a **Shareholder**, and collectively, the **Shareholders**) wishing to tender to the Offer will be able to do so in one of two ways:

(a) by making an auction tender pursuant to which it agrees to tender a specified number of Subordinate Voting Shares to the Filer at a specified price per Subordinate Voting Share (an **Auction Price**) within the Price Range in increments of C$0.10 per Subordinate Voting Share (an **Auction Tender**); or

(b) by making a purchase price tender pursuant to which it does not specify a price per Subordinate Voting Share, but rather agrees to have a specified number of Subordinate Voting Shares purchased at the Purchase Price to be determined by the Auction Tenders (a **Purchase Price Tender**).

15. Shareholders may deposit some of their Subordinate Voting Shares and Multiple Voting Shares pursuant to an Auction Tender and deposit different Subordinate Voting Shares or Multiple Voting Shares pursuant to a Purchase Price Tender. Shareholders may not deposit the same Subordinate Voting Shares or Multiple Voting Shares pursuant to more than one method of tender or pursuant to an Auction Tender at more than one price.

16. Any Shareholder who owns fewer than 100 Subordinate Voting Shares or Multiple Voting Shares and tenders all of such Shareholder's Subordinate Voting Shares or Multiple Voting Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender will be considered to have made an **Odd Lot Tender**.

17. The Filer will determine the purchase price payable per Subordinate Voting Share (the **Purchase Price**) promptly after the expiry of the Offer based on the Auction Prices and the number of Subordinate Voting Shares and Multiple Voting Shares specified in valid Auction Tenders and Purchase Price Tenders (considered for purposes of determining the Purchase Price to have been tendered at the minimum price per Subordinate Voting Share offered). The Purchase Price will be the lowest price that enables the Filer to purchase that number of Subordinate Voting Shares tendered pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not to exceed the Specified Maximum Dollar Amount.

18. If the aggregate purchase price for Subordinate Voting Shares and Multiple Voting Shares validly tendered and not properly withdrawn pursuant to Auction Tenders (at Auction Prices at or below the Purchase Price) and Purchase Price Tenders is less than or equal to the Specified Maximum Dollar Amount, the Filer will purchase, at the Purchase Price, all Subordinate Voting Shares (including Subordinate Voting Shares underlying Multiple Voting Shares) so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders.

19. If the aggregate purchase price for Subordinate Voting Shares and Multiple Voting Shares validly tendered and not properly withdrawn pursuant to Auction Tenders (at Auction Prices at or below the Purchase Price) and Purchase Price Tenders is greater than the Specified Maximum Dollar Amount, the Filer will purchase a portion of the Subordinate Voting Shares (including Subordinate Voting Shares underlying Multiple Voting Shares) so deposited pursuant to Auction Tenders (at or below the Purchase Price) and Purchase Price Tenders, determined as follows: (i) the Filer will purchase all such Subordinate Voting Shares tendered by Shareholders pursuant to Odd Lot Tenders; and (ii) the Filer will purchase on a *pro rata* basis that portion of such Subordinate Voting Shares having an aggregate purchase price, based on the Purchase Price, equal to (A) the Specified Maximum Dollar Amount, less (B) the aggregate amount paid by the Filer for Subordinate Voting Shares tendered pursuant to Odd Lot Tenders, in each of the cases set forth in clauses (i) and (ii) of this paragraph, at the Purchase Price.

20. The number of Subordinate Voting Shares that the Filer will purchase pursuant to the Offer and the aggregate purchase price will vary depending on whether the aggregate purchase price payable in respect of Subordinate Voting Shares required to be purchased pursuant to Auction Tenders (at or below the Purchase Price) and Purchase Price Tenders (the **Aggregate Tender Purchase Amount**) is equal to or less than the Specified Maximum Dollar Amount. If the Aggregate Tender Purchase Amount is equal to the Specified Maximum Dollar Amount, the Filer will purchase Subordinate Voting Shares pursuant to the Offer for an aggregate purchase price equal to the Specified Maximum Dollar Amount. If the Aggregate Tender Purchase Amount is less than the Specified Maximum Dollar Amount, the Filer will purchase proportionately fewer Subordinate Voting Shares in the aggregate, with a proportionately lower aggregate purchase price.

21. All Subordinate Voting Shares purchased by the Filer pursuant to the Offer (including Subordinate Voting Shares and Multiple Voting Shares tendered at Auction Prices at or below the Purchase Price) will be purchased at the Purchase Price. Shareholders will receive the Purchase Price in cash. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Subordinate Voting Shares (rounding down to the nearest whole number of Subordinate Voting Shares). All payments to Shareholders will be subject to deduction of applicable withholding taxes.

22. Subordinate Voting Shares validly deposited by a Shareholder pursuant to an Auction Tender will not be purchased by the Filer pursuant to the Offer if the Auction Price per Subordinate Voting Share or Multiple Voting Shares specified by the Shareholder is greater than the Purchase Price. After the expiry of the deposit period of the Offer, the Filer will not extend the Offer if all terms and conditions of the Offer have been complied with or waived by the Filer and the aggregate Purchase Price is equal to or greater than the Specified Maximum Dollar Amount.

23. All Subordinate Voting Shares and Multiple Voting Shares tendered to the Offer and not taken up will be returned to the appropriate Shareholders.

24. All deposited Subordinate Voting Shares and Multiple Voting Shares not purchased under the Offer (including shares deposited pursuant to Auction Tenders at prices in excess of the Purchase Price, shares not purchased because of proration and shares not accepted for purchase), or properly withdrawn before the Expiration Date (as defined below), will be returned or replaced (in the case of tenders where only a partial number of the tendered Subordinate Voting Shares or Multiple Voting Shares are purchased) promptly after the Expiration Date or termination of the Offer or the date of proper withdrawal of the shares, without expense to the Shareholder. In the case of Subordinate Voting Shares or Multiple Voting Shares tendered through book-entry transfer, such shares will be credited to the appropriate account, without expense to the Shareholder.

25. Until expiry of the Offer, all information about the number of Subordinate Voting Shares and Multiple Voting Shares tendered and the prices at which the Subordinate Voting Shares and Multiple Voting Shares are tendered will be required to be kept confidential by the depositary and the Filer until the Purchase Price has been determined.

26. Shareholders who do not accept the Offer will continue to hold the number of Subordinate Voting Shares or Multiple Voting Shares owned before the Offer and their proportionate Subordinate Voting Share and Subordinate Share and Multiple Voting Share ownership will increase following completion of the Offer.

27. Fonds de solidarité des travailleurs du Québec (F.T.Q.) (**FSTQ**) beneficially owns, controls or exercises control or direction over 13,646,624 Multiple Voting Shares (representing approximately 27.68% of the total voting power with respect to all Subordinate Voting Shares and Multiple Voting Shares, as a single class, as of May 31, 2024). FSTQ but does not beneficially own, control or exercise control or direction over any Subordinate Voting Shares. If the Purchase Price is determined to be C$7.70 (being the minimum Purchase Price under the Offer) and the maximum number of Subordinate Voting Shares are repurchased, FSTQ will exercise control or direction over 13,646,624 Multiple Voting Shares, representing approximately 28.05% of the total voting power with respect to the then outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, immediately following the Offer. If the Purchase Price is determined to be C$9.25 (being the maximum Purchase Price under the Offer) and the maximum number of Subordinate Voting Shares are repurchased, FSTQ will exercise control or direction over 13,646,624 Multiple Voting Shares, representing approximately 27.99% of the total voting power with respect to the then outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, immediately following the Offer.

28. Investissement Québec (**IQ**) beneficially owns, controls or exercises control or direction over 1,280,000 Subordinate Voting Shares and 10,944,254 Multiple Voting Shares (representing approximately 22.46% of the total voting power with respect to all Subordinate Voting Shares and Multiple Voting Shares, as a single class, as of May 31, 2024). If the Purchase Price is determined to be C$7.70 (being the minimum Purchase Price under the Offer) and the maximum number of Subordinate Voting Shares are repurchased, IQ will exercise control or direction over 1,280,000 Subordinate Voting Shares and 10,944,254 Multiple Voting Shares, representing approximately 22.76% of the total voting power with respect to the then outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, immediately following the Offer. If the Purchase Price is determined to be C$9.25 (being the maximum Purchase Price under the Offer) and the maximum number of Subordinate Voting Shares are repurchased, IQ will exercise control or direction over 1,280,000 Subordinate Voting Shares and 10,944,254 Multiple Voting Shares, representing approximately 22.71% of the total voting power with respect to the then outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, immediately following the Offer.

29. Al-Rayyan Holding LLC (**Al-Rayyan**) beneficially owns, controls or exercises control or direction over nil Subordinate Voting Shares and 7,415,859 Multiple Voting Shares (representing approximately 15.04% of the total voting power with respect to all Subordinate Voting Shares and Multiple Voting Shares, as a single class, as of May 31, 2024). If the Purchase Price is determined to be C$7.70 (being the minimum Purchase Price under the Offer) and the maximum number of Subordinate Voting Shares are repurchased, Al-Rayyan will exercise control or direction over nil Subordinate Voting Shares and 7,415,859 Multiple Voting Shares, representing approximately 15.24% of the total voting power with respect to the then outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, immediately following the Offer. If the Purchase Price is determined to be C$9.25 (being the maximum Purchase Price under the Offer) and the maximum number of Subordinate Voting Shares are repurchased, Al-Rayyan will exercise control or direction over nil Subordinate Voting Shares and 7,415,859 Multiple Voting Shares, representing approximately 15.21% of the total voting power with respect to the then outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, immediately following the Offer.

30. To the knowledge of the Filer, after reasonable inquiry, no person or company other than FSTQ, IQ and Al-Rayyan beneficially owns, or exercises control or direction over, more than 10% of the voting rights attached to all of the Filer's outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class.

31. As of May 31, 2024, to the knowledge of the Filer and its directors and officers after reasonable inquiry, no director or officer of the Filer, no associate or affiliate of the Filer or of an insider of the Filer, no person or company that beneficially owns, controls or exercises control or direction over more than 10% of the voting rights attached to all of the Issuer's outstanding Subordinate Voting Shares and Multiple Voting Shares, as a single class, and no person or company acting jointly or in concert with the Filer, has indicated any present intention to deposit any of such person's or company's Subordinate Voting Shares or Multiple Voting Shares pursuant to the Offer.

32. The Offer is schedule to expire at 5:00 p.m. (Montreal time) on July 10, 2024 (the **Expiration Date**).

33. The Filer may elect to extend the bid without first taking up all the Subordinate Voting Shares (including Subordinate Voting Shares underlying the Multiple Voting Shares) deposited and not withdrawn under the Offer if the aggregate purchase price for Subordinate Voting Shares and Multiple Voting Shares validly tendered pursuant to Auction Tenders and Purchase Price Tenders is less than the Specified Maximum Dollar Amount. Under the Extension Take Up Requirement, an issuer may not extend an issuer bid if all the terms and conditions of the issuer bid have been complied with or waived unless the issuer first takes up all the securities deposited and not withdrawn under the issuer bid.

34. As the determination of the Purchase Price requires that all Auction Prices and the number of Subordinate Voting Shares and Multiple Voting Shares deposited pursuant to both Auction Tenders and Purchase Price Tenders be known and taken into account, the Filer will be unable to take up the Subordinate Voting Shares (including Subordinate Voting Shares underlying Multiple Voting Shares) deposited and not withdrawn under the Offer as of the Expiration Date prior to extending the Offer because the Purchase Price will not and cannot be known as additional Auction Tenders and Purchase Price Tenders may be made during the extension period that will impact the calculation of the Purchase Price. Accordingly, the Exemption Sought is required in connection with an extension of the Offer to enable the Filer to make a final determination regarding the Purchase Price, taking into account all Subordinate Voting Shares and Multiple Voting Shares tendered prior to the Expiration Date and those tendered during any extension period.

35. Subordinate Voting Shares and Multiple Voting Shares deposited pursuant to the Offer, including those deposited prior to the Expiration Date, may be withdrawn by the Shareholder at any time prior to the expiration of any extension period in respect of the Offer.

36. The Filer intends to rely on the exemption from the formal valuation requirements applicable to issuer bids under Regulation 61-101 *respecting Protection of Minority Security Holders in Special Transactions*, CQLR, c. V-1.1, r. 33 (**Regulation 61-101**) set out in subsection 3.4(b) of Regulation 61-101 (the **Liquid Market Exemption**).

37. There was a "liquid market" for the Subordinate Voting Shares, as such term is defined in Regulation 61-101, as of the date of the commencement of the Offer because the test in paragraph 1.2(1)(a) of Regulation 61-101 was satisfied. In addition, an opinion was voluntarily sought by the Filer and obtained from RBC Dominion Securities Inc. confirming that a liquid market exists for the Subordinate Voting Shares as of the date of the Circular and such opinion is included in the Circular (the **Liquidity Opinion**).

38. Based on the maximum number of Subordinate Voting Shares that may be purchased under the Offer, as of the date of the Offer, it is reasonable to conclude (and the Liquidity Opinion provides that it is reasonable to conclude) that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Subordinate Voting Shares who do not tender to the Offer that is not materially less "liquid", as such term is defined in Regulation 61-101, than the market that existed on the date of the commencement of the Offer.

39. The Circular:

    (a) discloses the mechanics for the take up of and payment for Subordinate Voting Shares;

    (b) explains that, by tendering Subordinate Voting Shares at the lowest price in the Price Range under an Auction Tender or by tendering Subordinate Voting Shares under a Purchase Price Tender, a Shareholder can reasonably expect that the Subordinate Voting Shares so tendered will be purchased at the Purchase Price, subject to proration and other terms of the Offer as specified herein;

    (c) discloses that the Filer has applied for the Exemption Sought;

    (d) sets out the manner in which an extension of the Offer will be communicated to Shareholders;

    (e) discloses that Subordinate Voting Shares or Multiple Voting Shares deposited pursuant to the Offer may be withdrawn at any time prior to the expiry of the Offer;

    (f) discloses, if known after reasonable inquiry, the name of every person named in Item 11 of Form 62-104F2 to Regulation 62-104 who has accepted or intends to accept the Offer and the number of Subordinate Voting Shares or Multiple Voting Shares in respect of which the person has accepted or intends to accept the Offer;

(g) discloses the facts supporting the Filer's reliance on the Liquid Market Exemption, including the Liquidity Opinion; and

(h) contains the disclosure prescribed by applicable securities laws for issuer bids.

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 relief from the Exemption Sought is granted, provided that:

(a) the Filer takes up Subordinate Voting Shares (including Subordinate Voting Shares underlying Multiple Voting Shares) deposited pursuant to the Offer and not withdrawn and pays for such Subordinate Voting Shares, in each case, in the manner described herein; and

(b) the Filer is eligible to rely on the Liquid Market Exemption.

"Benoît Gascon"
Directeur principal du financement des sociétés
Autorité des marchés financiers

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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
Minnova Corp.	August 2, 2024	October 17, 2024
RevoluGROUP Canada Inc.	October 18, 2024	
Lotus Ventures Inc.	April 8, 2024	October 18, 2024
Vicinity Motor Corp.	October 21, 2024	
Magnetic North Acquisition Corp.	July 12, 2024	October 21, 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	

Company Name	Date of Order	Date of Lapse
AION THERAPEUTIC INC.	August 30, 2024	
Hybrid Power Solutions Inc.	October 2, 2024	

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:
Next Edge Biotech and Life Sciences Opportunities Fund
Next Edge Strategic Metals and Commodities Fund
Veritas Next Edge Premium Yield Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Oct 21, 2024
NP 11-202 Final Receipt dated Oct 21, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing # 06184935

Issuer Name:
Embark Student Plan
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Oct 11, 2024
NP 11-202 Final Receipt dated Oct 15, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06183872

Issuer Name:
Embark Select Conservative Plan
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Oct 11, 2024
NP 11-202 Final Receipt dated Oct 15, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06183716

Issuer Name:
Primerica Conservative Income Fund
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Simplified Prospectus dated Oct 15, 2024
NP 11-202 Preliminary Receipt dated Oct 17, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06192601

Issuer Name:
PIMCO Monthly Enhanced Income Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Oct 11, 2024
NP 11-202 Preliminary Receipt dated Oct 15, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06192210

Issuer Name:
Global X Artificial Intelligence Infrastructure Index ETF
Global X Equal Weight Canadian Groceries & Staples Index ETF
Global X Equal Weight Canadian Insurance Index ETF
Global X Equal Weight Canadian Oil & Gas Index ETF
Global X Equal Weight Canadian Telecommunications Index ETF
Global X Gold Producers Index ETF
Global X Long-Term Government Bond Premium Yield ETF
Global X Mid-Term Government Bond Premium Yield ETF
Global X Russell 2000 Covered Call ETF
Global X Russell 2000 Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Oct 16, 2024
NP 11-202 Preliminary Receipt dated Oct 17, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06193382

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NON-INVESTMENT FUNDS

Issuer Name:
Jushi Holdings Inc.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated October 11, 2024
NP 11-202 Final Receipt dated October 18, 2024
Offering Price and Description:
C$350,000,000 - Subordinate Voting Shares, Preferred Shares, Warrants, Subscription Receipts, Debt Securities, Convertible Securities, Units
Filing # 06180789

Issuer Name:
Anthem Citizen Real Estate Development Trust
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated October 16, 2024
NP 11-202 Final Receipt dated October 16, 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
$10.00 per Class A Unit
$10.00 per Class F Unit
Filing # 06182976

Issuer Name:
Rio2 Limited
Principal Regulator – British Columbia
Type and Date:
Final Shelf Prospectus dated October 16, 2024
NP 11-202 Final Receipt dated October 16, 2024
Offering Price and Description:
$100,000,000 - Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Filing # 06192983

Issuer Name:
BluSky Carbon Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated October 16, 2024
NP 11-202 Preliminary Receipt dated October 16, 2024
Offering Price and Description:
$30,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities
Filing # 06193081

Issuer Name:
Topaz Energy Corp.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated October 16, 2024
NP 11-202 Final Receipt dated October 16, 2024
Offering Price and Description:
$175,350,000
7,000,000 Common Shares
Price: $25.05 per Common Share
Filing # 06189301

Issuer Name:
Kraken Robotics Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated October 16, 2024
NP 11-202 Final Receipt dated October 16, 2024
Offering Price and Description:
$45,000,000
28,125,000 Common Shares
$1.60 per Common Share
Filing # 06189327

Issuer Name:
Troilus Gold Corp.
Principal Regulator – Québec
Type and Date:
Final Short Form Prospectus dated October 15, 2024
NP 11-202 Final Receipt dated October 15, 2024
Offering Price and Description:
$28,029,000
57,150,000 Units
10,900,000 Traditional Flow-Through Shares
8,600,000 Québec Flow-Through Shares
$0.35 per Unit
$0.405 per Traditional FT Share
$0.42 per Québec FT Share
Filing # 06186168

Issuer Name:
ALEEN INC.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 15, 2024
Final Receipt dated October 16, 2024
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Filing # 06192671

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	MAPLE LEAF ANGELS CORPORATION	Exempt Market Dealer	October 11, 2024
Voluntary Surrender	TANGERINE INVESTMENT MANAGEMENT INC./GESTION D'INVESTISSEMENTS TANGERINE INC.	Portfolio Manager and Investment Fund Manager	October 10, 2024
New Registration	FAX Capital Management Inc.	Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	October 18, 2024
Voluntary Surrender	CREDIT SUISSE SECURITIES (CANADA), INC./VALEURS MOBILIERES CREDIT SUISSE (CANADA), INC.	Investment Dealer	October 18, 2024
Voluntary Surrender	NORTHERN ALLIANCE FINANCIAL CORPORATION	Exempt Market Dealer	October 18, 2024

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B.11
CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Cboe Canada Inc. – Proposed Public Interest Rule Amendment – Directed Indications of Interest – Request for Comments

CBOE CANADA INC.

PROPOSED PUBLIC INTEREST RULE AMENDMENT AND REQUEST FOR COMMENTS

DIRECTED INDICATION OF INTEREST

OSC staff (**Staff**) is publishing today a notice (**Notice**) of Proposed Public Interest Rule Amendment and Request for Comments from Cboe Canada Inc. (**Cboe Canada**) regarding the introduction of a new order type to Cboe Canada's MATCHNow trading book (**MATCHNow**) called Directed Indication of Interest (**Directed IOI**).

A full description of the proposed functionality and Cboe Canada's submissions on its rationale and expected impact are in the Notice. While comments are requested on all aspects of the Notice, for the purpose of responding to Staff's request for specific comments below, Staff notes the following aspects of the Directed IOI functionality.

As described in the Notice, a buy-side institutional firm that has direct electronic access to MATCHNow (**Sponsored User**) must be an existing client of the dealer member (**Member**) to be able to receive Directed IOIs from that Member. The Member can then choose which Sponsored User(s) will receive a particular Directed IOI message. In addition, the Sponsored User can filter the messages it receives based on certain types of liquidity (*e.g.*, by specific Member(s) and the nature of liquidity that the Member's Directed IOI represents, including client agency, dealer proprietary or market making). Orders generated through the Directed IOI functionality do not interact with other orders in the MATCHNow order book.

In other words, the Directed IOI functionality allows certain market participants to choose the counterparties and certain attributes of orders with which they wish to interact and ultimately trade against. It does not allow all market participants the opportunity to trade against all orders, but rather enables certain participants to interact based on pre-existing relationships. Directed IOIs will be subject to a minimum notional threshold of $100,000 in value.

Staff notes that as part of the Notice, Cboe Canada has not proposed to institute an automated compliance mechanism for monitoring messages transmitted between Members and Sponsored Users in the context of Directed IOIs.

Staff request for specific comments

The "fair access" requirement in section 5.1 of National Instrument 21-101 *Marketplace Operation* states that a marketplace must not unreasonably prohibit, condition or limit access by a person or company to services offered by it. It also states that a marketplace must not

(a) permit unreasonable discrimination among clients, issuers and marketplace participants, or

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

Question 1: *In your view, is the proposed Directed IOI functionality consistent with the fair access requirement?*

Question 2: *Would users of Directed IOIs have an informational advantage over other market participants since they would have information, including the nature of the counterparties, that is not available to other market participants?*

Submission of comments

Comments on the Notice should be in writing and submitted by November 25, 2024 to:

Trading and Markets Division
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON
M5H 3S9
TradingandMarkets@osc.gov.on.ca

and to:

Joacim Wiklander
Chief Executive Officer and President
Cboe Canada Inc.
65 Queen Street West
Suite 1900
Toronto, ON M5H 2M5
jwiklander@cboe.com

Comments received will be made public on the OSC website. Upon completion of Staff's review, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Staff's review and to outline the intended implementation date of the changes.

CBOE CANADA INC.

PROPOSED PUBLIC INTEREST RULE AMENDMENT

DIRECTED INDICATIONS OF INTEREST

REQUEST FOR COMMENTS

Introduction

In accordance with Schedule 4 to its recognition order, Cboe Canada Inc. ("**Cboe Canada**" or the "**Exchange**") is publishing a proposed public interest rule amendment (the "**Public Interest Rule Amendment**") to its trading rules (the "**Trading Policies**") to add a new order type to the Exchange's MATCHNow Trading Book: the Directed Indication of Interest (the "**Directed IOI**").[1] The Public Interest Rule Amendment was filed with the Ontario Securities Commission (the "**OSC**") and is being published for comment. A description of the Public Interest Rule Amendment is set out below, and the text of the Public Interest Rule Amendment is set out in Appendix A. Subject to (a) any changes resulting from the comments received, (b) the approval of the OSC as contemplated in section 10(f) of Schedule 4 of the Exchange's recognition order, and (c) the granting of an order for exemptive relief on the basis of the application being filed by the Exchange in connection with the publication of this notice (as explained in greater detail below in the section entitled "Exemptive Relief from 'Pre-Trade Transparency' Requirement"), the Public Interest Rule Amendment will be effective on a date to be confirmed subsequent to the publication of the notice of approval and the exemptive relief order on the OSC's website.

Description of the Public Interest Rule Amendment

The Exchange is proposing to offer a new order type, the Directed IOI, by adding a new Section 9.09 (Directed IOIs), under Part IX (Trading in MATCHNow) of the Trading Policies and making one consequential amendment to Section 9.02 of the Trading Policies (to add "Directed IOI" as a new order type available on MATCHNow).

As proposed, Directed IOIs will allow a Member to use Cboe BIDS Canada to invite, on a conditional basis, one or more of its Sponsored Users to firm up an offer to buy or sell any security currently available for trading on MATCHNow, but only if each such Sponsored User has previously (confidentially) expressed an interest in buying or selling a large block-sized position in that security and enabled the Directed IOI feature for that position via "BIDS Trader" (the Cboe BIDS Canada desktop interface for Sponsored Users, which is fully integrated with each Sponsored User's order management system or "**OMS**"[2]). In this sense, Directed IOIs will be similar to Conditionals, but distinctive. Further details are provided below.

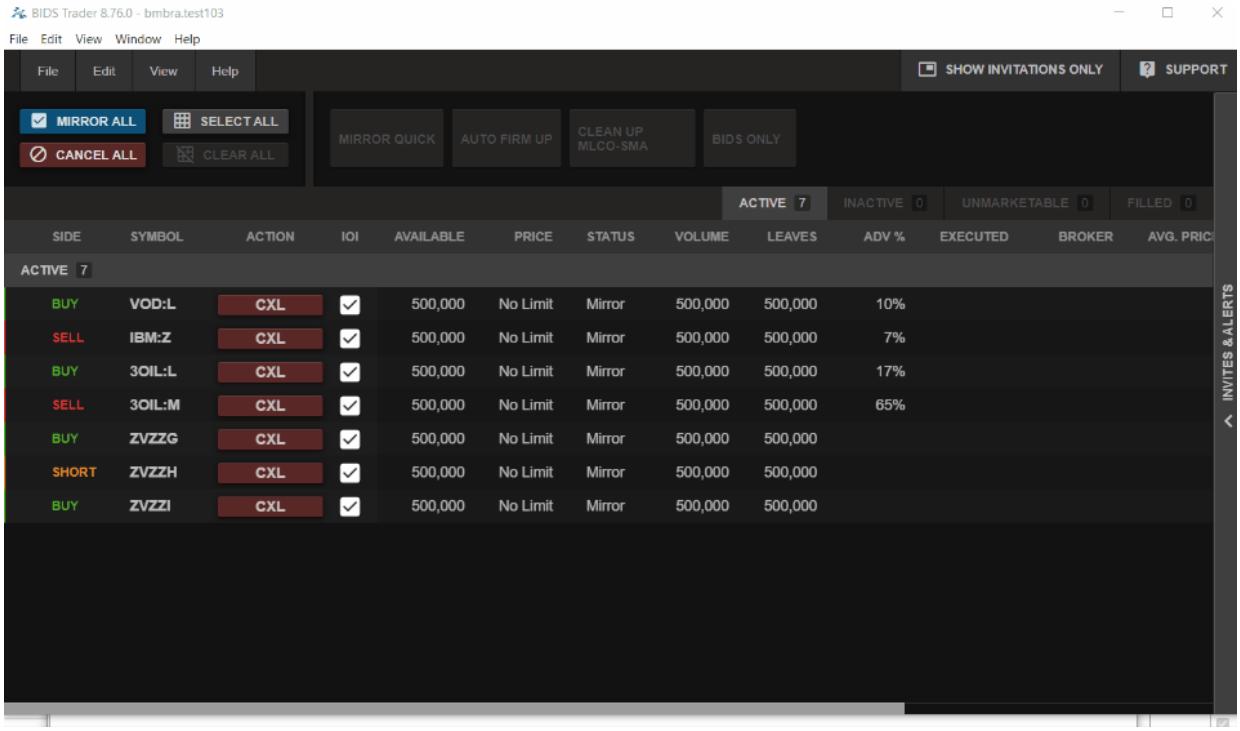
Overview of Directed IOI Functionality

A Directed IOI can only be originated by a Member. The Directed IOI will consist of a message transmitted by the Member to Cboe BIDS Canada, which the system will then transmit to the Sponsored User client(s) that the Member has selected; however, the message will only be transmitted (displayed) to a selected Sponsored User if (a) there is sufficient uncommitted liquidity in the Sponsored User's OMS and (b) the Sponsored User has checked the "IOI" box on BIDS Trader for that uncommitted liquidity. (See Screenshot 1.)

[1] Capitalized terms used but not defined herein are as defined in the Trading Policies.

[2] BIDS Trader is not used by Members; it is a graphical user interface (or "**GUI**") that only runs on the desktops of Sponsored Users.

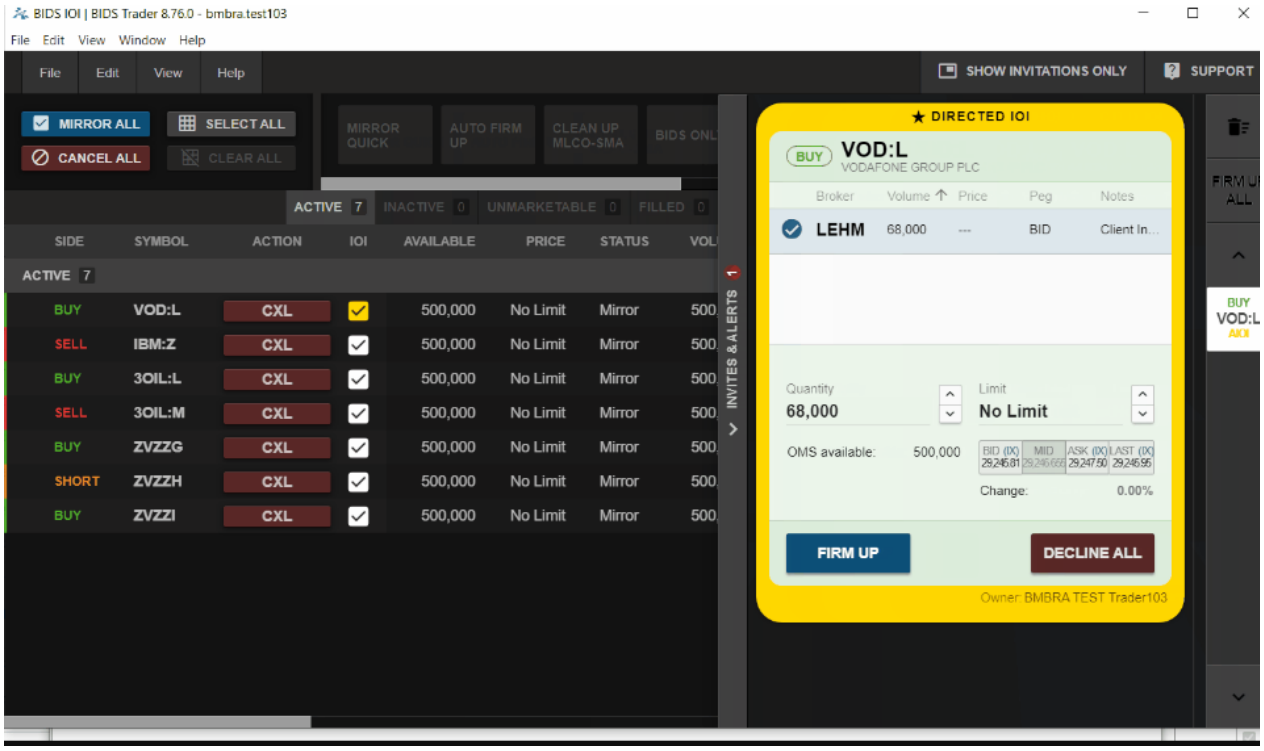
Screenshot 1



The Member will not know in advance of sending a Directed IOI which (if any) of its Sponsored User clients meet the criteria, nor will it receive any kind of confirmation that a selected Sponsored User does not meet the criteria after the Directed IOI has been sent.

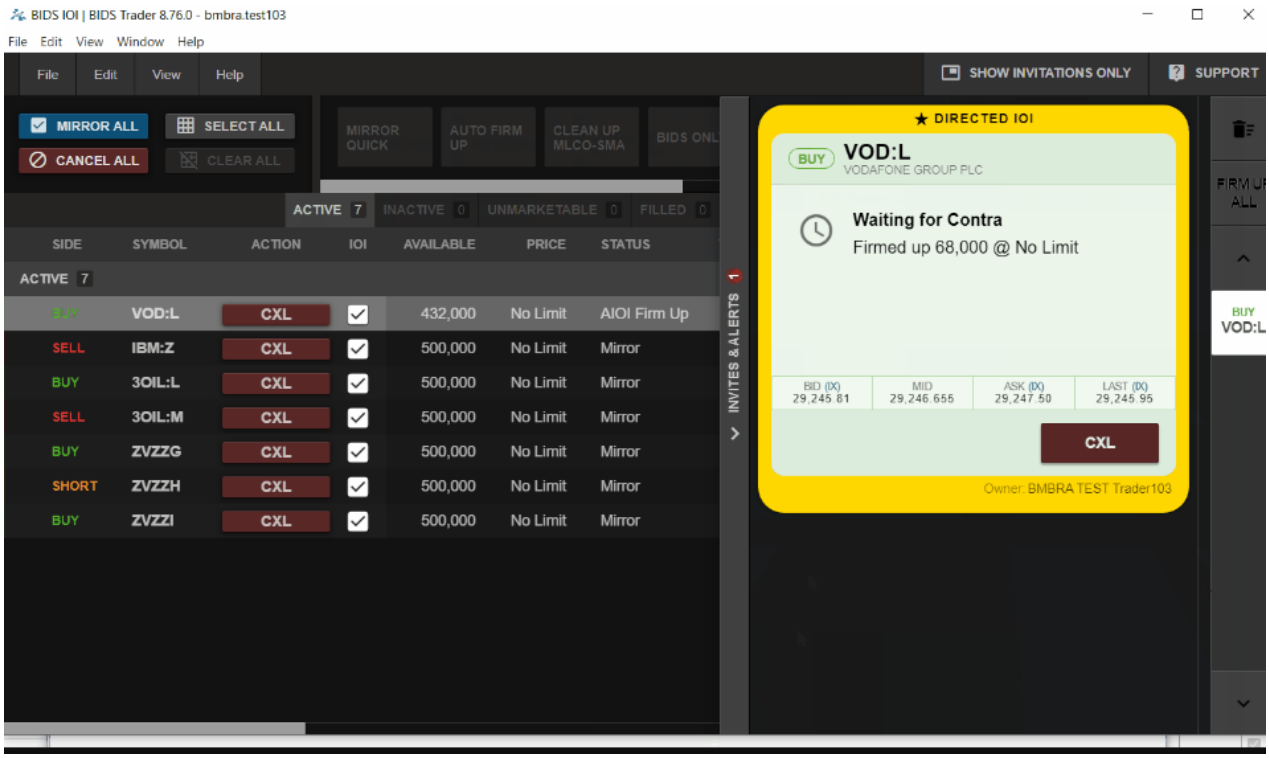
When a Directed IOI is received by a Sponsored User, a pop-up will occur and the “IOI” box on BIDS Trader will turn yellow. (See Screenshot 2.) This is a visual cue to the Sponsored User that the position is tradeable and available for firm-up, even after the pop-up disappears (which it does after 30 seconds).

Screenshot 2



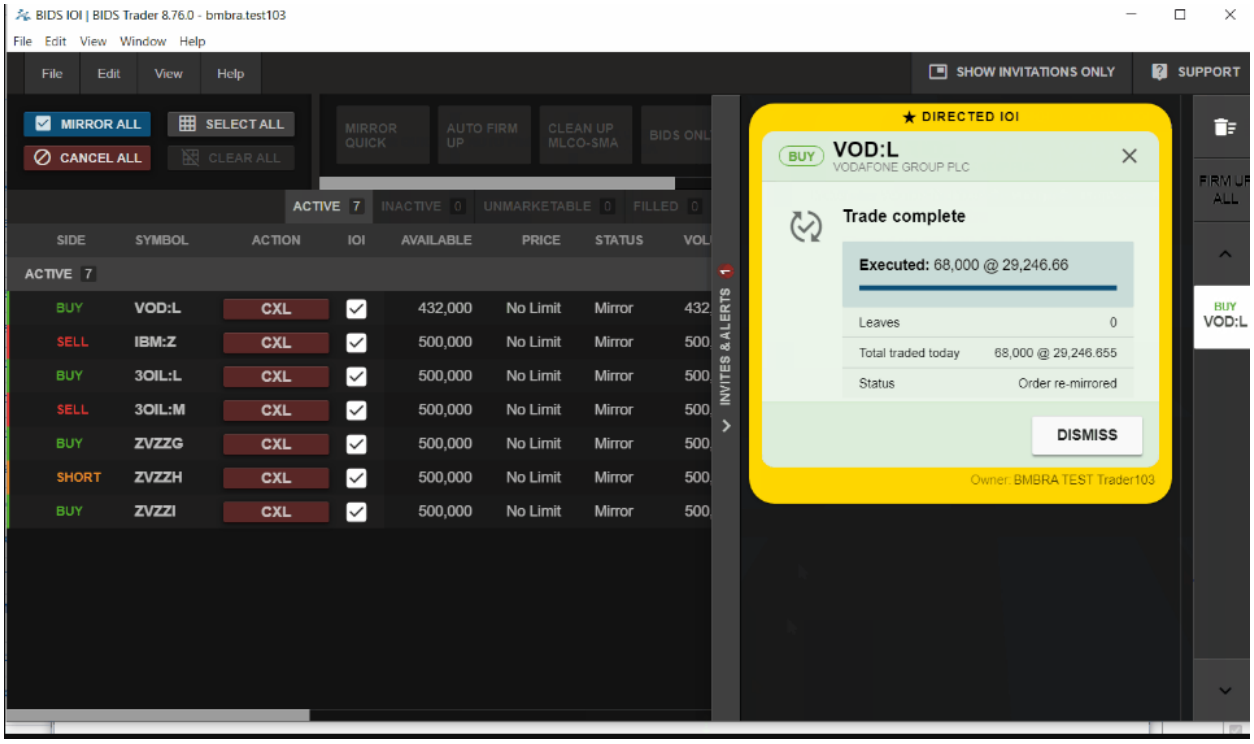
If the Sponsored User firms up the invitation (by clicking the blue “FIRM UP” button in the pop-up), the message inside the pop-up switches to “Waiting for Contra” (see Screenshot 3 below), at which point the originating Member becomes the sponsoring dealer on the resulting (buy-side) order. Note that, as part of its firm-up message, the Sponsored User may either maintain the default values for quantity and limit price that the system has generated based on instructions or settings previously input by the Sponsored User, or it may enter a new value for quantity and/or limit price, so long as the new value(s) does (do) not make the order too small to meet the applicable minimum size threshold (see the section entitled “Minimum Size Threshold” under the heading “Rationale and Relevant Supporting Analysis” below), nor too large to be satisfied by the uncommitted liquidity that is available in the Sponsored User’s OMS at that moment.

Screenshot 3



For the process to continue, the originating Member must then take the affirmative step of firming up, at which point the trade is immediately executed. The Sponsored User also immediately receives a final pop-up confirming the execution of the trade (see Screenshot 4), and the orders and trade are simultaneously printed to the public tape on Cboe Canada (via the MATCHNow Trading Book).

Screenshot 4



In the event the Member does not firm up, the Directed IOI is cancelled and no trade occurs.

Information/Flow Restrictions

1. From the Member's perspective

After sending a Directed IOI, the Member does not receive a notification (or any other information) unless and until the recipient Sponsored User (or one of the recipient Sponsored Users) has firmed up. If more than one Sponsored User was selected to receive the Directed IOI, the Member only receives a single notification—namely, upon firm-up by the first Sponsored User to act; conversely, if none of the selected Sponsored Users firms up, the Member receives no notification.

2. From the Sponsored User's perspective

BIDS Trader allows a Sponsored User to narrow the type of liquidity that it receives via Directed IOI. The criteria that a Sponsored User can activate to narrow the Directed IOI messages it receives are the following[3]:

- "Client Natural" vs. "Potential": This controls whether the Member's Directed IOI must have a corresponding live client (agency) order for at least the advertised size prior to the Directed IOI being generated, or whether the Sponsored User will also accept Directed IOIs that merely reflect potential agency interest, e.g., a Member's discussion with a client on a recordable medium (satisfactory from a regulatory perspective) and a reasonable expectation of continued interest.

- "House Unwind" vs. "House Position Wanted": This controls for whether the Member has committed to ensuring that the size of the IOI reflects the actual house position in the relevant business unit, or whether the Sponsored User will accept a Directed IOI for which the Member will likely be sourcing liquidity.

- "House – Market Making": This controls whether the Directed IOI may reflect the market-making activities of a Member (if applicable).

- "Specific Broker": This allows a Sponsored User to block Directed IOIs from specific Members. The Member that submits the Directed IOI will not know it has been blocked by any Sponsored User.

Members select the appropriate criteria when sending a Directed IOI so that the message accurately reflects the underlying liquidity; if no criteria are selected, the system defaults to the most permissive options (e.g., "Potential").[4] On the Sponsored User side, the system will filter out messages that do not meet the criteria selected by the Sponsored User. In those cases, the Sponsored User does not glean any additional information, but rather, it simply does not receive any messages (information) at all, as it will not be made aware of any Directed IOIs that do not meet its needs.

Price

Directed IOIs can only be executed at or within the range of prices established by the protected National Best Bid or Offer (the "**NBBO**"), subject to a peg (if that feature is activated by the Member and/or the Sponsored User).

Time Constraints

For a Sponsored User, there is no time constraint applicable to the firm-up; instead, the system allows the Sponsored User to firm up for as long as the Directed IOI remains active. However, the longer a Sponsored User waits to firm up, the greater the risk that the indicated liquidity will disappear, either because another Sponsored User has acted upon it or because the Member has cancelled the Directed IOI altogether (which it can do at any time prior to a Sponsored User's firm-up). In either case, the yellow indication disappears for the position on the Sponsored User's BIDS Trader screen (and, if applicable, the pop-up on the screen grays out).

As for the Member, once its Directed IOI has been firmed up by a Sponsored User, the system imposes a time limit of one second on the Member to firm up, after which the firmed-up message from the Sponsored User is cancelled; this is similar to the time

[3] These criteria are consistent with the "Framework" set out in the *Asia Pacific Equities IOI Charter* issued in November 2020 (the "**Charter**") as a joint project of the Asia Securities Industry & Financial Markets Association and various other industry organizations. For additional details, please see https://www.asifma.org/wp-content/uploads/2020/11/asia-pacific-equities-ioi-charter-2020.11.19-vf.pdf; see also https://www.asifma.org/resource/asia-pacific-ioi-charter/ (noting that the Charter "uses the internationally recognised standard created in the 2017 [Association for Financial Markets in Europe/The Investment Association or 'AFME/IA"] Framework and provides additional clarification on certain AFME/IA subclasses and behaviours, with the intention of improving the transparency and consistency of approach across participants" and "takes into account the […] the 2018 and 2019 Circulars released by the Hong Kong Securities and Futures Commission around the implementation of IOIs").

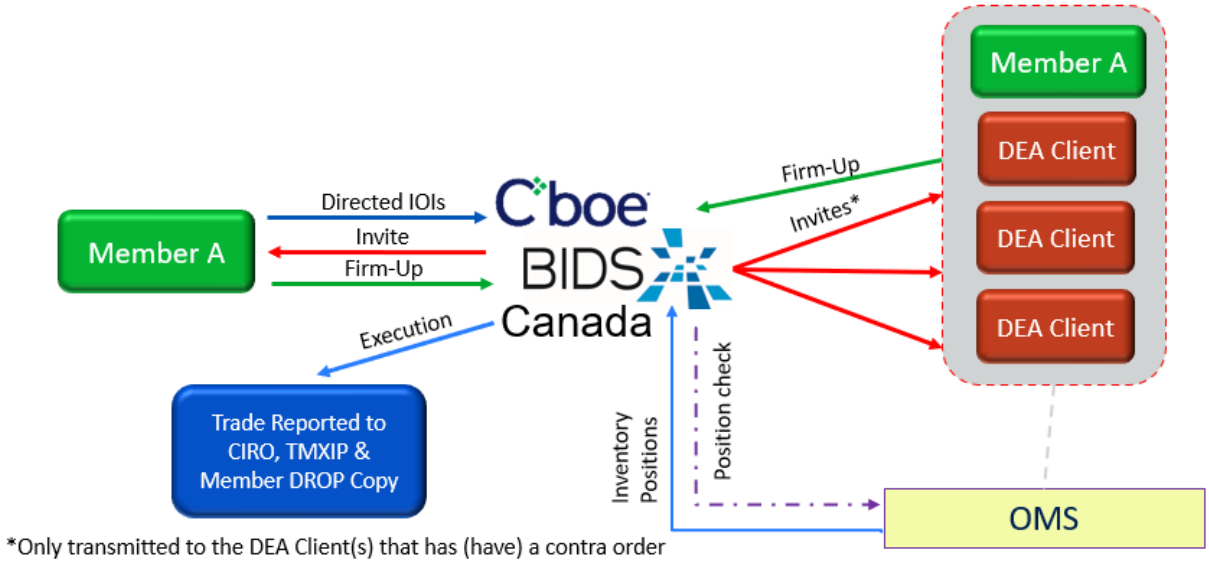
[4] It is anticipated that the system will be designed to require a positive value in the FIX Tag that identifies the liquidity source before a Member's initial Directed IOI message will be permitted to be transmitted to Cboe BIDS Canada, even if it is simply the "default" value; this will reasonably ensure accountability for Members, in terms of how they are identifying the liquidity source for their Directed IOIs and whether they are doing so appropriately.

constraint that applies to a Member when receiving a firm-up message for a Conditional on Cboe BIDS Canada under existing Exchange Requirements.[5]

Sequencing

The system allows multiple Sponsored Users to receive a single Directed IOI invitation from a Member simultaneously; however, as soon as one of the Sponsored Users firms up, the invitation is automatically cancelled for the other Sponsored User(s).

The following graphic illustrates the workflow process:



1. Member A sends a Directed IOI for symbol XYZ via Cboe BIDS Canada to several of its DEA Clients that have been onboarded to receive them.

2. Cboe BIDS Canada detects potential (uncommitted) liquidity in the OMS for three of the DEA Clients that have been selected by the Member and transmits the message to them simultaneously.

3. One of the DEA Clients firms up via the BIDS Trader desktop interface (which prevents any other DEA Client from firming up thereafter).

4. The firmed-up invitation message is sent back through Cboe BIDS Canada to Member A.

5. Member A firms up, and the trade is immediately executed and reported.

The Exchange believes that the specificity of the criteria and the robustness of the processes that will govern the entry, execution, and regulatory reporting of Directed IOIs on Cboe BIDS Canada are precisely the type of factors that the Canadian Securities Administrators (the **CSA**) have implicitly acknowledged as relevant and important in deciding whether or not to permit the use of IOIs in a dark pool context. See CSA/IIROC Joint Staff Notice 23-308, *Update on Forum to Discuss CSA/IIROC Joint Consultation Paper 23-404 "Dark Pools, Dark Orders and Other Developments in Market Structure in Canada" and Next Steps* (2010) 33 OSCB 4747 at 4748 (May 28) (the "**2010 Joint Notice**") (available at https://www.osc.ca/sites/default/files/pdfs/irps/csa_20100528_23-308_update-dark-pools.pdf) (noting that the "main issues related to IOIs disseminated by dark pools in order to attract order flow" could potentially be addressed through "enhanced transparency of marketplaces' practices regarding the dissemination of information respecting orders and trades, including the provision of IOIs").[6]

[5] See the "Commentary" under existing Section 9.08(1) of the Trading Policies. Note that, on Cboe BIDS Canada, Sponsored Users must act through human traders, whereas Members must act through algorithmic (automated) trading systems. This important distinction explains why the two types of traders are not subject to an identical time constraint.

[6] In summarizing the public comment letters that were received in response to a request for comment published in 2009 (see Joint Canadian Securities Administrators/Investment Industry Regulatory Organization of Canada Consultation Paper 23-404, *Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada* (Sept. 3, 2009) (the "**2009 Consultation Paper**") (available at https://www.bcsc.bc.ca/-/media/PWS/Resources/Securities_Law/Policies/Policy2/Consultation-Paper-23404.pdf?dt=20200325221305)), the 2010 Joint Notice observed that there were "mixed" views on whether or not dark pools "should be permitted to select which destinations are able to receive IOIs"; however, the CSA acknowledged that some commenters were of the view that "it should be the subscribers of the Dark Pools that have the ability to select the destination for their IOIs, based on their clients' interest," and that a "few" other commenters thought it "important that dark pools have the flexibility to target recipients of communications and that this could be based on commercial relationships, business goals and needs, technology and probability of execution." 2010 Joint Notice at 4752-53.

Other Implementation Details

The Exchange already has an outsourcing agreement in place with its affiliate with respect to the technology that will support the new proposed functionality, and that agreement contains broad language concerning the technology licensing and support services to be provided by that affiliate to the Exchange; as such, that agreement will not require any amendments. In a similar vein, Directed IOIs fit within the term "instructions" and/or the term "messages" referred to in the context of Cboe BIDS Canada set out in existing language in subsections 6(f) and 6(g) of the Cboe Canada Member Agreement (available at https://www.cboe.ca/documents/en/trading-data/cboe-canada-member-agreement-20240331-en.pdf), which language, among other things, describes the obligations under applicable Exchange Requirements of a Sponsoring Member that uses Cboe BIDS Canada; as such, no amendments to the Member Agreement will be necessary.

With regard to onboarding, the Exchange will continue to rely on the licensed systems and support services provided by its affiliate, which provide a reasonable assurance that each institutional investor that wishes to receive Directed IOIs has and maintains the necessary relationship with the relevant Sponsoring Member(s) before it can be onboarded for Directed IOIs. Moreover, as is the case for any Cboe BIDS Canada-based activity, the system will prevent any Directed IOIs from being transmitted to a Sponsored User unless and until the appropriate risk controls have been established for that Sponsored User by the relevant Sponsoring Member(s).

Expected Date of Implementation

The Exchange is seeking to implement this Public Interest Rule Amendment in Q1 of 2025.

Rationale and Relevant Supporting Analysis

Directed IOIs Offer Benefits Over Traditional Indications of Interest

Indications of interest ("**IOIs**") have been used for decades by marketplace participants in Canada—and in financial markets around the world—as a tool for finding and trading large block-sized liquidity. One scenario in which IOIs may be used is where a securities dealer is "working" a large order for a listed security—i.e., searching for a counterparty for a large client or proprietary order in a manner that minimizes the risk of a significant price swing due to the volume of the order; where a match is found and agreed to orally or in writing, the resulting trade must then be entered for execution on a marketplace, pursuant to subsection 6.4(1) of the Canadian Investment Regulatory Organization's ("**CIRO**") Universal Market Integrity Rules ("**UMIR**"). At that point, it is immediately reported by the marketplace on which it was entered to an information processor, pursuant to section 7.2 of National Instrument 21-101 *Marketplace Operation* ("**NI 21-101**"); it is also reported (along with all mandatory "audit trail" designations and other data) to CIRO.[7] This type of activity has traditionally been referred to as the "upstairs market"; and where it involves a single securities dealer acting on both sides of the trade, it can be seen as a form of "internalization." As observed by the CSA and CIRO in a joint notice published in 2019:

> [I]nternalization can refer to different types of trading activities, and may occur through a variety of means. One method is […] where a dealer may work to find the counterparty to a client order or commit its capital and assume the risk of acting as the trade counterparty on a principal basis. Commonly referred to as the "upstairs market", withholding larger orders from immediate entry to a marketplace is a long-standing practice in the Canadian market.

Joint CSA/IIROC Consultation Paper 23-406, *Internalization within the Canadian Equity Market* (Mar. 12, 2019), s. 5.1 (available at https://www.osc.ca/sites/default/files/pdfs/irps/csa_20190312_internalization-within-the-canadian-equity-market.pdf) (the "**2019 Consultation Paper**").

Over the years, traditional IOIs went from being negotiated in person or by telephone, to being transmitted by message boards and other electronic communication methods. And as noted by the CSA and CIRO, the execution of large block-sized orders that originate as IOIs has a beneficial impact on Canadian securities markets. See *ibid.* ("[W]e believe such ["upstairs market"] activities to be potentially integral to both the execution of large investor orders and efficient functioning of the Canadian market.").

However, the traditional methods used by market participants to communicate IOIs involve many disadvantages, including, in particular:

- Risk of information leakage: In many cases, IOI messages posted to public or semi-public platforms can be accessed by parties who have no *bona fide* interest in trading. This allows such parties to take advantage of the information to inform their trading strategy, without any downside or other form of accountability.

[7] An IOI, in and of itself, is not reportable to CIRO unless and until it is "actionable" or "firm," at which point it becomes an "order" for the purposes of section 1.1 of NI 21-101, and that makes it reportable to CIRO pursuant to UMIR 10.11(2), even if it is not executed. (In practice, the marketplace that received and, if applicable, executed the order transmits the order to CIRO, via the Market Regulation Feed, in accordance with the standard terms of a regulation services agreement with CIRO.) For a more detailed discussion of this issue, please see the discussion below under the heading "A Directed IOI Only Becomes an Order Upon Firm-Up."

- Unreliability: Traditional IOIs can quickly become stale without the recipients' knowledge, leading to inefficiencies where recipients attempt to initiate a negotiation process based on an outdated IOI message.

- Market volatility: Traditional IOIs, due to their widespread availability, can cause market participants to take a defensive posture, fearing a potentially large movement in price as a result of the potentially large order that may lie behind the IOI, thereby setting off a chain reaction of trades that result in a self-fulfilling prophecy of significant price swings.

- Lack of standardized regulatory reporting: Depending on how an IOI is negotiated and executed, the manner of reporting the resulting trade is not standard or systematic across dealers, especially in cases where the IOI is executed off-exchange (in circumstances or jurisdictions where that is permitted). See, e.g., Cboe Global Markets, Inc., "Off-Exchange Trends: Beyond Sub-dollar Trading" (May 17, 2023) (available at https://www.cboe.com/insights/posts/off-exchange-trends-beyond-sub-dollar-trading/) ("[N]on-ATS OTC venues are bilateral, including venues such as single dealer platforms, wholesalers, central risk books and traditional high touch broker crossing/capital commitment. […] [T]hese venues do not have regulatory filing requirements specific to their operations. Increased transparency into the types of venues represented off-exchange could create a fairer competitive landscape […].").

Directed IOIs represent an automated process that offers a more efficient and reliable alternative to traditional IOIs.[8] They are particularly useful to securities dealers (or "sell-side" firms) that operate Central Risk Books, but they also respond to the needs of large institutional investor firms (or "buy-side" firms), as they provide an integrated workflow solution for sourcing block-sized liquidity, specifically designed to address many of the disadvantages of traditional IOIs, including:

- Information restrictions: Directed IOIs ensure that invitations are targeted only to buy-side firms that have uncommitted liquidity in a specific security, with the necessary volume. In this way, information about the contra side is only sent to those parties that are objectively and demonstrably interested in potentially executing block-sized orders, thereby reducing the risk of any undue advantage for either side, while also reasonably ensuring that the receiving (buy-side) parties are not overwhelmed with invitations, as they only receive messages that are appropriate to them, based on their needs at any given moment of the trading day.

- Reliable, up-to-date messaging: The system ensures that Directed IOI messages are kept up to date at all stages of the matching process, with accurate sizing and pricing or automatic cancellation where the liquidity is no longer available.

- Less price volatility: Directed IOIs are sent exclusively to Sponsored Users that have an interest in trading the security in question. Even if the Member chooses a specific Sponsored User client as a recipient of a particular Directed IOI, that Sponsored User will not become aware of the invitation if there is no (or an insufficient volume of) uncommitted liquidity for that security in the Sponsored User's OMS, or if the Sponsored User's limit price is too restrictive. In this way, the risk of defensive trading by a large number of market participants—and the undue price fluctuations that follow—is reduced.

- Greater efficiencies: Directed IOIs keep the entire trade lifecycle electronic and traceable and allow for IOIs to be identified and reported more accurately as part of the electronic data recorded by the system.

In addition, Directed IOIs will leverage existing Cboe BIDS Canada infrastructure and will make the platform consistent with equivalent BIDS-powered platforms operated by Cboe Canada affiliates in other regions of the world, ensuring that Canadian buy-side firms have access to the same standard services as offered to buy-side firms in those other regions.

Minimum Size Threshold

Consistent with the goal of providing an automated solution for sourcing block-sized liquidity and for conducting "upstairs market" negotiations, Directed IOIs will be subject to a minimum notional threshold of $100,000 in value.

[8] There has been some debate about whether a technology that automates the internalization of orders should be understood as a function inherent to a marketplace or one that is inherent to a dealer, but the "marketplace" approach does appear to be the prevailing view. See, e.g., Joint CSA/IIROC Staff Notice 23-327, *Update on Internalization within the Canadian Equity Market* (2020), 43 OSCB 6504 (Aug. 20) (available at https://www.osc.ca/sites/default/files/2020-11/csa_20200820_23-327_csa-iiroc-internalization-canadian-equity-market.pdf) (the "**2020 CSA Notice**"), s. II(A)(iv) ("Most commenters were of the view that systems that automate the internalization of orders should be considered a marketplace, and that relevant provisions of the rules should apply."). It is our view that the Directed IOI functionality as proposed does not cause Cboe Canada to replace its Members, each of which must be a registered dealer, but rather, it merely allows the Exchange to support those registered dealers in carrying out an activity that they have been doing for decades (locating block liquidity through IOIs) in a more efficient and effective manner. So, when it comes to Directed IOIs, both the dealer and the marketplace have their respective roles to play. To put it another way, the Directed IOI activity that would be conducted by the dealers (Sponsoring Members) through the proposed Cboe Canada functionality would not transform Cboe Canada into a dealer, any more so than any other trading activity would; each dealer (Sponsoring Member) will remain responsible for each Directed IOI that results in a firm order on behalf of itself and its DEA Client (Sponsored User), just as a dealer is responsible for any DEA-based trade that it originates or supports, and the marketplace (Cboe Canada) will be responsible for facilitating the bringing together of (potential) orders and the matching that occurs when the Directed IOI is firmed up by both parties. As such, the functionality does not raise any new registration requirements.

Balancing Pre-Trade Transparency and the Need to Contain Information Leakage

When it comes to large block-sized orders, some degree of pre-selection between counterparties is appropriate and necessary, as it prevents the information leakage and resulting market distortions that can arise if such orders are required to be routed to fully transparent marketplaces that effectively allow all marketplace participants to see the liquidity underlying such orders. As the OSC stated in its June 2017 approval notice for Liquidnet Canada Inc. ("**Liquidnet**") with regard to a feature that is functionally similar to Directed IOIs (known as "targeted invitations"):

> [F]air access and pre-trade transparency are critical to an efficient and effective market. However, we also see the value in facilitating large executions for buy-side investors without providing their order details to the broader market or increasing their market impact costs.

In re Liquidnet Canada Inc. – Changes to Form 21-101F2 – Notice of Commission Approval, (2017), 40 OSCB 5114 (June 8) (available at https://www.osc.ca/sites/default/files/2020-12/306.pdf) ("**2017 Liquidnet Approval**").

As noted above, Directed IOIs will be subject to a considerable minimum size threshold ($100,000 in notional value). This exceeds the standard minimum size threshold of 50 standard trading units and $30,000 *or* $100,000 applicable under UMIR 6.6 (which allows a dark order to execute without providing price improvement), thus enabling Directed IOIs to strike an appropriate balance between the competing policy goals of promoting price discovery (through mandatory pre-trade price transparency) and preventing the costly and harmful effects of information leakage and undue price volatility. See, e.g., 2019 Consultation Paper, *supra,* s. 4.1 ("Some client orders may be of sufficient size that they would trade through multiple price levels in an order book resulting in 'market impact' and a less advantageous execution outcome."); see also 2009 Consultation Paper, s. IV(iv) ("The concerns raised by the practice of Dark Pools sending IOIs can be countered by the potential benefit that these communications can bring including greater success in the search for liquidity. […] Increased likelihood of information leakage and gaming can be offset by the ability to facilitate finding liquidity quickly and improving the execution obtained by the user, an ability which could become more important as the number of Dark Pools increase."). This beneficial effect on price stability is in line with one of the primary purposes that dark pools served when they first emerged more than two decades ago. See *ibid*. s. IV(ii) ("[T]he first Dark Pools originally facilitated the execution of large block trades that would significantly impact the market if traded on a visible marketplace.").[9]

In short, Directed IOIs represent a simple and systematic way to automate the long-standing practice of working up large block trades through the "upstairs market," which—as noted above—the CSA and CIRO have acknowledged as "potentially integral" to the efficient functioning of capital markets in Canada. See 2019 Consultation Paper, *supra*, s. 5.1.

Expected Impact on Market Structure, Members, Investors, Issuers and Capital markets

The impact on market structure, Members, investors, and capital markets is expected to be positive, through the resulting expansion of liquidity and increased matching and price improvement opportunities for large-sized orders. Cboe Canada anticipates further electronification of the block market in Canada, which presently represents approximately 5% to 10% of overall volume. Furthermore, Cboe Canada does not expect Directed IOIs to divert order flow away from protected transparent markets, nor does Cboe Canada expect any material cannibalization of existing Conditional order flow on the MATCHNow Trading Book. Rather, Cboe Canada expects Directed IOIs to provide an efficient alternative for traders dealing with large orders through more traditional IOI channels and/or competing service offerings by other dark marketplaces.

Expected Impact on Exchange's Compliance with Ontario Securities Law and on Requirements for Fair Access and Maintenance of Fair and Orderly Markets

The proposed change will have no impact on Cboe Canada's continuing compliance with Ontario securities law, including requirements for fair access and the maintenance of fair and orderly markets for the reasons outlined immediately below.

1. No Restriction of "Fair Access"

Cboe Canada submits that Directed IOIs are fully compliant with "fair access" requirements under section 5.1 of NI 21-101. As a tool specifically designed to facilitate and automate block-sized orders, Directed IOIs are based on "reasonable standards for access" and do not "unreasonably create barriers to access to the services provided by the marketplace." 21-101CP, s. 7.1(1). In addition, the new feature is expected to further incentivize onboarding of market participants to Cboe BIDS Canada, both on the

[9] Although never adopted, a similar large threshold-based approach was considered in the United States. Specifically, in 2009, the U.S. Securities and Exchange Commission (the "**SEC**") proposed rule amendments that would have exempted actionable IOIs valued at $200,000 or higher from pre-trade transparency requirements that otherwise would have become expressly applicable to them under the proposed rules. See Securities Exchange Act Release No. 60997 at 9 (Nov. 13, 2009) (available at https://www.sec.gov/rules/proposed/2009/34-60997.pdf). As stated in the release, the SEC recognized "the need for targeted size discovery mechanisms that can enable investors to trade more efficiently in sizes much larger than the average size of trades in the public markets" and, therefore, it was proposing to exclude from the proposed new definitions of "bid " and "offer" any actionable IOIs "for a quantity of NMS stock having a market value of at least $200,000" that were "communicated only to those who are reasonably believed to represent current contra-side trading interest of at least $200,000". *Ibid.* See also Paul G. Mahoney, co-author. "The Regulation of Trading Markets: A Survey and Evaluation." Gabriel Rauterberg, co-author. In Securities Market Issues for the 21st Century, edited by Merritt B. Fox et al., 221-81 at 243. New Special Study of the Securities Markets. New York: Columbia Law School, 2018. (available at https://repository.law.umich.edu/cgi/viewcontent.cgi?article=1121&context=book_chapters) (confirming that the amendments proposed in 2009 had not been adopted).

sell side and the buy side, thereby providing more matching opportunities for large orders, often with price improvement, without any significant market distortions or erosion of price discovery. This represents a net benefit to the Canadian capital markets as a whole.

2. Directed IOIs Comply with "Order Protection" Requirements

Section 6.1 of National Instrument 23-101 *Trading Rules* imposes an "order protection" requirement on all marketplaces, i.e., an obligation to adopt policies and procedures that are reasonably designed to prevent trade-throughs (unless the trade-through is expressly permitted by section 6.2). Because Directed IOIs can only be executed at or within the NBBO (as noted above), the feature effectively prevents trade-throughs.

3. Directed IOIs Mitigate Information Leakage

As explained under the heading "Directed IOIs Offer Benefits Over Traditional Indications of Interest" in the "Rationale and Relevant Supporting Analysis" section above, Directed IOIs offer several advantages over traditional IOIs—and, in particular, with regard to information leakage. As noted above, Directed IOIs narrow the pool of recipients of a dealer's (Member's) indications to eligible large institutional investor clients (Sponsored Users) that have relevant contra-side uncommitted liquidity; Sponsored Users that have no (or insufficient) uncommitted liquidity for the relevant security will not be notified of the Member's willingness to trade that security. Conversely, Members will not have any advance knowledge of which, if any, of their Sponsored User clients are prepared to trade, nor will they be notified whether or not any of their selected Sponsored User clients have actually received a Directed IOI; a Member is only notified of contra-side interest if and when one of its selected Sponsored User clients firms up.

In addition, by automating the various steps in the process and providing Sponsored Users with a consolidated view of their Directed IOI activity via a desktop interface, Sponsored Users can easily monitor the frequency with which their Sponsoring Members are actually executing Directed IOI-originated trades. Thus, the system incentivizes higher firm-up rates by Members than would otherwise occur, since Sponsored Users, over time, will tend to favour Members that firm up more consistently. This further mitigates the risk of information leakage.

Ultimately, we respectfully submit that interpreting Canadian securities regulations in a manner that would effectively prohibit a marketplace from offering a service that simply automates and increases the efficiency of a long-standing dealer practice seems unwarranted; furthermore, it creates a significant risk that Canadian marketplace participants will be at a disadvantage as compared to their international counterparts, to the extent that the equivalent of Directed IOIs is already available in jurisdictions outside of Canada. (See the section under the heading "New Feature or Rule" below for details regarding direct equivalents to Directed IOIs currently in use in other jurisdictions.)

4. Exemptive Relief from "Pre-Trade Transparency" Requirement

Directed IOIs may involve the "display" of order information by the Member to the Sponsored User and vice-versa. As a "dark" order book, however, MATCHNow does not immediately transmit orders to an information processor, as is required of marketplaces that display orders, pursuant to subsection 7.1(1) of NI 21-101.[10] As such, under separate cover, Cboe Canada has submitted an application by "coordinated review" of the OSC and the other 12 jurisdictions of the CSA for exemptive relief under section 15.1 of NI 21-101 for Directed IOIs from the pre-trade transparency requirements of subsection 7.1(1) of NI 21-101. The new Directed IOI feature will not be implemented until such time as the exemptive relief has been granted, or it has been determined in consultation with OSC staff that such relief is not required.

Consultation and Internal Governance Process

Cboe Canada has conducted informal one-on-one consultations with several Members representing different firm sizes and business models, including large bank-owned dealers that operate Central Risk Books; Cboe Canada has also conducted meetings with numerous buy-side firms (including existing Sponsored Users and some buy-side firms that may become Sponsored Users).[11] The feedback received from those informal consultations and meetings was overwhelmingly positive. In addition, the proposed change was discussed and approved by the Executive Committee and by the Regulatory Oversight Committee of the Exchange's board of directors.

Certain Information Specific to a Proposed Fee Change

Not applicable.

[10] See, e.g., CSA Consultation Paper 21-403 – *Access to Real-Time Market Data*, (2022), 45 OSCB 9488 at 9492 (Nov. 10) (available at https://www.osc.ca/sites/default/files/2022-11/csa_20221110_21-403_real-time-market-data.pdf) ("Pursuant to the transparency requirements set out in Part 7 of NI 21-101, transparent marketplaces must provide to the equity IP all orders and trades, whereas dark marketplaces must provide only trades.").

[11] Pursuant to an amalgamation that became effective on January 1, 2024 (the "**Amalgamation**"), the operations of the alternative trading system ("**ATS**") operated by the then TriAct Canada Marketplace LP ("**TriAct**"), were absorbed into the Exchange as a new Trading Book. For meetings that occurred prior to January 1, 2024, the meetings were in fact conducted by personnel acting on behalf of the then-TriAct, and the sell-side dealer firms that were consulted were technically "Subscribers" of the ATS operated by TriAct at the relevant time (as opposed to "Members" of the Exchange).

Expected Impact on the Systems of Members or Service Vendors

Making use of Directed IOIs is voluntary. For Members and Sponsored Users that elect to make use of Directed IOIs (and the vendors who service those Members and Sponsored Users), any impact on their systems will be minimal, as the proposed change will simply require creating the ability to enter a value for the new FIX Tags that Cboe Canada will establish for the new feature. Cboe Canada believes that a reasonable estimate of the time needed for Members, Sponsored Users, and service vendors to modify their own systems in this way is 60 days or less, based on previous experiences with the creation of new FIX Tags.

Rationale for Why the Proposed Significant Change Is Not Considered a Significant Change Subject to Public Comment

Not applicable.

Alternatives Considered

No alternatives were considered.

New Feature or Rule

For several years now, Liquidnet and its affiliates around the globe have offered a trading functionality for equity securities known as "Targeted Invitations," which are similar (albeit not identical) to Directed IOIs.[12] The Liquidnet proposal was published for comment in November 2016 (see https://www.osc.ca/en/industry/market-regulation/marketplaces/alternative-trading-systems-atss/atss-operating-ontario/liquidnet-canada-orders-notices/notice-proposed), along with an OSC Staff notice (see https://www.osc.ca/sites/default/files/2021-01/761.pdf). The OSC granted approval for the feature in June 2017 (see 2017 Liquidnet Approval, *supra*), along with certain related exemptive relief (see *In re Liquidnet Canada, Inc.* (June 6, 2017), available at https://www.osc.ca/en/securities-law/orders-rulings-decisions/liquidnet-canada-inc-s-151-ni-21-101-marketplace-operation).[13] The feature continues to be in use today.

In addition, several Cboe Canada affiliates already offer the equivalent of Directed IOIs to sell-side and buy-side firms in the jurisdictions where these marketplaces are regulated—specifically, the United States (in the case of BIDS Trading L.P.), the United Kingdom (in the case of Cboe Europe Limited), and the Netherlands (in the case of Cboe Europe B.V.). See BIDS Form ATS-N, *supra*, Part III, Item 7 (describing "conditional AIOIs"); see also Cboe Europe Equities, *Cboe BIDS Europe Service Description*, s. 5 (entitled "Directed IOIs") (available at https://cdn.cboe.com/resources/participant_resources/CboeEuro_BIDS_Service_Description.pdf).[14]

Comments

Comments should be provided, in writing, no later than November 25, 2024, to:

Joacim Wiklander
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jwiklander@cboe.com

with a copy to:

Trading & Markets Division
Ontario Securities Commission
20 Queen Street West
20th Floor
Toronto, ON M5H 3S8
TradingandMarkets@osc.gov.on.ca

Please note that, unless confidentiality is requested, all comments will be publicly available.

[12] For details on how Targeted Invitations function at present in Canada and in the other jurisdictions in which Liquidnet's affiliates are active, please see *Liquidnet Canada Trading Rules*, section VI ("Targeted Invitations") (available at https://www.liquidnet.com/transparency-regulatory under the heading "Liquidnet Canada Trading Rules Summary").

[13] The exemptive relief order was necessary to address the pre-transparency requirement that would otherwise apply to the orders (i.e., the firmed-up "targeted invitations") that are communicated during the matching process; accordingly, much like Liquidnet, Cboe Canada is filing an application for exemptive relief for Directed IOIs in conjunction with this proposed change, as explained above in the section under the heading "Exemptive Relief from "Pre-Trade Transparency" Requirement."

[14] Cboe Europe Limited is a Recognised Investment Exchange regulated in the U.K. by the Financial Conduct Authority. Cboe Europe B.V. is a Regulated Market regulated in the Netherlands by the Authority for the Financial Markets. See, e.g., https://www.cboe.com/europe/equities/regulation/.

APPENDIX A

BLACKLINE OF
CBOE CANADA TRADING POLICIES REFLECTING PUBLIC INTEREST RULE AMENDMENT

9.02 Additional Orders and Modifiers Available in MATCHNow

Conditionals	A conditional order or message which, if firmed up, becomes an order that may execute during the Continuous Trading Session in MATCHNow against other firmed-up Conditionals or opted-in Market Flow Orders or Liquidity Providing Orders.
Directed Indication of Interest ("Directed IOI")	A conditional indication of interest sent by a Member to one or more of its Sponsored Users via Cboe BIDS Canada.

[…]

9.09 Directed IOIs

(1) A Directed IOI may be initiated by any Member that has been onboarded to do so through Cboe BIDS Canada.

(2) The Member shall designate, in the manner indicated by the Exchange, one or more Sponsored Users as potential recipients of its Directed IOIs. Sponsored Users may not be designated to become recipients of Directed IOIs until such time as all relevant risk controls and other appropriate onboarding-related tasks have been completed in accordance with the relevant Exchange Requirements.

(3) Each Directed IOI entered by a Member must have a notional value greater than $100,000.

(4) At the moment of entry of a Directed IOI, the Member shall select one or more of its designated Sponsored Users as recipient(s) of the Directed IOI.

(5) Only Sponsored Users that (a) have uncommitted liquidity sufficient to fulfill the potential order represented by the Directed IOI and (b) have made an affirmative selection for that uncommitted liquidity via the Cboe BIDS Canada interface shall receive a notification for the Directed IOI.

(6) The Sponsored User(s) must firm up the Directed IOI for the matching process to proceed; if no firm-up occurs, the Directed IOI will remain on Cboe BIDS Canada until it is cancelled, which occurs either at the time of expiration chosen by the Member or at the end of the trading day, whichever is earlier.

(7) If the Sponsored User firms up—or, in the case of multiple Sponsored Users, at the moment when the first Sponsored User firms up—a message is sent back to the Member, which has the option to firm up within one second. If it does so, the trade is executed; if it does not firm up within the one-second time limit, no trade occurs and the Directed IOI is cancelled.

(8) The execution price of a Directed IOI shall be at or within the NBBO, subject to any peg selected by the Member and/or the Sponsored User.

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