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

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A. Capital Markets Tribunal

A.2
Other Notices

A.2.1 Riot Platforms, Inc. and Bitfarms Ltd.

FOR IMMEDIATE RELEASE
November 20, 2024

RIOT PLATFORMS, INC. v
BITFARMS LTD.,
File No. 2024-11

TORONTO – The Tribunal issued its Reasons for Decision in the above-named matter.

A copy of the Reasons for Decision dated November 19, 2024 is available at capitalmarketstribunal.ca.

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A.2.2 Bridging Finance Inc. et al.

FOR IMMEDIATE RELEASE
November 21, 2024

BRIDGING FINANCE INC.,
DAVID SHARPE,
BRIDGING INCOME FUND LP,
BRIDGING MID-MARKET DEBT FUND LP,
BRIDGING INCOME RSP FUND,
BRIDGING MID-MARKET DEBT RSP FUND,
BRIDGING PRIVATE DEBT INSTITUTIONAL LP,
BRIDGING REAL ESTATE LENDING FUND LP,
BRIDGING SMA 1 LP,
BRIDGING INFRASTRUCTURE FUND LP, AND
BRIDGING INDIGENOUS IMPACT FUND,
File No. 2021-15

TORONTO – The Tribunal issued an Order in the above-named matter.

A copy of the Order dated November 21, 2024 is available at capitalmarketstribunal.ca.

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A.3
Orders

A.3.1 Bridging Finance Inc. et al. – ss. 127(8), 127(2), 127(1)

IN THE MATTER OF
BRIDGING FINANCE INC.,
DAVID SHARPE,
BRIDGING INCOME FUND LP,
BRIDGING MID-MARKET DEBT FUND LP,
BRIDGING INCOME RSP FUND,
BRIDGING MID-MARKET DEBT RSP FUND,
BRIDGING PRIVATE DEBT INSTITUTIONAL LP,
BRIDGING REAL ESTATE LENDING FUND LP,
BRIDGING SMA 1 LP,
BRIDGING INFRASTRUCTURE FUND LP, AND
BRIDGING INDIGENOUS IMPACT FUND

File No. 2021-15

Adjudicator: Sandra Blake

November 21, 2024

ORDER
(Subsections 127(8), 127(2) and 127(1) of the *Securities Act,* RSO 1990, c S.5)

WHEREAS the Capital Markets Tribunal held a hearing in writing to consider a motion by the Ontario Securities Commission to extend a temporary order issued on April 30, 2021, and extended on May 12, 2021, August 10, 2021, December 22, 2021, March 21, 2022, June 29, 2022, September 26, 2022 and March 28, 2023;

ON READING the materials filed by the Commission and on considering that the respondents Bridging Income Fund LP, Bridging Mid-Market Debt Fund LP, Bridging Income RSP Fund, Bridging Mid-Market Debt RSP Fund, Bridging Private Debt Institutional LP, Bridging Real Estate Lending Fund LP, Bridging SMA 1 LP, Bridging Infrastructure Fund LP, and Bridging Indigenous Impact Fund (collectively, the **BFI Funds**) consent to the relief sought;

IT IS ORDERED THAT pursuant to subsections 127(8), 127(2) and paragraph 2 of subsection 127(1) of the *Securities Act*, until 30 days after the Tribunal releases its decision on sanctions and costs in the enforcement proceeding file no. 2022-9, all trading in securities of the BFI Funds shall cease, except that PricewaterhouseCoopers Inc., in its capacity as receiver and manager, without security, of all the assets, undertakings and properties of Bridging Finance Inc. and the BFI Funds, may trade in or facilitate the issuance or redemption of units of a BFI Fund with prior approval of the Ontario Superior Court of Justice.

“Sandra Blake”

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A.4
Reasons and Decisions

A.4.1 Riot Platforms, Inc. et al. – s. 127

Citation: *Riot Platforms, Inc v Bitfarms Ltd*, 2024 ONCMT 27
Date: 2024-11-19
File No. 2024-11

RIOT PLATFORMS, INC.

Applicant

AND

**BITFARMS LTD. AND
ONTARIO SECURITIES COMMISSION**

Respondents

**REASONS FOR DECISION
(Section 127 of the *Securities Act*, RSO 1990, c S.5)**

Adjudicators:	Timothy Moseley (chair of the panel) Mary Condon Dale R. Ponder	
Hearing:	July 22 and 23, 2024	
Appearances:	Kent E. Thomson Chantelle Cseh Chenyang Li Henry Machum Aaron Atkinson	For Riot Platforms, Inc.
	Brett Harrison Adam Chisholm Guneev Bhinder Paul Davis Charlotte Conlin	For the intervenor, Special Committee of the Board of Directors of Bitfarms Ltd.
	Dennis Peterson	For Bitfarms Ltd.
	Charlie Pettypiece Jason Koskela David Mendicino Jordan Lavi Gbemi Adekola	For the Ontario Securities Commission

REASONS FOR DECISION

1. OVERVIEW

[1] The applicant Riot Platforms, Inc. is a Bitcoin mining and digital infrastructure company. Riot is the largest shareholder of Bitfarms Ltd., an Ontario reporting issuer and also a Bitcoin mining company.

[2] In 2023 and early 2024, Riot made several overtures to Bitfarms, to discuss a possible combination of the two companies. Those overtures were unsuccessful.

[3] In June 2024, Bitfarms adopted a shareholder rights plan with a “trigger” at 15%, meaning that the acquisition by any person of more than 15% of Bitfarms’s outstanding shares would trigger the plan’s provisions. Most significantly, all Bitfarms shareholders, except the shareholder that triggered the plan, would become entitled to purchase from Bitfarms

additional shares at half price. At the time, Riot owned almost 15% of Bitfarms's outstanding shares. No other shareholder held close to that amount.

[4] Riot applied under s. 127 of the *Securities Act*[1] (the ***Act***) for an order cease trading the Bitfarms plan. Riot did not claim that the Bitfarms plan contravened Ontario securities law. However, Riot did contend that it would nevertheless be in the public interest to cease trade the plan, because the plan's 15% trigger was significantly below the take-over bid regime's 20% threshold, beyond which a person or company accumulating stock must make a take-over bid (among other requirements) unless an exemption applies.

[5] Shortly following the hearing of Riot's application, we granted the requested cease trade order, for reasons to follow.[2] These are our reasons, in which we review past Tribunal decisions that have described, in varying ways, the standard to be applied in determining whether an order under s. 127 of the *Act* is warranted in the absence of a contravention of Ontario securities law. We refine that standard, and conclude that in a case such as this (an application to cease trade a shareholder rights plan that is not alleged to contravene Ontario securities law), it would be in the public interest to grant the requested order:

a. only if the applicant demonstrates that the plan undermines, in a real and substantial way, and with public effect, one or more clearly discernible animating principles underlying Ontario securities law; and

b. the respondent does not demonstrate exceptional circumstances that would nonetheless justify allowing the plan to continue.

[6] We conclude that in this case:

a. the Bitfarms plan's 15% trigger undermined, in a real and substantial way, and with public effect, animating principles that underlie the take-over bid regime; and

b. there were no exceptional circumstances that would justify our allowing the plan to continue.

2. BACKGROUND

2.1 Relief sought

[7] In its application and in its written submissions, Riot sought wide-ranging relief beyond an order cease trading the Bitfarms plan. The requested relief included orders that would have affected a requisitioned meeting of Bitfarms shareholders.

[8] By the time we heard the application, Riot had abandoned all the relief it had been seeking except for the order cease trading the Bitfarms plan. Accordingly, we do not address the other requested relief.

2.2 Parties

[9] At a case management hearing early in the proceeding, before a differently constituted panel, the Special Committee of the Board of Directors of Bitfarms sought status to intervene in this proceeding. No party objected. The Tribunal granted the Special Committee's request.[3]

[10] The Special Committee participated fully at the hearing on the merits. Bitfarms was separately represented and appeared at the hearing, but was content to rely on the Special Committee, and did not actively participate. For convenience in these reasons, we refer to the Special Committee's submissions or positions as being those of Bitfarms.

2.3 Riot's standing

[11] In written submissions delivered before the hearing, Bitfarms challenged Riot's standing to seek certain of the relief or to argue certain issues. Once Riot indicated that it was pursuing only a cease trade order over the Bitfarms plan, Bitfarms withdrew its challenge to Riot's standing.

3. THE RIGHTS PLAN SHOULD BE CEASE TRADED

3.1 Introduction

[12] We turn now to the reasons for our decision to cease trade the Bitfarms plan. We begin by reviewing past decisions that discuss s. 127 of the *Act*, and the nature of the "public interest" test in that section. We then apply that test in our assessment of the 15% trigger in the Bitfarms plan.

1 RSO 1990, c S.5
2 (2024) 47 OSCB 6228
3 (2024) 47 OSCB 5455

3.2 Re-examining the Tribunal's "public interest" jurisdiction

3.2.1 Categories of proceedings in which this issue arises

[13] In most proceedings before this Tribunal, the applicant seeks relief under s. 127(1) of the *Act*, which empowers the Tribunal to make a wide range of orders. For any order under s. 127(1), the Tribunal must be of the opinion that it is "in the public interest" to make the order.

[14] Typically, the applicant is either:

a. the Ontario Securities Commission in enforcement proceedings; or

b. an aggrieved party in other proceedings, many of which relate in some way to control of an issuer, including proceedings that arise from transactions such as take-over bids.

[15] In either case, the applicant usually alleges a contravention of Ontario securities law in support of their claim for relief. Occasionally, however, we are called on to decide whether we should grant relief under s. 127(1) despite there being no alleged contravention of Ontario securities law. This is one such case.

[16] Past Tribunal decisions have discussed principles to be applied in deciding whether relief should be granted where there is no contravention. However, the test has not always been described consistently. We had the benefit of thorough submissions on this question from the parties before us, so this case provides a good opportunity for us to synthesize and refine previous decisions.

[17] In doing so, we re-emphasize that there are different kinds of proceedings in which a question can arise about the suitability of a s. 127(1) order. At the highest level, there are two categories: (i) enforcement proceedings, and (ii) other, non-enforcement proceedings (such as this one). The second category can be further broken down into sub-categories that include, among others, those dealing with shareholder rights plans and those dealing with other defensive tactics such as private placements.

[18] As we explain in greater detail below, the "public interest" test under s. 127(1) has two features that apply across all proceedings:

a. the Tribunal need not find a contravention of Ontario securities law to make most types of orders under s. 127(1) (there are a few types of orders where s. 127(1) does expressly require such a finding); and

b. in giving content to "the public interest", the Tribunal must refer to the relevant "animating principles", which include:

i. the purposes of the *Act*, as set out in s. 1.1;

ii. the principles that "the Commission" should apply in carrying out those purposes, as set out in s. 2.1 of the *Act*; and

iii. other fundamental principles that underlie particular provisions of Ontario securities law that are relevant to the particular proceeding.

[19] Beyond those two features, which are common to all public interest proceedings, the analysis diverges depending on the category. That is so because in determining the meaning of "public interest", context matters. The "public interest" in the context of enforcement proceedings shares characteristics with the "public interest" in the context of non-enforcement proceedings, but there are differences as well. We focus our analysis on the sub-category before us (shareholder rights plans), and it will be for Tribunal panels hearing other kinds of proceedings to decide whether, and if so to what extent, to incorporate some of our analysis.

[20] We make one final introductory comment. The number of Tribunal decisions interpreting "the public interest" in the context of s. 127(1) is large. In our analysis, we have confined ourselves to previous decisions that the parties in this proceeding cited to us, and decisions to which those cited decisions refer.

3.2.2 Prerequisites for a s. 127(1) order

[21] We begin our analysis by examining the prerequisites for an order under s. 127(1). This portion of our analysis applies to all proceedings, no matter which category a proceeding may fall into.

[22] Proceedings without an alleged contravention are often called "public interest" proceedings, or proceedings involving the exercise of the tribunal's "public interest jurisdiction". However, those are misnomers, to the extent they purport to distinguish some s. 127(1) proceedings from others. They are misnomers because for all possible orders under s. 127(1), the Tribunal must be of the opinion that "it is in the public interest to make the order or orders [emphasis added]".

Therefore, every s. 127(1) proceeding is, by definition, a "public interest proceeding", whether it involves a contravention or not.

[23] Indeed, with just a few exceptions, the "public interest" test is the only condition that must be satisfied for every type of order in s. 127(1). Of the 16 types of orders listed there, just three add one other condition – namely, a finding of non-compliance with Ontario securities law. Those three exceptions are:

a. administrative penalties;

b. disgorgement orders; and

c. specified orders relating to various documents (including prospectuses, offering memoranda, and take-over bid circulars).

[24] None of the other 13 possible orders in the current s. 127(1), including cease trade orders, requires proof of non-compliance with Ontario securities law.

[25] Even though very few types of orders under s. 127(1) require a finding of non-compliance, Tribunal decisions have for many decades drawn a strong connection between such a finding and any kind of s. 127(1) order. That connection is not a requirement, though, and the Tribunal made clear as far back as 1978, in *Re Cablecasting Inc*,[4] that it may make an order in the public interest without there being a contravention. However, such instances have been described as, and seen as, exceptions.

[26] There are sound policy reasons for thinking of a contravention as the primary justification for a s. 127(1) order. Linking a sanction or remedial order to one or more specific provisions of Ontario securities law fosters transparency, certainty and predictability.[5] Doing so also grounds the order in a prohibition or requirement that has undergone the legislative or rulemaking process, including the opportunity for public comment and debate.

[27] In contrast, an order under s. 127(1) made without a finding of a contravention has as its foundation one or more principles that inform the panel's view of the public interest. While such decisions do not provide the same measure of certainty and predictability as do proceedings involving contraventions, they are equally valid, and there are sound policy reasons for having that type of decision available. The capital markets are fast-moving, and developments in the market (*e.g.*, new products, new ways of victimizing investors, and new ways of circumventing the rules) can easily outpace the legislative and rulemaking processes. Statutes and regulations can never contemplate every possible kind of misconduct.[6] The authority to make a s. 127(1) order even absent a contravention is consistent with the Tribunal's essential role in the regulation of the capital markets in a way that promotes the *Act*'s objectives.

[28] Caution is warranted, though. Early Tribunal decisions on this question caused one commentator to warn that with the advent of confirmation that no contravention was required before a s. 127(1) order could be made, counsel and their clients now had to "divine the 'spirit' of the legislation", and that giving "'clean' opinions in securities law matters is becoming nearly impossible."[7] In subsequent decisions, the Tribunal sought to answer that concern by emphasizing the importance of certainty and predictability, and by identifying principles and tests to be applied when deciding whether a s. 127(1) order is warranted. Over the years, there has been some variation in the way those principles and tests have been described. We hope, in these reasons, to bring greater clarity.

[29] A final word is in order before we embark on that task. The statute-imposed test of "public interest" must always be flexible. While it is appropriate for us to clarify the framework that the Tribunal expects to apply when interpreting that phrase, and as much as we may wish to foster certainty and predictability, we would be wrong if we purported to place inviolable limits on the test, when the legislature has placed no such limits.

3.2.3 Guiding principles of statutory interpretation

[30] As Riot submitted, s. 64 of the *Legislation Act, 2006*[8] provides that every Ontario statute shall be "interpreted as being remedial and shall be given such fair, large and liberal interpretation as best ensures the attainment of its objects." Accordingly, we should take a relatively expansive view of the public interest jurisdiction under s. 127(1).

[31] This is confirmed by the Supreme Court of Canada, which held in *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)* (***Asbestos***) that the public interest jurisdiction is intended to give the Tribunal "a broad discretion to intervene" in the capital markets,[9] and that "the legislature clearly intended that the [Tribunal] have a very wide discretion" with respect to activities related to the Ontario capital markets.[10] The Court also

4 *Cablecasting Inc (Re)*, (1978) OSCB 37 (***Cablecasting***)
5 *Carnes (Re)*, 2015 BCSECCOM 187 at para 129
6 *Re CTC Dealer Holdings Ltd and Ontario Securities Commission*, 1987 CanLII 4234 (ON SC) (***Canadian Tire Div Ct***) at para 73
7 *HERO Industries (Re)*, 1990 CarswellOnt 132, Editor's Note
8 SO 2006, c 21, Sch F1
9 2001 SCC 37 at para 45
10 *Asbestos* at para 39

found this conclusion to be supported by the "unrestricted discretion [under s. 127(2)] to attach terms and conditions to any [s. 127(1)] order".

3.2.4 Early decisions describing the public interest authority

[32] With those guiding principles in mind, we begin our review of past decisions with *Cablecasting*, the 1978 case mentioned above. In *Cablecasting*, the Tribunal dismissed a request to cease trade an intended corporate reorganization. The dismissal was for reasons unrelated to our discussion here, but the Tribunal did reject an argument, made at the hearing, that a contravention was a necessary pre-condition to a cease-trade order. The Tribunal said that imposing that condition would allow "the individual with an imagination sufficiently fertile to invent an unethical scheme which skirts the words of all published pronouncements [to] carry out that scheme with impunity".[11]

[33] The issue resurfaced in 1987, when the Tribunal issued its decision in *Canadian Tire*.[12] That decision, and the Divisional Court's affirmation of it,[13] are widely seen as the starting point for cases involving s. 127(1) orders absent a contravention. In that case, the Tribunal cease traded (under then s. 123, the predecessor to the current s. 127):

a. the take-over bid by CTC Dealer Holdings Limited for 49% of the shares of Canadian Tire Corporation; and

b. the common shares of Canadian Tire Corporation held by three individuals ("the Billeses").

[34] The Tribunal found that the transaction in question was artificial and therefore abusive; indeed, "as grossly abusive a transaction as the Commission has had before it in recent years". Despite the appearance that the offer was for 49% of the shareholdings of Canadian Tire, in reality the offer was structured to accommodate the Billeses' desire to sell their entire control position without triggering a coattail provision in Canadian Tire's Articles.[14]

[35] In affirming the Tribunal's decision to grant the cease trade order, the Divisional Court endorsed as "fair warning"[15] comments made by the Tribunal six years earlier in *Re Federal Commerce & Navigation Ltd*.[16] In that earlier case, the Tribunal said it expected that participants in the capital markets would be "guided by the basic philosophy and rationale" underlying securities laws, and that "[t]echnical interpretations that run contrary to" that philosophy and rationale would be unacceptable.

[36] It is now well settled that no contravention of Ontario securities law is required as a condition for issuing a s. 127(1) order, except for the three types of orders where s. 127(1) itself expressly prescribes that condition.[17]

3.2.5 Development of the idea of "animating principles"

[37] The concept of a "basic philosophy and rationale" underlying Ontario securities law, articulated by the Tribunal in *Federal Commerce* in 1981, has continued to the present day, although, beginning with the Tribunal's 1987 decision in *Canadian Tire*, the term "animating principles" has been used for the same idea. In *Canadian Tire*, the Tribunal stated that "transactions that are clearly designed to avoid the animating principles" behind securities legislation would be closely scrutinized and would be subject to the Tribunal's intervention where appropriate.[18]

[38] In *Canadian Tire*, the Tribunal did not clarify exactly what the "animating principles" were. At the time, the *Act* did not include what is now s. 1.1, which sets out the purposes of the *Act*, and which, in its current form, identifies the following:

a. to provide protection to investors from unfair, improper or fraudulent practices;

b. to foster fair, efficient and competitive capital markets and confidence in capital markets;

c. to foster capital formation; and

d. to contribute to the stability of the financial system and the reduction of systemic risk.

[39] In *Asbestos* in 2001, the Supreme Court of Canada reinforced the wisdom of referring to the purposes set out in the *Act.* The Court held that the nature and scope of the Tribunal's public interest jurisdiction should be assessed with reference to the fact that the jurisdiction "is animated" by the purposes set out in s. 1.1 of the *Act* (which list of purposes was shorter at the time).[19]

[40] In later cases, it became clear that the animating principles were not limited to the general purposes set out in s. 1.1 of the *Act*. Animating principles could also be found elsewhere in Ontario securities law or in Tribunal decisions that identify

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11 *Cablecasting* at 43
12 (1987) 10 OSCB 857 (***Canadian Tire OSC***)
13 *Canadian Tire Div Ct*
14 *Canadian Tire OSC* at paras 150-151
15 *Canadian Tire Div Ct* at para 77
16 (1981) 1 OSCB 20 (***Federal Commerce***)
17 *Central GoldTrust (Re)*, 2015 ONSEC 44 at para 15; *Patheon Inc (Re)*, 2009 ONSEC 13 (***Patheon***) at para 114
18 *Canadian Tire OSC* at para 132
19 *Asbestos* at para 41

the policy underpinnings of parts of Ontario securities law. For example, certain fundamental characteristics of the take-over bid regime are seen to be animating principles of that regime and can serve as the baseline for assessing impugned conduct.[20]

[41] Finally, s. 2.1 of the *Act* contains a list of "fundamental principles" to which the Commission shall have regard in pursuing the purposes of the *Act*.[21] The *Act* imposes that obligation on "the Commission" and not on the Tribunal, and some of the principles are clearly aimed not at the Tribunal but at the Commission's regulatory function (*e.g.*, administration and enforcement of the *Act*, and harmonization of securities regulation regimes). However, the Tribunal has previously held that the "fundamental animating principles of securities regulation" include the principles set out in s. 2.1,[22] and in this hearing Riot submitted that the animating principles include content from s. 2.1. We agree.

3.2.6 Assessing conduct against the animating principles

[42] Animating principles became the benchmark against which conduct would be assessed. However, a question remained – by how much or in what way would the impugned conduct have to be inconsistent with the relevant animating principles in order to justify the use of s. 127(1) without a contravention?

[43] Up to this point in the analysis, the principles we have discussed apply to all proceedings. It is here that the analysis diverges somewhat depending on the category of proceeding. We concentrate on non-enforcement proceedings, and specifically on proceedings involving shareholder rights plans, although we consider the approaches taken in enforcement proceedings as well.

[44] In *Canadian Tire*, the Tribunal considered what the gap would have to be between the animating principles and the conduct, to justify a s. 127(1) order without a contravention. The Tribunal expressly rejected a simple fairness standard as too low a bar, the adoption of which "would wreak havoc in the capital markets".[23] Instead, the Tribunal asked whether the conduct in question was "clearly … demonstrated to be abusive of shareholders in particular, and of the capital markets in general." The Tribunal noted that abuse is "different from, and goes beyond, unfairness". (We address below whether the later addition of s. 1.1 of the *Act* diminishes the value of *Canadian Tire* as a precedent.)

[45] The Tribunal also held that a question of the public interest must be involved, which would "almost invariably" mean showing "a broader impact on the capital markets and their operation."[24]

[46] The Tribunal thus identified two characteristics, both of which would generally have to be present if the Tribunal were to make an order under s. 127(1) absent a contravention of Ontario securities law:

a. the conduct under scrutiny must have been abusive, as opposed to merely unfair, when viewed against the animating principles underlying securities laws; and

b. the conduct must have had an impact not just on the parties involved, but also on the capital markets as a whole (a point reinforced by the Supreme Court of Canada in *Asbestos*[25]).

[47] We address each of these in turn.

3.2.7 Abusive vs. unfair, or somewhere in between

[48] In the 1990 case of *HERO Industries*, soon after *Canadian Tire*, the Tribunal reiterated the "abusive" standard. The Tribunal described the issue before it as "the extent to which the 'animating principles'" of the relevant part of the *Act* should compel the Tribunal to intervene against transactions "that may be found to be abusive …".[26]

[49] The Tribunal adopted a more expansive view in 2010, in *Magna International Inc*,[27] by which time s. 1.1 had been added to the *Act*. The Tribunal described the reasoning from *Canadian Tire* as being that the Tribunal could intervene in a transaction "that is technically in compliance with securities law requirements but that is inconsistent with the animating principles [emphasis added]" or is abusive of investors or of the capital markets.[28]

[50] That summary of *Canadian Tire* repeated the "abusive" standard as a possible basis for a s. 127(1) order, but the panel also added an element that went beyond the *Canadian Tire* test. The idea that mere inconsistency with the animating principles (without a need to show abusive conduct) would be sufficient was new. The *Magna* panel made clear that it could "invoke its public interest jurisdiction" not only where a contravention is present, or where the transaction is abusive

20 *Patheon* at para 116; *Neo Material Technologies Inc (Re)*, 2009 ONSEC 32 at para 37
21 *Act*, s 2.1
22 *Stinson (Re)*, 2023 ONCMT 26 (***Stinson***) at para 75
23 *Canadian Tire OSC* at para 154
24 *Canadian Tire OSC* at para 155
25 *Asbestos* at para 45
26 *Hero Industries* at para 4
27 2010 ONSEC 14 (***Magna***)
28 *Magna* at paras 184 and 186

of shareholders or the capital markets (as set out in *Canadian Tire*), but also where there is a "breach of… the animating principles underlying" applicable securities law.[29]

[51] The Tribunal thus appeared to equate "inconsistency with" animating principles with "breach of" animating principles. Some later decisions that refer to the animating principles adopt one or both of those formulations. Others employ different variants, including "engages",[30] was "contrary to",[31] "undermine",[32] "offended",[33] "contravened",[34] or resulted in "non-compliance with"[35] the animating principles.

[52] In our effort to refine and bring consistency to the standard to be applied, we respectfully (and contrary to the Commission's submissions in the case before us) reject "engages" as the appropriate standard. Simply asking whether conduct "engages" the animating principles is too low a bar and does not address the question of whether the conduct at issue harmed investors or the capital markets. All conduct in the capital markets engages (*i.e.*, has a connection to) the *Act*'s broadly stated animating principles, whether the conduct is compliant or not. The important question is whether the conduct engages the principles in a positive, neutral or negative way, and the extent to which it does so. We do think it is appropriate to speak of "engaging" the Tribunal's public interest jurisdiction,[36] as in, providing a basis for exercising that jurisdiction in the absence of a contravention. But for that jurisdiction to be engaged, the impugned conduct must do more than simply engage the *Act*'s animating principles.

[53] We also endorse the Tribunal's move away from "abusive" as a necessary part of the standard. *Canadian Tire* held that abuse was always necessary to justify a s. 127(1) order, but:

a. the panel in *Canadian Tire* was in previously uncharted territory in issuing an order under s. 127(1) without a contravention;

b. that case involved a transaction that was "grossly abusive", so that was the context in which the panel was operating, and the panel did not have to decide about a transaction that was less offensive; and

c. over time, the Tribunal has not adopted *Canadian Tire*'s absolute requirement for a finding of abuse, instead allowing the law to evolve to focus on animating principles as a robust foundation for the appropriate standard.

[54] An "abusive" standard would be too high a bar in cases like the one before us. That word at least implies a degree of intentionality, whereas a s. 127(1) order may well be in the public interest where conduct departs sufficiently from animating principles, even though the departure is unintentional (a point we return to below).

[55] We note that in *Hecla Mining Company*,[37] a 2016 decision, the Tribunal concluded that it should block a private placement only "where there is a clear abuse of the target shareholders and/or the capital markets."[38] Riot urged us to disregard *Hecla* for the purposes of this case, on the basis that *Hecla* involved a private placement, not a take-over bid. We agree that we should disregard *Hecla* in this case, given our earlier conclusion that different contexts (*e.g.*, defensive measures vs. take-over bids) may require different analysis.

[56] On the other end of the spectrum from "abusive", we do adopt the *Canadian Tire* panel's view that a fairness standard alone would be too low a bar.[39] That is not to say that unfair conduct is acceptable; rather, unfairness to one party is not, without more, necessarily sufficient to justify a s. 127(1) order in the absence of a contravention of Ontario securities law. The legislature's inclusion of "fairness" in s. 1.1 of the *Act*, as an aspirational goal of the entire regulatory regime, did not replace the "public interest" test of s. 127(1). The "public interest" test will often include consideration of whether the conduct under scrutiny was unfair, and if so to whom, but that will be only one consideration among others.

[57] Having rejected unfairness alone as being too low a bar, we discard formulations such as "inconsistent with", "contrary to", "contravene", or "breach of" the animating principles for similar reasons. Those formulations lack any sense of degree, and the following example illustrates why we reject them. Because one of the animating principles is "fair" capital markets, it follows that any unfair conduct (no matter how minor the unfairness and how limited its effect) is, by definition, inconsistent with that animating principle. Therefore, if "inconsistent with" animating principles were to be the governing standard, any unfair conduct (again, no matter how minor) would justify a s. 127(1) order. Using that standard would be adopting a fairness standard by another route.

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29 *Magna* at para 185
30 *Biovail Corporation (Re)*, 2010 ONSEC 21 (***Biovail***) at para 382; *Daley (Re)*, 2021 ONSEC 27 at para 48; *Kitmitto (Re)*, 2022 ONCMT 12 at paras 176, 243, 382, 420; *Stinson* at para 74
31 *Federal Commerce* at 25-26; *Azeff (Re)*, 2015 ONSEC 11 at paras 66 and 182
32 *GrowthWorks Canadian Fund Ltd (Re)*, 2011 ONSEC 17 (***GrowthWorks***) at para 59
33 *ESW Capital, LLC (Re)*, 2021 ONSEC 7 (***ESW Capital***) at para 83; *Stinson* at para 77; *Mughal Asset Management Corporation (Re)*, 2023 ONCMT 39 at para 114
34 *Western Wind Energy Corp (Re)*, 2013 ONSEC 25 (***Western Wind***) at para 38
35 *Patheon* at para 116
36 See, *e.g.*, *Stinson* at para 77; *Biovail* at para 388
37 2016 ONSEC 31 (***Hecla***)
38 *Hecla* at paras 88-89, citing with approval *ARC Equity Management (Fund 4) Ltd (Re)*, 2009 ABACC 390
39 *Canadian Tire OSC* at para 154

[58] Therefore, in the context of shareholder rights plans, the appropriate standard must require the applicant to show something more than unfairness, but not necessarily that the impugned conduct was abusive. In our view, the Tribunal captured this idea aptly in its 2011 decision in *GrowthWorks Canadian Fund Ltd. (Re)*, where it found that certain support agreements, which prevented shareholders from choosing between competing proposals, "undermine[d] one of the animating principles" of the *Act*.[40] To us, the notion of "undermining" conveys something more than a mere inconsistency with the animating principles.

[59] We therefore conclude that the applicant's burden is to show that the conduct undermines one or more clearly discernible animating principles in a real (*i.e.*, well-grounded, reasonably likely, and not illusory) and substantial (*i.e.*, serious and non-trivial) way.

[60] Requiring that one be able to discern and specify the animating principles that the impugned conduct undermines brings some measure of predictability, and thereby minimizes the extent to which the Tribunal could be, in effect, legislating through its interventions.

[61] Requiring that the way in which the conduct undermines those principles be real and substantial reflects the cautious approach that the Tribunal should adopt when intervening without a contravention.

3.2.8 A public aspect is necessary

[62] In addition to the requirement that the applicant demonstrate that the conduct undermines animating principles in a real and substantial way, the applicant must also show that the necessary "public" aspect is present, given the wording of s. 127(1). The applicant must satisfy the Tribunal that it is in the public interest to make the requested order, *e.g.*, by establishing that:

a. the impugned conduct has a harmful effect on investors generally, on the capital markets as a whole, or on the pool of actual and potential investors in a public issuer;[41] or

b. the impugned conduct, if condoned, would likely have a negative effect in future transactions.[42]

[63] In that regard, we decline to follow Riot's submission that we should rely on cases in which, Riot says, the Tribunal held that reference to the animating principles is sufficient, with no need for a negative effect. In Riot's submission, previous decisions that adopt that approach include:

a. *Patheon*, in 2009: the Tribunal "will intervene in the public interest where the take-over bid rules have been complied with but the animating principles underlying those rules have not";[43]

b. *Magna*, in 2010: the Tribunal may intervene in conduct "that is inconsistent with the animating principles … or is abusive of investors or the capital markets";[44]

c. *Biovail*, in 2010: "where market conduct engages the animating principles of the *Act*, the [Tribunal] does not have to conclude that an abuse has occurred in order to exercise its public interest jurisdiction";[45]

d. *Western Wind*, in 2013: the Tribunal may intervene if an offer is abusive, or it contravenes Ontario securities law, or it contravenes an animating principle, or it "brings the integrity of the capital markets into disrepute."[46]

[64] We regard the last of those alternatives from *Western Wind*, *i.e.*, bringing the integrity of the capital markets into disrepute, as being synonymous with defeating the "confidence in the capital markets" imperative in s. 1.1 of the *Act*.

[65] In our view, previous Tribunal decisions should not be read as setting up watertight compartments with mutually exclusive content. Conduct that seriously undermines an animating principle may well, in and of itself and by definition, have a harmful effect not just on the particular parties but also on the capital markets generally, including because that conduct, if left unaddressed, would undermine confidence in the capital markets.

3.2.9 Relevance of motive

[66] A brief word is in order about the relevance of motive in the determination of whether impugned conduct undermines animating principles in a real and substantial way. In *Asbestos* (an enforcement proceeding), the Tribunal held that motive

40 *GrowthWorks* at para 59
41 *HERO Industries* at para 4; *Sterling CentreCorp Inc (Re)*, 2007 ONSEC 9 at para 205; *Northern Financial Corporation v Jaguar Nickel Inc*, 2007 QCBDRVM 15 (***Jaguar***)
42 *Jaguar* at 23
43 *Patheon* at para 116
44 *Magna* at paras 184 and 186
45 *Biovail* at para 382
46 *Western Wind* at para 38

(*i.e.*, the question of whether the impugned activity was designed to avoid applicable requirements) was a relevant factor but not a precondition to the making of a s. 127(1) order. The Supreme Court of Canada endorsed that view.[47]

[67] The principle is equally applicable in proceedings involving shareholder rights plans. While the Tribunal has long made clear that the central question in such proceedings is whether "the time had indeed come 'when the pill has got to go'",[48] the focus on that question does not preclude consideration of the purposes for which the plan was designed or implemented. There is a direct connection between the *Act*'s expressly stated purpose of fostering confidence in the capital markets and the motivations behind conduct that risks undermining that confidence.

3.2.10 Conclusion on the appropriate standard under s. 127(1)

[68] We conclude that in proceedings where an applicant seeks to cease trade a shareholder rights plan, without establishing that the plan contravenes Ontario securities law, the Tribunal will consider whether the applicant has shown that:

a. the plan undermined, in a real and substantial way, one or more clearly discernible animating principles underlying applicable provisions of Ontario securities law; and

b. the plan's existence causes an effect that has a public dimension, such that it is in the public interest for the Tribunal to intervene.

3.3 Assessment of the 15% trigger

3.3.1 Introduction

[69] We turn to our analysis of the 15% trigger in the Bitfarms plan. We begin by finding that we should use the bid regime's 20% threshold as a benchmark, even though there is no live bid here, and despite the bright-line nature of the 20% threshold. We then explain our conclusions that:

a. a 15% trigger would undermine, in a real and substantial way, the animating principles underlying the take-over bid regime, absent exceptional circumstances sufficient to overcome that presumption;

b. Bitfarms has not proven exceptional circumstances sufficient to meet that burden here; and

c. our endorsement of Bitfarms's 15% trigger would have a public dimension, such that it is in the public interest to cease trade the plan.

3.3.2 Suitability of a take-over bid threshold as a benchmark, absent a live bid

[70] Riot submitted that the context that is relevant to the application of an animating principles analysis is that of the take-over bid regime. The Commission took a similar position. Bitfarms countered that there was no live bid here, so we should consider the broader purposes of shareholder rights plans, which it said include the ability of directors to act in the best interests of shareholders.

[71] We agree with Riot and the Commission that the take-over bid regime is the appropriate context in which to consider whether we should cease trade the Bitfarms plan, for the following reasons.

[72] A review of the historical policy underpinnings of that regime makes clear that, for decades, a primary purpose has been to provide an orderly process for changes of control of publicly traded entities. This process prioritizes the interests of target shareholders, which include transparency, equality of treatment, and time to consider offers being made to them. It also aims to provide predictability for market participants generally, and particularly for those market participants who are actively accumulating shares, about when enhanced rule requirements (*e.g.*, disclosure and insider reporting provisions) related to their accumulations begin.

[73] The regime includes several elements beyond the provisions dealing with the definition and conduct of a take-over bid. These include:

a. the possibility of accessing exemptions to the take-over bid regime; and

b. the insider reporting and early warning disclosure requirements, which among other things may provide early disclosure of a potential bid, a fact that is likely to be of significant interest to target shareholders.

[74] These requirements represent a policy compromise between allowing accumulations up to 20% to take place in the ordinary course, and disclosure to shareholders about significant market activity. In short, the entirety of the take-over bid regime contains elements that govern accumulations of shares both below and above a 20% threshold.

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47 *Asbestos* at paras 53-56

48 *Canadian Jorex Ltd (Re)*, (1992) 15 OSCB 257 at 265

[75] Bitfarms did not persuade us that we should instead be guided primarily by directors' duties. We do accept Bitfarms's submission that shareholders generally should be entitled to expect that, in appropriate circumstances, the board will engage in a strategic review process with the goal of obtaining the highest value for their shares, and that the board will not "roll over and play dead".[49] We also note Bitfarms's submissions that:

a. its true motivation in introducing its plan was to preserve shareholder choice;

b. Riot was intent on "killing a process right now so there's nobody else at the table to make a bid"; and

c. despite this, Bitfarms did not put the plan in place because of "the various threats" that Riot was making.

[76] The implication of these submissions is that we should view the introduction of the plan in the context of the duties of target directors rather than in the context of the principles underlying the take-over bid regime. However, Bitfarms's own submissions suggest that its directors were guided by considerations specific to the take-over bid context. As noted above, shareholder choice is an important principle embedded in the take-over bid regime.

[77] In assessing the Bitfarms plan, it is therefore appropriate for us to use the principles that underlie the bid regime, which governs not just activity at the 20% threshold, but also share accumulation above 10%.

3.3.3 Is the 20% threshold suitable despite its "bright-line" nature, or does this context demand a more nuanced approach?

[78] Bitfarms submitted that even if we use the bid regime as the context in which to assess its plan, we would be making new policy if we use the 20% threshold as a bright-line requirement in doing so. Bitfarms urged that any bright-line rule against triggers of less than 20% should be implemented only through appropriate policy channels, where detailed consideration could be given to the issues at play.

[79] Riot and the Commission responded by defending the bright-line nature of the 20% threshold, arguing that having that as a benchmark is consistent with the policy underlying the bid regime. We agree. We do note that, in reaching that conclusion, we are not finding that the 20% rule is inviolable.

[80] Bitfarms submitted that if we choose to guide ourselves by the bid regime, it would be more appropriate to anchor our analysis firmly within the principles established in National Policy 62-202 *Take-Over Bids – Defensive Tactics* and the jurisprudence that has interpreted that policy. Specifically, Bitfarms argued that the Tribunal should continue to consider the following factors it articulated in 1999, in *Royal Host Real Estate Investment Trust*:[50]

a. whether shareholders approved of the rights plan;

b. when the plan was adopted;

c. whether there was broad shareholder support for the plan to continue;

d. the target company's size and complexity;

e. other defensive tactics, if any, that the target company implemented;

f. the number of potential viable offerors;

g. the steps the target company took to find an alternative bid or transaction that would be better for the shareholders;

h. the likelihood that the target company would be able to find a better bid or transaction if it had more time;

i. the nature of the bid, including whether it was coercive or unfair to the target company's shareholders;

j. the length of time since the bid was announced and made; and

k. the likelihood that the bid would not be extended if the rights plan was not terminated.

[81] In submitting that the above factors continue to be relevant even following the introduction of National Instrument 62-104 – *Takeover Bids and Issuer Bids* (**NI 62-104**), Bitfarms relied on the 2021 decision of the Alberta Securities Commission in *Bison Acquisition Corp*.[51] In that decision, the panel allowed a shareholder rights plan to persist despite the 2016 amendments that rebalanced the bid regime, and considered the factors set out in *Royal Host* in reaching its decision.

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49 *Rogers Communications Inc v Maclean Hunter Ltd*, [1994] OJ No 408 (Ont Ct J (General Div), Commercial List) at para 18
50 (1999) 22 OSCB 7819 at para 74
51 2021 ABASC 188 (***Bison Acquisition***)

[82] Riot and the Commission did not go so far as to say that we could never consider the *Royal Host* factors. They submitted that it was necessary to apply the 20% threshold in order to achieve the underlying goals of the take-over bid regime, including, in particular, predictability. The ability of participants in the capital markets to predict with reasonable certainty whether a rights plan would be upheld helps promotes the efficiency of, and participants' confidence in, those markets. Deviating from that threshold would send a message to issuers that it is appropriate to set individualized limits on the accumulation of shares by shareholders. Doing so would undermine market participants' expectations in a way that would cause harm to the overall efficiency of the market and to investors relying on that certainty.

[83] The Commission further submitted that if we were to allow a plan with a 15% trigger to survive (absent exceptional circumstances not present here), our decision would spawn significant litigation and would require the Tribunal to revert to the type of case-by-case decision making about defensive tactics that the 2016 amendments to the take-over bid rules were intended to prevent.

[84] We agree with Riot and the Commission that the bright-line nature of the 20% threshold increases certainty and predictability for market participants, and thereby contributes to the efficiency of the capital markets. The 2016 amendments to the take-over bid regime were designed to reduce significantly (if not nearly eliminate) the need for case-by-case assessments of the circumstances in which shareholder rights plans were adopted. A main goal of the amendments was to enhance predictability and address many of the reasons that historically had caused issuers to adopt shareholder rights plans.

[85] We also agree that if we were to open the door to frequent litigation about shareholder rights plans, we would be undoing much of what the bid regime amendments sought to accomplish.

[86] Bitfarms did not persuade us that we should follow *Bison Acquisition* here, by applying the factors set out in *Royal Host*. Our review of those factors suggests that the underlying assumption is that they apply to a context in which a shareholder rights plan is operative in the face of a take-over bid. That is not the situation here, since there is no take-over bid.

[87] We therefore concluded that it was appropriate to use the 20% threshold as a basis for assessing the Bitfarms plan. However, as we explain below, in doing so we do not rule out the possible existence of exceptional circumstances that would cause the Tribunal to give more weight to them than to the 20% bright-line test.

3.3.4 A departure from the 20% take-over bid threshold should be justified by exceptional circumstances

[88] We turn now to the principles and circumstances that we should consider when evaluating a shareholder rights plan that includes a trigger below 20%.

[89] Bitfarms submitted that there is no unfettered right to accumulate up to 20% of shares before the board of an issuer can take action to slow down that accumulation. We agree, in that there are requirements that apply below the 20% level, *e.g.*, with respect to disclosure. The question, though, is whether it is in the public interest to permit the Bitfarms shareholder rights plan to continue to fetter accumulation by Riot or by any other shareholder that acquires more than 15% of Bitfarms's shares.

[90] In our view, if an issuer were to prevent a market participant from continuing to accumulate shares freely up to the 20% threshold, that would be a significant departure from long-established market expectations. It would greatly alter the dynamics of share accumulation by giving the issuer power to influence this process outside of the take-over bid context, it might remove a willing buyer from the trading environment, and it would affect the interests of all shareholders by failing to treat shareholders equally. We agree with the Commission that, in general, permitting this to occur could negatively affect the capital markets, including by reducing their efficiency.

[91] However, in view of the inherent discretionary nature of the public interest standard in s. 127(1) of the *Act*, there must always remain the possibility that the Tribunal would choose not to cease trade a plan even though the plan's trigger is below 20%.

[92] Historically, in shareholder rights plan cases, the Tribunal sought to find the appropriate balance between, on the one hand, permitting a board to fulfill its goal of increasing shareholder choice or shareholder value as it saw fit and, on the other hand, protecting the right of shareholders to decide. In deciding when it was time for "the pill … to go", the Tribunal focused on the likelihood that, given a reasonable period of further time, the board of the target could increase shareholder choice and maximize shareholder value.[52]

[93] That focus in cases involving unsolicited take-over bids or ongoing auction processes was especially sensible before the bid regime amendments, given that, before those amendments, the minimum deposit period for offer acceptance by shareholders was significantly shorter than the currently prescribed 105 days.[53] As the Tribunal has previously noted, the rebalancing of the bid regime limits the usefulness of decisions issued before those amendments.[54]

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52 *Chapters Inc (Re)*, (2001) 24 OSCB 1657 at para 24
53 NI 62-104, s 2.28.1
54 *Aurora Cannabis Inc (Re)*, 2018 ONSEC 10 (***Aurora***) at para 149

[94] With that caution in mind, we note that there are only three decisions between 2001 (when the bid regime was harmonized across Canada) and 2016 (when the bid regime was rebalanced) in which a tribunal considered a shareholder rights plan that contained a trigger of less than 20%.

[95] In the 2007 decision of Québec's Bureau de Décision et de Révision en Valeurs Mobilières in *Northern Financial Corporation v Jaguar Nickel Inc*[55] (***Jaguar***), the Bureau cease traded a shareholder rights plan with immediate effect, on facts remarkably similar to those before us. In *Jaguar*, as here, there was no real or apprehended bid. Jaguar implemented a shareholder rights plan with a 15% trigger almost immediately after Northern Financial, a shareholder, disclosed that it had accumulated a toehold position of approximately 14.6% and that it intended to requisition a special meeting to elect new directors. Jaguar argued that Northern Financial was accumulating Jaguar shares so that it could block transactions, and that a toehold at 15% would likely be sufficient to block a proposal for a merger between Jaguar and another company. Jaguar said that it was justified in implementing a plan with a 15% trigger even in the absence of a bid.

[96] The Bureau disagreed, holding that Jaguar had failed to prove that there was any "exceptional circumstance" sufficient to override the strong presumption underlying the 20% bid threshold, and to justify the continuation of the plan. In our view, the Bureau's reasoning remains sound even after the 2016 bid regime amendments.

[97] Neither of the other two decisions (the 2011 decision of the Alberta Securities Commission in *Afexa Life Sciences Inc* [56] or the British Columbia Securities Commission's 2014 decision in *Hudbay Minerals Inc and Augusta Resource Corporation*[57]) provides additional guidance that we consider to be persuasive in the post-2016 context.

[98] Following the 2016 amendments, this Tribunal has underscored the primacy of the bid regime's essential components. In 2018, in *Aurora Cannabis Inc (Re)*,[58] the Tribunal emphasized that securities regulatory authorities would continue to scrutinize the use of shareholder rights plans as a defensive tactic. The Tribunal held that it would be "a rare case" when a tactical plan would be allowed to "interfere with established features of the take-over bid regime".[59]

[99] In 2021, in *ESW Capital, LLC*,[60] the Tribunal was not reviewing a shareholder rights plan, but the applicant's request for exemptive relief from the minimum tender requirement did cause the Tribunal to consider a proposed departure from the bid regime. The Tribunal emphasized that "[p]redictability is an important aspect of take-over bid regulation and the [Tribunal] must be cautious in granting exemptive relief that alters the recently recalibrated bid regime."[61] The Tribunal found that there were no "exceptional circumstances or abusive or improper conduct" to justify granting the requested relief.

[100] We adopt the reasoning in *Jaguar*, *Aurora* and *ESW Capital*. An issuer defending a shareholder rights plan that departs from the bid regime's core components should have a high burden, in light of the well-established nature of the take-over bid regime's fundamental principles of predictability, transparency, and fair treatment of target shareholders. The Tribunal should be reluctant to permit such a plan to continue unless exceptional circumstances are present.

3.3.5 Are exceptional circumstances present?

3.3.5.a Introduction

[101] We turn now to assess whether Bitfarms demonstrated the existence of exceptional circumstances sufficient to justify a departure from the 20% benchmark. We concluded that it did not.

[102] According to Bitfarms:

a. Riot was an "aggressive", "strategic" buyer;

b. Riot had accumulated a "blocking position" with respect to any shareholder vote called, which would result in a two-thirds majority being necessary;

c. Riot would not participate in Bitfarms's strategic alternative review process;

d. Riot made aggressive public allegations about the governance practices of Bitfarms and the Special Committee;

e. the Special Committee was, and continued to be, engaged with other potential bidders as part of its strategic alternative review process; and

f. the market does not ordinarily see this kind of accrual and market conduct.

55 2007 QCBDRVM 15 (CanLII)
56 2011 ABASC 532
57 2014 BCSECCOM 154
58 2018 ONSEC 10
59 *Aurora* at para 152
60 2021 ONSEC 7
61 *ESW Capital* at para 10

[103] We begin by examining Riot's conduct, including its accumulation of a toehold share position in Bitfarms. We then assess whether Bitfarms's strategic alternative review process constituted exceptional circumstances.

3.3.5.b Riot's conduct

[104] Riot and the Commission submitted that none of the factors cited by Bitfarms concerning Riot's conduct, individually or collectively, constituted exceptional circumstances. We agree.

[105] Buyers are entitled to engage in rapid and strategic stock accumulation below the 20% bid threshold, as long as they comply with applicable securities laws. Similarly, buyers are entitled to decide whether to participate in a target's auction or strategic alternative processes and whether to issue public commentary on the governance practices of the companies in which they invest.

[106] There was no allegation or evidence that Riot's actions failed to comply with applicable securities laws or that they undermined the integrity of the bid regime, including the primary objective of protecting shareholder choice. Increasingly, participants in Ontario's capital markets engage in conduct of this nature not only in the bid context but also in the context of contests for board representation.

[107] Bitfarms adduced written expert testimony from Susy Monteiro, Managing Director, Head of M&A and Proxy Advisory Group at Morrow Sodali (Canada) Ltd., a global corporate advisory firm. Monteiro testified that at an approximately 14% shareholding, Riot would hold a blocking or veto position on any Bitfarms shareholder vote requiring a two-thirds majority approval, because of the typical low shareholder representation at its shareholder meetings.

[108] Bitfarms also adduced evidence suggesting that at the time it adopted its shareholder rights plan, it had received advice on Riot's blocking position from Laurel Hill Advisory Group and from Innisfree M&A Incorporated, its strategic advisors. Bitfarms argued that this was relevant to our assessment of the reasonableness of Bitfarms adopting the plan's 15% threshold and constituted exceptional circumstances justifying that choice.

[109] In response, Riot adduced written expert testimony from Christine Carson, President and Chief Executive Officer of Carson Proxy, a shareholder communications and corporate governance consulting firm. Carson challenged the assumptions, methodologies and conclusions in the Bitfarms expert evidence. She cited the limited reliability of vote projections in hypothetical situations and testified that such projections were highly sensitive to the assumptions made and methodologies used in arriving at those projections.

[110] We did not find Bitfarms's position that Riot held a blocking position at a 14% shareholding compelling, for the following reasons:

a. the Monteiro opinion was not given in the context of any current proxy campaign, and it therefore lacked critical information concerning the shareholdings and shareholder profile of Bitfarms;

b. there was no concrete issue before Bitfarms shareholders to be voted upon and analyzed, and therefore the dynamics of shareholder behaviour concerning the particular subject matter of a vote could not form part of the analysis (*e.g.*, attendance at a change of control transaction meeting would likely be quite different than attendance at an ordinary course annual meeting);

c. the calculation of what might constitute a blocking position was highly sensitive to changes in inherently debatable assumptions; and

d. Bitfarms had issued additional shares since the most recent blocking position analysis, thereby diluting Riot's holdings and introducing new shareholders.

[111] The evidence about a potential blocking position did not help us decide whether exceptional circumstances exist. We do not express a view on whether, in another case featuring compelling evidence of a blocking position, it might be appropriate to allow a plan with a trigger of less than 20% to remain in place.

3.3.5.c Bitfarms's strategic review process

[112] Bitfarms submitted that the strategic review process that was underway constituted exceptional circumstances sufficient to justify the survival of the shareholder rights plan's 15% trigger. We disagree.

[113] A strategic review process by a board is not, in and of itself, an extraordinary event. Boards undertake strategic reviews for many different reasons. In cases where the existence of a strategic review process is persuasive, it is the nature and status of the review, and the particular context facing the board, that matter. This and other tribunals have focused on the quality of the evidence concerning whether the process would lead to increased shareholder choice or shareholder value within a reasonable period of time.

[114] In assessing whether Bitfarms met the burden of showing that its strategic review process constituted exceptional circumstances, we rejected Bitfarms's submission that the decision in *Bison Acquisition* should influence us. That decision was grounded in the use of so-called "swap shares" by the bidder to enhance its control over the target. The

Alberta Securities Commission found that this had the potential to "unfairly distort" the outcome of a shareholder vote, and that the best interests of the shareholders of the target (other than the bidder) were served by maintaining the plan in place for a limited time.

[115] As we discuss further below, we were not persuaded that this type of exceptional circumstance exists here. We also note the significant point of difference that the plan in *Bison Acquisition* had a conventional 20% trigger, which had a less intrusive effect on the bidder's ability to accumulate shares than was contemplated by the Bitfarms plan.

[116] Here, one important effect of the Bitfarms plan was to preserve the *status quo* in anticipation of a shareholder vote relating to a possible future transaction with a hypothetical third party requiring a two-thirds majority shareholder vote. The plan might also have had the effect of limiting Riot's voting power at the requisitioned shareholder meeting to elect new directors. The plan was a defence against the ordinary course accumulation of shares, not a defence against a live or pending bid.

[117] The burden on an issuer seeking to justify extending the duration of a shareholder rights plan by showing exceptional circumstances is, in our view, an appropriately heavy one. This is especially true where, as here:

a. there is no live or pending bid;

b. the plan has not been endorsed by shareholders; and

c. the strategic review process on which the issuer relies has been underway for an extended period.

[118] This last point was a compelling factor in our decision. The Bitfarms board first received an expression of interest from a third party in early April 2024. The time period between that expression of interest and the hearing before us was approximately equal to the 105-day minimum deposit period prescribed by the take-over bid regime. We also noted that if a bid were to emerge, Bitfarms would have had at least 105 days to investigate alternatives.

[119] We did not find Bitfarms's evidence of a supposedly ongoing and active auction process persuasive. In an affidavit from a Bitfarms financial advisor, the advisor outlined the extent of discussions with third parties as part of the Bitfarms strategic review process. He stated that:

a. he understood that Bitfarms contacted his firm after it received inquiries from several parties interested in pursuing a transaction, including Riot;

b. the Bitfarms Special Committee asked the firm to canvass a broader group of prospective purchasers to determine interest, and as a result of this outreach, a number of parties reviewed and discussed the opportunity with the firm;

c. by June 1, 2024, some interested parties had executed non-disclosure agreements with Bitfarms and engaged in discussions regarding a potential transaction; and

d. a colleague of his advised him that one of the third parties indicated that it wished Bitfarms to put a shareholder rights plan in place and that it had a draft proposal prepared for when that was done.

[120] Notably, the advisor did not:

a. identify any interested parties, or even given any information about those parties that could help assess the level of interest; or

b. state that any of these parties had tendered offers or draft proposals for a transaction with Bitfarms.

[121] Bitfarms also tendered the affidavit of Edith Hofmeister, Chair of the Special Committee, in which she stated that Bitfarms received two expressions of interest (other than Riot's) in April 2024. Her affidavit contained no further particulars about the identity or number of continuing interested parties and did not state whether any draft proposals or offers emerged.

[122] Bitfarms's evidence lacked sufficient particulars for us to conclude that there was a reasonable possibility that the Bitfarms strategic review process would lead to a transaction within a reasonable time. We accept that there might have been some sensitivity about including identifying information, but Bitfarms made no effort to adduce redacted information or otherwise seek confidentiality protection.

[123] As a result, we had no basis to believe that allowing the strategic review process to continue longer might have generated a credible offer or value-enhancing transaction. For us, the evidence fell far short of demonstrating exceptional circumstances warranting refusal of the cease trade order sought by Riot.

4. CONCLUSION

[124] We conclude that where an applicant seeks to cease trade a shareholder rights plan, without establishing that the plan contravenes Ontario securities law, the Tribunal will consider whether the applicant has shown that:

a. the plan undermines, in a real and substantial way, one or more clearly discernible animating principles underlying applicable provisions of Ontario securities law; and

b. there is a public dimension to the effect caused by the plan's existence, such that it is in the public interest for the Tribunal to intervene.

[125] The applicant need not prove abuse. However, if the applicant were to do so, that would be at least a relevant, if not determinative, factor for the Tribunal to consider. At the other end of the spectrum, unfairness by itself would not necessarily justify a cease trade order, but if the applicant were to prove unfairness, that would be a relevant factor for the Tribunal to consider.

[126] The Bitfarms plan undermined, in a real and substantial way, the animating principles underlying the take-over bid regime, which principles provide the appropriate benchmark against which to assess the plan. Specifically, the plan's 15% trigger was a significant departure from the bid regime's 20% threshold, and there were no exceptional circumstances sufficient to justify that departure. If the plan were allowed to continue, it would diminish the predictability and certainty inherent in the regime and would weaken confidence in the capital markets. It was therefore in the public interest to cease trade the Bitfarms plan.

Dated at Toronto this 19th day of November, 2024

"Timothy Moseley"

"Mary Condon"

"Dale R. Ponder"

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B. Ontario Securities Commission

B.1
Notices

B.1.1 CSA Notice of Amendments to National Instrument 41-101 General Prospectus Requirements, National Instrument 81-101 Mutual Fund Prospectus Disclosure, and Related Consequential Amendments and Changes – Modernization of the Prospectus Filing Model for Investment Funds

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*,
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*,
AND
RELATED CONSEQUENTIAL AMENDMENTS AND CHANGES

MODERNIZATION OF THE PROSPECTUS FILING MODEL FOR INVESTMENT FUNDS

November 28, 2024

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are adopting amendments to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), related consequential amendments to NI 41-101, NI 81-101 and National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) and related consequential changes to Companion Policy 41-101 *General Prospectus Requirements* (**41-101CP**), and Companion Policy 81-101 *Mutual Fund Prospectus Disclosure* (**81-101CP**) (collectively, the **Amendments**).

The Amendments

- extend the lapse date for investment funds in continuous distribution from 12 months to 24 months, which will allow investment funds in continuous distribution to file their pro forma prospectuses biennially, rather than annually (**Lapse Date Extension**), and
- repeal the requirement to file a final prospectus no more than 90 days after the issuance of a receipt for a preliminary prospectus (**90-Day Rule Repeal**) for all investment funds.

Implementation of the Amendments will modernize the prospectus filing model for investment funds, with a particular focus on investment funds in continuous distribution. The CSA's modernization will better reflect the shift from the delivery of the prospectus to the delivery of the Fund Facts and ETF Facts to investors and reduce unnecessary regulatory burden imposed by the current prospectus filing requirements under securities legislation on investment funds without affecting the currency or accuracy of the information available to investors to make an informed investment decision. The fund facts document (**Fund Facts**) and the ETF facts document (**ETF Facts**) will continue to be filed annually and will continue to be delivered to investors under the current delivery requirements.

In some jurisdictions, ministerial approvals are required for the implementation of the Amendments. Provided all ministerial approvals are obtained, the Amendments to NI 81-101, NI 41-101 and NI 81-106 will come into force on March 3, 2025 (the **Effective Date**).

The text of the Amendments is contained in Annexes B through F of this notice and will also be available on websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.asc.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca

www.osc.gov.on.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

Substance and Purpose

The purpose of the Amendments is to modernize the prospectus filing model for investment funds without affecting the currency or accuracy of the information available to investors to make an informed investment decision. The current prospectus filing model was based on an investment fund prospectus being filed every 12 months in order to remain in continuous distribution and the prospectus being delivered to investors in connection with a purchase. With the introduction of the Fund Facts and the ETF Facts as summary disclosure documents that are now delivered to investors instead of the prospectus, investors are provided with key information about a fund in a simple, accessible and comparable format. The Fund Facts and ETF Facts are required to be filed annually and provide disclosure that changes from year to year. In contrast, a prospectus is also filed annually but the disclosure in the prospectus does not generally change materially from year to year.

Implementation of the Amendments will better reflect the shift from the delivery of the prospectus to the delivery of the Fund Facts and ETF Facts to investors and reduce unnecessary regulatory burden imposed by the current prospectus filing requirements under securities legislation on investment funds.

Background

On January 27, 2022, the CSA published proposed amendments (the **Proposed Amendments**) as part of the CSA's staged approach to implementation of a new prospectus filing model for investment funds in continuous distribution:

- **Stage 1** – The Proposed Amendments would implement the Lapse Date Extension and the 90-Day Rule Repeal. There would be no change to when Fund Facts and the ETF Facts must be filed and delivered. The adoption of this change will be contingent on not having a negative impact on filing fees.

- **Stage 2** – We published a consultation paper (the **Consultation Paper**) to provide a forum for discussing possible adaptations to the shelf prospectus filing model that could apply to all investment funds in continuous distribution.

The 90-day comment period ended on April 27, 2022.

The Proposed Amendments were also in response to comments received on the Project RID Consultation (as defined below), as well as the OSC Burden Reduction Consultation (as defined below):

- On September 12, 2019, the CSA published for consultation Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1, as part of the CSA's efforts to reduce regulatory burden for investment fund issuers (**Project RID Consultation**). On October 7, 2021, the CSA published final amendments for Reducing Regulatory Burden for Investment Fund Issuers – Phase 2, Stage 1 (**Project RID amendments**).

- On January 14, 2019, the Ontario Securities Commission (**OSC**) published OSC Staff Notice 11-784 *Burden Reduction* to seek suggestions from stakeholders on ways to further reduce unnecessary regulatory burden (**OSC Burden Reduction Consultation**).

Summary of Written Comments Received by the CSA

The CSA received 14 comment letters on the Proposed Amendments. We have considered the comments received and thank everyone who provided comments. A summary of the comments together with our responses are set out in Annex A. The names of the commenters are also set out in Annex A.

Copies of the comment letters are posted on the websites of the Alberta Securities Commission at www.asc.ca, the Ontario Securities Commission at www.osc.gov.on.ca, and the Autorité des marchés financiers at www.lautorite.qc.ca.

The Consultation Paper

While stakeholders expressed general support for a base shelf model for investment funds, they also expressed concerns about the timing of the proposal, given the recent regulatory changes with Client Focused Reforms, and Project RID amendments to NI 81-101. Further, some stakeholders commented that a base shelf model for investment funds would impose an initial regulatory burden on industry while other stakeholders requested additional details on the proposal for further consultation.

Beyond the concerns raised, and although there were specific questions on the Consultation Paper for stakeholders to consider, we did not receive sufficient data and information that could be used to formulate appropriate adaptations to the shelf prospectus model for use by all investment funds in continuous distribution.

Given the stakeholder feedback on the Consultation Paper, we will not be proceeding with further plans to introduce a base shelf model for investment funds as this time. The CSA may revisit this proposal at a future date upon further consultation with stakeholders.

Summary of Changes to the Proposed Amendments

After considering the comments received, we have made some non-material changes to the Proposed Amendments. These changes are reflected in the Amendments that we are publishing as Annexes B, C, D, E and F to this notice. As these changes are not material, we are not republishing the Amendments for a further comment period.

The following is a summary of the key changes made to the Proposed Amendments:

(a) Extended Filing Window for Year 2 Fund Facts and Year 2 ETF Facts (Paragraph 17.3(4)(a) of NI 41-101 and Paragraph 2.5(3)(a) of NI 81-101)

We received comments from stakeholders that it may be challenging to update the variable information within a limited time period contemplated by the Proposed Amendments given that certain variable information disclosed in the Fund Facts and the ETF Facts must be within 60 days of the date of the Fund Facts/ETF Facts. As a result, we have extended the filing window for the Year 2 Fund Facts/ETF Facts to 2 months in the Amendments. This means the Year 2 Fund Facts/ETF Facts must be filed no earlier than 13 months and no later than 11 months before the lapse date of the previous prospectus in order to rely on the Lapse Date Extension.

(b) No Requirement to File an Amended and Restated Prospectus for Prospectus Amendments

We received comments from stakeholders that requiring an amended and restated prospectus for all prospectus amendments would increase regulatory burden, without making it easier for investors to trace amendments to prospectus disclosure. Stakeholders requested that issuers continue to have the option of filing a prospectus amendment as a slip sheet amendment or as an amended and restated prospectus. Accordingly, the Amendments do not include a requirement to file an amended and restated prospectus for every prospectus amendment as contemplated in the Proposed Amendments.

(c) Additional Guidance on Prospectus Amendments (Section 5A.7 of 41-101CP and Subsection 2.7(9) of 81-101CP)

We provided additional guidance on prospectus amendments to indicate that an amendment to a simplified prospectus or a fund facts document should be easily understood by an investor. In determining whether a prospectus amendment should be filed as a slip sheet amendment or an amended and restated simplified prospectus, consideration should be given to the number of mutual funds in the simplified prospectus that are impacted by the amendment, the extent to which the prospectus disclosure is amended, and the form of amendment that would be most easily understood by investors.

Slip sheet amendments should clearly identify the mutual funds impacted, provide an explanation or a brief summary of the amendment and restate a sentence or a paragraph with the amended disclosure rather than replacing certain words in a sentence or a paragraph, along with page references of the amended disclosure.

An amended and restated prospectus should be filed for substantial amendments that extensively impact prospectus disclosure. Where a mutual fund has filed multiple slip sheet amendments, a mutual fund should consider filing an amended and restated prospectus to consolidate the previously filed amendments to make it easier for investors to trace through how disclosure pertaining to a particular fund has been modified.

(d) Clarification about Changes to Investment Risk Levels

We removed the reference to “the risk rating” in section 5A.6 of 41-101CP and section 4.1.6 of 81-101CP as contemplated in the Proposed Amendments. As set out in the Commentary (2) to Item 1 of Appendix F – Investment Risk Classification Methodology of National Instrument 81-102 *Investment Funds*, a change to a mutual fund’s investment risk level disclosed on the most recently filed Fund Facts or ETF Facts, as applicable, would be a material change under NI 81-106 (**Material Change**). This is consistent with s.2.7(2) of 81-101CP and s.5A.3(4) of 41-101CP.

Additional Consequential Amendments

We are adopting additional consequential amendments (**Additional Consequential Amendments**) to:

(a) Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**) and Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) to change certain prospectus disclosure requirements to prevent gaps or duplication in prospectus disclosure for investment funds in continuous distribution once the lapse date extension is implemented. The Additional Consequential Amendments to Form 41-101F2 and Form 81-101F3 do not introduce new disclosure requirements but modify or remove current prospectus disclosure requirements to align with the adjusted disclosure period for biennial prospectus filings in order to maintain existing prospectus disclosure levels.

(b) Form 41-101F4 *Information Required in an ETF Facts Document* (**Form 41-101F4**) and Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**) to extend the instructions for dating the Fund Facts and the ETF Facts to include the Year 2 Fund Facts and the Year 2 ETF Facts. The Additional Consequential Amendments are consistent with the current instructions for dating the Fund Facts and the ETF Facts.

Accordingly, we do not consider the Additional Consequential Amendments to be material.

The following is a summary of the Additional Consequential Amendments to Form 41-101F2, Form 81-101F1, Form 41-101F4 and Form 81-101F3:

1. Form 41-101F2

(a) Trading Price and Volume
(Item 17.2 of Form 41-101F2)

We added a carve-out for an investment fund in continuous distribution from Item 17.2 of Form 41-101F2 because similar disclosure is already provided in the ETF Facts in accordance with Item 2 of Form 41-101F4.

(b) Compensation of Directors, Board Members, Independent Review Committee and Trustees of the Investment Fund
(Item 19.1(12) and (13) of Form 41-101F2)

For the requirements in Item 19.1(12) and (13) of Form 41-101F2 to disclose compensation arrangements paid or payable by the investment fund for services of directors, members of an independent board of governors or advisory board, members of the independent review committee and trustees of the investment fund, we amended the disclosure period from the most recently completed financial year of the investment fund to each of the two most recently completed financial years of the investment fund.

2. Form 81-101F1

(a) Compensation of Directors, Board Members, Independent Review Committee and Trustees of the Mutual Fund
(Part A, Item 4.16(2) and (3) of Form 81-101F1)

For the requirements in Part A, Item 4.16(2) and (3) of Form 81-101F1 to disclose compensation arrangements paid or payable by the mutual fund for services of directors, members of an independent board of governors or advisory board, members of the independent review committee and trustees of the mutual fund, we amended the disclosure period from the most recently completed financial year of the mutual fund to each of the two most recently completed financial years of the mutual fund.

(b) Index Mutual Funds
(Part B, Item 5(7) of Form 81-101F1)

For the requirement in Part B, Item 5(7) of Form 81-101F1 to provide disclosure relating to securities that represented more than 10% of the permitted index or indices, we amended the disclosure period from the 12-month period immediately preceding the date of the simplified prospectus to the 24-month period immediately preceding the date of the simplified prospectus.

(c) Deviations from the *Income Tax Act* (Canada)
(Part B, Item 6(7) of Form 81-101F1)

For the requirement in Part B, Item 6(7) of Form 81-101F1 to disclose whether the mutual fund deviated from the provisions of the *Income Tax Act* (Canada) (**ITA**) in order for the fund's securities to be either qualified

investments within the meaning of the ITA for registered plans or registered investments within the meaning of the ITA, we amended the disclosure period from the last year to each of the last two years.

(d) Concentration Risk for Mutual Funds
(Part B, Item 9(8) of Form 81-101F1 and Instruction (5))

For the requirement in Part B, Item 9(8) of Form 81-101F1 to disclose whether more than 10% of the net asset value of a mutual fund was invested in the securities of an issuer, other than a government security or a security issued by a clearing corporation, we amended the disclosure period from the 12-month period immediately preceding the date that is 30 days before the date of the simplified prospectus to the 24-month period immediately preceding the date that is 30 days before the date of the simplified prospectus. We also made a corresponding amendment to Instruction (5) for this requirement.

3. Form 41-101F4

(a) Date of the ETF Facts
(Part I, Item 1, Instruction (1) of Form 41-101F4)

For dating the ETF Facts, we amended the instruction to require a Year 2 ETF Facts that does not include a material change to be dated within 3 business days of the filing. We also amended the instruction to require a Year 2 ETF Facts that does include a material change to be dated the same date on which it is filed.

4. Form 81-101F3

(a) Date of the Fund Facts
(Part I, Item 1, Instruction of Form 81-101F3)

For dating the Fund Facts, we amended the instruction to require a Year 2 Fund Facts that does not include a material change to be dated within 3 business days of the filing. We also amended the instruction to require a Year 2 Fund Facts that does include a material change to be dated the same date as the certificate contained in the related amended simplified prospectus.

Local Fee Changes

The adoption of the Lapse Date Extension is contingent on not having a negative impact on filing fees. Accordingly, the CSA jurisdictions have made concurrent changes to their fee rules to ensure that the Lapse Date Extension will not have a negative impact on filing fees. Given that fee rule changes are local matters, the necessary processes in each jurisdiction ran separately from consultation on the Proposed Amendments. The local fee rules will change such that current filing fees for prospectuses for investment funds in continuous distribution will instead be replaced with filing fees for the Fund Facts and ETF Facts. For additional clarity, filing fees for the Fund Facts and ETF Facts in the years when a "renewal" prospectus is not being filed will be the same as in the years when a "renewal" prospectus is being filed.

Effective Date and Transition

The Amendments will take effect on the Effective Date, March 3, 2025.

- ***Lapse Date Extension***

Under the transition provisions, all final prospectuses for investment funds in continuous distribution that are issued a receipt before the Effective Date will be subject to a lapse date of 12 months. The Lapse Date Extension would apply to all final prospectuses for investment funds in continuous distribution that are issued a receipt on or after the Effective Date. However, filers may choose to file their prospectus at any time prior to their lapse date and such a filing would be considered an early renewal. Amendment filing fees, where applicable, would apply. The amendment filing fees are determined by local fee rules. In some CSA jurisdictions, such as Ontario, there are no fees payable for filing amendments.

In terms of filing processes for prospectuses on and after the Effective Date, for the years when a "renewal" prospectus is not being filed, a Fund Facts or ETF Facts, as applicable, should be filed under the appropriate SEDAR+ filing sub-type according to whether there are Material Changes to the disclosure from the most recently filed Fund Facts or ETF Facts.

(a) Material Changes to the Fund Facts/ETF Facts when filing without a Prospectus

When a renewal prospectus is not being filed and a Fund Facts or an ETF Facts is being filed with a Material Change(s), a blackline would also be filed showing changes from the most recently filed version of the Fund Facts or ETF Facts, as applicable, along with a prospectus certificate. The Fund Facts or ETF Facts filing would be private and would trigger a "prospectus review process" of any Material Changes made to the disclosure since the most recently filed Fund Facts or ETF Facts, respectively, which would conclude with the issuance of a receipt in connection with the filing. If the Material Change(s) relates to the information contained

in the corresponding prospectus, then a prospectus amendment and a blackline of the prospectus would also be filed, along with any changes to personal information forms, if applicable.

(b) No Material Changes to the Fund Facts/ETF Facts when filing without a Prospectus

When a renewal prospectus is not being filed and a Fund Facts or an ETF Facts is being filed with no Material Change(s) but with changes limited to updates of the variable data (i.e., date, top 10 holdings, investment mix, past performance, MER, TER and fund expenses), a blackline would also be filed showing changes from the most recently filed version of the Fund Facts or ETF Facts, as applicable, and a prospectus certificate would not be required to be filed. The Fund Facts or ETF Facts will be made public without being subject to a prospectus review process.

- ***90-Day Rule Repeal***

As of the Effective Date, the 90-day rule will no longer apply to investment funds, including investment funds that have been issued a receipt for a preliminary prospectus but have not yet filed a final prospectus.

Local Matters

Annex G is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Content of Annexes

This Notice contains the following annexes:

Annex A: Summary of Comments on the Proposed Amendments and Responses

Annex B: Amendments to National Instrument 41-101 *General Prospectus Requirements*

Annex C: Changes to Companion Policy 41-101 *General Prospectus Requirements*

Annex D: Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Annex E: Changes to Companion Policy 81-101 *Mutual Fund Prospectus Disclosure*

Annex F: Amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure*

Annex G: Local Matters

Questions

Please refer your questions to any of the following:

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ANNEX A

**SUMMARY OF COMMENTS AND RESPONSES ON
THE PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS,
NATIONAL INSTRUMENT 81-101 MUTUAL FUND PROSPECTUS DISCLOSURE,
AND
RELATED PROPOSED CONSEQUENTIAL AMENDMENTS AND CHANGES
AND
CONSULTATION PAPER ON A BASE SHELF PROSPECTUS FILING MODEL
FOR INVESTMENT FUNDS IN CONTINUOUS DISTRIBUTION**

MODERNIZATION OF THE PROSPECTUS FILING MODEL FOR INVESTMENT FUNDS
(JANUARY 27, 2022)

Table of Contents

PART	TITLE
Part 1	Background
Part 2	General Comments
Part 3	Elimination of 90-Day Rule
Part 4	Lapse Date Extension
Part 5	Consultation Paper
Part 6	List of Commenters

Part 1 – Background

The Canadian Securities Administrators (the **CSA** or **we**) are proposing to modernize the prospectus filing model for investment funds, with a particular focus on investment funds in continuous distribution. The CSA's proposed modernization will reduce unnecessary regulatory burden of the current prospectus filing requirements under securities legislation without affecting the currency or accuracy of the information available to investors to make an informed investment decision.

On January 27, 2022, the CSA published for comment proposed amendments to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), and related proposed consequential amendments and changes (collectively, the **Proposed Amendments**) and Consultation Paper on a Base Shelf Prospectus Filing Model for Investment Funds in Continuous Distribution (the **Consultation Paper**).

The CSA contemplate a staged approach to the implementation of a new prospectus filing model for investment funds in continuous distribution.

As part of Stage 1, the Proposed Amendments will

- extend the lapse date for investment funds in continuous distribution from 12 months to 24 months, which will allow investment funds in continuous distribution to file their pro forma prospectuses biennially, rather than annually (**Lapse Date Extension**), and
- repeal the 90-day rule for all investment funds (**90-Day Rule**).

As part of Stage 2, the Consultation Paper will

- provide a forum for discussing possible adaptations to the shelf prospectus filing model that could apply to all investment funds in continuous distribution (**Base Shelf Prospectus**).

We received 14 comment letters on the Proposed Amendments and the Consultation Paper. The commenters are listed in Part 6. We thank everyone who took the time to prepare and submit comment letters. This document contains a summary of the comments we received on the Proposed Amendments and the Consultation Paper and our responses. We have considered the comments received, and in response to the comments, we have made some amendments (the **Amendments**) to the Proposed Amendments.

Any comments we received that were related to other CSA policy initiatives were forwarded to the respective CSA working group.

Part 2 – General Comments		
Issue	**Comments**	**Responses**
General Comments	Commenters expressed general support for the CSA's initiative to modernize the prospectus filing model for investment funds on the basis that it would reduce unnecessary regulatory burden without materially impacting investor protection.	We appreciate the support from the commenters.

Part 3 – Repeal of 90-Day Rule		
Issue	**Comments**	**Responses**
General Comments	Two law firms, two industry associations, two industry stakeholders and one exchange expressed support for the proposed repeal of the 90-Day Rule for all investment funds.	Based on the support from commenters, the Amendments include the repeal of the 90-Day Rule.

Part 4 – Lapse Date Extension		
Issue	**Comments**	**Responses**
General Comments	Nearly all of the commenters expressed support for the proposed Lapse Date Extension. One investor advocate suggested that the proposed Lapse Date Extension should go further and only require a prospectus to be renewed upon a material change, which would reduce costs to the fund managers and allow the CSA to shift resources to investor protection initiatives.	We appreciate the support from the commenters. Please see the comments and responses provided on the Consultation Paper.
Service Standards	One law firm asked about the CSA service standards for the review of prospectus amendments, and private and auto-public filings of Fund Facts and ETF Facts. The commenter also asked about whether receipts will be issued for these documents.	We do not contemplate changes to the current service standards for the review of prospectus amendments, Fund Facts and ETF Facts filings. Prospectus amendments and filings of Fund Facts and ETF Facts with material changes but not filed with a prospectus will be filed with a prospectus certificate and would be subject to the same prospectus review process that currently applies in the context of a prospectus amendment and would conclude with the issuance of a receipt. Filings of Fund Facts and ETF Facts without material changes but not filed with a prospectus will not be filed with a prospectus certificate and would not be subject to a prospectus review since changes would be limited to certain variable information. There will not be a prospectus receipt issued for such filings.

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Filing Process	One industry association expressed concern that the filing process will be time consuming and risky if Funds Facts/ETF Facts have to be manually separated into the 2 categories of “auto-public” and “private” based on whether there is a material change or not. The commenter also expressed concern that having the 2 categories of “auto-public” and “private” will make it more difficult for investors to find the Fund Facts/ETF Facts for a particular fund as it will not be evident to the investor whether their fund has had a material change. The commenter also encouraged the CSA to allow funds to have the option to continue to use the current renewal process.	For filings of Fund Facts and ETF Facts without a prospectus filing, please refer to the SEDAR+ FAQs. Investors should not have a difficulty finding the Fund Facts/ETF Facts for their funds as Investment funds are required to post the Fund Facts/ETF Facts on their designated website. The Amendments will introduce an extension of the lapse date period from one year to two years. The new period continues to be a maximum period and early renewal will still be possible. Filers may therefore choose to continue to file their renewal prospectus on an annual basis if they wish.
Auto-Public Filings	One law firm noted that renewal filings would include a combination of auto-public and private filings of Fund Facts/ETF Facts and requested clarification if the documents should be dated with the same date given that the auto-public filings will appear on the public portion of SEDAR immediately and the Private filings will not be available publicly on SEDAR until a later date. This may cause purchases to be made under a previous Fund Facts/ETF Facts even though a revised version will pre-date the purchase but will not be available publicly on SEDAR until after the purchase. The law firm, as well as one industry association, commented that there may be complications if in response to comments on the private filings of the Fund Facts/ETF Facts, there needs to be changes made to the disclosure of the Auto-Public filings that have already been made public on SEDAR. The law firm suggested the following approach be taken for combined	The review process for filings of Fund Facts and ETF Facts with material changes but filed without a prospectus is consistent with the current review process for prospectus amendments and amended Fund Facts/ETF Facts. The documents will be filed with a certain date but may not be available publicly on SEDAR until a later date. The filings of Fund Facts and ETF Facts with material changes but filed without a prospectus would include disclosure relating to material changes and further disclosure changes as a result of the regulatory review should also only pertain to the same material changes. If the filings of Fund Facts and ETF Facts are not impacted by the same material changes, we would not expect the disclosure to be impacted by the regulatory review of the filings of Fund Facts and ETF Facts with material changes. Filings of Fund Facts and ETF Facts without material changes but not filed

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	preliminary and pro forma prospectuses: if all the Fund Facts/ETF Facts are filed as Auto-Public, then they are publicly available on SEDAR immediately. However, if some of the Fund Facts/ETF Facts are filed as Private, then none are released on the public portion of SEDAR until the principal regulator's review is completed, in which event, the date of the Fund Facts/ETF Facts will be brought forward to the public release date	with a prospectus will be made public on SEDAR+. Filings of Fund Facts and ETF Facts, some or all with material changes but not filed with a prospectus will be filed private and be subject to regulatory review. Once the regulatory review is completed, a receipt will be issued and the Fund Facts or ETF Facts will be made public.
New Mutual Funds/Series Filings	One law firm asked for clarification about how a fund manager can qualify a new fund or a new series. Many fund managers time the launch of new funds and/or new series to the annual prospectus renewals. Would a prospectus be amended to include a preliminary prospectus for a new fund and/or new series?	Consistent with current industry practice, fund managers may launch new funds and/or new series at the time of the biennial prospectus renewal or through a prospectus amendment for a new series or a preliminary prospectus for a new fund.
Year 2 Fund Facts and Year 2 ETF Facts Filings	One law firm expressed concern that the Year 2 Fund Facts/ETF Facts are to be filed between the 12th and 13th month preceding the proposed 24-month prospectus lapse date would mean that the Year 2 Fund Facts/ETF Facts could not be filed within 3 business days following their date, which could cause logistical difficulties. The commenter recommends expanding the renewal window by adding "less 3 business days" after the words "12 months" in proposed s.17.3(4)(a) of NI 41-101 and s.2.5(3)(a) of NI 81-101. The same commenter requested that if SEDAR can accommodate refresh filings of the Fund Facts/ETF Facts during times other than during the Year 2 filing window, to state so in the companion policies.	Section 5.1.3 of NI 81-101 requires dates of certificates to be within 3 business days for the filing of preliminary simplified prospectus, the simplified prospectus, the amendment to the simplified prospectus and the amendment to the Fund Facts. However, this section does not provide an additional 3 business days with respect to filing deadlines for such documents. Given that certain variable information disclosed in the Fund Facts and the ETF Facts must be within 60 days of the date of the Fund Facts/ETF Facts, and it may be challenging to update the variable information within a limited time period, the filing window for the Year 2 Fund Facts/ETF Facts has been extended to 2 months in the Amendments. This means the Year 2 Fund Facts/ETF Facts must be filed no earlier than 13 months and no later than 11 months before the lapse date of the previous prospectus in order to rely on the Lapse Date Extension. As is currently the case, filers may file a Fund Facts or ETF Facts by way of an amendment. The variable information must be within 60 days of the date of the Fund Facts or ETF Facts document, and amendment filing fees, where applicable, would apply. The lapse date of the prospectus will not be affected by such filings.

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Material Changes	One law firm and one industry association noted that the CSA's proposed guidance relating to non-material changes to the Fund Facts/ETF Facts in s.5A.6 of 41-101CP and s.4.1.6 of 81-101CP conflicted with the guidance in s.2.7(2) of 81-101CP which indicates that any change to a fund's risk rating constitutes a material change under securities legislation. The law firm suggested removing "or risk level" from the s.2.7(2) of 81-101CP and s.5A.3(4) of 41-101CP. The industry association disagreed that any change not listed in the proposed guidance in s.5A.6 of 41-101CP and s.4.1.6 of 81-101CP would disqualify the filing from being auto-public even if the change was not material and would not trigger the material change filing process. One investor advocate suggested a material change would include a change in the fund CIFSC category, portfolio manager, investment strategy, fees, risk rating, a fund merger or conversion to an ETF, and significant litigation or threat of litigation.	We remain of the view that generally, a change to a mutual fund's investment risk level disclosed on the most recently filed Fund Facts or ETF Facts, as applicable, would be a material change under National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**), as set out in the Commentary (2) to Item 1 of Appendix F – Investment Risk Classification Methodology of National Instrument 81-102 *Investment Funds*. This is consistent with s.2.7(2) of 81-101CP and s.5A.3(4) of 41-101CP. For consistency, the reference to "the risk rating" in in section 5A.6 of CP 41-101 and section 4.1.6 of CP 81-101 will be deleted. The inclusion of the reference to risk rating in the Proposed Amendments was made in error. For any changes that are not listed in s.5A.6 of 41-101CP and s.4.1.6 of 81-101CP, and are also not material changes, filers are encouraged to consult with CSA staff prior to filing a Year 2 Fund Facts or a Year 2 ETF Facts, as applicable. The definition of "material change" in NI 81-106 remains unchanged and no changes are contemplated as part of this policy initiative.
Prospectus Filings Between Renewals	One industry association noted that prospectus amendments are often timed to coincide with annual prospectus renewals. The commenter expressed concern that regulatory changes, exemptive relief decisions and other immaterial changes would not be disclosed in the prospectus for a longer period of time with biennial prospectus filings. The commenter asked whether a prospectus could be filed to provide disclosure of regulatory changes, exemptive relief or other immaterial changes without a Fund Facts/ETF Facts filing and without a filing fee. If a filing fee is payable, then it would be costly to issuers. If such a filing is auto-public, then the IFM should provide a certificate stating there are no changes other than to the variable information and no blackline of the Fund Facts/ETF Facts would be	Prospectuses for investment funds in continuous distribution need to be updated to reflect any material changes, in accordance with NI 81-106. As is currently the case, filers may choose to file their prospectus at any time prior to their lapse date and such a filing would be considered an early renewal. Under the current proposals, we do not contemplate auto-public filings of prospectuses for investment funds in continuous distribution nor do we contemplate an alternative form of the certificates required under NI 81-101 for such prospectuses.

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	required. Fund Facts/ETF Facts that are auto-public should not be required to be filed with a blackline as the document would not be subject to regulatory review.	Filings of the Fund Facts and ETF Facts with no material changes but that are not filed with a prospectus are required to be filed with a blackline showing changes from the most recently filed version of the Fund Facts or ETF Facts, as applicable. The blacklines will be reference documents for the principal regulator to track the changes to the disclosure, if necessary.
	The commenter also asked about the CSA's expectations on the frequency and cost of an amended and restated prospectus (**ARP**) if a prospectus is required to be filed as an ARP or a prospectus amendment because of corresponding changes to a Fund Facts/ETF Facts, as this would be costly.	The requirement to file an ARP for every prospectus amendment is not included in the Amendments.
Transition	One law firm asked whether all mutual funds would commence biennial filings in the same year. The commenter suggested that mutual funds should have the option of waiting until their next renewal to implement the Lapse Date Extension. One industry association suggested that transition time be provided to issuers with the adoption of the Lapse Date Extension. The commenter would like funds to have the option to file their prospectus every 12 months under current requirements.	The Amendments are in force on the Effective Date. Upon the Effective Date, the Lapse Date Extension can be relied upon such that the next prospectus filed after the Effective Date has a 24-month lapse date period. However, filers may choose to continue filing their prospectus on an annual basis or at any time prior to their lapse date and such a filing would be considered an early renewal. Please see the transition section set out in the CSA Notice.
Filing Fees	One industry association supported Ontario's proposed change to reduce the amount of the filing fee for an ETF prospectus to align it with the filing fee for a mutual fund prospectus. One law firm commented that the regulatory filing fees are different for all CSA jurisdictions and commented that a CSA review of the regulatory filing fees, both annual fees and prospectus amendment fees, for mutual funds and ETFs is overdue. The commenter indicated that while mutual funds should pay fee to access the capital markets in the jurisdictions where a prospectus is filed, the fees payable are not representative of the regulatory activity necessary to monitor them and process the filings in the jurisdiction. The commenter urged the CSA to amend the fee rules in conjunction with the Proposed Amendments.	We appreciate the support from the commenter. The scope of the local fee rule changes contemplated in connection with this policy initiative is limited to changing the current filing fees for prospectuses for investment funds in continuous distribution which will be replaced with filing fees for the Fund Facts and ETF Facts to ensure that the Amendments will not have a negative impact on filing fees. As fee rule changes are local matters, any required changes to local fee rules in connection to this policy initiative would be finalized prior to the effective date of the Amendments.

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CSA Resources	One industry association asked if there would be any cost-cutting or CSA staff redeployment given the regulatory resource savings at the CSA level with the implementation of the Lapse Date Extension, e.g., additional targeted reviews to mitigate potential loss of annual prospectus reviews or issuer-focused risk assessments, more frequent and proactive communication with industry on disclosure matters.	We will conduct targeted, risk-based reviews of issuers, as applicable. We will continue to provide timely information about regulatory news and issues to investment fund and structured product issuers and their advisors on a timely, as-needed basis.
Scholarship Plans	One industry stakeholder encouraged the CSA to consider extending the proposed amendments and other burden reduction proposals to other types of investment funds, including scholarship plans.	On an ongoing basis, we are considering the appropriateness of other burden reduction proposals to other types of investment funds, including scholarship plans.
Question #1: Would the Lapse Date Extension result in reducing unnecessary regulatory burden of the current prospectus filing requirements under securities legislation? Please identify the cost savings on an itemized basis and provide data to support your views.	Cost Savings and Burden Reduction Comments provided on the topic of cost savings were mixed. Two industry associations, one industry stakeholder and one law firm agreed that fund managers spend significant resources on the review, preparation and filing of prospectuses and related documents, including fees of external advisers and service providers. One industry association was of the view that there will be significant cost savings to the industry as a result of a Lapse Date Extension, which could be as high as $3 million per issuer group for large bank-affiliated investment fund issuers, and similarly significant when extrapolated across the industry. Another industry stakeholder, however, indicated that the reduction in regulatory burden from the Lapse Date Extension is not necessarily quantifiable in monetary terms. One industry association stated that updating the prospectus every two years will not necessarily be half the work of updating it annually, given regulatory and other developments in the interim. One industry association noted another benefit from the proposal is the fund manager's ability to reallocate resources to matters of more added value to their businesses and their investors. Cost Savings and Burden Reduction Only with Slip Sheet Amendments Two industry stakeholders commented that if the proposal allowed slip sheet	We agree with the commenters who indicated that significant resources are spent on the review, preparation and filing of prospectuses and related documents with prospectus renewals. We acknowledge that the option to slip sheet amendments or an ARP for prospectus amendments may result in further regulatory burden reduction without affecting the currency of accuracy of the information available to investors to make an informed investment decision. We thank the commenter for the estimated savings as a result of a Lapse Date Extension. We thank the commenters for the feedback. Although we asked for

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	amendments, cost savings could be realized from reduced legal, audit, translation, governance and other costs associated with prospectus renewal. One industry association and one industry stakeholder commented that requiring ARP filings for prospectus amendments would not result in any cost savings or reduction in regulatory burden and could even increase regulatory burden. Also, issuers that continue to launch new funds annually may not benefit from a Lapse Date Extension. One industry association stated that the ARP requirement will significantly increase the time and costs involved in making amendments, because the entire document will need to be reviewed and other amendments incorporated (and not only the information affected by the amendments). This would result in significant additional costs including staff time, legal review and translation, potential auditor involvement and compliance with Accessibility for Ontarians with Disabilities Act (**AODA**) If issuers are permitted to file slip sheet amendments and not an ARP, there is long-term potential for cost savings. One industry association noted that the extent of the cost savings depends on a number of factors and would therefore be difficult to quantify. One industry association disagreed with the metrics in Annex H used to calculate the estimated savings to the industry and stated that the data for the cost analysis should come from registrants and from appropriately qualified professionals who work in investment management.	specific feedback on itemized costs associated with the prospectus renewal process, we did not receive this information. Nonetheless, we continue to be of the view that this initiative has the potential to unlock cost savings in the prospectus renewal process. As highlighted by most commenters, this is more likely to occur in instances where an ARP is not mandated for every prospectus amendment. As noted above, we will continue to allow slip-sheet amendments, which will increase the likelihood of cost savings. We remain of the view that the potential benefits of a Lapse Date Extension will outweigh the costs. We note that for future consultations, it would assist us greatly to have more detailed comments on our cost assumptions. In particular, we would welcome data being shared by registrants and other professionals working in the asset management space as suggested by one commenter.
Question #2: Would cost savings from the Lapse Date Extension be passed onto investors so they would benefit from lower fund expenses as a result? Please provide an estimate of the potential benefit to investors.	Three industry associations, one law firm and one industry stakeholder commented that the extent to which cost savings from the Lapse Date Extension would accrue to investors will depend on whether prospectus renewal costs are paid by the fund or by the fund manager through fixed administration fee. For funds with fixed administration fees, the cost savings would likely benefit only the fund manager, or the cost savings could be passed onto the fund through a reduction in administration fee. For funds that funds that pay prospectus renewal costs, the	We are pleased that some investors may benefit from cost savings from the Lapse Date Extension where the prospectus renewal costs are paid by the fund. We acknowledge that where the prospectus renewal costs are paid through fixed administration fees, the cost savings would not accrue to the investor. Since, as noted above, the requirement to file an ARP for every prospectus amendment is not included in the Amendments, we anticipate that this

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	costs savings would be realized by those funds. Another industry association said it was premature to comment as to whether costs savings could be passed onto investors. One investor advocate was skeptical that the cost savings from the Lapse Date Extension would be passed onto investors. One industry stakeholder and four industry associations indicated that there would only be cost savings if funds were allowed to continue to file slip sheet amendments.	should increase the likelihood of cost savings. We did not receive any further clarity on how much cost savings would be produced or the extent to which investors might directly benefit from such cost savings. We would welcome feedback on this point once the amendments come into to force and industry has had an opportunity to experience these changes.
Question #3: Would the Lapse Date Extension affect the currency or accuracy of the information available to investors to make an informed investment decision? Please identify any adverse impacts the Lapse Date Extension may have on the disclosure investors need to make informed investment decisions.	<u>No adverse impacts to disclosure</u> Two industry stakeholder, three industry associations and one law firm agreed that the Lapse Date Extension will not affect the currency or accuracy of the information available to investors to make an informed investment decision as investors are provided with the Fund Facts/ETF Facts, which are not affected by the Lapse Date Extension. Material changes will be captured by amendments and investors also have access to continuous disclosure documents. The law firm commenter also noted that the disclosure in a simplified prospectus or annual information that is not summarized in the Fund Facts/ETF Facts, is generic in nature and tends not to change during the lifespan of a simplified prospectus.	We agree with the commenters who indicated that the Lapse Date Extension would not affect the currency or accuracy of the information available to investors to make an informed investment decision.
	One industry association a material change between renewals will be picked up through the current material change reporting requirements.	We agree that the material change reporting requirements help ensure that the fund's continuous disclosure and prospectus disclosure are continually kept current so that prospectus investors have access to up-to-date disclosure to inform their investment decision.
	<u>Delayed Disclosure Updates</u> Two industry associations commented that any prospectus amendment required for a material change under the Lapse Date Extension will result in additional filing fee which will have the unintended effect of potentially discouraging such updates to be made in a timely manner. For example, for a prospectus with multiple funds,	We thank the commenters for the feedback. With respect to the requirement to file an ARP for every prospectus amendment, which is not included in the Amendments. We note, however, that filing fees related to amendments are not changing with this proposal. Any filing fees that might be

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	where there is a material change to only one fund and non-material changes to the other funds, all funds would be subject to an amendment filling fee. In contrast, a slip sheet amendment would only relate to the one fund with the material change and only one amendment filing fee would be payable. One industry association pointed out that if prospectus amendments have to be made by way of an ARP, then fund managers may be encouraged to narrow the scope of what is "material" to a prospectus in order to delay updating prospectus disclosure. The other industry association indicated that with the Lapse Date Extension, prospectuses would not be as up to date as under the current model, however if prospectuses can be updated with immaterial information more frequently than every 2 years, there would not be a currency issue but it would be costly if filing fees were applicable.	required in connection with a prospectus amendment, are set at the individual jurisdiction level. Filers are reminded that a prospectus is required to contain full, true and plain disclosure of all material facts relating to the securities being distributed and filing fees should not be considered when making an assessment of whether a material change has occurred that would require an amendment.
	One industry stakeholder commented that issuers should be allowed to make immaterial amendments to their prospectuses without paying regulatory filing fees at least annually, in order to enhance disclosures following new or updated regulatory guidance.	The amendment filing fees are determined by local fee rules. In some CSA jurisdictions, such as Ontario, there are no fees payable for filing amendments.
	One investor advocate expressed concern about inconsistent disclosure between a prospectus and a Fund Facts and suggested that in such circumstances, the Fund Facts disclosure should take precedence.	The Fund Facts is incorporated by reference into the fund's prospectus. There should not be any material inconsistent disclosure between a prospectus and a Fund Facts.
	One industry association pointed out that there may be incremental changes that individually are not a material change but could be material in aggregate. This may result in some disclosure becoming stagnant, if not potentially misleading, over time.	The prospectus is required to contain full, true and plain disclosure of all material facts relating to the securities being distributed. Filers may choose to file a prospectus amendment or renew their prospectus early to reflect prospectus disclosure changes.
Question #4: Prospectus amendments would increase over a 2-year period relative to a 1-year period. Would requiring every prospectus amendment to be filed as an amended and restated prospectus instead of "slip sheet" amendments make it easier for investors to trace through how disclosure pertaining to a particular fund has been modified since the most recently filed	All industry stakeholders, law firms and industry associations did not support the proposed requirement for every prospectus amendment to be filed as an ARP. The commenters asked the CSA to continue to give issuers the option of filing a prospectus amendment as a slip sheet amendment or as an ARP. As detailed below, the commenters noted that such a requirement would increase regulatory burden, without making it easier for	We thank commenters for their feedback. Further to the comments received, the requirement to file an ARP for every prospectus amendment is not included in the Amendments. We have provided additional guidance in 81-101CP and 41-101CP with respect to the disclosure contained in a prospectus amendment.

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prospectus? In the initial stakeholder feedback received on the Project RID amendments, some commenters indicated that such a requirement would be difficult and increase the regulatory burden for investment funds. Please explain and identify any cost implications on an itemized basis and provide data to support your views.	investors to trace amendments to prospectus disclosure. One industry association agreed that the number of prospectus amendments may increase over a 2-year period while another industry association did not agree saying this would depend on the circumstances of each fund. The latter commenter also noted that under the current framework, there is no limit to the number of prospectus amendments that can be filed before an ARP is required. The commenter was of the view that an ARP is not required for every prospectus amendment. <u>Amended and Restated Prospectuses Increase Regulatory Burden</u> All five industry stakeholders, three industry associations, and two law firms commented that requiring all prospectus amendments to be filed as ARPs will significantly increase regulatory burden on funds in terms of the internal fund manager resources, external counsel costs, translation costs and compliance costs related to AODA. One industry association noted that this would be compounded where IFMs are making prospectus amendments at the same time as a regulatory change in rules. Two industry associations and one industry stakeholder commented that the significant time and resources required to prepare an ARP is not that different from preparing a renewal prospectus. One law firm and one industry association explained that the processes for preparing a prospectus, slip sheet amendment and an ARP: a) Prospectus – A full review is undertaken as the project manager and the legal group canvass each department of the fund manager to ascertain changes to the disclosure from their respective departments, as well as third parties. b) Slip sheet amendments – Time and resources are more targeted as only the departments of the IFM responsible for the change is involved.	Please see above. We thank the commenters for setting out the processes for preparing a prospectus, a slip sheet amendment and an ARP.

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	c) ARP – Used for substantial amendments that extensively impact disclosure in Parts A and B that make slip sheet amendments difficult to follow. The same process for a renewal prospectus is used. An ARP replaces the prospectus and carries the same liability.	
	One industry stakeholder, who has 2 prospectuses, at 700 and 350 pages respectively, commented that they currently amend their prospectuses by way of slip sheet amendments unless an ARP is warranted. The preparation of a slip sheet amendment required approximately 50 hours compared to approximately 177 hours for an ARP.	We thank the commenter for quantifying the preparation hours for a slip sheet amendment and an ARP.
	One industry association commented that some IFMs make 2 to 5 amendments per year, with most issuers making amendments at least once a year.	We thank the commenter for providing these estimates.
	One law firm commenter and one industry association pointed out that with the additional costs and burdens of an ARP, there would be no point of the Lapse Date Extension. The law firm commenter also noted that if a prospectus is amended and restated within a 2-year period, the Lapse Date Extension is not necessary and perhaps the 2-year period should run from the date of the ARP, similar to the concept of the Consultation Paper.	We thank the commenter for this suggestion however, the Amendments do not contemplate the lapse date being reset by the filing of an ARP.
	One industry association pointed out that all issuers have an obligation to provide full, true and plain disclosure. The IFM should have the discretion to file an ARP for a prospectus amendment where substantial changes are being made. However, it would not be reasonable to require an ARP for minor changes.	We thank the commenter for their feedback.
	<u>Cost Implications of Slip Sheet Amendments</u>	
	One industry association and two industry stakeholders commented that the costs of producing an ARP exceed the costs of associated with a slip sheet amendment as prospectuses are lengthy and may exceed 200 pages. The additional costs could be borne by investors where IFMs have fixed administration cost regimes, which usually exclude costs associated with future changes to legislation.	We acknowledge the commenters' feedback that the costs of producing an ARP may exceed the costs associated with a slip sheet amendment.

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	One law firm commented that external counsel charges more to review an ARP than a slip sheet amendment. One industry association commented that the additional costs of preparing an ARP include AODA and fees for translation, and design, layout, and printing costs.	Please see above.
	One industry association and on industry stakeholder stated that if filing fees are payable for every fund in an ARP, then that would result in increased cost burden than under the current filing fees regime.	The amendment filing fees are determined by local fee rules and are not expected to be amended under this proposal.
	Investors' Ability to Trace Disclosure Changes Through Slip Sheet Amendments	
	All five industry stakeholders, two law firms, and three industry associations noted that slip sheet amendments are easier for investors to follow as an ARP does not highlight the funds or the disclosure being amended.	We thank commenters for their feedback. We have provided additional guidance in 81-101CP and 41-101CP with respect to the disclosure contained in a prospectus amendment.
	Two law firms, two industry stakeholders and two industry associations pointed out that investors only review the Fund Facts/ETF Facts and do not typically look to the prospectuses for their investment information. One industry association and one industry stakeholder also noted that 80% of investors obtain advice from their advisors so there is no practical benefit to retail investors in requiring ARPs to be filed in lieu of slip sheet amendments.	Please see above.
	One industry stakeholder was not aware of any investor complaints about not being able to track slip sheet amendments. One industry association noted that investors rarely request hard copies of the prospectus.	We thank the commenter for their feedback.
	Two law firms, two industry stakeholders and one industry association noted that while the ARP is filed with a blackline showing the amendments for the regulators to review, investors do not benefit from having access to the blackline.	We acknowledge that the blackline filed with an ARP is reviewed by the CSA and is not available to investors. Generally, blacklines of documents are not publicly available to investors.
	One industry association and one law firm commented that information regarding material changes is provided to investors in a material change report, a press release, a prospectus amendment and the Fund Facts/ETF but investors do not typically know about such filings. An	We thank the commenters for their feedback.

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	industry stakeholder noted that a slip sheet amendment clearly identifies the changes made to the prospectus. Clarification re Material Change Reporting Timeline	
	Three industry stakeholders and two industry associations commented that being able to file slip sheet amendments for material changes means prospectus amendments can be filed within the time required by NI 81-106, however, the same cannot be said for an ARP, and in particular with the time and expense to make a large document AODA compliant. One commenter asked if the CSA will be revising the material change requirements to allow for more time than the current 10-day filing requirement to file an ARP.	We thank the commenters for their feedback.
	Clarification re Updated Disclosure Required for an Amended and Restated Prospectus	
	One law firm, two industry associations and one industry stakeholder indicated that it was unclear when filing an ARP whether all information in the prospectus must be updated. Some commenters also noted that the certificate states that the prospectus provides full, true and plain disclosure of all material facts as of the date of the certificate. One industry stakeholder expressed concern that CSA would expect funds to update their prospectus disclosure by way of prospectus amendments following the issuance of CSA guidance.	Whether a prospectus amendment is filed as a slip sheet amendment or an ARP, a prospectus is required to contain full, true and plain disclosure of all material facts relating to the securities being distributed.
	One industry association commented that it is unclear whether the Fund Facts/ETF Facts would need to be updated if an ARP is filed.	For a material change that affects the disclosure in the Fund Facts/ETF Facts, the Fund Facts/ETF Facts should be amended further to s.11.2(d) of NI 81-106. This is a current requirement that remains unchanged with the Lapse Date Extension.
	Inconsistency with Consultation Paper	
	One law firm noted that the Consultation Paper allows for amendment by a document incorporated by reference into the prospectus rather than an ARP, which is inconsistent with the current proposal for a Lapse Date Extension.	We thank the commenter for their feedback. The Amendments do not contemplate the lapse date being reset by the filing of an ARP.

Part 4 – Lapse Date Extension		
Issue	**Comments**	**Responses**
	Guidance on Use of Slip Sheet Amendments One industry stakeholder commented that if the CSA allows slip sheet amendments to continue to be filed for prospectus amendments, slip sheet amendments should be self-explanatory. Slip sheet amendments should contain a full paragraph, instead of replacing only part of a sentence in a paragraph, highlighting the words that are changing with a lead-in sentence or paragraph that describes the change. One industry association suggested that one alternative would be to have a list of the types of amendments that could be made using "slip sheet amendments". Another industry association suggested making appropriate changes to slip sheet amendments. One industry association suggested the Part A can be renewable every 2 years with slip sheet amendments made between renewals, and the Part B would only be amended and restated when there is a change, similar to the base shelf prospectus proposal. One industry stakeholder recommended the ARP requirement should be modified so an ARP is only required where a substantial portion of a fund's disclosure is being amended. Update SEDAR+ One industry stakeholder, one industry association and one law firm commented that SEDAR makes it difficult to track prospectus amendments as the search function pulls up all the fund family documents for a particular fund and they recommend making enhancements in SEDAR+.	We have provided additional guidance in 81-101CP and 41-101CP with respect to the disclosure contained in a prospectus amendment. Please see above. Please see above. Please see above. The SEDAR+ enhancements have already been completed and there is a functionality in SEDAR+ that allows users to search "funds applicable in the submission". This functionality allows SEDAR+ users to see all the filings that are directly related to that fund.

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
General Support	General Support Nearly all commenters expressed general support for a base shelf model for investment funds while one industry	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
	association indicated they were not supportive of the proposal. Proposal Details One industry association, together with two industry stakeholders commented that additional details on the Base Shelf Prospectus proposal are necessary for further consultation in order for them to provide meaningful comments. Timing One industry association, one law firms and one industry stakeholder expressed concerns about the timing of the proposal, given the recent regulatory changes with Client Focused Reforms, and Project RID amendments to NI 81-101. The law firm indicated that implementing the Base Shelf Prospectus would impose an initial regulatory burden on industry. The industry stakeholder suggested Stage 1 be implemented first. Working Group One law firm recommended that a regulatory/industry working group be established to provide a “back to first principles” review to determine the disclosure that should be provided in a base prospectus, rather than simply modifying the existing prospectus document. Recommended Application of Base Shelf Prospectus Principles to Mutual Funds One law firm commented that a mutual fund prospectus falls in between a long-form prospectus (contains non-financial information) and a short-form prospectus (incorporates by reference most of its financial disclosure, i.e., financial statements and management reports of fund performance). However, unlike prospectuses for non-investment fund issuers, the prospectus is not delivered to mutual fund investors unless requested. The commenter provided the following suggestions in the application of the base shelf prospectus principles to mutual funds: a) Base simplified prospectus – Contains information relating to the offering in the base simplified prospectus, together with a certificate. Information	decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
	about each fund and the annual information form would be in the continuous disclosure documents. These changes would reverse the combined SP/AIF amendments from Project RID. b) Prospectus supplements – Contains Part B of a simplified prospectus and would not be subject to regulatory review, unless novel, or requires a prospectus receipt. A prospectus supplement can be filed for a fund to offer a new class or series. c) Review process – Continuous disclosure documents would be reviewed outside the base shelf prospectus review process. d) Material changes – No change to the material change reporting requirements. The "materiality" threshold when refiling fund facts and ETF facts as either Auto Public or Private should become the standard for triggering a prospectus amendment.	
Question #1: Please identify the disclosure required in a simplified prospectus (SP) or an ETF prospectus that is unlikely to change year-to-year.	One law firm and one industry association agreed that the disclosure in Part A of an SP is unlikely to change year-to-year. One industry association identified the following disclosure in an ETF prospectus that is unlikely to change year-to-year: - Overview of the Legal Structure of the Investment Fund - Purchases of Securities - Redemption of Securities - Organization and Management Details of the Investment Fund (excluding the names and biographical information of directors and officers) - Calculation of Net Asset Value - Description of the Securities Distributed - Securityholder Matters - Termination of the Fund - Plan of Distribution - Proxy Voting Disclosure - Purchaser's Statutory Rights of Withdrawal and Rescission - Documents Incorporated by Reference The industry association was also of the view that adopting a Base Shelf Prospectus provided an opportunity for the CSA to	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
	reconsider, update and streamline the disclosure in the ETF Facts and an ETF prospectus.	
Question #1(a): We think this disclosure should be subject to regulatory review before a prospectus receipt is issued. Do you agree? Please explain.	One industry association did not object to regulatory review and receipt of the disclosure items.	We thank the commenter for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #1(b): We think it would be appropriate to require an amended and restated Base Shelf Prospectus to be filed and be subject to regulatory review before a receipt for the amended and restated Base Shelf Prospectus is issued if there is a change to this disclosure. Do you agree? Please explain.	(No comments received)	N/A
Question #1(c): Would it be appropriate for Part A of an SP under the Project RID amendments to form the equivalent of a base shelf prospectus for a group of investment funds under a Base Shelf Prospectus regime? Please explain.	One industry stakeholder and one industry association supported the Part A of an SP forming the Base Shelf Prospectus and Part B of an SP forming the prospectus supplement. The industry stakeholder encouraged the CSA not to rely on existing formats. In particular, the long form prospectus does not easily convert to a base shelf prospectus and a prospectus supplement. The commenter also supported the same form for the Base Shelf Prospectus and supplement prospectus to be used by both mutual funds and ETFs. The industry association noted that under current rules, an amendment to a separately bound Part B requires a fully amended and restated Part B. The commenter preferred to keep Part A and Part B bound together in a single document unless the rules relating to amendments change but also noted that it is not clear what would be included in a Base Shelf Prospectus for an ETF. The commenter also suggested a lapse date of more than 24 months would be warranted for a Base Shelf Prospectus.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #1(d): Would it be appropriate for Part B of an SP under the Project RID amendments to form the equivalent of a prospectus supplement establishing an offering program for an investment fund	One industry stakeholder and one industry association supported the Part A of an SP forming the Base Shelf Prospectus and Part B of an SP forming the prospectus supplement.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time.

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
under a Base Shelf Prospectus regime? Please explain.	The industry stakeholder encouraged the CSA not to rely on existing formats. In particular, the long form prospectus does not easily convert to a base shelf prospectus and a prospectus supplement. The commenter also supported the same form for the base shelf prospectus and supplement prospectus to be used by both mutual funds and ETFs. The industry association suggested that new funds and new series could be added by way of a supplement rather than an amendment.	The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #2: Please identify the disclosure required in an SP and an ETF prospectus that is likely to change year-to-year.	For SPs, one law firm identified the following disclosure that is likely to change year-to-year: - Part A: brokerage arrangements, remuneration of directors, officers and trustees, legal proceedings and income tax considerations - Part B: risk classification For ETF prospectuses, one industry association identified the following disclosure that is likely to change from year-to-year: - Investment Strategies and Overview of the Investment Structure - Overview of the Sector(s) that the Fund Invests In - Investment Objectives - Investment Restrictions - Fees and Expenses - Annual Returns and Management Expense Ratio - Risk Factors - Distribution Policy - Organization and Management Details of the Investment Fund - Prior Sales - Income Tax Considerations - Material Contracts - Legal and Administrative Proceedings - Experts - Exemptions and Approvals - Other Material Facts One industry association noted the following disclosure items for both an SP and ETF prospectus that is likely to change from year-to-year: - Strategies, - Risk factors, - Expenses, - Income tax,	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
	- Material contracts, - Director and officer information, and - Series.	
Question #2(a): Please confirm if this disclosure is also required to be updated at least annually in a Fund Facts or ETF Facts or other disclosure document required to be filed by investment funds in continuous distribution under Canadian securities legislation.	One industry association was of the view that the current ETF Facts form is not deficient and does not propose adding any additional disclosure.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #2(b): Should this disclosure be subject to regulatory review before a prospectus receipt is issued? Please explain.	One industry association did not object to regulatory review of the disclosure before a prospectus receipt is issued.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #2(c): Should this disclosure be subject to regulatory review only on a continuous disclosure basis? Please explain.	(No comments received)	N/A
Question #3: Please identify, categorize, and estimate the annual costs saved by an investment fund in continuous distribution if it were not required to file an SP or an ETF prospectus. In this regard, we note that any Stage 2 proposal for a Base Shelf Prospectus should not have a negative impact on filing fees. Accordingly, any costs savings identified should not include reduced filing fees.	One industry association did not anticipate any material cost savings with the adoption of the Base Shelf Prospectus, however, there may be some cost savings for translation and drafting. Another industry association commented that costs savings are difficult to estimate given that the details of the Base Shelf Prospectus have not been provided, e.g., will there by filing fees for amendments to the Base Shelf Prospectus and the prospectus supplements? Cost savings will be reduced in the short term due to modifications to internal processes.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #4: Please identify any adverse impacts a Base Shelf Prospectus may have on the disclosure investors need to make informed investment decisions.	Two industry associations noted that because investors rely on the Fund Facts and ETF Facts to obtain information to make an informed investment decision, a Base Shelf Prospectus would not adversely impact the disclosure that investors would need to make informed investment decisions. Another industry association expressed concern that a Base Shelf Prospectus would lead to incremental disclosure changes, that	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering

Part 5 – Consultation Paper		
Issue	**Comments**	**Responses**
	individually would not be a material change, but in aggregate, would be a material change.	whether to proceed further with Stage 2 at a future date.
Question #5: Please identify any adverse impacts a Base Shelf Prospectus may have on the liability rights investors currently have under the requirement to file an SP or an ETF prospectus.	Two industry associations did not anticipate any adverse impacts a Base Shelf Prospectus may have on current liability rights of investors. Another industry association indicated that they did not have a view.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #6: How should the current base shelf prospectus filing model for public companies be adapted for use by investment funds in continuous distribution?	One industry association noted that a Base Shelf Prospectus should compartmentalize the disclosure that does not need to be updated regularly and fund-specific disclosure that needs to be updated regularly, together with a longer lapse date.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.
Question #7: We contemplate a lapse date for a Base Shelf Prospectus to extend beyond 25 months. What would be an appropriate lapse date for a Base Shelf Prospectus for investment funds in continuous distribution? We think it would be prejudicial to the public interest for a Base Shelf Prospectus not to be subject to a lapse date at all. Do you agree? Please explain.	One industry association indicated that provided that the Base Shelf Prospectus contains full, true and plain disclosure, there is no public policy reason to require a lapse date. This would require an efficient disclosure and filing model to provide disclosure updates in a compliant, cost effective and timely manner. A staged approach to implementation should be adopted with an initial lapse date of 36 months with an eventual extension of the lapse date to 60 months or longer.	We thank the commenters for their comments. Further to the comments on the timing of Stage 2, the CSA has decided not to proceed with Stage 2 at this time. The comments received will be taken into account when considering whether to proceed further with Stage 2 at a future date.

Part 6 – List of Commenters
Adelson Law Borden Ladner Gervais LLP Canadian Advocacy Council for Canadian CFA Institute Societies C.S.T. Spark Inc. and C.S.T. Savings Inc. Canadian ETF Association Fasken Martineau DuMoulin LLP Fidelity Investment Canada ULC Franklin Templeton Investments Corp. IGM Financial Inc. Invesco Canada Ltd. Kenmar Associates Portfolio Management Association of Canada The Investment Fund Institute of Canada TSX Inc.

ANNEX B

AMENDMENTS TO
NATIONAL INSTRUMENT 41-101
GENERAL PROSPECTUS REQUIREMENTS

1. ***National Instrument 41-101*** **General Prospectus Requirements** ***is amended by this Instrument.***

2. ***Subsection 2.3(1) is amended by adding "***, other than an investment fund,***" after "***An issuer***".***

3. ***Subsection 2.3(1.1) is amended by adding "***, other than an investment fund,***" after "***An issuer***".***

4. ***Subsection 2.3 (1.2) is amended by adding "***, other than an investment fund,***" after "***If an issuer***".***

5. ***The following Part is added:***

PART 3D – FILING OF ETF FACTS DOCUMENTS WITHOUT A PROSPECTUS

Required documents for filing an ETF facts document

3D.1 An ETF that files an ETF facts document without a preliminary, pro forma or final prospectus must

(a) file, with that ETF facts document, the following documents if there has been a material change to the ETF and if that material change relates to information disclosed in the most recently filed ETF facts document:

(i) an amendment to the corresponding prospectus, certified in accordance with Part 5;

(ii) a copy of any material contract, and any amendment to a material contract, that have not previously been filed, and

(b) at the time that ETF facts document is filed, deliver or send to the securities regulatory authority

(i) a copy of that ETF facts document, blacklined to show changes, including the text of deletions, from the most recently filed ETF facts document, and

(ii) if there has been a material change to the ETF and if that material change relates to information disclosed in the most recently filed ETF facts document, the following documents:

(A) if an amendment to the prospectus is filed, a copy of the prospectus blacklined to show changes, including the text of deletions, from the most recently filed prospectus, and

(B) details of any changes to the personal information required to be delivered under subparagraph 9.1(1)(b)(ii), in the form of the personal information form, since the delivery of that information in connection with the filing of the prospectus of the ETF or another ETF managed by the manager.***.***

6. ***Paragraph 10.1 (2) (a) is amended by deleting "***or the amendment to the final prospectus is filed or,***" and replacing with "***is filed, the amendment to the final prospectus is filed, or for the purposes of any ETF facts document referred to in section 3D.1 that has been filed, no later than the time the ETF facts document is filed or,***".***

7. ***Section 17.2 is amended by adding the following subsection:***

(1.1) This section does not apply to an ETF.***.***

8. ***The following sections are added:***

Lapse date of an ETF

17.3 (1) This section applies only to an ETF.

(2) In this section, "lapse date" means, with reference to the distribution of a security that has been qualified under a prospectus, the date that is 24 months after the date of the previous prospectus relating to the security.

(3) An ETF must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the ETF files a new prospectus that complies with securities legislation and a receipt for that new prospectus is issued by the regulator or, in Québec, the securities regulatory authority.

(4) Despite subsection (3), a distribution may be continued for a further 24 months after a lapse date if

(a) the ETF files an ETF facts document for each class or series of securities of the ETF no earlier than 13 months and no later than 11 months before the lapse date of the previous prospectus,

(b) the ETF delivers a pro forma prospectus not less than 30 days before the lapse date of the previous prospectus,

(c) the ETF files a new prospectus not later than 10 days after the lapse date of the previous prospectus, and

(d) a receipt for the new prospectus is issued by the regulator or, in Québec, the securities regulatory authority within 20 days after the lapse date of the previous prospectus.

(5) For greater certainty, the continued distribution of securities after the lapse date does not contravene subsection (3) unless and until any of the conditions of subsection (4) are not complied with.

(6) Subject to any applicable extension granted under subsection (7), if a condition in subsection (4) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date, in reliance on subsection (4), within 90 days after the purchaser first became aware of the failure to comply with the condition.

(7) The regulator or, in Québec, the securities regulatory authority may, on an application of an ETF, extend, subject to such terms and conditions as it may impose, the times provided by subsection (4) where in its opinion it would not be prejudicial to the public interest to do so.

Lapse date of an ETF – Ontario

17.4 In Ontario, the lapse date prescribed by securities legislation for a prospectus for an ETF is extended to the date that is 24 months after the date of the previous prospectus relating to the ETF in accordance with section 17.3.**.**

9. ***Form 41-101F2* Information Required in an Investment Fund Prospectus *is amended***

(a) ***in item 17.2 by adding the following subsection:***

(0.1) This section does not apply to an investment fund in continuous distribution.***, and***

(b) ***in item 19.1(12) and (13) by replacing "***during the most recently completed financial year***" with "***during each of the two most recently completed financial years***".***

10. ***Form 41-101F4* Information Required in an ETF Facts Document *is amended***

(a) ***in item 1 by adding the following sentences at the end of the paragraph in Instruction (1):***

*"The date for an ETF facts document filed in accordance with paragraph 3D.1(b)(i) of National Instrument 41-101 General Prospectus Requirements must be the date within 3 business days of filing. The date for an ETF facts document filed in accordance with paragraph 3D.1(b)(ii) of National Instrument 41-101 General Prospectus Requirements must be the date on which it is filed."***.**

Transition

11. (1) Except in Ontario, if an ETF has filed a prospectus and a receipt for that prospectus was issued before March 3, 2025,

(a) sections 17.2(1.1) and 17.3 of National Instrument 41-101 *General Prospectus Requirements*, as enacted by this Instrument, do not apply, and

(b) for greater certainty, section 17.2 of National Instrument 41- 101 *General Prospectus Requirements*, as it was in force on March 2, 2025, applies.

(2) In Ontario, if an ETF has filed a prospectus and a receipt for that prospectus was issued before March 3, 2025,

(a) sections 17.3 and 17.4 of National Instrument 41-101 *General Prospectus Requirements*, as enacted by this Instrument, do not apply, and

(b) for greater certainty, the lapse date prescribed by securities legislation in Ontario for a prospectus for an ETF, as that legislation was in force on March 2, 2025, applies.

Effective Date

12. (1) This Instrument comes into force on March 3, 2025.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after March 3, 2025, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX C

CHANGES TO
COMPANION POLICY 41-101
GENERAL PROSPECTUS REQUIREMENTS

1. Companion Policy 41-101 General Prospectus Requirements is changed by this Document.

2. Part 5A of the Companion Policy is changed by adding the following sections:

5A.6 Filing of an ETF facts document without a prospectus – An ETF facts document that is filed without a prospectus under section 3D.1 of the Instrument, and does not include a material change(s) pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure,* should be filed under the appropriate SEDAR+ filing sub-type. Such an ETF facts document should only include the following changes from the most recently filed ETF facts document:

(a) the date of the document (Item 1(f) of Part I of Form 41-101F4)

(b) the total value of the ETF (Item 2 of Part I of Form 41-101F4)

(c) the MER (Item 2 of Part I and Item 1.3(2) of Part II of Form 41-101F4)

(d) the average daily volume (Item 2(2) of Part I of Form 41-101F4)

(e) the number of days traded (Item 2(2) of Part I of Form 41-101F4)

(f) the pricing information (Item 2(3) of Part I of Form 41-101F4)

(g) the top 10 investments (Item 3(5) of Part I of Form 41-101F4)

(h) the investment mix (Item 3(6) of Part I of Form 41-101F4)

(i) the past performance (Item 5 of Part I of Form 41-101F4)

(j) the TER (Item 1.3(2) of Part II of Form 41-101F4), and

(k) the ETF expenses (Item 1.3(2) of Part II of Form 41-101F4).

An ETF facts document that is filed without a prospectus under section 3D.1 of the Instrument, and includes a material change(s) pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure,* should be filed under the appropriate SEDAR+ filing sub-type, together with the documents required to be filed under section 3D.1 of the Instrument and section 11.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

5A.7 Amendments to an ETF prospectus or an ETF facts document – An amendment to a prospectus for an ETF or an ETF facts document should be easily understood by an investor. Subsection 6.1(1) of the Instrument provides that an amendment to a prospectus may consist of either an amendment that does not fully restate the text of the prospectus ("slip sheet amendment") or an amended and restated prospectus.

In determining whether a prospectus amendment should be filed as a slip sheet amendment or an amended and restated prospectus, consideration should be given to:

- the number of ETFs in the prospectus that are impacted by the amendment;
- the extent to which the prospectus disclosure is amended, i.e., the number of pages impacted by the amendment relative to the total number of pages of the prospectus;
- the number of slip sheet amendments previously filed;
- the form of amendment that would be most easily understood by investors reading the prospectus, as amended.

ETFs should consider filing an amended and restated prospectus for substantial amendments that extensively impact prospectus disclosure. Where multiple slip sheet amendments have been filed, ETFs should consider filing an amended and restated prospectus to consolidate the previously filed amendments to make it easier for investors to trace through how disclosure pertaining to a particular ETF has been modified.

For a slip sheet amendment, ETFs should do the following:

- clearly identify the ETFs specifically impacted by the amendment;
- provide an explanation or a brief summary of the amendment;
- provide the amended prospectus disclosure by restating a sentence or a paragraph with the amended disclosure rather than replacing certain words in a sentence or a paragraph;
- provide page, paragraph, and section references of the amended disclosure;
- ensure the format of the slip sheet amendment is consistent with previously filed slip sheet amendments, if any..

3. This change becomes effective on March 3, 2025.

ANNEX D

AMENDMENTS TO
NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

1. ***National Instrument 81-101*** **Mutual Fund Prospectus Disclosure** ***is amended by this Instrument.***

2. ***Subsection 2.1 (1) is amended by***

(a) ***deleting "***and***" at the end of subparagraph (d)(iii),***

(b) ***adding "***and***" at the end of paragraph (e), and***

(c) ***adding the following paragraph:***

(f) that files a fund facts document without a simplified prospectus must file the fund facts document, for each class or series of securities of the mutual fund, prepared in accordance with Form 81-101F3**..**

3. ***Subsection 2.1 (2) is repealed.***

4. ***Section 2.3 is amended by adding the following subsection:***

(5.2) A mutual fund that files a fund facts document without a preliminary, pro forma or simplified prospectus must

(a) file, with that fund facts document, the following documents if there has been a material change to the mutual fund and if that material change relates to information disclosed in the most recently filed fund facts document:

(i) an amendment to the corresponding simplified prospectus, certified in accordance with Part 5.1;

(ii) a copy of any material contract, and any amendment to a material contract, that have not previously been filed, and

(b) at the time that fund facts document is filed, deliver or send to the securities regulatory authority

(i) a copy of the fund facts document for each class or series of securities of the mutual fund, blacklined to show changes, including the text of deletions, from the most recently filed fund facts document, and

(ii) if there has been a material change to the mutual fund and if that material change relates to information disclosed in the most recently filed fund facts document, the following documents:

(A) if an amendment to the simplified prospectus is filed, a copy of the simplified prospectus blacklined to show changes, including the text of deletions, from the most recently filed simplified prospectus, and

(B) details of any changes to the personal information required to be delivered under subparagraph (1) (b) (ii), (2) (b) (iv) or (3) (b) (iii), in the form of the Personal Information Form and Authorization, since the delivery of that information in connection with the filing of the simplified prospectus of the mutual fund or another mutual fund managed by the manager**..**

5. ***Section 2.5 is repealed and replaced with the following:***

Lapse Date

2.5 (1) In this section, "lapse date" means, with reference to the distribution of a security that has been qualified under a simplified prospectus, the date that is 24 months after the date of the previous simplified prospectus relating to the security.

(2) A mutual fund must not continue the distribution of a security to which the prospectus requirement applies after the lapse date unless the mutual fund files a new simplified prospectus that complies with securities legislation and a receipt for that new simplified prospectus is issued by the regulator or, in Québec, the securities regulatory authority.

(3) Despite subsection (2), a distribution may be continued for a further 24 months after a lapse date if

(a) the mutual fund files a fund facts document for each class or series of securities of the mutual fund no earlier than 13 months and no later than 11 months before the lapse date of the previous simplified prospectus,

(b) the mutual fund delivers a *pro forma* simplified prospectus not less than 30 days before the lapse date of the previous simplified prospectus,

(c) the mutual fund files a new simplified prospectus not later than 10 days after the lapse date of the previous simplified prospectus, and

(d) a receipt for the new simplified prospectus is issued by the regulator or, in Québec, the securities regulatory authority within 20 days after the lapse date of the previous simplified prospectus.

(4) For greater certainty, the continued distribution of securities after the lapse date does not contravene subsection (2) unless any of the conditions of subsection (3) are not complied with.

(5) Subject to any applicable extension granted under subsection (6), if a condition in subsection (3) is not complied with, a purchaser may cancel a purchase made in a distribution after the lapse date, in reliance on subsection (3), within 90 days after the purchaser first became aware of the failure to comply with the condition.

(6) The regulator or, in Québec, the securities regulatory authority may, on an application of a mutual fund, extend, subject to such terms and conditions as it may impose, the times provided by subsection (3) where in its opinion it would not be prejudicial to the public interest to do so.

6. The following section is added after section 2.5:

Lapse Date – Ontario

2.5.1 In Ontario, the lapse date prescribed by securities legislation for a simplified prospectus for a mutual fund is extended to the date that is 24 months after the date of the previous simplified prospectus relating to the mutual fund in accordance with section 2.5.

7. Part A of Form 81-101F1* Contents of Simplified Prospectus *is amended in item 4.16 (2) and (3) by replacing "during the most recently completed financial year***" with "***during each of the two most recently completed financial years***".***

8. Part B of Form 81-101F1* Contents of Simplified Prospectus *is amended

(a) in items 5(7) and 9(8) by replacing "12-month***" with "***24-month***" wherever it appears, and***

(b) in item 6(7) by replacing "in the last year***" with "***in each of the last two years***".***

9. Part I of Form 81-101F3 Contents of Fund Facts Document is amended in item 1 by adding the following sentences at the end of the paragraph in the Instruction:

"*The date for a fund facts document filed in accordance with subparagraph 2.3(5.2)(b)(i) of National Instrument 81-101 Mutual Fund Prospectus Disclosure must be the date within 3 business days of filing. The date for a fund facts document filed in accordance with subparagraph 2.3(5.2)(b)(ii) of National Instrument 81-101 Mutual Fund Prospectus Disclosure must be the date of the certificate contained in the related amended simplified prospectus*."***.***

Transition

10. (1) Except in Ontario, if a mutual fund has filed a simplified prospectus and a receipt for that simplified prospectus was issued before March 3, 2025,

(a) section 2.5 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as enacted by this Instrument, does not apply, and

(b) for greater certainty, section 2.5 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as it was in force on March 2, 2025, applies.

(2) In Ontario, if a mutual fund has filed a simplified prospectus and a receipt for that simplified prospectus was issued before March 3, 2025,

(a) sections 2.5 and 2.5.1of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as enacted by this Instrument, do not apply, and

(b) for greater certainty, the lapse date prescribed by securities legislation in Ontario for a simplified prospectus for a mutual fund, as that legislation was in force on March 2, 2025, applies.

Effective Date

11. (1) This Instrument comes into force on March 3, 2025.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after March 3, 2025, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX E

CHANGES TO
COMPANION POLICY 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

1. Companion Policy 81-101 Mutual Fund Prospectus Disclosure is changed by this Document.

2. Section 2.7 is changed by adding the following after subsection (8):

(9) An amendment to a simplified prospectus or a fund facts document should be easily understood by an investor. Section 2.2 of the Instrument provides that an amendment to a simplified prospectus may consist of either an amendment that does not fully restate the text of the simplified prospectus ("slip sheet amendment") or an amended and restated simplified prospectus.

In determining whether a prospectus amendment should be filed as a slip sheet amendment or an amended and restated simplified prospectus, consideration should be given to:

- the number of mutual funds in the simplified prospectus that are impacted by the amendment;
- the extent to which the prospectus disclosure is amended, i.e., the number of pages impacted by the amendment relative to the total number of pages of the simplified prospectus;
- the number of slip sheet amendments previously filed;
- the form of amendment that would be most easily understood by investors reading the simplified prospectus, as amended.

Mutual funds should consider filing an amended and restated simplified prospectus for substantial amendments that extensively impact prospectus disclosure. Where multiple slip sheet amendments have been filed, mutual funds should consider filing an amended and restated simplified prospectus to consolidate the previously filed amendments to make it easier for investors to trace through how disclosure pertaining to a particular fund has been modified.

For a slip sheet amendment, mutual funds should do the following:

- clearly identify the mutual funds specifically impacted by the amendment;
- provide an explanation or a brief summary of the amendment;
- provide the amended prospectus disclosure by restating a sentence or a paragraph with the amended disclosure rather than replacing certain words in a sentence or a paragraph;
- provide page, paragraph, and section references of the amended disclosure;
- ensure the format of the slip sheet amendment is consistent with previously filed slip sheet amendments, if any.

3. Part 4.1 of the Companion Policy is changed by adding the following section:

4.1.6 Filing of a fund facts document without a prospectus – A fund facts document that is filed without a prospectus under subsection 2.3(5.2) of the Instrument, and does not include a material change(s) pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure,* should be filed under the appropriate SEDAR+ filing sub-type. Such a fund facts document should only include the following changes from the most recently filed fund facts document:

(a) the date of the document (Item 1(d) of Part I of Form 81-101F3)

(b) the total value of the fund (Item 2 of Part I of Form 81-101F3)

(c) the MER (Item 2 of Part I and Item 1.3(2) of Part II of Form 81-101F3)

(d) the top 10 investments (Item 3(4) of Part I of Form 81-101F3)

(e) the investment mix (Item 3(5) of Part I of Form 81-101F3)

(f) the past performance (Item 5 of Part I of Form 81-101F3)

(g) the TER (Item 1.3(2) of Part II of Form 81-101F3), and

(h) the fund expenses (Item 1.3(2) of Part II of Form 81-101F3).

A fund facts document that is filed without a prospectus under subsection 2.3(5.2) of the Instrument, and includes a material change(s) pursuant to National Instrument 81-106 *Investment Fund Continuous Disclosure,* should be filed under the appropriate SEDAR+ filing sub-type, together with the documents required to be filed under subsection 2.3(5.2) of the Instrument and section 11.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.**.**

4. These changes become effective on March 3, 2025.

ANNEX F

AMENDMENTS TO
NATIONAL INSTRUMENT 81-106
INVESTMENT FUND CONTINUOUS DISCLOSURE

1. ***National Instrument 81-106*** **Investment Fund Continuous Disclosure** ***is amended by this Instrument.***

2. ***Section 9.2 is amended by renumbering it as subsection 9.2(1) and by adding the following subsection:***

(2) Subsection (1) does not apply to an investment fund in continuous distribution that, during the 12 months preceding its financial year end, filed

(a) an ETF facts document under section 3D.1 of National Instrument 41-101 *General Prospectus Requirements*, or

(b) a fund facts document under subsection 2.3 (5.2) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*..

3. (1) This Instrument comes into force on March 3, 2025.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after March 3, 2025, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX G

LOCAL MATTERS

Authority for Additional Consequential Amendments

Paragraph 143(1)31 of the *Securities Act* (Ontario) (the **Act**) provides authority for making the Additional Consequential Amendments to Form 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) and Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**). The Additional Consequential Amendments are made by the Ontario Securities Commission without prior publication for comment, as permitted under paragraphs 143.2(5)(c) of the Act. We are satisfied that the Additional Consequential Amendments do not "materially change" Form 81-101F1 and Form 41-101F2.

Delivery of Amendments to the Minister of Finance

In Ontario, the Amendments, as well as other required materials, will be delivered to the Minister of Finance on or about November 28, 2024. The Minister may approve or reject these Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action, the Amendments will come into force on March 3, 2025.

ONTARIO SECURITIES COMMISSION

NOTICE OF AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 13-502 *FEES*

November 28, 2024

On October 8, 2024, the Ontario Securities Commission (the **OSC** or **we**) made amendments (the **Rule Amendments**) to Ontario Securities Commission Rule 13-502 *Fees* (**OSC Rule 13-502**) to change the following activity fee requirements:

(a) for conventional mutual funds to pay an activity fee in respect of a filing of a preliminary or pro forma fund facts document or a fund facts document filed in accordance with paragraph 2.5(3)(a) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) in Form 81-101F3 *Contents of Fund Facts Document* (**Fund Facts**), rather than pay an activity fee in respect of a filing of a preliminary or pro forma simplified prospectus in Form 81-101F1, and

(b) for exchange-traded mutual funds, or ETFs, to pay an activity fee in respect of a filing of a preliminary or pro forma ETF facts document or an ETF facts document filed in accordance with paragraph 17.3(4)(a) of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) in Form 41-101F4 *Information Required in an ETF Facts Document* (**ETF Facts**), rather than pay an activity fee in respect of a filing of a preliminary or pro forma prospectus in Form 41-101F2 *Information Required in an Investment Fund Prospectus*.

Substance and Purpose of Rule Amendments

What is changing under the Rule Amendments

Currently, conventional mutual funds and ETFs are required to pay an activity fee on the filing of a preliminary or pro forma prospectus under OSC Rule 13-502. The Rule Amendments would require conventional mutual funds to pay an activity fee on the filing of a preliminary or pro forma Fund Facts or a Fund Facts filed in accordance with paragraph 2.5(3)(a) of NI 81-101, or a preliminary or pro forma ETF Facts or an ETF Facts filed in accordance with paragraph 17.3(4)(a) of NI 41-101, as applicable, instead of an activity fee on the filing of a preliminary or pro forma prospectus. While the Rule Amendments change the documents to which an activity fee is applicable, the Rule Amendments do not change the frequency or the amount of the activity fees payable by conventional mutual funds and ETFs in OSC Rule 13-502.

Modernization of the Prospectus Filing Model for Investment Funds

The Rule Amendments are necessary for the adoption of the amendments (**Modernization Amendments**) under the CSA's Modernization of the Prospectus Filing Model for Investment Funds initiative, which will extend the lapse date period for pro forma prospectuses filed by investment funds in continuous distribution, i.e., conventional mutual funds and ETFs. The end result would be to shift the current prospectus renewal cycle from annual to biennial. The Modernization Amendments are contingent on having a revenue neutral impact on prospectus filing fees. The Modernization Amendments and the Rule Amendments will concurrently come into force on March 3, 2025.

The Rule Amendments will allow the Modernization Amendments to have revenue neutral impact on prospectus filing fees. This outcome was highlighted as a necessary condition for proceeding with the Modernization Amendments.

The Modernization Amendments are in response to feedback received during stakeholder consultation as part of the OSC's Burden Reduction Task Force initiative. On January 14, 2019, the OSC published OSC Staff Notice 11-784 *Burden Reduction* to seek suggestions from stakeholders on ways to further reduce unnecessary regulatory burden. With respect to the prospectus filing model for investment funds in continuous distribution, stakeholders commented that the model should be modernized because investment fund managers spend significant internal and external resources on the preparation and filing of annual prospectus and related documents, which generally do not change materially from year to year. Some stakeholders suggested reducing the frequency of prospectus renewal by extending the prospectus lapse date to allow for prospectuses to be renewed every other year as the current annual prospectus filing requirement is an unnecessary regulatory burden for investment funds in continuous distribution.

Authority for Amending Instruments

Paragraph 143(1)43 of the *Securities Act* (Ontario) (the **Act**) provides authority for making the amendments to OSC Rule 13-502. The Rule Amendments were made by the OSC without prior publication for comment, as permitted under ss. 143.2(5)(c) of the Act. We are satisfied that the Rule Amendments do not "materially change" OSC Rule 13-502.

Delivery of Rule Amendments to Minister

The OSC delivered the Rule Amendments to the Minister of Finance on or about November 28, 2024. If the Minister approves the Rule Amendments within 60 days after delivery, they will come into force fifteen days after the Minister's approval. If no action under subsection 143.3(3) of the Act is taken by the Minister, the Rule Amendments will come into force on March 3, 2025.

The Rule Amendments have been published in this Bulletin.

Questions

Please refer any questions to the following OSC staff:

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Amendments to
Ontario Securities Commission Rule 13-502 *Fees*

1. Ontario Securities Commission Rule 13-502 Fees is amended by this Instrument.

2. Row A in Column A of Appendix F is amended by replacing "Prospectus Filings***" with "***Prospectus, Fund Facts and ETF Facts Filings***".***

3. Row A4 in Column A of Appendix F is amended by:

(a) replacing "Prospectus Filing by or on behalf of certain investment funds***" with "***Prospectus, fund facts document and ETF facts document filings on behalf of certain investment funds ***",***

(b) replacing subsection (a) with "(a) Preliminary or pro forma fund facts document, or fund facts document filed in accordance with subsection 2.3(5.2) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* in Form 81-101F3 *Contents of Fund Facts Document*,***"*****,**

(c) replacing subsection (b) with "(b) Preliminary or pro forma ETF facts document, or ETF facts document filed in accordance with section 3D.1 of National Instrument 41-101 *General Prospectus Requirements* in Form 41-101F4 *Information Required in an ETF Facts Document,***", and**

(d) adding the following subsection:

> (c) Preliminary or pro forma prospectus in Form 41-101F2 *Information Required in an Investment Fund Prospectus* (other than for an ETF) or scholarship plan prospectus in Form 41-101F3 *Information Required in a Scholarship Plan Prospectus***".**

4. Row A4 of Column B of Appendix F is replaced with the following:

For preliminary or pro forma fund facts documents, or fund facts documents filed in accordance with subsection 2.3(5.2) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* for mutual funds from the same prospectus, the greater of:

(i) $3,800 for a prospectus, and

(ii) $400 for each mutual fund.

For preliminary or pro forma ETF facts documents, or ETF facts documents filed in accordance with section 3D.1 of National Instrument 41-101 *General Prospectus Requirements* in Form 41-101F4 *Information Required in an ETF Facts Document* for ETFs from the same prospectus, the greater of:

(i) $3,800 for a prospectus, and

(ii) $650 for each ETF.

For preliminary or pro forma prospectuses in Form 41-101F2 *Information Required in an Investment Fund Prospectus* (other than for an ETF), or scholarship plan prospectuses in Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* from the same prospectus, the greater of

(i) $3,800 for a prospectus, and

(ii) $650 for each investment fund.

5. This Instrument comes into force on March 3, 2025.

Blackline of Amendments to
Ontario Securities Commission Rule 13-502 *Fees*

APPENDIX F – ACTIVITY FEES

Row	Document or Activity (Column A)	Fee (Column B)
	A. Prospectus, Fund Facts and ETF Facts Filings	
A4	Prospectus, fund facts document and ETF facts document filings ~~Filings~~ on behalf of certain investment funds (a) ~~Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 *Contents of Simplified Prospectus* and Form 81-101F2 *Contents of Annual Information For*~~Preliminary or pro forma fund facts document, or fund facts document filed in accordance with subsection 2.3(5.2) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* in Form 81-101F3 *Contents of Fund Facts Document* (b) Preliminary or pro forma ETF facts document, or ETF facts document filed in accordance with section 3D.1 of National Instrument 41-101 *General Prospectus Requirements* in Form 41-101F4 *Information Required in an ETF Facts Document* (c) Preliminary or pro forma prospectus ~~Pro Forma Prospectus~~ in Form 41-101F2 *Information Required in an Investment Fund Prospectus* (other than for an ETF), or scholarship plan prospectus ~~Scholarship Plan Prospectus~~ in Form 41-101F3 *Information Required in a Scholarship Plan Prospectus*	For preliminary or pro forma fund facts documents, or fund facts documents filed in accordance with subsection 2.3(5.2) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* for mutual funds from the same prospectus, the ~~The~~ greater of (i) $3,800 for a prospectus, and (ii) $400 for each mutual fund ~~in a prospectus~~. For preliminary or pro forma ETF facts documents, or ETF facts documents filed in accordance with section 3D.1 of National Instrument 41-101 *General Prospectus Requirements* in Form 41-101F4 *Information Required in an ETF Facts Document* for ETFs from the same prospectus, the greater of (i) $3,800 for a prospectus, and (ii) $650 for each ETF ~~investment fund in a prospectus.~~ For preliminary or pro forma prospectuses in Form 41-101F2 *Information Required in an Investment Fund Prospectus* (other than for an ETF), or scholarship plan prospectuses in Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* from the same prospectus, ~~T~~the greater of (i) $3,800 for a prospectus, and (ii) $650 for each investment fund ~~in a prospectus.~~

B.1.2 Notice of Ministerial Approval of OSC Rule 44-503 Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers

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

Ministerial Approval

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

The above material was published on September 19, 2024 in the Bulletin. See (2024), 47 OSCB 7337.

On November 19, 2024, the Minister of Finance approved the Rule.

The text of the Rule is published in Chapter B.5 of this Bulletin.

Effective Date

The Rule has an effective date of January 4, 2025.

B.1.3 Notice of Memorandum of Understanding Concerning Cooperation and the Exchange of Information Related to the Supervision and Oversight of Covered Entities Operating as Central Securities Depositories and/or Securities Settlement Systems in Ontario and Belgium

NOTICE OF MEMORANDUM OF UNDERSTANDING
CONCERNING COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION AND OVERSIGHT OF COVERED ENTITIES
OPERATING AS CENTRAL SECURITIES DEPOSITORIES AND/OR SECURITIES
SETTLEMENT SYSTEMS IN ONTARIO AND BELGIUM

November 28, 2024

The Ontario Securities Commission (**OSC**) has entered into a Memorandum of Understanding (**MOU**) with the National Bank of Belgium (**NBB**) regarding cooperation and the exchange of information in the supervision and oversight of entities operating as central securities depositories and/or securities settlement systems in Ontario and Belgium. The MOU came into effect on November 19, 2024.

Contact Information

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MEMORANDUM OF UNDERSTANDING
CONCERNING COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION AND OVERSIGHT OF COVERED ENTITIES
OPERATING AS CENTRAL SECURITIES DEPOSITORIES AND/OR SECURITIES
SETTLEMENT SYSTEMS IN ONTARIO AND BELGIUM

In view of the growing globalization of the world's financial markets and the increase in cross-border operations and activities of regulated entities, the National Bank of Belgium and the Ontario Securities Commission (collectively, the "**Authorities**") have reached this Memorandum of Understanding ("**MOU**") regarding cooperation and the exchange of information in the supervision and oversight of Covered Entities (as defined below) that operate on a cross-border basis in both Belgium and Ontario, Canada. The Authorities express, through this MOU, their willingness to cooperate with each other in the interest of fulfilling their respective regulatory mandates with respect to entities operating as central securities depositories (**CSD**) and/or securities settlement systems (**SSS**).

ARTICLE ONE: DEFINITIONS

For purposes of this MOU:

1. "**Authority**" means:

   a. In Belgium, the National Bank of Belgium ("**NBB**");

   b. In Canada, the Ontario Securities Commission ("**OSC**"), or any other Canadian securities regulatory authority or Canadian derivatives authority that has become a party to the MOU in the manner set out in Article Eight (individually, a "**Canadian Authority**", or collectively, the "**Canadian Authorities**").

2. "**Requesting Authority**" means an Authority making a request under this MOU.

3. "**Requested Authority**" means:

   a. Where the Requesting Authority is the NBB, the Canadian Authority to which a request is made under this MOU; or

   b. Where the Requesting Authority is a Canadian Authority, the NBB.

4. "**Laws and Regulations**" means:

   a. For the OSC, the *Securities Commission Act, 2021* (Ontario) and related rules and regulations ("**SCA**") and successor legislation; the *Securities Act* (Ontario) and related rules and regulations ("**OSA**") and successor legislation; the *Commodity Futures Act* (Ontario) and related rules and regulations ("**CFA**") and successor legislation; and other relevant requirements in Canada and Ontario;

   b. For the NBB, the Act of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium, Regulation (EU) N° 909/2014 of the European Parliament and of the Council dated 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/CE and 2014/65/EU, as amended from time to time; and their respective implementing regulations;

5. "**Person**" means a natural person, unincorporated association, partnership, trust, investment company, or corporation, and may be a Covered Entity.

6. "**Covered Entity**" means a Person in either Ontario, Canada, or in any other Canadian jurisdiction or Belgium that satisfies both of the following criteria:

   a. Operating as a CSD and/or SSS that is, or that has applied to be, recognized or exempted from the requirement to be recognized as a clearing agency under the Laws and Regulations in Ontario, Canada, or in the jurisdiction of any other Canadian Authority; and

   b. Operating as a CSD and/or SSS that is, or that has applied to be, authorized as a CSD and/or SSS under the Laws and Regulations in Belgium.

7. "**Participant**" means a Person who is a member of a CSD and/or SSS.

8. "**Books and Records**" means documents, electronic media, and books and records within the possession, custody, and control of, and other Relevant Information about, a Covered Entity or the Covered Entity's services.

9. "**Emergency Situation**" means the occurrence of an event that could materially impair the financial or operational condition of a Covered Entity affecting financial stability in at least one of the Authorities' respective jurisdictions.

10. "**On-Site Visit**" means any regulatory visit as described in Article Five to the premises of a Covered Entity for the purposes of ongoing supervision and oversight including the inspection of Books and Records.

11. "**Local Authority**" means the Authority in whose jurisdiction a Covered Entity that is the subject of an On-Site Visit is physically located.

12. **"Relevant Information"** means any information provided by an Authority that is necessary for the exercise of the other Authority's supervisory/oversight tasks or responsibilities according to applicable Laws and Regulations.

13. "**Visiting Authority**" means the Authority conducting an On-Site Visit.

14. "**PFMIs**" means the Principles for Financial Market Infrastructures published by the Committee on Payments and Market Infrastructures and the Technical Committee of the International Organization of Securities Commissions ("IOSCO"), as amended from time to time.

ARTICLE TWO: GENERAL PROVISIONS

15. This MOU is a statement of intent to cooperate and exchange Relevant Information in connection with the supervision and oversight of Covered Entities. The cooperation and information sharing arrangements under this MOU should be interpreted and implemented in a manner that is permitted by, and consistent with, the legal requirements applicable to each Authority. With respect to cooperation pursuant to this MOU, at the date this arrangement is executed, each Authority believes that no domestic secrecy or blocking laws or regulations should prevent it from providing assistance to any other Authority. The Authorities may deny a request for assistance where the request would require an Authority to act in a manner that would violate applicable legislation. The Authorities agree that cooperation primarily will be achieved through ongoing information exchanges, supplemented as needed by more formal cooperation, including through mutual assistance in obtaining information related to Covered Entities. As a general rule, the intent is to facilitate timely and effective exchange of Relevant Information on the activities and services performed by the Covered Entities, taking into account that each Authority will give due and full consideration to the exercise of the supervisory and oversight tasks performed by the other Authority(ies), and therefore will, to the extent possible, rely on the assessments, conclusions and decisions made by the other Authority(ies). The provisions of this MOU are intended to support both information exchanges and formal cooperation, as well as to facilitate the written exchange of non-public information in accordance with applicable Laws and Regulations.

16. This MOU does not create any legally binding obligations, confer any rights, or modify or supersede domestic laws, or regulations. This MOU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MOU.

17. This MOU is not intended to limit or condition the discretion of an Authority in any way in the discharge of its regulatory responsibilities or to prejudice the individual responsibilities or autonomy of any Authority. This MOU does not limit an Authority to taking solely those measures described herein in fulfillment of its supervisory functions. In particular, this MOU does not affect any right of any Authority to communicate with, conduct an On-Site Visit of (subject to the procedures described in Article Five), or obtain information or documents from any Covered Entity subject to its jurisdiction that is physically located in the jurisdiction of another Authority.

18. This MOU is intended to complement but does not alter, except where explicitly noted, the terms and conditions of any other existing arrangements concerning cooperation between the Authorities.

19. To facilitate cooperation under this MOU, the Authorities hereby designate contact persons as set forth in Appendix A, which may be amended from time to time by an Authority transmitting revised contact information to the other Authorities.

20. This MOU is a bilateral arrangement between each Canadian Authority and the NBB and should not be considered a bilateral agreement between any Canadian Authority.

ARTICLE THREE: SCOPE OF SUPERVISORY COOPERATION AND EXCHANGE OF INFORMATION

General

21. The Authorities recognize the importance of close communication concerning their supervision and oversight of Covered Entities and intend to inform regularly, as appropriate, regarding:

    a. General supervisory material issues, including regulatory, oversight, or other related developments;

    b. Material issues relevant to the operations, activities, and regulation of Covered Entities; and

    c. Any other areas of mutual supervisory interest.

22. The Authorities recognize, in particular, the importance of close cooperation in the event that a Covered Entity experiences, or is threatened by, a potential financial crisis or other Emergency Situation. An Authority should provide notification to the other Authorities consistent with Paragraphs 24 and 30 below and should keep the other Authorities informed throughout the Emergency Situation.

23. Exchange of Relevant Information will be most useful in, but is not limited to, the following circumstances where issues of common regulatory concern may arise:

    a. The initial application with the NBB or a Canadian Authority for authorization, licensure, designation, recognition, qualification, registration, or exemption therefrom, by a Covered Entity that is authorized, licensed, designated, recognized, qualified, registered, or exempted by an Authority in the other jurisdiction;

    b. The ongoing supervision and oversight of a Covered Entity including, for example, compliance with applicable statutory and regulatory requirements in either jurisdiction or with international standards, including the PFMIs; and

    c. Regulatory or supervisory actions or approvals taken in relation to a Covered Entity by the NBB or a Canadian Authority that may impact the operations of the entity in the jurisdiction of the other Authority.

Event-Triggered Notification

24. As appropriate in the particular circumstances, the NBB or the relevant Canadian Authority will endeavor to inform, respectively, the relevant Canadian Authority (or Authorities) or the NBB promptly, and where practicable in advance, of:

    a. Pending regulatory and/or legislative changes that may have a significant impact on the operations, activities, or reputation of a Covered Entity, including those that may affect the rules or procedures of a Covered Entity;

    b. Any material event of which the Authority is aware that could adversely impact the financial or operational stability of a Covered Entity including such events as a default of a Participant; market difficulties that might adversely impact the Covered Entity; failure by a Covered Entity to satisfy any of its requirements for continued registration, authorization, licensure, designation, qualification or recognition or exemption therefrom, where that failure could have a material adverse effect in the other jurisdiction; and any known adverse material change in the ownership, operating environment, operations, financial resources, management, or systems and controls of a Covered Entity, including such as material cyberattack, breach in security or material system failure;

    c. Relevant updates of mitigating actions to address any material financial or operating difficulties experienced by a Covered Entity as described in Subparagraph b; and

    d. Enforcement actions or sanctions or significant regulatory actions, including the revocation, suspension, or modification of relevant authorization, licensure, designation, recognition, qualification, registration, or exemption therefrom, concerning a Covered Entity.

25. The determination of what constitutes “significant impact”, “material event”, “adversely impact”, “adverse material change”, “material adverse effect”, “market difficulties”, “adversely affect”, “material financial or operating difficulties”, or “significant regulatory actions” for purposes of Paragraph 24 shall be left to the reasonable discretion of the relevant Authority that determines to notify the other Authority.

Request-Based Information Sharing

26. To the extent appropriate to supplement information exchanges, upon written request, the Requested Authority intends to provide the Requesting Authority the fullest possible cooperation subject to the terms in this MOU in assisting the Requesting Authority's supervision and oversight of Covered Entities, including assistance in obtaining and interpreting information that is relevant to ensuring compliance with the Laws and Regulations of the Requesting Authority and that is not otherwise available to the Requesting Authority. Such requests shall be made pursuant to Article Four of this MOU, and the Authorities anticipate that such requests will be made in a manner that is consistent with the goal of minimizing administrative burdens.

27. The information covered by Paragraph 26 includes:

    a. Relevant Information about the financial and operational condition of a Covered Entity including, for example, financial resources, risk management, and internal control procedures;

    b. Relevant Information that a Covered Entity is required to submit to an Authority including, for example, interim and annual financial statements and event specific notices; and

    c. Relevant Information based on the regulatory reports prepared by an Authority, including, for example, an executive summary based on examination reports and related findings regarding Covered Entities.

Periodic Meetings

28. Representatives of the Authorities may meet periodically, as appropriate, to update each other on their respective functions and oversight programs and to discuss issues of common interest relating to the supervision of Covered Entities, including contingency planning and crisis management, systemic risk concerns, default procedures, the adequacy of existing cooperative arrangements, and the possible improvement of cooperation and coordination among the Authorities. Such meetings may be conducted by conference call or on a face-to-face basis, as appropriate.

ARTICLE FOUR: PROCEDURE FOR REQUESTS

29. To the extent possible, a request for information, or other assistance, pursuant to Article Three should be made in writing (which may be transmitted electronically), and addressed to the relevant contact person identified in Appendix A. To facilitate the assistance, the Requesting Authority should specify the following:

    a. The information, or other assistance, sought by the Requesting Authority;

    b. A general description of the matter that is the subject of the request;

    c. The purpose for which the information, or other assistance, is sought (including details of the Laws and Regulations pertaining to the matter which is the subject of the request);

    d. To whom, if anyone, onward disclosure of information provided to the Requesting Authority is likely to be necessary and the purpose such disclosure would serve; and

    e. The desired time period for reply and, where appropriate, the urgency thereof.

    Information responsive to the request, as well as any subsequent communication among Authorities, may be transmitted electronically. Any electronic transmission should use means that are appropriately secure in light of the confidentiality of the information being transmitted.

30. In an Emergency Situation, the NBB and the relevant Canadian Authority or Authorities will endeavor to notify the other(s) as soon as possible of the Emergency Situation and communicate information as appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During an Emergency Situation, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.

ARTICLE FIVE: ON-SITE VISITS

31. In fulfilling its supervision and oversight responsibilities and to ensure compliance with its Laws and Regulations, the NBB may need to conduct On-Site Visits to a Covered Entity located in Ontario, and a Canadian Authority may need to conduct On-Site Visits to a Covered Entity located in Belgium. Each Authority will consult and work collaboratively with the Local Authority in conducting an On-Site Visit. Authorities shall discuss and reach understanding on the terms regarding the On-Site Visit, taking into account each other's sovereignty, legal

framework and statutory obligations in particular in determining the respective roles and responsibilities of the Authorities.

32. An On-Site Visit by an Authority will be conducted in accordance with the following procedure:

a. The Visiting Authority provides advance notice to the Local Authority of its intent to conduct an On-Site Visit and the intended timeframe for, and scope of, the On-Site Visit. Other than in exceptional circumstances, the Visiting Authority will notify the Local Authority prior to notifying the Covered Entity.

b. The Local Authority will endeavor to share any Relevant Information related to examinations it may have undertaken of the Covered Entity. The Visiting Authority will give due and full consideration to the supervisory activities of the Local Authority and any information that was made available by the Local Authority.

c. The Authorities will endeavor to assist each other regarding On-Site Visits, including providing Relevant Information that is available prior to the On-Site Visit; cooperating and consulting in reviewing, interpreting, and analyzing the contents of public and non-public Books and Records; and obtaining material information from directors and senior management of a Covered Entity.

d. The Authorities will consult with each other, and the Local Authority may in its discretion accompany or assist the other Authority during the On-Site Visit, or the Authorities may conduct joint visits where appropriate.

ARTICLE SIX: PERMISSIBLE USES OF INFORMATION

33. The Requesting Authority may use non-public information obtained under this MOU solely for the supervision and oversight of Covered Entities and seeking to ensure compliance with the Laws and Regulations of the Requesting Authority.

34. The Authorities recognize that, while this MOU is not primarily intended to gather information for enforcement purposes, the Authorities may subsequently use the non-public information provided under this MOU for enforcement purposes. In cases where a Requesting Authority seeks to use non-public information obtained under this MOU for enforcement purposes, including in conducting investigations or bringing administrative, civil or criminal proceedings, the Requesting Authority, to the extent permitted by relevant laws, will give prior notification to the Requested Authority. Treatment of the non-public information will be consistent with Article Six and Article Seven of this MOU.

35. Before using non-public information furnished under this MOU for any purpose other than those stated in Paragraphs 33 and 34, the Requesting Authority must first consult with and obtain the consent of the Requested Authority for the intended use. If consent is denied by the Requested Authority, the Authorities will consult to discuss the reasons for withholding approval of such use and the circumstances, if any, under which the intended use by the Requesting Authority might be allowed.

36. The restrictions in this Article do not apply to an Authority's use of information it obtains directly from a Covered Entity, whether during an On-Site Visit or otherwise. However, where non-public information is provided to the Requesting Authority directly by the Requested Authority, the restrictions in this MOU apply to the use of the information by that Requesting Authority.

ARTICLE SEVEN: CONFIDENTIALITY OF INFORMATION AND DISCLOSURE

37. All non-public information shared by the Authorities pursuant to this MOU (including requests made under this MOU, the contents of such requests, and any other matters arising under this MOU), to the extent permitted by law, shall be kept and treated as confidential and shall be subject to the respective provisions of confidentiality and professional secrecy of the Authorities, as they are applicable to them. The Authorities shall endeavor that all persons dealing with, or having access to, such information are bound by the obligation of professional secrecy.

38. Each Authority shall not disclose any non-public information received under this MOU to a third party except in connection with the use as contemplated under, and in accordance with Paragraph 39 and Article Six.

39. Except as stated in Paragraph 40, the Requesting Authority must obtain the prior written consent of the Requested Authority before disclosing non-public information received under this MOU to any non-signatory to this MOU, unless disclosure is required by law. The Requested Authority will take into account the level of urgency of the request and respond in a timely manner. During an Emergency Situation, consent may be obtained in any form, including orally, provided such communication is confirmed in writing as promptly as

possible following such notification. If consent is denied by the Requested Authority, the Requesting and Requested Authorities will consult to discuss the reasons for withholding approval of such disclosure and the circumstances, if any, under which the intended disclosure by the Requesting Authority might be allowed.

40. To the extent possible, the Requesting Authority will notify the Requested Authority of any legally enforceable demand for non-public information furnished under this MOU prior to complying with the demand and the Requesting Authority will assert all appropriate legal exemptions or privileges with respect to such information as may be available. The Requesting Authority will use its best efforts to protect the confidentiality of non-public information received under this MOU.

41. The Authorities intend that the disclosure of non-public information, including deliberative and consultative materials, such as written analysis, opinions, or recommendations relating to non-public information that is prepared by or on behalf of an Authority, pursuant to the terms of this MOU, will not constitute a waiver of privilege or confidentiality of such non-public information.

ARTICLE EIGHT: AMENDMENTS

42. The Authorities will periodically review the functioning and effectiveness of the cooperation arrangements between the NBB and the Canadian Authorities with a view, inter alia, to expanding or altering the scope or operation of this MOU should that be judged necessary. This MOU may be amended with the written consent of all of the Authorities referred to in Paragraph 1.

43. Subject to the prior approval of the NBB, any Canadian Authority may become a party to this MOU by executing a counterpart hereof together with the NBB and providing notice of such execution to the other Canadian Authorities that are signatories to this MOU.

ARTICLE NINE: EXECUTION OF MOU

44. Cooperation in accordance with this MOU will become effective on the date this MOU is signed by the Authorities.

ARTICLE TEN: SUCCESSORS

45. Where the relevant functions of a signatory to this MOU are transferred or assigned to another authority or authorities, the terms of this MOU shall apply to the successor authority or authorities performing those relevant functions without the need for any further amendment to this MOU or for the successor to become a signatory to the MOU and notice will be provided to the other Authorities. This will not affect the right of any Authority to terminate the MOU as provided hereunder. The Authorities shall work to ensure a seamless transition to any successor into the MOU, including the continued handling of outstanding matters.

46. Where regulatory functions have been assigned to another authority or authorities under Paragraph 45, the successor authority may use non-public information previously obtained under this MOU if the successor authority uses and treats the information in accordance with the terms of this MOU.

ARTICLE ELEVEN: TERMINATION

47. Cooperation in accordance with this MOU will continue until the expiration of 30 days after any Authority gives written notice to the other Authorities of its intention to terminate the MOU. If an Authority gives such notice, the parties will consult concerning the disposition of any pending requests. If an agreement cannot be reached through consultation, cooperation will continue with respect to all requests for assistance that were made under the MOU before the expiration of the 30-day period until all requests are fulfilled or the Requesting Authority withdraws such request(s) for assistance. In the event of termination of this MOU, information obtained under this MOU will continue to be treated in the manner prescribed under Articles Six and Seven.

48. If any Canadian Authority terminates the MOU in accordance with this Article, the MOU shall remain effective between the NBB and the remaining Canadian Authorities (if any).

Signatures

Ontario Securities Commission

“D. Grant Vingoe”

_____
Mr. D. Grant Vingoe
Title: Chief Executive Officer
Signed this 17th day of October 2024

National Bank of Belgium

“Pierre Wunsch”

_____
Pierre Wunsch
Title: Governor
Signed this 19th day of November 2024

Appendix A

CONTACT PERSONS

In addition to the following contact information, the NBB and Canadian Authorities will exchange confidential emergency contact telephone information.

ONTARIO SECURITIES COMMISSION
20 Queen Street West
22nd Floor, Box C.P. 55
Toronto, ON M5H 3S8

Manager, Trading & Markets
Phone: (416) 593-3676
Email: TradingandMarkets@osc.gov.on.ca

Senior Vice President, Communications, International and Stakeholder Affairs
Phone: (416) 593-8314
Email: inquiries@osc.gov.on.ca

NATIONAL BANK OF BELGIUM
Boulevard de Berlaimont 14
1000 Brussels
Belgium
Email: NBBPostTradeSupervisionOversight@nbb.be

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B.2
Orders

B.2.1 Crew Energy Inc.

Headnote

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

Applicable Legislative Provisions

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

Citation: *Re Crew Energy Inc.*, 2024 ABASC 175

November 12, 2024

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

AND

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

AND

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

ORDER

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **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 Alberta 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 British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador; 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

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

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.

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

B.2.2 Givex Corp.

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).

November 14, 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
GIVEX CORP.
(The "Filer")

ORDER

Background

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

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

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

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

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.

"David Surat"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0621

B.2.3 Argonaut Gold Inc. – 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 (Ontario), 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
ARGONAUT GOLD INC.
(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 181 Bay Street, Suite 3910, Brookfield Place, Toronto, Ontario M5J 2T3;

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

4. on October 1, 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 20th day of November, 2024.

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

OSC File #: 2024/0619

B.2.4 Givex Corp. – 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 (Ontario), R.S.O. 1990, c. B.16, as am., s. 1(6).

November 22, 2024

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
GIVEX CORP.
(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 registered and head office of the Applicant is located at 134 Peter Street, Suite 1400, Toronto, Ontario, M5V 2H2;

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

4. on November 14, 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 22nd day of November, 2024.

"David Surat"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0622

B.2.5 Forward Water Merger Corp. (formerly, Fraser Mackenzie Accelerator Corp.) – 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
FORWARD WATER MERGER CORP.
(formerly, Fraser Mackenzie Accelerator Corp.)
(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 registered and head office is located at 1086 Modeland Road, Sarnia, Ontario, N7S 6L2;

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

4. On November 18, 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 by the Commission pursuant to subsection 1(6) of the OBCA, that the Applicant is deemed to have ceased to be offering its securities to the public.

DATED at Toronto this 25th day of November, 2024.

"Leslie Milroy"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0584

B.2.6 Primo Water Corporation

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).

November 25, 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
PRIMO WATER 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, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Quebec and Saskatchewan.

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.

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

OSC File #: 2024/0649

B.2.7 Forward Water Merger Corp.

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).

November 18, 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
FORWARD WATER MERGER CORP.
(the Filer)

ORDER

Background

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

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

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

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

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.

"Leslie Milroy"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0576

B.2.8 NewOrigin Gold Corp.

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).

November 25, 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
NEWORIGIN GOLD CORP.
(the Filer)

ORDER

Background

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

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

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

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

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 #: 2024/0640

B.2.9 Perpetual Energy Inc.

Headnote

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

Applicable Legislative Provisions

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

Citation: *Re Perpetual Energy Inc.*, 2024 ABASC 174

November 12, 2024

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

AND

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

AND

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

ORDER

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **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 Alberta 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 British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories, and Nunavut; 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

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

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.

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

OSC File #: 2024/0636

B.2.10 Armada Data Corporation

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Application to cease to be a reporting issuer under applicable securities laws – 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.

Applicable Legislative Provisions

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

November 25, 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
ARMADA DATA 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 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 a corporation existing under the *Business Corporations Act* (British Columbia) and its head office is located at 1230 Crestlawn Drive, Mississauga, Ontario L4W 1A6.

2. The Filer is a reporting issuer in the provinces of British Columbia, Alberta and Ontario.

3. On October 29, 2024, the Filer completed an amalgamation and is the amalgamated corporation resulting from the amalgamation between "Armada Data Corporation", a predecessor corporation and 1498798 B.C. Ltd. (the **Acquiror**), a predecessor corporation.

4. The amalgamation (the **Amalgamation**) was completed pursuant to the *Business Corporations Act* (British Columbia) in accordance with an acquisition agreement dated September 4, 2024 entered into among James Matthews (**Matthews**), a director and Chief Executive Officer of the Filer, Eli Oszlak (**Oszlak**), a director and Chief Technical Officer of the Filer, 2190960 Ontario Ltd. (**Matthews Holdco**), a corporation controlled by Matthews, and the Acquiror, a corporation wholly-owned by Matthews and Oszlak, pursuant to which Matthews, Oszlak and Matthew Holdco through the Acquiror agreed to acquire all of the outstanding common shares of the Filer (**Common Shares**), other than Common Shares already held by Matthews, Oszlak and Matthews Holdco.

5. The full details of the Amalgamation and the intention of the Filer to make an application to cease to be a reporting issuer were contained in a management information circular of the Filer dated September 25, 2024 and a news release dated October 29, 2024, copies of which are available under the Filer's profile on www.sedarplus.ca.

6. Pursuant to the Amalgamation, all of the issued and outstanding Common Shares, other than those already held by Matthews, Oszlak and Matthews Holdco were converted, on a one-for-one basis, into redeemable preferred shares (**Redeemable Shares**) of the Filer. The Redeemable Shares were immediately redeemed by the Filer in exchange for $0.04 per Redeemable Share.

7. The Amalgamation was approved on October 28, 2024 by the Filer's shareholders at the special meeting of shareholders of the Filer.

8. Upon completion of the Amalgamation on October 29, 2024, Matthews, Oszlak and Matthews Holdco were the only shareholders of the Filer, owning 100% of the outstanding Common Shares.

9. On October 30, 2024, the Common Shares were delisted from the TSX Venture Exchange.

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

11. 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.

12. 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.

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

14. The Filer is applying for an order that the Filer cease being a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer.

15. The Filer is not in default of securities legislation in any jurisdiction, except that the Filer has not filed its interim financial statements, accompanying management's discussion and analysis and certification of the foregoing filings for the interim period ended August 31, 2024 (collectively, the **Filings**), which were due on October 30, 2024 in accordance with National Instrument 51-102 *Continuous Disclosure Obligations*.

16. The requirement to file the Filings did not arise until after completion of the Amalgamation.

17. 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**) as it is in default for failure to file the Filings.

18. But for the fact that the Filer is in default of securities legislation as a result of failing to file the Filings that were due after the completion of the Amalgamation, the Filer would be eligible for the simplified procedure set out in NP 11-206.

19. Upon granting the Order Sought, the Filer will no longer be a reporting issuer in any jurisdiction of 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.

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

OSC File #: 2024/0628

B.2.11 Ruken Family Office Corporation – s. 38 of the CFA

Headnote

Application for a ruling pursuant to section 38 of the Commodity Futures Act granting relief from the dealer registration requirement set out in section 22 of the CFA and the trading restrictions in section 33 of the CFA to the Filer, a commercial end user, in connection with certain trades in Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges that are conducted by the Filer as principal for its own account – relief subject to sunset clause.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33 and 38.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20,
AS AMENDED
(the CFA)

AND

IN THE MATTER OF
RUKEN FAMILY OFFICE CORPORATION
(the Filer)

RULING
(Section 38 of the CFA)

UPON the application (the **Application**) of the Filer to the Ontario Securities Commission (the **Commission**) for a ruling of the Commission pursuant to section 38 of the CFA (the **Ruling**) that the Filer be exempted from the dealer registration requirements in the CFA (as defined below) and the trading restrictions in the CFA (as defined below) in connection with trades in Electricity Contracts (as defined below) on, or through the facilities of, exchanges located outside Canada (**Non-Canadian Exchanges**) that are conducted by the Filer as principal for its own account:

(a) through a person or company (i) relying on the exemption from the dealer registration requirements in the CFA and the trading restrictions in the CFA contained in Ontario Securities Commission Rule 32-506 *(Under the Commodity Futures Act) Exemptions for International Dealers, Advisers and Sub-Advisers* (**32-506**) or in an order of the Commission and (ii) registered, licensed or otherwise authorized under the laws of the United States of America to act as a dealer with respect to trades in Electricity Contracts on the relevant Non-Canadian Exchange (a **US Registrant**); or

(b) as a direct electronic access trade that is made on, or through the facilities of, a Non-Canadian Exchange that has obtained from the Commission an order granting an exemption from the requirement to be recognized as an exchange under the OSA (as defined below) and the requirement to be registered as a commodity futures exchange under the CFA (a **Direct Access Trade**).

AND WHEREAS for the purposes of this Ruling:

(i) "**CISO**" means the California Independent System Operator;

"**dealer registration requirements in the CFA**" means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

"**Electricity Contract**" means an Exchange-Traded Futures that has an electricity price as its underlying interest;

"**Exchange-Traded Futures**" means a commodity futures contract or a commodity futures option that trades on, or through the facilities of, one or more Non-Canadian Exchanges and that is cleared through one or more clearing corporations located outside of Canada;

"**NCE Exemption**" means any order granting an exemption from the requirement to be recognized as a stock exchange under the OSA (as defined below) and the requirement to be registered as a commodity futures exchange under the CFA that has been granted by the Commission to a Non-Canadian Exchange;

"**NYISO**" means New York Independent System Operator;

"**OSA**" means the *Securities Act* (Ontario); and

"**trading restrictions in the CFA**" means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA; and

(ii) terms used in this Ruling that are defined in the OSA, and not otherwise defined in this Ruling or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Filer having represented to the Commission as follows:

1. The Filer is incorporated under the *Business Corporations Act* (Ontario).

2. The Filer's principal office is located in Toronto, Ontario.

3. The Filer is entirely owned and operated by Mr. Abdalla Ruken. Mr. Ruken was formerly registered with the Commission and the Alberta Securities Commission as an advising representative (portfolio manager).

4. The Filer is a proprietary trading firm funded by Mr. Ruken and his wife and children, and trades in listed securities, commodity futures and exchange-traded funds. The Filer does not invest on behalf of any other person or company or advise any person or company with respect to securities, commodity futures or derivatives.

5. The Filer is not registered under the securities, commodity futures or derivatives legislation of any of the provinces or territories of Canada in any capacity. The Filer trades through a dealer that is appropriately registered, or relies on an exemption from registration, under the OSA and the CFA for such trades.

6. The Filer is not in default of securities, commodity futures or derivatives legislation in any province or territory of Canada.

7. The Filer is a "CFA permitted client", as that term is defined in 32-506.

8. The Filer intends for one its primary strategies to be trading in Electricity Contracts.

9. The Filer is an approved participant in two wholesale electricity markets: the wholesale electricity market managed by the NYISO, a not-for-profit independent company responsible for managing New York State's electric grid and its competitive wholesale electric marketplace and the wholesale electricity market managed by the CISO, a not-for-profit company which oversees the operation of California's bulk electric power system, transmission lines, and electricity market generated and transmitted by its member utilities.

10. The Filer wishes to engage in the trading of Electricity Contracts on Non-Canadian Exchanges for three reasons:

    a. To hedge the Filer's price risks as a participant on the NYISO's and the CISO's virtual power marketplace;

    b. To engage in financial spread trading between Ontario and certain U.S. jurisdictions and to hedge the commodity price risk exposure of its Ontario short and long positions; and

    c. To trade for profit based on the Filer's views of electricity prices in different geographic locations.

11. The Filer does not currently trade in Electricity Contracts on any Non-Canadian Exchange. The Filer seeks to trade for its own account and not in an intermediary capacity.

12. When trading Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges, the Filer intends to utilize the clearing and settlement services that are available from its prime clearing member, a US Registrant. Trades in Electricity Contracts by the Filer would be subject to the US Registrant's credit and risk control infrastructure which seeks to mitigate the risks associated with the Filer's trading activities.

13. The Filer seeks the Ruling to allow the Filer to conduct Direct Access Trades with a Non-Canadian Exchange that engages in such trading activity in reliance upon a NCE Exemption.

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

IT IS RULED, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirements in the CFA and the trading restrictions in the CFA in connection with trades in Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges that are conducted by the Filer as principal for its own account:

(a) through a US Registrant in accordance with 32-506 or in accordance with the terms and conditions of an order granting the US Registrant an exemption from both the dealer registration requirements in the CFA and the trading restrictions in the CFA; or

(b) as a Direct Access Trade in accordance with the terms and conditions of the NCE Exemption granted to the Non-Canadian Exchange.

This Ruling will terminate on the earliest of:

(i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Ruling.

DATED: November 25, 2024

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

OSC File #: 2024/0568

B.3
Reasons and Decisions

B.3.1 Brookfield Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – transaction is a related party transaction pursuant to which the filer will exchange all of its 73% interest in a subsidiary entity to a related party, in exchange for a 73% interest in the related party (a public company) – the filer considers the transaction to be akin to an internal reorganization that will result in the filer owning indirectly what it currently holds directly – if the transaction had been structured such that the filer contributed the shares of the subsidiary entity to a wholly-owned subsidiary that is then amalgamated with the related party, the exemptions from the formal valuation and minority approval requirements in section 5.5(a) and 5.7(1)(a) of MI 61-101 would have been available to the filer – subparagraph 5.5(a)(ii) of MI 61-101 would deem the subject matter of the transaction to be the 27% interest of the related party in the subsidiary entity and the consideration received by the related party's shareholders to be equivalent to the 27% interest in the subsidiary entity – the effect of the transaction on the filer and its shareholders is the same as an amalgamation for which subparagraph 5.5(a)(ii) of MI 61-101 would have been applicable – the related party obtained a formal valuation in respect of the same subject matter as a formal valuation of the filer – upon entering into the transaction, the filer disclosed in a material change report and press release that it had made the application, described the relief sought and the fact that if granted, the relief would result in the filer not holding a shareholder meeting to approve the transaction – a minimum of 14 days have passed from the date the material change report and the related party's formal valuation were filed on the filer's SEDAR+ profile – relief granted from the formal valuation and minority approval requirements subject to conditions, including that there are no other approvals required in respect of the transaction that must be obtained at a meeting of shareholders of the filer.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.4, 5.6, and 9.1.

November 19, 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
BROOKFIELD CORPORATION

DECISION

Background

The principal regulator in the Jurisdiction has received an application from Brookfield Corporation (the **Filer**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filer, pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**) from the requirements of sections 5.4 and 5.6 of MI 61-101 to obtain a formal valuation and minority approval in connection with the Transaction (as defined below) (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, Manitoba, New Brunswick, Québec, and Saskatchewan.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, and MI 61-101 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

1. The Filer is a corporation existing and in good standing under the *Business Corporations Act* (Ontario). The Filer's registered and head office is located at Brookfield Place, 181 Bay Street, Suite 100, Toronto, Ontario M5J 2T3.

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

3. The Filer's authorized share capital consists of: (a) an unlimited number of class A limited voting shares (the **BN Class A Shares**); (b) 85,120 class B limited voting shares (the **BN Class B Shares**); (c) an unlimited number of preference shares designated as Class A Preference Shares, issuable in series; and (d) an unlimited number of preference shares designated as Class AA Preference Shares, issuable in series. As of September 30, 2024, there were 1,646,255,499 BN Class A Shares, and 85,120 BN Class B Shares issued and outstanding.

4. The BN Class A Shares are listed on the New York Stock Exchange (**NYSE**) and the Toronto Stock Exchange (**TSX**) under the symbol "BN". The BN Class B Shares are unlisted and are all held by a trust (the **Trust**). The beneficial interests in the Trust, and the voting interests in its trustee, are held one-third by Mr. Bruce Flatt, one-third by Mr. Jack L. Cockwell and one-third jointly by Messrs. Brian W. Kingston, Brian D. Lawson, Cyrus Madon, Samuel J.B. Pollock and Sachin Shah in equal parts.

5. The attributes of the BN Class A Shares and the BN Class B Shares are substantially equivalent except that, in the election of directors, holders of the BN Class A Shares are entitled to elect one-half the board of directors of the Filer (the **BN Board**) and the holder of the BN Class B Shares is entitled to elect the other one-half of the BN Board. On any other matter that requires shareholder approval, approval must be obtained from the holders of the BN Class A Shares and the holder of the BN Class B Shares, in each case, voting separately as a class.

6. On May 12, 2022, the Filer announced that it would separately list and distribute a 25% interest in its asset management business (the **Asset Management Business**) to its shareholders (the **Spin-out**). In connection with the Spin-out, the Filer: (a) transferred the Asset Management Business to Brookfield Asset Management ULC (**BAM ULC**); (b) established Brookfield Asset Management Ltd. (**BAM**) to be the company through which investors can directly access the Asset Management Business; (c) transferred a 25% interest in BAM ULC to BAM; and (d) distributed shares of BAM to its shareholders. The Spin-out was completed on December 9, 2022.

BAM

7. BAM is a corporation existing and in good standing under the *Business Corporations Act* (British Columbia). BAM's head office is located at Brookfield Place, 181 Bay Street, Suite 100, Toronto, Ontario M5J 2T3 and its registered office is located at 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

8. BAM is a reporting issuer in all of the provinces and territories of Canada and is not in default of any requirement of securities legislation in the jurisdictions in which it is a reporting issuer.

9. BAM's authorized share capital consists of: (a) an unlimited number of class A limited voting shares (the **BAM Class A Shares**); (b) 21,280 class B limited voting shares (the **BAM Class B Shares**, and together with the BAM Class A Shares, the **BAM Shares**); and (c) an unlimited number of class A preference shares, issuable in series. As of September 30, 2024, there were 442,933,929 BAM Class A Shares, and 21,280 BAM Class B Shares issued and outstanding.

10. The BAM Class A Shares are listed on the NYSE and the TSX under the symbol "BAM". The BAM Class B Shares are unlisted and are all held by the Trust.

11. The attributes of the BAM Shares are substantially equivalent except that, in the election of directors, holders of the BAM Class A Shares are entitled to elect one-half the board of directors of BAM (the **BAM Board**) and the holder of the BAM Class B Shares is entitled to elect the other one-half of the BAM Board. On any other matter that requires shareholder

approval, approval must be obtained from the holders of the BAM Class A Shares and the holder of the BAM Class B Shares, in each case, voting separately as a class.

12. BAM has nominal assets and liabilities other than its interest in BAM ULC and the number of BAM Class B Shares outstanding represent approximately 0.005% of the total issued and outstanding BAM Shares. As a result, the value of the BAM Class A Shares is derived from the value of BAM ULC (and specifically, BAM's approximate 27% interest in BAM ULC) and the BAM Class A Shares are economically equivalent to the BAM ULC Common Shares in all material respects.

BAM ULC

13. BAM ULC is an unlimited liability company existing and in good standing under the *Business Corporations Act* (British Columbia). BAM ULC's registered office is located at 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7.

14. BAM ULC is not a reporting issuer in any province or territory of Canada, and is not in default of any applicable requirement of securities legislation.

15. BAM ULC's authorized share capital consists of an unlimited number of common shares (the **BAM ULC Common Shares**). As of September 30, 2024, there were 1,635,414,208 BAM ULC Common Shares issued and outstanding of which 1,198,924,445 (or approximately 73%) are beneficially owned by the Filer, and 436,489,763 (or approximately 27%) are beneficially owned by BAM.

16. In connection with the Spin-out, the Filer and BAM entered into a voting agreement (the **Voting Agreement**) pursuant to which the Filer has the right to nominate one-half of the board of directors of BAM ULC (the **BAM ULC Board**) and BAM has the right to nominate the other one-half of the BAM ULC Board, in each case, regardless of the number of BAM ULC Common Shares owned by the Filer and BAM, respectively.

17. For accounting purposes, the Filer consolidates BAM ULC and reflects the approximate 27% interest in BAM ULC owned by BAM as a non-controlling interest.

The Transaction

18. BAM's market capitalization as of September 30, 2024 was approximately $28.3 billion, based on its interest in 27% of the Asset Management Business. Based on BAM's experience since the Spin-out and market feedback, in order for BAM to be truly comparable to its peers in the alternative asset management industry, BAM's market capitalization needs to reflect ownership of 100% of the Asset Management Business.

19. Accordingly, BAM and the Filer are proposing to enter into a transaction (the **Transaction**) pursuant to which:

    (a) BAM will amend the terms of the BAM Shares such that at any time that:

        (i) the Filer (or its successor) and its subsidiaries beneficially own a number of BAM Class A Shares that exceeds 50% of the aggregate number of BAM Shares as of the record date for any meeting of BAM shareholders, the holders of BAM Class A Shares and the holders of BAM Class B Shares will vote together as a single class in the election of the BAM Board at such meeting of shareholders; or

        (ii) the Filer (or its successor) and its subsidiaries beneficially own a number of BAM Class A Shares that is not less than 20% but does not exceed 50% of the aggregate number of BAM Shares as of the record date for any meeting of BAM shareholders:

            (A) holders of BAM Class A Shares, including the Filer (or its successor), will be entitled to elect one-half of the BAM Board at such meeting of shareholders, less one director, who will be elected solely by the Filer (or its successor); and

            (B) the holder of BAM Class B Shares will be entitled to elect the other one-half of the BAM Board at such meeting of shareholders;

    (b) the Filer will exchange 100% of its BAM ULC Common Shares for an identical number of newly-issued BAM Class A Shares, as a result of which the Filer will own approximately 73% of the BAM Class A Shares and BAM will own, directly and indirectly, 100% of the BAM ULC Common Shares; and

    (c) the Voting Agreement will be terminated.

20. The goal of the Transaction is to have the market capitalization of BAM accurately reflect the true size of the Asset Management Business and to simplify the overall ownership structure of the Asset Management Business. The Filer

expects that undertaking the Transaction will have significant long-term benefits for BAM, not limited to potential future inclusion in U.S. stock indices, access to larger pools of capital, a wider shareholder base and increased liquidity of the BAM Class A Shares, all of which would indirectly benefit the Filer, as a significant shareholder of BAM.

21. The Filer considers the Transaction to be akin to an internal reorganization through which the Filer and BAM will, in effect, combine their interests in BAM ULC such that BAM ULC is indirectly wholly-owned by BAM, which in turn will be owned approximately 27% by its current shareholders and approximately 73% by the Filer. Following the Transaction, the Filer will own indirectly what it currently holds directly.

22. As a result of the Transaction:

    (a) the Filer will no longer be exposed to unlimited liability as a shareholder of BAM ULC for the payment of BAM ULC's debts and liabilities in the event of its liquidation or dissolution;

    (b) the Filer will own a direct interest in a reporting issuer (being, the BAM Class A Shares) rather than an illiquid interest in a private company (being, the BAM ULC Common Shares);

    (c) the Filer will have the right to cast a majority of the votes in the election of directors of BAM for so long as the Filer owns a majority of the aggregate outstanding BAM Shares, and will have meaningful voting rights at any time that the Filer's ownership of BAM Class A Shares represents between 20% and 50% of the aggregate outstanding BAM Shares; and

    (d) BAM will be a subsidiary of the Filer and the Filer will consolidate BAM (and therefore BAM ULC) and show the approximate 27% interest held by BAM's other shareholders as a non-controlling interest.

23. On completion of the Transaction, including the termination of the Voting Agreement, the Filer will no longer have the right to nominate one-half of the BAM ULC Board. However, following completion of the Transaction, the Filer will be able to exert significant influence over BAM (and indirectly, BAM ULC) even if its ownership interest in BAM falls below 50%.

24. As a shareholder of BAM, the Filer will indirectly bear its proportionate share of certain expenses of BAM not arising from BAM ULC, including with respect to executive compensation, financial reporting and other costs associated with maintaining BAM's existence as a public company. However, these expenses are immaterial in the context of the Filer's business and the Filer has determined that the overall benefits of the Transaction far outweigh these additional costs.

25. The Filer does not expect any material adverse Canadian or U.S. federal income tax impacts on the Filer or its shareholders as a result of the Transaction.

26. The Chief Financial Officer of the Filer (the **CFO**) was responsible for negotiating and structuring the Transaction on behalf of the Filer. The CFO is one of the Filer's representatives on the BAM ULC Board and is not a member of management of BAM. The BN Board mandated the Filer's governance and nominating committee (the **GNC**) with overseeing the negotiation of the Transaction and, if appropriate, recommending it to the BN Board for approval. The members of the GNC are Frank J. McKenna, Diana L. Taylor and Hutham S. Olayan, each of whom is "independent" within the meaning of National Instrument 52-110 *Audit Committees* and independent of BAM within the meaning of MI 61-101.

27. The GNC has unanimously recommended the Transaction to the BN Board for approval, and the BN Board has unanimously (with any directors that are also directors and/or officers of BAM abstaining):

    (a) determined that the Transaction is in the best interests of the Filer;

    (b) determined that the Transaction will not adversely affect the Filer or its shareholders; and

    (c) approved the Transaction.

28. The Transaction does not constitute a sale of "all or substantially all" of the Filer's assets within the meaning of applicable corporate laws. Absent the requirement for minority shareholder approval under section 5.6 of MI 61-101, shareholders of the Filer would not be entitled to vote on the Transaction.

29. The Filer and BAM are related parties and the Transaction is a related party transaction for each of them.

30. In connection with the Transaction, BAM (a) has obtained a formal valuation in respect of the BAM ULC Common Shares and the BAM Class A Shares (the **BAM Formal Valuation**), and (b) will be seeking minority approval for the Transaction in accordance with MI 61-101.

31. The structuring of the Transaction was selected because of its simplicity from the perspective of BAM shareholders. However, the Transaction could have alternatively been structured such that the Filer contributed its BAM ULC Common Shares to a wholly-owned subsidiary which is then amalgamated with BAM (the **Alternate Structure**).

32. If the Transaction was implemented pursuant to the Alternate Structure, the Filer would have been able to rely on the exemptions from the formal valuation and minority approval requirements set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101.

33. Subparagraph 5.5(a)(ii) of MI 61-101 provides that if the transaction is one in which the issuer or a wholly-owned subsidiary entity of the issuer combines with a related party, through an amalgamation, arrangement or otherwise, the subject matter of the transaction shall be deemed to be the securities of the related party held, at the time the transaction is agreed to, by persons other than the issuer or a wholly-owned subsidiary entity of the issuer, and the consideration for the transaction shall be deemed to be the consideration received by those persons. Accordingly, the subject matter of the transaction would be deemed to be the securities of BAM held by persons other than the Filer or its wholly-owned subsidiary entity, namely, the issued and outstanding BAM Shares, which are equivalent to the value of BAM's approximate 27% interest in BAM ULC, and the consideration that BAM shareholders would receive would be deemed to be the shares of the amalgamated entity, which would be equivalent to an approximate 27% interest in BAM ULC.

34. The effect of the Transaction on the Filer and the Filer's shareholders is the same as if the Transaction had been structured using the Alternate Structure.

35. In the absence of the Exemption Sought, the Filer would be required to obtain a formal valuation in respect of BAM ULC Common Shares (which are the subject of the BAM Formal Valuation). The Filer would rely on subsection 6.3(2) of MI 61-101 in respect of the BAM Class A Shares.

36. The GNC and the BN Board are of the view that, in all material respects, each BAM ULC Common Share is economically equivalent to a BAM Class A Share. In 2024, prior to the closing of the acquisition by Brookfield Wealth Solutions Ltd. (**BWS**) of American Equity Investment Life Holding Company (**AEL**), the Filer exchanged 28,803,599 BAM ULC Common Shares with BAM for 28,803,599 BAM Class A Shares (the **AEL Exchange**). The Filer then delivered the 28,803,599 BAM Class A Shares to BWS for delivery to shareholders of AEL. The AEL Exchange was not subject to approval by the Filer's shareholders.

37. Prior to approving the Transaction, the GNC and the BN Board were advised of the conclusions reached in the BAM Formal Valuation. Taking into account its own view of the value of BAM ULC and the conclusions of the GNC, the BN Board concluded that the terms of the Transaction, including the one-for-one exchange effected by the Transaction were in the best interests of the Filer.

38. Upon entering into the Transaction, the Filer issued and filed a press release announcing same (the **Press Release**) on the System for Electronic Document Analysis and Retrieval+ (**SEDAR+**). The Filer also filed a material change report pertaining to the Transaction (the **Material Change Report**) on SEDAR+ whose contents satisfy and comply with the disclosure requirements set out in subsection 5.2(1) of MI 61-101.

39. Both the Press Release and the Material Change Report disclose that the Filer has applied for the Exemption Sought, describes the nature of the Exemption Sought and the fact that if granted, the Exemption Sought will result in the Filer not holding a shareholder meeting to approve the Transaction.

40. The Material Change Report also includes a summary of the BAM Formal Valuation, and references the fact that a copy of the BAM Formal Valuation can be found on the Filer's SEDAR+ profile.

41. A minimum of 14 days have passed from the date the Material Change Report and the BAM Formal Valuation were filed on the Filer's SEDAR+ profile.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) the Material Change Report and the BAM Formal Valuation are filed on the Filer's SEDAR+ profile;

(b) the Material Change Report contains the information required pursuant to subsection 5.2(1) of MI 61-101 and discloses that the Filer has applied for the Exemption Sought, describes the nature of the Exemption Sought and the fact that if granted, the Exemption Sought will result in the Filer not holding a shareholder meeting to approve the Transaction;

(c) the Filer issues and files a press release announcing receipt of the Exemption Sought, which also includes a statement that a copy of the Material Change Report and/or BAM Formal Valuation will be sent free of charge to any shareholder of the Filer who requests a copy;

(d) any shareholder of the Filer that requests a copy of the Material Change Report and/or BAM Formal Valuation is sent a copy, free of charge; and

(e) there are no other approvals required in respect of the Transaction that must be obtained at a meeting of shareholders of the Filer.

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

B.3.2 Ninepoint Partners LP and Ninepoint Capital Appreciation Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit the extension of a prospectus lapse date by 97 days to facilitate the consolidation of the fund's prospectus with the prospectus of different funds under common management – no conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

November 20, 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
NINEPOINT PARTNERS LP
(the Filer)

AND

IN THE MATTER OF
NINEPOINT CAPITAL APPRECIATION FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the time limit for the renewal of the simplified prospectus of the Fund dated February 2, 2024 (the **Current Prospectus**) be extended to the time limit that would apply as if the lapse date of the Current Prospectus was May 10, 2025 (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a limited partnership formed and organized under the laws of the Province of Ontario. The general partner of the Filer is Ninepoint Partners GP Inc., a corporation incorporated under the laws of the Province of Ontario. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered under the securities legislation: (i) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as an adviser in the category of portfolio manager; (ii) in Ontario, Newfoundland and Labrador and Quebec as an investment fund manager; and (iii) in British Columbia, Alberta, Quebec, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as a dealer in the category of exempt market dealer. The Filer is also registered in Ontario as a commodity trading manager.

3. The Filer is the trustee and manager of the Fund. The Filer is also the manager of other mutual funds as listed in Schedule A (the **Other Funds**) that are offered in each of the Jurisdictions under a simplified prospectus with a lapse date of May 10, 2025.

4. Neither the Filer nor the Fund is in default of securities legislation in any of the Jurisdictions.

5. The Fund is (a) an open-ended mutual fund trust established under the laws of Ontario and (b) a reporting issuer as defined in the securities legislation of each of the Jurisdictions.

6. Securities of the Fund are currently qualified for distribution in each of the Jurisdictions under the Current Prospectus.

7. Pursuant to subsection 62(1) of the *Securities Act* (Ontario) (the **Act**), the lapse date for the Current Prospectus is February 2, 2025 (the **Current Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of the Fund would have to cease on the Current Lapse Date unless: (i) the Fund files a *pro forma* simplified prospectus at least 30 days prior to the Current Lapse Date; (ii) the final simplified prospectus is filed no later than 10 days after the Current Lapse

Date; and (iii) a receipt for the final simplified prospectus is obtained within 20 days after the Current Lapse Date.

8. The Filer wishes to combine the Current Prospectus with the simplified prospectus of the Other Funds in order to reduce renewal, printing and related costs. Offering the Fund under the same renewal simplified prospectus as the Other Funds would facilitate the distribution of the Fund in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. The Fund shares many common operational and administrative features with the Other Funds and combining them in the same simplified prospectus will allow investors to more easily compare their features.

9. The Filer may make changes to the features of the Other Funds as part of the process of renewing the Other Funds' simplified prospectus. The ability to renew the Current Prospectus with the simplified prospectus of the Other Funds will ensure that the Filer can make the operational and administrative features of the Fund and the Other Funds consistent with each other, if necessary.

10. If the Exemption Sought is not granted, it will be necessary to renew the Current Prospectus twice within a short period of time in order to consolidate the Current Prospectus with the simplified prospectus of the Other Funds, and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given investors would not be prejudiced by the Exemption Sought.

11. There have been no material changes in the affairs of the Fund since the date of the Current Prospectus. Accordingly, the Current Prospectus and current fund facts document(s) of the Fund continues to provide accurate information regarding the Fund.

12. Given the disclosure obligations of the Filer and the Fund, should any material change in the business, operations or affairs of the Fund occur, the Current Prospectus and current fund facts document(s) of the Fund will be amended as required under the Legislation.

13. New investors of the Fund will receive delivery of the most recently filed fund facts document(s) of the Fund. The Current Prospectus of the Fund will remain available to investors upon request.

14. The Exemption Sought will not affect the accuracy of the information contained in the Current Prospectus or the fund facts document(s) of the Fund, and therefore will not be prejudicial to the public interest.

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.

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

Application File #: 2024/0650
SEDAR+ File #: 6202458

Schedule A

Ninepoint Diversified Bond Fund

Ninepoint Energy Fund

Ninepoint Global Infrastructure Fund

Ninepoint Gold and Precious Minerals Fund

Ninepoint Cash Management Fund

Ninepoint Global Macro Fund

Ninepoint Alternative Credit Opportunities Fund

Ninepoint Cannabis & Alternative Health Fund

Ninepoint Resource Fund

Ninepoint Resource Fund Class

Ninepoint Silver Equities Fund

Ninepoint Risk Advantaged U.S. Equity Index Fund

Ninepoint Focused Global Dividend Fund

Ninepoint Gold Bullion Fund

Ninepoint Silver Bullion Fund

Ninepoint Carbon Credit ETF

Ninepoint Energy Income Fund

Ninepoint Target Income Fund

B.3.3 Lipari Diamond Mines Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – An issuer proposes to complete a reverse takeover transaction with a target company – Application for relief from the requirements in section 4.10(2)(a)(ii) of National Instrument 51-102 Continuous Disclosure Obligations and item 5.2 of Form 51-102F3 Material Change Report to file, in respect of the proposed transaction, historical audited financial statements of a certain subsidiary of the target company that is not material to the issuer – Relief granted, subject to conditions.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 4.10(2)(a)(ii).
Form 51-102F3 Material Change Report, item 5.2.

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

AND

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

AND

IN THE MATTER OF
LIPARI DIAMOND MINES LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for an exemption from the requirements of subparagraph 4.10(2)(a)(ii) of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and item 5.2 of Form 51-102F3 *Material Change Report* (**Form 51-102F3**), to file all of the financial statements of Mineração Montes Claros Ltda. (**MMC**), a subsidiary of the Filer (being, the reverse takeover acquirer (as such term is defined in NI 51-102)) that would be required to be included in the form of prospectus that the reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the Jurisdictions (as defined below) (collectively, the **Requested Relief**).

Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a passport application):

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, New Brunswick, Nova Scotia, Quebec, Newfoundland, Prince Edward Island, Manitoba and Saskatchewan (collectively with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer was incorporated under the laws of the Province of British Columbia on December 6, 2021, for the purpose of acquiring interests in certain mining properties. These property interests were held by three separate entities: Sopemi – Sociedade de Pesquisa E Exploração Mineira, S.A. (**Sopemi**), a corporation organized under the laws of Angola, Lipari Mineração Ltda. (**LML**), a corporation organized under the laws of Brazil and MMC, a corporation organized under the laws of Brazil.

2. On January 26, 2022, the Filer, Sopemi, LML and MMC entered into a share exchange agreement (that was later amended on December 19, 2022) resulting in the shareholders of Sopemi, LML and MMC holding approximately 38%, 58%, and 4% of the outstanding common shares of the Filer, respectively.

3. The Filer's principal business is the acquisition, exploration and development of resource properties for the mining of diamonds. The Filer has two material properties for the purposes of National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, namely, the Tchitengo Project located in Angola, and the Braúna Project located in Brazil (collectively, the **Filer Properties**). The Tchitengo Project is held by the Filer's wholly-owned subsidiary Sopemi, and the Braúna Project is held by the Filer's wholly-owned subsidiary LML.

4. The registered office of the Resulting Issuer (as defined below) will be located at 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8.

5. The Filer is not a reporting issuer in any province or territory of Canada and no securities of the Filer are listed or posted for trading on any stock exchange.

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

7. The Filer's financial year end is December 31.

Golden Share Resources Corporation

8. Golden Share Resources Corporation (**GSR**) was incorporated on August 7, 2007 under the *Canada Business Corporations Act*, and has its head office located at 145 Riviera Dr., Unit 7 Markham, ON L3R 5J6.

9. GSR is a Canadian-based junior mining company focused on its mineral exploration projects in Northern Ontario. GSR's portfolio comprises active exploration projects, namely, the Ogoki and Band-Ore properties, which are being explored for their diamond potential. These properties are held directly by GSR.

10. GSR is a reporting issuer in each of the Jurisdictions and is not in default of securities legislation in any Jurisdiction.

11. GSR is listed on the TSX Venture Exchange, and its common shares are listed for trading under the trading symbol "GSH".

12. GSR's financial year end is December 31.

The Reverse Takeover Transaction

13. On March 15, 2023 the Filer entered into a share exchange agreement with GSR (which agreement was later amended on October 10, 2023, March 29, 2024, June 19, 2024 and July 31, 2024), which, among other things, contemplates that GSR will acquire 100% of the issued and outstanding securities of the Filer, which will become a wholly-owned subsidiary of GSR and, together, form the resulting issuer (the **Resulting Issuer**). Following the closing of the reverse takeover transaction between the Filer and GSR (the **RTO**), the Resulting Issuer will be engaged in the current business of the Filer, and it intends to list its common shares on CBOE Canada Inc. (**CBOE**). To facilitate this, the Filer and GSR are required to complete a listing statement (the **Listing Statement**) in accordance with the policies set out in the CBOE listing manual (the **Listing Manual**). CBOE has advised GSR and the Filer that a Listing Statement containing the disclosures required in section 14.2 of Form 51-102F5 *Information Circular* and Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) will meet CBOE's listing requirements. In addition to applying to the principal regulator for the exemptive relief requested herein, the Filer has also applied to CBOE for a waiver from the equivalent financial statement requirements in Form 41-101F1.

Financial Statement Requirements

14. With respect to reverse takeover transactions, section 4.10(2)(a)(ii) of NI 51-102 and item 5.2 of Form 51-102F3 require that a reporting issuer file, within specified periods, the financial statements as prescribed by the appropriate prospectus form for the reverse takeover acquirer, being Form 41-101F1. The reverse takeover acquirer (as such term is defined in NI 51-102) in respect of the RTO is the Filer.

15. In addition to the required financial statements and management's discussion and analysis of GSR, in accordance with the requirements in Form 41-101F1, the Listing Statement will include the following financial statements (the **Financial Statements**) and management's discussion and analysis (the **MD&A**) of the Filer:

    (a) the audited financial statements of the Filer for the financial periods ended December 31, 2023, 2022, and 2021, and interim reviewed financial statements for the period ended June 30, 2024 (or September 30, 2024, depending on the date the Listing Statement is filed), and Sopemi and LML's audited financial statements for the periods ended December 31, 2022 and 2021; and

(b) the MD&A of the Filer for the financial periods ended December 31, 2023 and 2022, and the interim period ended June 30, 2024 (or September 30, 2024, depending on the date the Listing Statement is filed), as well as the MD&A for Sopemi and LML for the year ended December 31, 2022.

16. The Financial Statements and MD&A contain financial information in respect of the Filer Properties. In addition, the Financial Statements and MD&A, together with the other disclosures prescribed by the policies set out in the Listing Manual, will provide disclosure of all material facts relating to the Filer, GSR, and the Filer Properties and will contain sufficient information to permit investors to make a reasoned assessment of the Resulting Issuer's business following completion of the RTO.

17. The financial statement requirements for a prospectus (which the Listing Manual references and relies upon) are found in National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and Form 41-101F1. Item 32.1 of Form 41-101F1 includes the following requirements:

> *The financial statements of an issuer required under this item to be included in a prospectus must include*:
>
> *(a) the financial statements of any predecessor entity that formed, or will form, the basis of the business of the issuer, even though the predecessor entity is, or may have been, a different legal entity, if the issuer has not existed for three years,*
>
> *(b) the financial statements of a business or businesses acquired by the issuer within three years before the date of the prospectus or proposed to be acquired, if a reasonable investor reading the prospectus would regard the primary business of the issuer to be the business or businesses acquired, or proposed to be acquired, by the issuer, and*
>
> *(c) the restated combined financial statements of the issuer and any other entity with which the issuer completed a transaction within three years before the date of the prospectus or proposes to complete a transaction, if the issuer accounted for or will account for the transaction as a combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not temporary.*

18. Subsection 5.3(1) of the Companion Policy to NI 41-101 notes that a reverse takeover is an example of when a reasonable investor might regard the primary business of the issuer to be the acquired business.

19. Accordingly, to the extent any of Sopemi, LML and MMC are deemed to constitute the primary business of the Filer, the Listing Statement would also have to include, in addition to the Financial Statements and MD&A, audited financial statements and management's discussion and analysis of MMC for the years ended December 31, 2022 and 2021 (collectively, the **MMC Financials**).

20. Subsection 4.10(2)(a) of NI 51-102 provides that if a reporting issuer completes a reverse takeover, it must file the following financial statements for the reverse takeover acquirer, unless the financial statements have already been filed:

> (i) financial statements for all annual and interim periods ending before the date of the reverse takeover and after the date of the financial statements included in an information circular or similar document, or under item 5.2 of the Form 51-102F3, prepared in connection with the transaction; or
>
> (ii) if the reporting issuer did not file a document referred to in subparagraph (i), *or the document does not include the financial statements for the reverse takeover acquirer that would be required to be included in a prospectus, the financial statements prescribed under securities legislation* and described in the form of prospectus that the reverse takeover acquirer was eligible to use prior to the reverse takeover for a distribution of securities in the jurisdiction. [emphasis added.]

21. Item 5.2 of Form 51-102F3 requires that a material change report filed in respect of the closing of a reverse takeover transaction includes, for each entity that results from the reverse takeover transaction, disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the entity would be eligible to use.

22. Provided the Requested Relief is granted, the Listing Statement will not include the MMC Financials.

Decision

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

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

(a) the Listing Statement includes the Financial Statements and MD&A; and

(b) the Listing Statement is filed on SEDAR+ forthwith following acceptance by CBOE.

DATED at Toronto, Ontario on this 21st day of November, 2024.

"Lina Creta"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0615

B.3.4 Arrow Capital Management Inc. and Arrow EC Equity Advantage Alternative Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted under subsection 62(5) of the Securities Act to permit the extension of a prospectus lapse date by 158 days to facilitate the consolidation of the funds' prospectus with the prospectus of different funds under common management – no conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

November 22, 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
ARROW CAPITAL MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
ARROW EC EQUITY ADVANTAGE ALTERNATIVE 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**) that in accordance with subsection 62(5) of the *Securities Act* (Ontario) **(**the **Act)** and subsection 2.5(7) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) that the time limit for the renewal of the simplified prospectus of the Fund dated December 31, 2023 (the **December Prospectus**) be extended to a time limit that would apply if the lapse date of the December Prospectus was June 7, 2025 (the **Requested Relief**).

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

(a) the Ontario Securities Commission is the principal regulator for this application; 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 of the other provinces and territories of Canada (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation existing under the laws of Ontario having its registered head office in Toronto, Ontario.

2. The Filer is the investment fund manager and portfolio manager of the Fund.

3. The Filer is registered in the following categories in the Jurisdictions as indicated below:

   a) Ontario: Portfolio Manager (**PM**), Investment Fund Manager (**IFM**); Exempt Market Dealer (**EMD**) and Commodity Trading Manager under the *Commodity Futures Act* (Ontario);

   b) Alberta: EMD;

   c) British Columbia: EMD;

   d) Quebec: EMD and IFM; and

   e) Newfoundland and Labrador: IFM.

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

The Fund

5. The Fund is an alternative mutual fund established under the laws of the Province of Ontario and is a reporting issuer in each of the Jurisdictions.

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

7. Securities of the Fund are qualified for distribution in the Jurisdictions using the December Prospectus, the Fund Facts and ETF Facts prepared in accordance with NI 81-101, each dated December 31, 2023.

8. The Fund currently distributes securities in the Jurisdictions under the December Prospectus. Series ETF units of the Fund trade on the Toronto Stock Exchange.

9. Pursuant to subsection 62(1) of the Act, the lapse date of the December Prospectus is December 31, 2024 (the **Lapse Date**). Accordingly, under subsection 62(2) of the Act, the distribution of securities of the Fund would have to cease on the Lapse Date unless: (i) the Fund files a pro forma prospectus at least 30 days prior to the applicable Lapse Date; (ii) the final prospectus is filed no later than 10 days after the applicable Lapse Date; and (iii) a receipt for the final prospectus is obtained within 20 days of the applicable Lapse Date.

10. The Filer is the investment fund manager of certain other mutual funds (the **June Funds**) that currently distribute their securities to the public under a prospectus that has a lapse date of June 7, 2025 (the **June Prospectus**).

11. The Filer wishes to combine the December Prospectus with the June Prospectus given that the Fund and the June Funds share many common operational and administrative features, to allow investors to compare the features of the Fund and the June Funds more easily and in order to reduce renewal, printing and related costs of the Fund and the June Funds.

12. Offering the Fund and the June Funds under one prospectus would facilitate the distribution of the Fund in the Jurisdictions under the same prospectus and enable the Filer to streamline disclosure across the Filer's fund platform. As the Fund and the June Funds are all managed by the Filer, offering them under one prospectus (as opposed to two) will allow investors to more easily compare their features.

Reasons for the Requested Relief

13. We submit that the policy purpose behind section 62 of the Act is to ensure that the information contained in the prospectus of an issuer that is in continuous distribution remains current.

14. There have been no material changes in the affairs of the Fund since the date of the December Prospectus. Accordingly, the December Prospectus and current Fund Facts and ETF Facts of the Fund represent current information regarding the Fund.

15. Given the disclosure obligations of the Fund, should a material change in the affairs of the Fund occur, the prospectus of the Fund and current Fund Facts and ETF Facts of the Fund will be amended as required under the Legislation.

16. New investors in the Fund will receive the most recently filed Fund Facts or ETF Facts of the Fund. The prospectus of the Fund will still be available upon request.

17. The Requested Relief will not affect the accuracy of the information contained in the prospectus of the Fund or the June Funds and will therefore not be prejudicial to the public interest or to the protection of the Fund's unitholders.

18. If the Requested Relief is not granted, it will be necessary for the Filer to renew the December Prospectus and the June Prospectus separately within a short period of time and it would be unreasonable for the Filer to incur the costs and expenses associated therewith, given investors would not be prejudiced by the Requested Relief.

Decision

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

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

"Darren McKall"
Manager, Investment Management
Ontario Securities Commission

Application File #: 2024/0663
SEDAR+ File #: 6205841

B.3.5 Granite REIT Holdings Limited Partnership

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Filer obtained prior relief from NI 51-102, NI 52-109, NI 52-110, NI 58-101, insider reporting requirements in the Securities Act (Ontario) and NI 55-104, NI 44-101 and NI 44-102 to accommodate credit support issuer structure – Filer unable to rely on exemption for certain credit support issuers in applicable securities legislation since the Filer is a limited partnership – real estate investment trust and corporate subsidiary provide full and unconditional guarantees of debt securities of the filer – relief granted from continuous disclosure requirements, certification requirements, insider reporting requirements, audit committee requirements, corporate governance requirements, short form prospectus qualification requirements and shelf prospectus qualification requirements – transitional relief granted until real estate investment trust files stand-alone financial statements following reorganization – conditions substantially analogous to the conditions contained in section 13.4 of NI 51-102.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 107 and 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1 and 13.4.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1.
National Instrument 55-104 Insider Reporting Requirements, s. 10.1.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
National Instrument 44-102 Shelf Distributions, s. 11.1.

November 5, 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
GRANITE REIT HOLDINGS LIMITED PARTNERSHIP
(the Filer)

DECISION

Background

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

(i) pursuant to section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), the Filer be exempted from the requirements of NI 51-102 (the **Continuous Disclosure Requirements**);

(ii) pursuant to section 8.6 of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**), the Filer be exempted from the requirements of NI 52-109 (the **Certificate Form Requirements**);

(iii) pursuant to section 8.1 of National Instrument 52-110 *Audit Committees* (**NI 52-110**), the Filer be exempted from the requirements of NI 52-110 (the **Audit Committee Requirements**);

(iv) pursuant to section 3.1 of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**NI 58-101**), the Filer be exempted from the corporate governance disclosure requirements of NI 58-101 (the **Corporate Governance Disclosure Requirements**);

(v) pursuant to subsection 121(2) of the *Securities Act* (Ontario) (the **Act**) and pursuant to section 10.1 of NI 55-104 *Insider Reporting Requirements and Exemptions* (**NI 55-104**), certain reporting insiders of the Filer be exempt from the insider reporting requirements (as defined in National Instrument 14-101 *Definitions*) (the **Insider Reporting Requirements**);

(vi) pursuant to section 8.1 of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**), the Filer be exempted from the requirement set out in section 2.1 of NI 44-101 that an issuer shall not file a prospectus in the form of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**) unless the issuer is qualified under any of sections 2.2 to 2.6 of NI 44-101 (the **Short Form Eligibility Requirements**); and

(vii) pursuant to section 11.1 of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**), the Filer be exempted from the requirement set out in section 2.1 of NI 44-102 that an issuer shall not file a short form prospectus that is a base shelf prospectus unless the issuer is qualified to do so under NI 44-102 (the **Shelf Eligibility Requirements**).

in each case provided that certain conditions are satisfied.

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

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

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

Interpretation

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

Representations

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

1. Granite REIT is a Canadian-based real estate investment trust formed under the laws of the Province of Ontario and engaged, directly and through its subsidiaries, primarily in the acquisition, development, construction, leasing, management and ownership of a predominantly industrial rental portfolio of properties in North America and Europe.

2. Granite REIT Inc. (**Granite GP**) is a corporation formed under the *Business Corporations Act* (British Columbia).

3. The Filer is a limited partnership formed under the laws of the Province of Québec.

4. All of the limited partnership units of the Filer (which represent approximately 99.999% of the economic entitlement in the Filer) are held by Granite REIT, with the general partnership interest (which represents approximately 0.001% of the economic entitlement in the Filer) held by Granite GP.

5. The only material assets of Granite REIT are the limited partnership interests in the Filer, and the only material asset of Granite GP is its relatively nominal general partner interest in the Filer. As a result of the Reorganization (as defined below), Granite REIT owns 100% of the equity securities of Granite GP.

6. The Filer is a reporting issuer or the equivalent under the securities legislation of each Jurisdiction and, to its knowledge, on the date hereof the Filer is not in default of applicable Legislation of each Jurisdiction or the rules and regulations made pursuant thereto.

7. Prior to the Reorganization, each trust unit of Granite REIT (a **REIT Unit**) was stapled to a common share of Granite GP (a **Common Share**) (and each Common Share was stapled to a REIT Unit) to form a “stapled unit” (a **Stapled Unit**), and a REIT Unit, together with a Common Share, traded together as Stapled Units (the **Stapled Structure**).

8. Pursuant to a decision document dated December 21, 2012 *In the Matter of Granite Real Estate Inc. (the Filer) on its Own Behalf and on Behalf of Granite REIT Holdings Limited Partnership (Granite LP) and Granite Europe Limited Partnership (Finance LP) Formed or to be Formed as Part of a Conversion of the Filer to a Real Estate Investment Trust Structure* (the **2012 LP Decision**), subject to certain conditions stipulated therein, the Filer had been granted an exemption from: (i) the Continuous Disclosure Requirements; (ii) the Certificate Form Requirements; (iii) the Audit Committee Requirements; and (iv) the Corporate Governance Disclosure Requirements, and reporting insiders of the Filer had been granted an exemption from the Insider Reporting Requirements.

9. Pursuant to the 2012 LP Decision, the Filer obtained relief similar to the Requested Relief in connection with the Continuous Disclosure Requirements, the Certificate Form Requirements, the Audit Committee Requirements, the Corporate Governance Disclosure Requirements and the Insider Reporting Requirements (the **2012 LP Relief**).

10. Pursuant to a decision document dated August 23, 2013 *In the Matter of Granite REIT Holdings Limited Partnership (the Filer)* (the **2013 LP Decision**), subject to certain conditions stipulated therein, the Filer had been granted an exemption from: (i) the Short Form Eligibility Requirements; and (ii) the Shelf Eligibility Requirements.

11. Pursuant to the 2013 LP Decision, the Filer obtained relief similar to the Requested Relief in connection with the Short Form Eligibility Requirements and the Shelf Eligibility Requirements (the **2013 LP Relief**, together with the 2012 LP Relief, the **Prior LP Relief**).

12. One of the conditions to the Prior LP Relief was that the REIT Units and the Common Shares remained stapled. As a result of the Reorganization and termination of the Stapled Structure, the Prior LP Relief terminated in accordance with its terms.

13. On October 1, 2024, Granite REIT and Granite GP implemented a reorganization of the Stapled Structure (the **Reorganization**). The Reorganization was described in the joint management information circular/proxy statement of Granite REIT and Granite GP dated April 10, 2024. Joint annual general and special meetings of unitholders of Granite REIT and shareholders of Granite GP were held on June 6, 2024 to approve the Reorganization. The voting unitholders of Granite REIT and the voting shareholders of Granite GP each approved the Reorganization by the requisite majority, with approximately 99% of the votes cast by each of the voting unitholders of Granite REIT and the voting shareholders of Granite GP, respectively, voting in favour of the Reorganization. On June 10, 2024, Granite REIT and Granite GP announced receipt of a final order from the Supreme Court of British Columbia approving the Reorganization.

14. The Reorganization was effected by way of plan of arrangement involving Granite REIT and Granite GP that resulted in, among other things, (i) the occurrence of an "Event of Uncoupling", (ii) each Common Share was transferred from each holder of Common Shares to Granite REIT, in exchange for the issuance of fractional REIT Units by Granite REIT to each such holder, (iii) the issued and outstanding REIT Units were consolidated such that each holder of REIT Units held the same number of REIT Units after the consolidation as the holder held prior to the Reorganization; (iv) Granite GP became a wholly-owned subsidiary of Granite REIT; and (v) the Stapled Structure was terminated. Granite REIT continues to exist and is a reporting issuer and holders of REIT Units continue to hold those units. As a result of the Reorganization, none of the Common Shares are held by the public and Granite GP ceased to be a reporting issuer pursuant to a decision of the Principal Regulator dated November 4, 2024. The REIT Units currently trade on the Toronto Stock Exchange under the ticker symbol "GRT.UN" and on the New York Stock Exchange under the ticker symbol "GRP.U". As a consequence of the Reorganization, the REIT Units and the Common Shares were "unstapled" and Stapled Units no longer trade on those exchanges.

15. The Filer's non-convertible debt securities (the **Debt Securities**) have been guaranteed by each of Granite REIT and Granite GP and such guarantees have continued after completion of the Reorganization.

16. Each of Granite REIT and Granite GP is a "credit supporter" (as defined in Part 13.4 of NI 51-102) of the Debt Securities of the Filer.

17. It is proposed that the Filer may distribute Debt Securities from time to time pursuant to a base shelf prospectus (together with any amendment, collectively, a **Base Shelf Prospectus**) filed or to be filed in each of the Jurisdictions, as supplemented by one or more prospectus supplements (collectively, each a **Prospectus Supplement** and, together with the Base Shelf Prospectus, a **Prospectus**) to be filed in each of the Jurisdictions. Any Prospectus will be prepared pursuant to the short form procedures contained in NI 44-101 and the shelf procedures contained in NI 44-102 and will comply with the requirements set out in Form 44-101F1 that would apply to a credit support issuer as provided by Items 12 and 13 of Form 44-101F1. Each of Granite REIT and Granite GP will provide a full and unconditional guarantee of the payments to be made by the Filer in respect of any Debt Securities distributed pursuant to a Prospectus, and the holders of such securities will be entitled to receive payment from each of Granite REIT and Granite GP within 15 days of any failure by the Filer to make a payment, as contemplated by paragraph (d) of the definition of "designated credit support security" in NI 51-102.

18. Pursuant to a decision document of the Principal Regulator dated September 26, 2024, subject to certain conditions stipulated therein, Granite REIT has, among other things, been granted relief (the **2024 Granite Relief**) from certain of the continuous disclosure requirements of the securities laws in the Jurisdictions including, in particular, those requirements in NI 51-102 relating to financial statement and management's discussion and analysis (**MD&A**) disclosure to permit Granite REIT to prepare, file and deliver one set of financial statements prepared on a combined basis (**Combined Financial Statements**) using the accounting principles applicable to Granite REIT and Granite GP pursuant to the securities legislation of the Jurisdictions, and related MD&A, to reflect the financial position and results of Granite REIT and Granite GP on a combined basis (which include consolidation of the Filer (and all of the Filer's assets and liabilities)), instead of Granite REIT preparing, filing and delivering its own stand-alone financial statements and

accompanying MD&A, for the period from the effective date of the Reorganization until Granite REIT can file its own stand-alone financial statements and accompanying MD&A pursuant to NI 51-102 (expected to be by March 31, 2025) (the **Transitional Period**).

19. The definitions of "subsidiary" and "beneficial ownership of securities" that apply under the Act only refer to the ownership or control of companies, as opposed to partnerships, and do not clearly capture the relationship that exists among the Filer, Granite REIT and Granite GP. Therefore, Granite REIT may not technically satisfy the definition of "parent credit supporter" (as defined in Part 13.4 of NI 51-102). The Debt Securities will satisfy the definition of "designated credit support securities" (as defined in Part 13.4 of NI 51-102), but for the fact that Granite REIT may not directly satisfy the definition of "parent credit supporter" (as defined in Part 13.4 of NI 51-102). However, Granite GP acts as the general partner of the Filer, holding a 100% general partnership interest in the Filer, and therefore controls the Filer directly. Further, Granite REIT holds all of the limited partnership units of the Filer and owns 100% of the equity securities of Granite GP, and therefore indirectly controls the Filer. As a result, following the Transitional Period, Granite REIT will consolidate Granite GP and the Filer (and all of the Filer's assets and liabilities) in its financial statements.

20. The Filer may not meet the test set forth in section 13.4(2)(a) of NI 51-102 as Granite REIT may not directly satisfy the definition of "parent credit supporter" (as defined in Part 13.4 of NI 51-102). Therefore, the Requested Relief is required in order for the provisions of section 13.4 of NI 51-102 to apply to the Filer and the relationship between the Filer, Granite REIT and Granite GP.

21. If the Requested Relief is granted, the Filer will: (a) treat Granite REIT as a "parent credit supporter" and Granite GP as a "subsidiary credit supporter" during the Transitional Period; (b) comply with the conditions in subsection 13.4(2.1) of NI 51-102, as applicable, that apply to credit support issuers, in accordance with the terms and conditions of this decision; and (c) treat the Debt Securities as "designated credit support securities" and comply with the conditions in subsection 13.4(2.1) of NI 51-102, as applicable, that apply to designated credit support securities, in accordance with the terms and conditions of this decision.

22. If the Filer qualified for the exemption for certain credit support issuers from the Continuous Disclosure Requirements pursuant to subsection 13.4(2.1) of NI 51-102 as described in paragraph 21 above, the Filer would also qualify for the exemptions from the Certificate Form Requirements pursuant to section 8.5 of NI 51-109, the Audit Committee Requirements pursuant to subparagraph 1.2(g) of NI 52-110 and the Corporate Governance Disclosure Requirements pursuant to subparagraph 1.3(c) of NI 58-101, and the Insider Reporting Requirements would not apply to insiders of the Filer pursuant to subparagraph 13.4(3)(a) of NI 51-102.

23. Section 2.4 of NI 44-101 provides alternative qualification criteria for issuers of guaranteed non-convertible debt securities to allow such issuers to use a short form prospectus if (i) a credit supporter has provided full and unconditional credit support for the securities being distributed; (ii) the credit supporter satisfies the basic qualification criteria set out in paragraphs (a), (b), (c) and (d) of section 2.2 of NI 44-101; and (iii) the credit supporter satisfies the criteria in paragraph (e) of section 2.2 of NI 44-101. But for the fact that Granite REIT, as credit supporter, will rely on the 2024 Granite Relief from filing its own stand-alone annual financial statements, as required by subparagraph 2.2(d)(i) of NI 44-101, during the Transitional Period, the Filer would meet the criteria set out in section 2.4 of NI 44-101.

24. Similarly, section 2.1 of NI 44-102 provides that an issuer shall not file a short form prospectus that is a base shelf prospectus unless the issuer is qualified to do so under section 2.2 of NI 44-101. In order to be qualified under NI 44-102, the issuer must satisfy the qualification criteria set out under one of sections 2.2, 2.3, 2.4, 2.5 or 2.6 of NI 44-101. But for the fact that Granite REIT, as credit supporter, will rely on the 2024 Granite Relief from filing its own stand-alone annual financial statements, as required by subparagraph 2.2(d)(i) of NI 44-101, during the Transitional Period, the Filer would meet the criteria set out in section 2.4 of NI 44-102.

Decision

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

2. The decision of the principal regulator under the Legislation is that the Requested Relief is granted for the Transitional Period, provided that the Reorganization was implemented in substantially the manner contemplated by the representations above and provided that the conditions set out below are satisfied:

    (a) In respect of the Continuous Disclosure Requirements, the Filer satisfies the conditions set out in subsections 13.4(2) and 13.4(2.1) of NI 51-102, as applicable, except as modified in this decision and as follows:

        (i) any reference to parent credit supporter in section 13.4 of NI 51-102 shall be deemed to include Granite REIT,

(ii) any reference to subsidiary credit supporter in section 13.4 of NI 51-102 shall be deemed to include Granite GP, and

(iii) Granite REIT, as parent credit supporter, does not have to comply with the conditions of section 13.4(2)(b)(ii) to file its own stand-alone financial statements and accompanying MD&A for any completed fiscal period prior to the implementation of the Reorganization in accordance with the terms and conditions of the 2024 Granite Relief;

(b) The unaudited summary financial information referred to in section 13.4(2.1)(c) of NI 51-102 will be reconciled to the Combined Financial Statements of Granite REIT and Granite GP during the Transitional Period, except that the column presentation for Granite REIT and Granite GP, as credit supporters, may be shown on a combined basis;

(c) In respect of the Certificate Form Requirements, the Audit Committee Requirements, the Corporate Governance Disclosure Requirements and the Insider Reporting Requirements, the Filer satisfies the conditions set out in paragraph 2(a) above;

(d) In respect of the Insider Reporting Requirements, the insider complies with the conditions in sections 13.4(3)(b) and (c) of NI 51-102;

(e) In respect of the Short Form Eligibility Requirements and the Shelf Eligibility Requirements, in connection with an offering of Debt Securities under a prospectus and/or prospectus supplement:

(i) the prospectus is prepared in accordance with the short form prospectus requirements of NI 44-101, and except as permitted by the legislation, and

(ii) the Filer satisfies every qualification criteria set out in section 2.4 of NI 44-101, other than the qualification criteria set out in paragraph 2.4(1)(b) of NI 44-101,

(iii) the Filer satisfies the conditions set out in paragraph 2(a) above; and

(f) In respect of the Requested Relief, Granite REIT is in compliance with the conditions of the 2024 Granite Relief.

“Marie-France Bourret”
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0493

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
Maritime Launch Services Inc.	November 20, 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	
Cloud3 Ventures Inc.	October 29, 2024	
Falcon Gold Corp.	October 29, 2024	

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B.5
Rules and Policies

B.5.1 OSC Rule 44-503 Exemption from Certain Prospectus Requirements for Well-known Seasoned Issuers

ONTARIO SECURITIES COMMISSION RULE 44-503
EXEMPTION FROM CERTAIN PROSPECTUS REQUIREMENTS FOR WELL-KNOWN SEASONED ISSUERS

PART 1 DEFINITIONS

1. **Definitions**

(1) In this Rule,

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

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

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

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

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

(i) an issuer whose operations have ceased; or

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

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

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

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

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

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

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

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

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

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

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

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

PART 2 EXEMPTION FROM CERTAIN PROSPECTUS REQUIREMENTS

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

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

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

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

(d) either

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

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

(e) if the issuer has mining operations,

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

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

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

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

(f) the issuer is not an ineligible issuer;

(g) the issuer is not an investment fund;

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

(i) the base shelf prospectus

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 3 EFFECTIVE DATE

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

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B.6
Request for Comments

B.6.1 CSA Notice and Request for Comment – Proposed Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, National Instrument 81-101 Mutual Fund Prospectus Disclosure, National Instrument 81-102 Investment Funds and National Instrument 81-105 Mutual Fund Sales Practices and Proposed Changes to Companion Policy 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, Companion Policy 81-102 Investment Funds and Companion Policy 81-105 Mutual Fund Sales Practices – The Principal Distributor Model

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS*,
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*,
NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*
AND
NATIONAL INSTRUMENT 81-105 *MUTUAL FUND SALES PRACTICES*

AND

PROPOSED CHANGES TO
COMPANION POLICY 31-103 *REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS,*
COMPANION POLICY 81-102 *INVESTMENT FUNDS*
AND
COMPANION POLICY 81-105 *MUTUAL FUND SALES PRACTICES*

THE PRINCIPAL DISTRIBUTOR MODEL

November 28, 2024

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are proposing amendments to the principal distributor model in the distribution of mutual fund securities.

We are publishing, for a 90-day comment period, proposed amendments (the **Proposed Amendments**) to

- National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**),
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**),
- National Instrument 81-102 *Investment Funds* (**NI 81-102**),
- National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**),

and proposed changes (the **Proposed Changes**) to

- Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**31-103CP**),
- Companion Policy 81-102 *Investment Funds* (**81-102CP**), and

- Companion Policy 81-105 *Mutual Fund Sales Practices* (**81-105CP**).

In addition to the Proposed Amendments and the Proposed Changes, we have also set out questions for stakeholders to consider (**Consultation Questions**) in Annex H of this notice. The public comment period expires on February 27, 2025.

The text of the Proposed Amendments and the Proposed Changes is contained in Annexes A, B, C, D, E, F and G of this notice and will also be available on the websites of the following CSA jurisdictions:

www.bcsc.bc.ca
www.asc.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca
www.osc.ca
www.lautorite.qc.ca
www.fcnb.ca
nssc.novascotia.ca

Substance and Purpose

The Proposed Amendments address the principal distributor model for mutual funds and seek to improve investor protection and maintain investor confidence in our capital markets. The Proposed Amendments clarify that a principal distributor may only act for mutual funds in the same mutual fund family, require disclosure of principal distributor arrangements and compensation and ensure that the DSC option (as defined below) is not available to investors purchasing mutual fund securities distributed by principal distributors.

(a) Principal Distributor Model

The general purpose of NI 81-105, as set out in 81-105CP, is to "ensure that the interest of investors remain uppermost in the actions of participants in the mutual fund industry by setting minimum standards of conduct to be followed by industry participants in their activities in distributing mutual fund securities."

Mutual fund securities are distributed by participating dealers and principal distributors. Principal distributors are carved out of the definition of "participating dealer" in NI 81-102 because they have an exclusive right to distribute mutual fund securities in a particular area or a feature that gives, or is intended to give, the principal distributor a material competitive advantage over others in the distribution of mutual fund securities.

Principal distributors offer the exclusive distribution of, or benefit from a feature that gives the principal distributor a material competitive advantage over others in the distribution of, mutual fund securities of an investment fund manager (**manager**) that is an affiliate, or in some cases, an unaffiliated manager. They might have ongoing participation in the design, selection, as well as ongoing training and monitoring in respect of the mutual fund products that it distributes. Such an arrangement would allow a principal distributor to customize the range of mutual fund products that are offered to clients. This participation in the product development process is recognized by the fact that principal distributors are required to review and certify the prospectus. As a result, they share liability with managers for the disclosure provided in mutual fund offering documents with managers.

Principal distributors are not subject to all the provisions of NI 81-105 that apply to participating dealers. The reason for the principal distributor carve-outs from NI 81-105 is provided in the CSA's notice of proposed instrument NI 81-105[1] published on July 25, 1997 (the **1997 Consultation**). The 1997 Consultation states that the representatives of principal distributors are "employed to sell only mutual funds within the principal distributor's mutual fund family."[2] In reference to principal distributors, the 1997 Consultation indicated that "IFIC noted that an ordinary investor purchasing a product in an environment in which the only product offered is an in-house brand knows, just as the ordinary car purchaser knows, that their choice in that environment is limited."[3]

NI 81-105 established minimum standards of conduct in the distribution of mutual fund securities to minimize conflicts of interests between industry participants and investors. Principal distributors are carved out of the NI 81-105 provisions that apply to participating dealers because the conflicts of interest raised by participating dealers distributing mutual fund securities of multiple managers are less acute for principal distributors distributing only mutual fund securities of the same mutual fund family. NI 81-105 also imposes additional obligations on a "principal distributor" as a "member of the organization", which is consistent with the broader framework of NI 81-105. The premise that principal distributors only distribute mutual fund securities of the same mutual fund family is the basis for the principal distributor carve-outs from

1 Notice of Proposed Changes to Proposed Rule 81-503 and Companion Policy 81-503CP *Sales Practices Applicable to the Sale of Mutual Fund Securities* and Notice of Proposed National Instrument 81-105 and Companion Policy 81-105CP *Mutual Fund Sales Practices* published on July 25, 1997 at (1997), 20 OSCB 3979.
2 See footnote 1 above, 3907.
3 See footnote 2 above.

some NI 81-105 obligations, however, this premise is currently not captured in the provisions of NI 81-105. The Proposed Amendments clarify that principal distributors may only distribute mutual fund securities of the same mutual fund family.

(b) Disclosure of Principal Distributor Compensation

One of the fundamental obligations of industry participants to their investor clients is to provide full, true and plain disclosure of all material facts concerning a mutual fund, including the compensation paid to participating dealers and their representatives and other sales practices followed in connection with the distribution of mutual fund securities, which is essential to ensure that investors understand the nature of the investments they are making and the impact of fees and charges on them.[4] This fundamental obligation also extends to the disclosure of the compensation paid to principal distributors and their representatives. The Proposed Amendments require disclosure of principal distributor arrangements and compensation.

(c) Deferred Sales Charge Option

Previously, under the deferred sales charge option (**DSC option**), the investor did not pay an initial sales charge for purchased fund securities but paid a redemption fee to the manager (i.e., a deferred sales charge) if the securities were redeemed before a predetermined period from the date of purchase. Redemption fees decline according to a redemption fee schedule that is based on the length of time the investor holds the securities. While the investor did not pay a sales charge to the dealer, the manager paid the dealer an upfront commission.

As of June 1, 2022, the CSA adopted amendments (**DSC Ban Amendments**)[5] to prohibit managers from paying upfront sales commissions to participating dealers in respect of mutual fund securities, which were intended to result in the discontinuation of all forms of the DSC option. The DSC Ban Amendments addressed the conflict of interest that arose from the payment of the upfront sales commission by managers to participating dealers for mutual fund sales made under the DSC option that could incentivize participating dealers and their representatives to make self-interested investment recommendations to the detriment of investor interests. This same conflict of interest arises from the payment of the upfront sales commission by managers to principal distributors. However, as principal distributors are carved out of the NI 81-105 provisions that apply to participating dealers, the DSC Ban Amendments do not technically apply to principal distributors. While we do not see the DSC option currently being made available by principal distributors, to ensure that the DSC option is not available to investors purchasing mutual fund securities from participating dealers or principal distributors, managers should be prohibited from charging a fee to investors upon the redemption of mutual fund securities in all circumstances.

Background

CSA 2018 Consultation

The CSA published proposed amendments (the **2018 Consultation**) on September 13, 2018 to

(a) prohibit fund organizations from paying upfront commissions to dealers, resulting in the discontinuation of all forms of the DSC option, including low-load options (**DSC Ban**), and

(b) prohibit the payment of trailing commissions to dealers who were not subject to a suitability requirement, such as dealers who were not required to provide investment recommendations in connection with the distribution of prospectus qualified mutual fund securities (**OEO Trailer Ban**).

Subsequent to the 2018 Consultation, the CSA published final amendments[6,7] to adopt both the DSC Ban and the OEO Trailer Ban, which took effect on June 1, 2022.

In the 2018 Consultation, the CSA indicated that we may consider future amendments to modernize NI 81-105. The 2018 Consultation included questions to stakeholders which were intended to inform the CSA's initiative to modernize NI 81-105.

4 Section 2.2(2)(f) of 81-105CP.

5 Multilateral CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices, Changes to Companion Policy 81-105CP to National Instrument 81-105 Mutual Fund Sales Practices and Changes to Companion Policy 81-101CP to National Instrument 81-101 Mutual Fund Prospectus Disclosure relating to Prohibition of Deferred Sales Charges for Investment Funds published on February 20, 2020 and OSC Notice of Local Amendments to National Instrument 81-105 *Mutual Fund Sales Practices*, Local Changes to Companion Policy 81-105 *Mutual Fund Sales Practices* and Related Consequential Local Amendments and Changes – Prohibition of Deferred Sales Charges for Mutual Funds published on June 3, 2021.

6 See footnote 4 above.

7 CSA Notice of Amendments to National Instrument 81-105 Mutual Fund Sales Practices and Related Consequential Amendments Prohibition of Mutual Fund Trailing Commissions Where No Suitability Determination Was Required published on September 17, 2020.

2022 – 2025 CSA Business Plan

One of the strategic goals of the 2022-2025 CSA Business Plan[8] is to improve investor protection by enhancing investors' ability to obtain redress and strengthening the advisor-client relationship. In furtherance of this goal, the CSA has stated its commitment to the modernization of mutual fund sales practices as follows:

- "Review and modernize NI 81-105 *Mutual Fund Sales Practices* and contemplate whether amendments are necessary in light of the Client Focused Reforms - including reviewing principal distributors' practices, considering whether amendments are needed to clarify the circumstances in which a principal distributor model should be available and whether such a model remains appropriate in light of the Reforms".[9]

Summary of the Proposed Amendments and the Proposed Changes

The following is a summary of the Proposed Amendments and the Proposed Changes:

(a) Principal Distributor Model

The Proposed Amendments clarify that a dealer cannot have multiple principal distributor relationships except where it acts as a principal distributor for mutual funds in the same mutual fund family. A mutual fund family is defined in NI 81-105 as "two or more mutual funds that have (a) the same manager, or (b) managers that are affiliates of each other."

The Proposed Amendments do not affect the ability of a principal distributor to also distribute mutual fund securities as a participating dealer to multiple managers. Additionally, although a dealer can act as principal distributor for a mutual fund family, managers that are affiliates of each other are not required to have the same principal distributor. A manager may also have more than one principal distributor for the distribution of its mutual fund securities.

(b) Principal Distributor Practices

The Proposed Amendments replicate the prohibition on providing incentives to representatives to recommend mutual funds of one family over another that currently applies to participating dealers to also apply to principal distributors. More specifically, the Proposed Amendments aim to prohibit a principal distributor from providing incentives to representatives to recommend one mutual fund over another mutual fund.

(c) Disclosure of Principal Distributor Compensation

The Proposed Amendments will require the simplified prospectus (**SP**), fund facts document (**Fund Facts**) and annual report on charges and other compensation (**ARCC**) to disclose that the principal distributor has the exclusive right to distribute funds and if the principal distributor receives a payment, other than trailing commissions, in connection with services provided to the fund manager and the funds as a principal distributor, the maximum percentage of the management fee that is paid by the manager to the principal distributor for its services.

(d) Prohibition on Fees for Redemptions

As discussed under the sub-heading "Deferred Sales Charge Option" in "Substance and Purpose" above, to ensure that the DSC option is not available to investors purchasing mutual fund securities from principal distributors, the Proposed Amendments prohibit managers from charging a fee to investors upon the redemption of mutual fund securities. The Proposed Amendments include an exception for mutual fund securities purchased prior to June 1, 2022 for so long as such securities are subject to a redemption fee schedule.

The Proposed Amendments do not impact fees charged by a mutual fund (as opposed to a manager) to investors in connection with the redemption of mutual fund securities that are not based on the sales charge option, such as fees for short-term trading and large redemption orders, provided that such fees are retained by the mutual fund for the benefit of remaining securityholders.

As a housekeeping amendment, the Proposed Amendments will also repeal the provision related to commission rebates. The provision applies to commission rebates from dealer representatives who paid all or part of the redemption fee when an investor redeemed mutual fund securities purchased under the DSC option from one mutual fund family and purchased mutual fund securities under the DSC option from a different mutual fund family. It is our understanding that this provision is only used in the context described above, i.e., a transaction that includes a purchase of new mutual fund securities under the DSC option. However, since the purchase of new mutual fund securities under the DSC option is no longer permitted under the DSC Ban, this provision is no longer required. The housekeeping amendment is expected to come into force approximately 90 days after final publication.

8 See page 7: 2022-2025 CSA Business Plan, https://www.securities-administrators.ca/wp-content/uploads/2022/10/2022_2025CSA_BusinessPlan.pdf.
9 See footnote 8 above.

Transition

We are proposing that the Proposed Amendments and the Proposed Changes will come into force 3 months after the final publication date with the exception of:

- the Proposed Amendments to NI 31-103 and the Proposed Changes to 31-103CP, and
- the Proposed Amendments to NI 81-105.

The CSA recognizes that existing business models or new business models might be developed that do not fit within the parameters of the Proposed Amendments. The CSA encourages commenters whose existing business model in particular might be uniquely impacted by the Proposed Amendments to provide feedback as to whether there are alternative transition measures that could ease any burden for a particular business model in changing their business model to align with the Proposed Amendments.

(a) Proposed Amendments to NI 31-103 and Proposed Changes to 31-103CP

The Proposed Amendments to NI 31-103 and the Proposed Changes to 31-103CP will come into force on January 1, 2026. The effective date will coincide with the January 1, 2026 effective date of the final amendments and changes published on April 20, 2023 by the CSA and the Canadian Council of Insurance Regulators relating to Total Cost Reporting for Investment Funds and Segregated Funds.[10]

(b) Proposed Amendments to NI 81-105

The Proposed Amendments to NI 81-105 will come into force 18 months after the final publication date. We anticipate that the period between the final publication date and the effective date will provide sufficient time for principal distributors who act as a principal distributor for more than one unaffiliated manager to transition their practice, operational model and compensation arrangements. Any impacted managers will need to make alternate distribution arrangements for their mutual fund securities prior to the effective date.

We are seeking comments on the appropriate transition period for the Proposed Amendments to NI 81-105. Please see the Consultation Questions in Annex H.

Local Matters

Annex I is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Request for Comments

Please submit your comments on the Proposed Amendments, the Proposed Changes and the Consultation Questions in this notice. We cannot keep submissions confidential because securities legislation requires publication of a summary of written comments received during the comment period. All comments received will be posted on the website of each of the Alberta Securities Commission at www.asc.ca, the Ontario Securities Commission at www.osc.ca and the Autorité des marchés financiers at www.lautorite.qc.ca. Therefore, you should not include personal information directly in comments to be published. It is important you state on whose behalf you are making the submissions.

Deadline for Comments

Please submit your comments in writing on or before February 27, 2025. If you are not sending your comments by email, please send a USB flash drive containing the submissions (in Microsoft Word format).

Where to Send Your Comments

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers

[10] CSA and CCIR Notice of Publication – CCIR Individual Variable Insurance Contract Ongoing Disclosure Guidance and Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and to Companion Policy 31-103CP Registration Requirements, Exemptions and Ongoing Registrant Obligations – Total Cost Reporting (TCR) for Investment Funds and Segregated Funds published on April 20, 2023.

Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Superintendent of Securities, Nunavut

Deliver your comments only to the addresses below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
Email: comments@osc.gov.on.ca

Me Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: (514) 864-8381
Email: consultation-en-cours@lautorite.qc.ca

Content of Annexes

The text of the Proposed Amendments and the Proposed Changes is contained in the following annexes to this notice and is available on the websites of members of the CSA:

Annex A: Proposed Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

Annex B: Proposed Changes to Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

Annex C: Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Annex D: Proposed Amendments to National Instrument 81-102 *Investment Funds*

Annex E: Proposed Changes to Companion Policy 81-102 *Investment Funds*

Annex F: Proposed Amendments to National Instrument 81-105 *Mutual Fund Sales Practices*

Annex G: Proposed Changes to Companion Policy 81-105 *Mutual Fund Sales Practices*

Annex H: Consultation Questions

Annex I: Local Matters

Questions

Please refer your questions to any of the following:

British Columbia Securities Commission

Kathryn Anthistle
Senior Legal Counsel, Legal Services
Capital Markets Regulation Division
British Columbia Securities Commission
Tel: 604-899-6536
Email: kanthistle@bcsc.bc.ca

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

Chad Conrad
Senior Legal Counsel, Investment Funds
Alberta Securities Commission
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Financial and Consumer Affairs Authority of Saskatchewan

Heather Kuchuran
Director, Corporate Finance
Financial and Consumer Affairs Authority of Saskatchewan
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Manitoba Securities Commission

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Manitoba Financial Services Agency
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ANNEX A

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

1. National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.

2. Subsection 14.17(1) is amended by adding the following paragraph after paragraph (u):

(v) the following notification, or a notification that is substantially similar, either of which must be located in a footnote, if during the period covered by the report

(i) the client owned securities of a mutual fund that is a reporting issuer,

(ii) the registered firm was a principal distributor, as defined in section 1.1 of National Instrument 81-102 *Investment Funds*, of those securities, and

(iii) the registered firm received a payment, other than a payment reported under paragraphs (g) or (h), in connection with services that the registered firm provided to the manager or to the mutual fund as a principal distributor:

"We have an exclusive right to distribute or a material competitive advantage over others in distributing the securities of [insert name of the fund]. [Insert name of fund manager] paid us up to a maximum of [insert percentage of the management fee] % of the fund's management fee for providing services as a principal distributor."***.***

Effective Date

3. (1) This Instrument comes into force on •.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after •, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX B

PROPOSED CHANGES TO
COMPANION POLICY 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS

1. Companion Policy 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is changed by this Document.

2. The following paragraph is added immediately preceding "*Reporting information when approximations are used*" in section 14.17:

Payments from Investment Fund Managers Received by Principal Distributors

A registered firm that is a mutual fund's principal distributor may have an arrangement with the investment fund manager for which they act as principal distributor. In order to provide transparency regarding the interests of the principal distributor in such circumstances, it is important to provide investors with information regarding payments received by principal distributors. In particular, there may be circumstances where the principal distributor might receive a percentage of the management fees collected by the investment fund manager. In some cases, the percentage received may vary depending on the total level of assets under management attributed to the principal distributor. Principal distributors must provide a footnote to disclose the maximum percentage of the management fee that is paid to them by an investment fund manager for principal distributor services provided to the investment fund manager and the funds, as required under paragraph 14.17(1)(v).

For greater clarity, we do not expect registered firms to also disclose under paragraph 14.17(1)(g) a payment which is required to be disclosed under paragraph 14.17(1)(v)**.**.

Effective Date

3. This change becomes effective on •.

ANNEX C

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Part A of Form 81-101F1 Contents of Simplified Prospectus is amended by renumbering the disclosure requirements under item 10 as subsection 10(1) and by adding the following subsections:

(2) If a mutual fund has a principal distributor, state in substantially the following words:

"[Insert name of principal distributor] has an exclusive right to distribute or has a material competitive advantage over others in distributing the securities of the mutual fund(s). Please see "Dealer Compensation" for more information, including a description of the services provided by [insert name of principal distributor] to the fund(s) or [insert name of manager of the mutual fund]."

(3) If a mutual fund has a principal distributor that receives a payment, other than a payment that is a trailing commission, in connection with services provided by the principal distributor to the manager of the mutual fund or the mutual fund, state in substantially the following words:

"[Insert name of manager of the mutual fund] pays up to a maximum of [insert percentage of the management fee payable to principal distributor] % of the management fee to [insert name of principal distributor] for providing services to [insert name of manager of the mutual fund] or the mutual fund(s) as the principal distributor."

(4) If the fee payable to a principal distributor varies under an agreement between the principal distributor and the manager of the mutual fund, describe the variables that are used in the determination of the fee and how that fee is calculated.***.***

3. Part II of Form 81-101F3 Contents of Fund Facts Document is amended by adding the following subsections to item 1.3:

(4.1) If a mutual fund has a principal distributor, include a statement substantially similar to the following:

[Insert name of principal distributor] has an exclusive right to distribute or has a material competitive advantage over others in distributing the securities of this fund.

(4.2) If a mutual fund has a principal distributor that receives a payment, other than a payment that is a trailing commission, in connection with services provided by the principal distributor to the manager of the mutual fund or the mutual funds, state in substantially the following words:

[Insert name of manager of the mutual fund] pays up to a maximum of [insert percentage of the management fee payable to principal distributor] % of the management fee to [insert name of principal distributor] for providing services to [insert name of manager of the mutual fund] or the fund as the principal distributor.

(4.3) If the fee payable to a principal distributor varies under an agreement between the principal distributor and the manager of the mutual fund, describe the variables that are used in the determination of the fee and how that fee is calculated.***.***

Effective Date

4. (1) This Instrument comes into force on ●.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after ●, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX D

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-102
INVESTMENT FUNDS

1. National Instrument 81-102* Investment Funds *is amended by this Instrument.

2. Part 10 is amended by adding the following section:

10.2.1 Prohibition of Fees for Redemptions

A manager must not charge a fee to a securityholder of a mutual fund for a redemption by the securityholder of securities of the mutual fund*.*

Transition

3. Section 10.2.1 of National Instrument 81-102 *Investment Funds* does not apply to a fee referred to in that section if the fee is charged under a fee arrangement that existed before June 1, 2022, and the fee arrangement is still in effect.

Effective Date

4. (1) This Instrument comes into force on ●.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after ●, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX E

PROPOSED CHANGES TO
COMPANION POLICY 81-102
INVESTMENT FUNDS

1. Companion Policy 81-102 Investment Funds is changed by this Document.

2. Part 10 is changed by adding the following section:

Prohibition of Fees for Redemptions

10.7 – Section 10.2.1 of the Instrument prohibits a manager from charging a fee to a securityholder for the redemption of mutual fund securities. This would have the effect of prohibiting a manager from charging a fee to securityholders for redemptions based on the sales charge option under which the securities were initially purchased. This prohibition does not impact fees charged by a mutual fund (as opposed to a manager) to investors in connection with the redemption of mutual fund securities that are not based on the sales charge option, such as fees for short-term trading and large redemption orders.**.**

Effective Date

3. This change becomes effective on •.

ANNEX F

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-105
MUTUAL FUND SALES PRACTICES

1. National Instrument 81-105 Mutual Fund Sales Practices is amended by this Instrument.

2. Part 2 is amended by adding the following section:

2.4 Principal Distributors

A principal distributor of a mutual fund shall not be a principal distributor of another mutual fund unless the other mutual fund is a member of the same mutual fund family.***.***

3. Section 4.2 is amended by adding the following subsection:

(0.1) A principal distributor of a mutual fund that is also a principal distributor of another mutual fund that is in the same mutual fund family as the first-mentioned mutual fund shall not provide an incentive for any of its representatives to recommend a mutual fund of which it is a principal distributor over another mutual fund of which it is a principal distributor.***.***

4. Section 7.1 is repealed.

Effective Date

5. (1) This Instrument comes into force on ●.

(2) In Saskatchewan, despite subsection (1), if this Instrument is filed with the Registrar of Regulations after ●, this Instrument comes into force on the day on which it is filed with the Registrar of Regulations.

ANNEX G

PROPOSED CHANGES TO
COMPANION POLICY 81-105
MUTUAL FUND SALES PRACTICES

1. Companion Policy 81-105 Mutual Fund Sales Practices is changed by this Document.

2. Section 9.1 is repealed.

Effective Date

3. This change becomes effective on •.

ANNEX H

SPECIFIC CONSULTATION QUESTIONS

In addition to your comments on all aspects of the Proposed Amendments and the Proposed Changes, we are seeking specific feedback on the following questions:

1. The Proposed Amendments clarify that a principal distributor cannot have multiple principal distributor relationships except where it acts as principal distributor for mutual funds in the same mutual fund family. Are there any circumstances under which a dealer should be permitted to act as a principal distributor for more than one mutual fund family? In responding, please explain the advantages and disadvantages of such a model as compared to a participating dealer model for both investors and market participants. In particular, please outline the specific benefits for investors as they pertain to competition, cost and investor choice. Please provide quantitative data, where relevant, to support your answer.

2. If your answer to question #1 was yes, please also comment on the following:

   (i) What are the specific circumstances under which a principal distributor should be allowed to act for more than one mutual fund family?

   (ii) If a principal distributor could act for more than one mutual fund family, should the compensation arrangements between the principal distributor be required to be the same or substantially similar in respect of each mutual fund family? If not, how could we ensure that any compensation arrangement differences would not influence a principal distributor to favour the mutual fund family with the most favourable compensation structure?

   (iii) What factors and considerations would be relevant to determining the appropriate number of mutual fund families for which a dealer should act as principal distributor? Explain how the distinction between principal distributors and participating dealers does not become blurred as the number of mutual fund families distributed by the same principal distributor increase.

   (iv) Should there be minimum duties and obligations owed by the principal distributor in respect of each principal distributor relationship? Should those obligations be the same across all mutual fund families for which the dealer acts as principal distributor?

   (v) Should mutual funds that have a principal distributor be exclusively distributed by the principal distributor and not be distributed by other principal distributors or participating dealers?

3. Do the Proposed Amendments fully address potential investor protection concerns for existing principal distributor business models and any foreseeable new mutual fund distribution business models? Are there any other considerations, limits or factors about a principal distributor arrangement that we should consider?

4. The Proposed Amendments to NI 81-105 will come into force 18 months after the final publication date. Does this provide sufficient time for dealers that act as a principal distributor for more than one unaffiliated manager to transition their practice, operational model and compensation arrangements? Does this provide sufficient time for impacted investment fund managers to make alternate distribution arrangements for their mutual fund securities prior to the effective date? If not, please explain.

5. Some principal distributors may currently use chargebacks. Chargebacks involve a compensation practice where a representative is paid upfront commissions and/or fees from the dealer when their client purchases securities. Chargebacks occur when investors redeem their securities before a fixed schedule as determined by the dealer, and the dealing representative is required to pay back all or part of the upfront commission/fees to the dealer. In June 2023, the CSA announced that it would be reviewing the use of chargebacks in the mutual fund industry due to concerns about potential conflicts of interest associated with this practice. The CSA is of the view that the use of chargebacks raises a significant conflict of interest for principal distributors in the distribution of mutual fund securities and we are considering the appropriate regulatory steps. We are requesting additional feedback on this practice.

ANNEX I

LOCAL MATTERS

ONTARIO SECURITIES COMMISSION

1. Introduction

This Annex to the accompanying CSA Notice and Request for Comment (the **CSA Notice**) sets out matters required to be addressed by the *Securities Act* (Ontario) (the **Act**). The Ontario Securities Commission (the **Commission**) is publishing this Annex to supplement the CSA Notice.

The CSA are publishing for comment the Proposed Amendments and Proposed Changes. As defined in the CSA Notice, the Proposed Amendments include amendments to NI 31-103, NI 81-101, NI 81-102, NI 81-105, and the Proposed Changes include changes to 31-103CP and 81-101CP.

Unless otherwise defined in this Annex, defined terms or expressions used in this Annex share the meanings provided in the CSA Notice. Please refer to the main body of the CSA Notice for additional details.

2. Overview

The purpose of the Proposed Amendments is to modernize the principal distributor model for mutual funds and improve investor protection and maintain investor confidence in our capital markets. The Proposed Amendments clarify that a principal distributor may only act for mutual funds in the same mutual fund family, require disclosure of principal distributor arrangements and compensation and ensure that the DSC option is not available to investors purchasing mutual fund securities distributed by principal distributors.

The following is a high-level summary of the Proposed Amendments:

(a) Principal Distributor Model

The Proposed Amendments clarify that a dealer cannot have multiple principal distributor relationships except where it acts as a principal distributor for mutual funds in the same mutual fund family. A mutual fund family is defined in NI 81-105 as "two or more mutual funds that have (a) the same manager, or (b) managers that are affiliates of each other."

(b) Principal Distributor Practices

The Proposed Amendments replicate the prohibition on providing incentives to representatives to recommend mutual funds of one family over another that currently applies to participating dealers to also apply to principal distributors. More specifically, the Proposed Amendments aim to prohibit a principal distributor from providing incentives to representatives to recommend mutual funds of one manager over mutual funds of an affiliated manager.

(c) Disclosure of Principal Distributor Compensation

The Proposed Amendments will require the SP, fund facts document and ARCC to disclose that the principal distributor has the exclusive right to distribute funds. If the principal distributor receives a payment, other than trailing commissions, in connection with services provided to the manager and the funds as a principal distributor, the maximum percentage of the management fee that is paid by the manager to the principal distributor for its services must also be disclosed.

(d) No Redemption Fees Charged by Managers

As of June 1, 2022, the CSA adopted DSC Ban Amendments to prohibit managers from paying upfront sales commissions to participating dealers in respect of mutual fund securities, which were intended to result in the discontinuation of all forms of the DSC option. However, as principal distributors are carved out of the NI 81-105 provisions that apply to participating dealers, the DSC Ban Amendments do not technically apply to principal distributors. The Proposed Amendments prohibit managers from charging investors redemption fees upon the redemption of mutual fund securities. The Proposed Amendments include an exception for mutual fund securities purchased prior to June 1, 2022 for so long as such securities are subject to a redemption fee schedule.

We recognize that existing business models or new business models might be developed that do not fit within the parameters of the Proposed Amendments. We are prepared to consider requests for exemptive relief from the prohibition on a dealer acting as a principal distributor for multiple managers in appropriate circumstances where it can be

demonstrated that any potential investor protection concerns can be adequately addressed. In our view, any exemptive relief will be fact specific and will be considered novel.

3. Affected Stakeholders

The following stakeholders are expected to be affected by the Proposed Amendments:

(a) Principal distributors

We estimate that there are 2 principal distributors in Canada that currently act as principal distributors for more than one mutual fund family.[1] These 2 principal distributors have 7,308 dealer representatives in total and an estimated $27 billion assets under management.

There are an estimated 42 principal distributors in Canada that currently act as principal distributors for one mutual fund family.[2]

(b) Managers

There are an estimated 37 managers that have their mutual fund securities distributed by principal distributors.[3]

Based on preliminary data from the 2023 OSC Investment Funds Survey, we estimate that there were 96 managers of public mutual funds registered in Ontario at the end of 2023.[4]

(c) Participating dealers

We estimate that there are 159 participating dealers (84 mutual fund dealers and 75 investment dealers) in Ontario.[5] We note that the principal distributor and participating dealer categories are not mutually exclusive. This means that an entity could be both a principal distributor and a participating dealer.

(d) Mutual fund investors

According to the Investment Funds Institute of Canada (IFIC), 4.9 million,[6] or 32.71% of the estimated 14.98 million households in Canada,[7] invest in mutual funds.

4. Anticipated Costs and Benefits

The following qualitative and quantitative analysis examines the incremental anticipated costs and benefits to the affected stakeholders from the Proposed Amendments, as compared to the existing requirements. The analysis took into consideration the OSC's mandate:

OSC's Mandate		Analysis
(i)	provide protection to investors from unfair, improper or fraudulent practices	The Proposed Amendments are aimed at providing mutual fund investors with increased investor protection and investor confidence in the capital markets from the proposal to have principal distributors only distribute mutual fund securities of the same mutual fund family because there will be less conflicts of interest raised as compared to situations where principal distributors are distributing for multiple mutual fund families. There is an expected increased investor protection from the prohibition on principal distributors providing incentives to representatives to recommend mutual funds of one manager over mutual funds of an affiliated manager, as this proposal ensures that this conflict of interest does not exist regardless of whether mutual fund investors purchase mutual fund securities from a principal distributor or from a participating dealer.

1 OSC staff review of SPs filed on SEDAR in 2022.
2 OSC staff review of SPs filed on SEDAR in 2022.
3 OSC staff review of SPs filed on SEDAR in 2022.
4 OSC Investment Funds Survey (2023 preliminary data).
5 According to the Canadian Investment Regulatory Organization (CIRO), investment dealers are considered participating dealers if they reported that they received mutual fund commissions for the year ending December 31, 2023.
6 *Investor Centre*, The Investment Funds Institute of Canada, https://investorcentre.ific.ca/evolution-mutual-funds/
7 Census Profile, 2021 Census of Population, Profile Table, Statistics Canada, https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/details/page.cfm?Lang=E&DGUIDList=2021A000011124&GENDERList=1&STATISTICList=1&HEADERList=0&SearchText=Canada

OSC's Mandate		Analysis
		Mutual fund investors should benefit from full, true and plain disclosure about principal distributor compensation in the SP, fund facts and ARCC. Mutual fund investors should benefit from the prohibition on managers from charging redemption fees to investors because it will ensure the DSC option is not available when purchasing mutual fund securities from principal distributors.
(ii)	foster fair, efficient and competitive capital markets and confidence in the capital markets	The Proposed Amendments foster efficient capital markets. The Proposed Amendments increase the ease with which market participants can navigate the regulatory environment by providing principal distributors and managers with greater clarity about principal distributor arrangements, address conflict of interests in principal distributor relationships, and offer a level playing field to participating dealers. The Proposed Amendments are also aimed at improving investor protection and maintain investor confidence in the capital markets. In particular, mutual fund investors will be provided with full, true and plain disclosure about principal distributor compensation, including disclosure in the SP, fund facts and ARCC. There will be disclosure that the principal distributor has the exclusive right to distribute funds and if the principal distributor receives a payment, other than trailing commissions, in connection with services provided to the manager and the funds as a principal distributor, the maximum percentage of the management fee that is paid by the manager to the principal distributor for its services. The prohibition on managers from charging redemption fees to mutual fund investors will ensure the DSC option is not available when purchasing mutual fund securities from principal distributors.
(iii)	foster capital formation	The Proposed Amendments have no impact on capital formation.
(iv)	contribute to the stability of the financial system and the reduction of systemic risk	The Proposed Amendments have no impact on the stability of the financial system and the reduction of systemic risk.

For principal distributors and managers, the quantitative estimates set out below are based on the benefits and the costs of the Proposed Amendments. While there are some assumptions underlying these estimates, the estimates provide a general guide of the impact of the Proposed Amendments on principal distributors and managers.

For investors and participating dealers, only the qualitative costs and benefits are considered below as it is not possible to quantify the impact of certain proposals. For example, it is not possible to quantify the impact of creating a level playing field between principal distributors and participating dealers. Overall, we expect that a net benefit from the Proposed Amendments given that the benefits associated with them exceed the costs.

(a) Principal distributors

In terms of competition and levelling the playing field between principal distributors and participating dealers, the Proposed Amendments will have no impact on most principal distributors because they act as a principal distributor for only one mutual fund family. However, there are an estimated 2 principal distributors, to our knowledge, that will be impacted by the Proposed Amendments and will be limited to acting as a principal distributor for only one mutual fund family. While it is not known what operational model and compensation arrangements will be adopted by the impacted principal distributors as a result of the Proposed Amendments, we expect that impacted principal distributors would be able to continue to act as a principal distributor for one mutual fund family and possibly transition to act as a participating dealer for other mutual fund families after the adoption of the Proposed Amendments.

(i) Principal Distributor Model

For the 2 known principal distributors that act for more than one manager or more than one mutual fund family, there will be costs for the principal distributors to transition their practice, operational model and compensation arrangements to act as a principal distributor for one mutual fund family.

An estimate of the costs cannot be provided given that we do not know what operational model and compensation arrangements will be adopted by the impacted principal distributors as a result of the Proposed Amendments. We expect that impacted principal distributors would be able to continue to act as a principal distributor for one mutual fund family but will lose revenue from not being able to act as a principal distributor for more than one mutual fund family. However, the loss in revenue may be offset by the impacted principal distributor acting as a participating dealer for other mutual fund families after the adoption of the Proposed Amendments.

(ii) Principal Distributor Practices

There may be a nominal cost impact, if any, to the 2 known principal distributors that distribute securities for more than one manager or more than one mutual fund family from the Proposed Amendments to prohibit principal distributors from providing incentives to representatives to recommend mutual funds of one manager over mutual funds of an affiliated manager.

We expect that these principal distributors would already have compliance policies and procedures in place to address this conflict of interest and the proposal maintains the status quo. To the extent that existing compliance policies and procedures may need to be modified, then there may be a nominal one-time cost to update compliance documents and dealing representatives. We estimate the costs to the 2 known principal distributors to be $1,952, or $976 for each principal distributor.[8]

Principal distributors that act for only one manager or one mutual fund family will not be impacted.

(iii) Disclosure of Principal Distributor Compensation

Principal distributors that act as a principal distributor for more than one manager or more than one mutual fund family will benefit from providing their clients with greater clarity from the Proposed Amendments to require disclosure of principal distributor compensation in the ARCC.

There should be a nominal cost impact to the estimated 2 principal distributors that currently act for more than one mutual fund family to provide disclosure of principal distributor compensation in the ARCC. Principal distributors can obtain this information from their contractual documents with the managers. It is not expected that this disclosure will change in the ARCC on subsequent periods unless there has been a change in principal distributor or a change in the compensation arrangements with the manager. We estimate the costs to the 2 impacted principal distributors to be $4,092, or $2,046 for each principal distributor.[9]

There is no cost impact to principal distributors that receive trailing commissions in connection with services provided to the manager and the funds as a principal distributor because the principal distributors would not be subject to the requirement to disclose the maximum percentage of the management fee that is paid by the manager to the principal distributor for its services.

(iv) Managers Not Receiving Redemption Fees

Principal distributors will benefit from greater clarity from the Proposed Amendments to prohibit managers from charging investors redemption fees.

Managers have already discontinued the DSC option for participating dealers and the proposal clarifies that the DSC option should not be available for investors who purchase mutual fund securities from principal distributors.

There is no cost impact to principal distributors from the Proposed Amendments to prohibit managers from receiving redemption fees from investors upon the redemption of mutual fund securities as it maintains the status quo. We are not aware of any managers receiving redemption fees from investors

[8] The cost estimates are based on reviewing the Proposed Amendments (2 hours x $61/hour by a compliance officer, and 1 hour x $70 by a compliance manager) and updating policies and procedures (3 hours x $70 by a compliance manager, and 5 hours x $115/hour by a chief compliance officer). Hourly rates and production costs are based on the *2024 Robert Half Salary Survey*, Robert Half, https://www.roberthalf.com/ca/en/insights/salary-guide and *External Counsel Canadian Lawyer Magazine 2019 Legal Fees Survey*, Canadian Lawyer Magazine, https://www.canadianlawyermag.com/staticcontent/AttachedDocs/CL_Apr_19-survey.pdf.

[9] The cost estimates are based on reviewing the Proposed Amendments (2 hours x $61/hour by a compliance officer, and 1 hour x $70 by a compliance manager) and updating policies and procedures (3 hours x $70 by a compliance manager, and 5 hours x $115/hour by a chief compliance officer), drafting and reviewing the updated disclosure in the ARCC (1 hour x $70 by a compliance manager and updating existing disclosure in the ARCC including production & design and workflow to collect data ($1,000). Hourly rates and production costs are based on the *2024 Robert Half Salary Survey*, Robert Half, https://www.roberthalf.com/ca/en/insights/salary-guide and *External Counsel Canadian Lawyer Magazine 2019 Legal Fees Survey*, Canadian Lawyer Magazine, https://www.canadianlawyermag.com/staticcontent/AttachedDocs/CL_Apr_19-survey.pdf.

for redemptions (other than for mutual fund securities purchased under the DSC option prior to the June 1, 2022 effective date of the DSC Ban, which have been grandfathered).

(b) Managers

(i) Principal Distributor Model

Managers with principal distributors that only distribute their mutual fund securities or also distribute mutual funds securities of an affiliate(s) will not be impacted.

Managers with participating dealers will not be impacted.

(ii) Principal Distributor Practices

Affiliated managers with the same principal distributor would benefit from a level playing field from the Proposed Amendments to prohibit principal distributors from providing incentives to representatives to recommend mutual funds of one manager over mutual funds of an affiliated manager.

All other managers with principal distributors will not be impacted.

(iii) Disclosure of Principal Distributor Compensation

Managers with principal distributors will benefit from providing full, true and plain disclosure of all material facts by providing disclosure in the SP and Fund Facts. The Proposed Amendments will require disclosure in the SP and Fund Facts that a principal distributor has the exclusive right to distribute funds and if the principal distributor receives a payment, other than trailing commissions, in connection with services provided to the manager and the funds as a principal distributor, the maximum percentage of the management fee that is paid by the manager to the principal distributor for its services.

There is a nominal cost impact to the impacted managers to provide the required disclosure in the SP and the Fund Facts. As some principal distributors are paid a trailing commission, this disclosure requirement regarding compensation will only impact a couple of managers. The impacted managers already have this information from their contractual documents with their principal distributors and there may be a one-time cost to modify the SP and the Fund Facts template with the additional disclosure. It is not expected that this disclosure will change in the SP and Fund Facts on subsequent filings unless there has been a change in principal distributor or a change in the compensation arrangements with the principal distributor. We estimate that the costs to the impacted managers providing the required disclosures in the SP and the Fund Facts to be $98,860 for 37 managers or $2,673 for each manager with a principal distributor.[10]

Managers with participating dealers will not be impacted.

(iv) Managers Not Receiving Redemption Fees

Managers will benefit from greater clarity from the Proposed Amendments to prohibit managers from charging investors redemption fees.

Managers have already discontinued the DSC option for participating dealers and the proposal clarifies that the DSC option should not be available for investors who purchase mutual fund securities from principal distributors.

There is no cost impact to managers from the Proposed Amendments to prohibit managers from receiving redemption fees from investors upon the redemption of mutual fund securities as it maintains the status quo. We are not aware of any managers receiving redemption fees from investors for redemptions (other than for mutual fund securities purchased under the DSC option prior to the June 1, 2022 effective date of the DSC Ban, which have been grandfathered).

[10] The cost estimates are based on reviewing the Proposed Amendments (2 hours x $61/hour by a compliance officer, and 1 hour x $70 by a compliance manager) and updating policies and procedures (3 hours x $70 by a compliance manager), drafting and reviewing the updated disclosure in the SP and the Fund Facts (1 hour x $70 by a compliance manager and 2 hours x $350/hour by external counsel), and updating existing disclosure in the SP and the Fund Facts including production & design and workflow to collect data ($1,500). Hourly rates and production costs are based on the *2024 Robert Half Salary Survey*, Robert Half, https://www.roberthalf.com/ca/en/insights/salary-guide and *External Counsel Canadian Lawyer Magazine 2019 Legal Fees Survey*, Canadian Lawyer Magazine, https://www.canadianlawyermag.com/staticcontent/AttachedDocs/CL_Apr_19-survey.pdf

(c) Participating dealers

(i) Principal Distributor Model

Participating dealers will benefit from the greater clarity from the Proposed Amendments to have principal distributors act only for mutual funds in the same mutual fund family. There will not be any cost impact to the estimated 159 participating dealers.

(ii) Principal Distributor Practices

Participating dealers will benefit from having a level playing field from the Proposed Amendments to prohibit principal distributors from providing incentives to representatives to recommend mutual funds of one manager over mutual funds of an affiliated manager, as participating dealers are already subject to this prohibition. There will not be any cost impact to the estimated 159 participating dealers.

(iii) Disclosure of Principal Distributor Compensation

Participating dealers will benefit from having a level playing field from the Proposed Amendments to require disclosure of principal distributor compensation as the compensation paid to participating dealers is required to be disclosed in the SP, the Fund Facts and the ARCC. There will not be any cost impact to the estimated 159 participating dealers.

(iv) Managers Not Receiving Redemption Fees

Participating dealers will benefit from having a level playing field from the Proposed Amendments to prohibit managers from charging investors redemption fees as the DSC ban already applies participating dealers. There will not be any cost impact to the estimated 159 participating dealers.

(d) Mutual fund investors

(i) Principal Distributor Model

Mutual fund investors from 4.9 million households in Canada should benefit from increased investor protection and investor confidence in the capital markets from the Proposed Amendments to have principal distributors only distribute mutual fund securities of the same mutual fund family.

The conflicts of interest raised by principal distributors distributing only mutual fund securities of the same mutual fund family are less acute than the conflicts of interest raised by principal distributors distributing mutual fund securities of multiple managers.

Mutual fund investors of principal distributors that act for more than one mutual fund family may need to adjust their mutual fund investments depending on the changes that the principal distributor will adopt to their operational model and compensation arrangements as a result of the Proposed Amendments.

(ii) Principal Distributor Practices

Mutual fund investors should benefit from increased investor protection provided by the Proposed Amendments to prohibit principal distributors from providing incentives to representatives to recommend mutual funds of one manager over mutual funds of an affiliated manager. Given that this prohibition is already in place for participating dealers, this proposal ensures that this conflict of interest does not exist regardless of whether mutual fund investors purchase mutual fund securities from a principal distributor or from a participating dealer. There will not be any cost impact to mutual fund investors.

(iii) Disclosure of Principal Distributor Compensation

Mutual fund investors should benefit from full, true and plain disclosure about principal distributor compensation, including disclosure in the SP, fund facts and ARCC that the principal distributor has the exclusive right to distribute funds and if the principal distributor receives a payment, other than trailing commissions, in connection with services provided to the manager and the funds as a principal distributor, the maximum percentage of the management fee that is paid by the manager to the principal distributor for its services. There will not be any cost impact to mutual fund investors.

(iv) Managers Not Receiving Redemption Fees

Mutual fund investors should benefit from the Proposed Amendments to prohibit managers from charging redemption fees to investors because it will ensure the DSC option is not available when purchasing mutual fund securities from principal distributors. As the DSC ban already applies to participating dealers, mutual fund investors should benefit from the increased investor protection when purchasing mutual fund securities from principal distributors. There will not be any cost impact to mutual fund investors.

5. Alternatives Considered

(a) Status quo

Recent amendments, including the DSC Ban Amendments and the Client Focused Reforms, are based on NI 81-105 provisions operating as they were originally intended to in accordance with the general purpose of NI 81-105.

The general purpose of NI 81-105, as set out in Companion Policy 81-105 *Mutual Fund Sales Practices*, is to "ensure that the interest of investors remain uppermost in the actions of participants in the mutual fund industry by setting minimum standards of conduct to be followed by industry participants in their activities in distributing mutual fund securities."

The premise that principal distributors only distribute mutual fund securities of the same mutual fund family, which is the basis for the principal distributor carve-outs from some NI 81-105 obligations, is currently not captured in the provisions of NI 81-105.

As a result, status quo is not an option. The Proposed Amendments provide principal distributors and managers with greater clarity, offer a level playing field to participating dealers and improve investor protection and maintain investor confidence in the capital markets. The benefits of the proposals outweigh the nominal costs to managers and principal distributors that act as principal distributors for one mutual fund family. While the proposals have a direct cost impact to principal distributors that currently act as a principal distributor for more than one mutual fund family, there are a limited number of impacted principal distributors.

(b) Ban principal distributors

While we considered banning principal distributors, a model where principal distributors only distribute mutual fund securities of the one mutual fund family continues to have a place in today's mutual fund industry.

As indicated in the 1997 Consultation "IFIC noted that an ordinary investor purchasing a product in an environment in which the only product offered is an in-house brand knows, just as the ordinary car purchaser knows, that their choice in that environment is limited." This view still prevails today with many mutual fund investors purchasing mutual funds from principal distributors that distribute only mutual funds of one mutual fund family.

6. Rulemaking Authority

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

- Subparagraph 143(1)2(ii) of the Act authorizes the Commission to make rules prescribing requirements for registrants including requirements that are advisable for the prevention or regulation of conflicts of interest;
- Paragraph 143(1)7 of the Act authorizes the Commission to make rules prescribing requirements in respect of the disclosure of information to the public by registrants;
- Paragraph 143(1)13 of the Act authorizes the Commission to make rules regulating trading or advising in securities to prevent trading or advising that is, among other things, unfairly detrimental to investors; and
- Paragraph 143(1)31 of the Act authorizes the Commission to make rules regulating investment funds and the distribution and trading of the securities of investment funds, including,
    - making rules varying Part XV (Prospectuses -- Distribution) or Part XVIII (Continuous Disclosure) by prescribing additional disclosure requirements in respect of investment funds and requiring or permitting the use of particular forms or types of additional offering or other documents in connection with the funds (subparagraph (i));

- making rules respecting sales charges imposed by a distribution company or contractual plan service company under a contractual plan on purchasers of shares or units of an investment fund, and commissions or sales incentives to be paid to registrants in connection with the securities of an investment fund (subparagraph (ix)); and
- making rules prescribing procedures applicable to investment funds, registrants and any other person or company in respect of sales and redemptions of investment fund securities (subparagraph (xi)).

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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:
Return Stacked® Global Balanced & Macro ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Nov 22, 2024
NP 11-202 Preliminary Receipt dated Nov 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06208424

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Issuer Name:
Mackenzie Canadian Money Market Fund
Mackenzie Canadian Bond Fund
Mackenzie Canadian Short Term Income Fund
Mackenzie Corporate Bond Fund
Mackenzie Floating Rate Income Fund
Mackenzie Global Green Bond Fund
Mackenzie Global Sustainable Bond Fund
Mackenzie Global Tactical Bond Fund
Mackenzie Strategic Bond Fund
Mackenzie Unconstrained Fixed Income Fund
Mackenzie Bluewater Canadian Growth Balanced Fund
Mackenzie Global Strategic Income Fund
Mackenzie Global Sustainable Balanced Fund
Mackenzie Greenchip Global Environmental Balanced Fund
Mackenzie Income Fund
Mackenzie Strategic Income Fund
Mackenzie Betterworld Canadian Equity Fund
Mackenzie Bluewater Canadian Growth Fund
Mackenzie Canadian Dividend Fund
Mackenzie Canadian Equity Fund
Mackenzie Canadian Small Cap Fund
Mackenzie Ivy Canadian Fund
Mackenzie Bluewater US Growth Fund
Mackenzie US All Cap Growth Fund
Mackenzie US Dividend Fund
Mackenzie US Mid Cap Opportunities Fund
Mackenzie US Small-Mid Cap Growth Fund
Mackenzie Betterworld Global Equity Fund
Mackenzie Bluewater Global Growth Fund
Mackenzie Global Dividend Fund
Mackenzie Global Small-Mid Cap Fund
Mackenzie Global Women's Leadership Fund
Mackenzie Greenchip Global Environmental All Cap Fund
Mackenzie Ivy International Fund
Mackenzie Global Resource Fund
Mackenzie Gold Bullion Fund
Mackenzie Conservative Income ETF Portfolio
Mackenzie Monthly Income Balanced Portfolio
Mackenzie Monthly Income Conservative Portfolio
Mackenzie Monthly Income Growth Portfolio
Symmetry Balanced Portfolio
Symmetry Conservative Income Portfolio
Symmetry Conservative Portfolio
Symmetry Equity Portfolio
Symmetry Fixed Income Portfolio
Symmetry Growth Portfolio
Symmetry Moderate Growth Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Nov 22, 2024
NP 11-202 Final Receipt dated Nov 25, 2024

Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06191102 & 06191114

Issuer Name:
Counsel Conservative Portfolio
Counsel Balanced Portfolio
Counsel Growth Portfolio
Counsel All Equity Portfolio
Counsel Retirement Preservation Portfolio
Counsel Retirement Foundation Portfolio
Counsel Retirement Accumulation Portfolio
Counsel Money Market
Counsel Short Term Bond
Counsel Fixed Income
Counsel High Yield Fixed Income
Counsel Canadian Dividend
Counsel Canadian Value
Counsel Canadian Growth
Counsel U.S. Value
Counsel U.S. Growth
Counsel U.S. Growth Equity
Counsel International Value
Counsel International Growth
Counsel Global Dividend
Counsel Global Real Estate
Counsel Global Small Cap
Counsel Essentials Income Portfolio
Counsel Essentials Balanced Portfolio
Counsel Essentials Growth Portfolio
Counsel Focus Conservative Portfolio
Counsel Focus Balanced Portfolio
Counsel Focus Growth Portfolio
Counsel Focus Equity Portfolio
Counsel Global Income & Growth Portfolio
Counsel Conservative Income Portfolio
Counsel Monthly Income Portfolio
Counsel High Interest Savings Fund
IPC Private Wealth Visio Income Pool
IPC Private Wealth Visio Balanced Income Pool
IPC Private Wealth Visio Balanced Pool
IPC Private Wealth Visio Global Opportunities Balanced Pool
IPC Private Wealth Visio Global Advantage Balanced Pool
IPC Private Wealth Visio Balanced Growth Pool
IPC Private Wealth Visio Growth Pool
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated October 29, 2024
NP 11-202 Final Receipt dated October 30, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06182812 and 06182815

Issuer Name:
Franklin U.S. Mid Cap Multifactor Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Nov 21, 2024
NP 11-202 Preliminary Receipt dated Nov 21, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06207789

Issuer Name:
Counsel Retirement Preservation Portfolio
Counsel Retirement Foundation Portfolio
Counsel Retirement Accumulation Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated November 18, 2024
NP 11-202 Final Receipt dated Nov 21, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06182812

Issuer Name:
MDPIM International Equity Index Pool
MDPIM S&P 500 Index Pool
MDPIM S&P/TSX Capped Composite Index Pool
Principal Regulator – Ontario
Type and Date:
Amendment No. 3 to Final Simplified Prospectus dated November 11, 2024
NP 11-202 Final Receipt dated Nov 22, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06118161

Issuer Name:
First Trust Vest U.S. Equity Buffer ETF - November
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Long Form Prospectus dated November 15, 2024
NP 11-202 Final Receipt dated Nov 20, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06158013

Issuer Name:
Canada Life North American High Yield Fixed Income Fund
Canada Life Canadian Growth Balanced Fund
Canada Life Global Growth and Income Fund
Canada Life Canadian Focused Growth Fund
Canada Life Canadian Value Fund
Canada Life U.S. Small-Mid Cap Growth Fund
Canada Life Global Small-Mid Cap Growth Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated October 10, 2024
NP 11-202 Final Receipt dated Nov 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing # 06141681, 06141684

Issuer Name:
RBC Indigo U.S. Dollar Monthly Income Fund (formerly, HSBC U.S. Dollar Monthly Income Fund)
(FT Series (formerly DT Series) units)
RBC Indigo Emerging Markets Equity Index Fund (formerly, HSBC Emerging Markets Equity Index Fund)
RBC Indigo Strategic Conservative Fund (formerly, HSBC Wealth Compass Conservative Fund)
RBC Indigo Strategic Moderate Conservative Fund (formerly, HSBC Wealth Compass Moderate Conservative Fund)
RBC Indigo Canadian Money Market Pooled Fund (formerly, HSBC Canadian Money Market Pooled Fund)
RBC Indigo Mortgage Pooled Fund (formerly, HSBC Mortgage Pooled Fund)
RBC Indigo Canadian Bond Pooled Fund (formerly, HSBC Canadian Bond Pooled Fund)
RBC Indigo Global High Yield Bond Pooled Fund (formerly, HSBC Global High Yield Bond Pooled Fund)
RBC Indigo Global Inflation Linked Bond Pooled Fund (formerly, HSBC Global Inflation Linked Bond Pooled Fund)
RBC Indigo Emerging Markets Debt Pooled Fund (formerly, HSBC Emerging Markets Debt Pooled Fund)
RBC Indigo Canadian Dividend Pooled Fund (formerly, HSBC Canadian Dividend Pooled Fund)
RBC Indigo Canadian Equity Pooled Fund (formerly, HSBC Canadian Equity Pooled Fund)
RBC Indigo Canadian Small Cap Equity Pooled Fund (formerly, HSBC Canadian Small Cap Equity Pooled Fund)
RBC Indigo U.S. Equity Pooled Fund (formerly, HSBC U.S. Equity Pooled Fund)
RBC Indigo International Equity Pooled Fund (formerly, HSBC International Equity Pooled Fund)
RBC Indigo Emerging Markets Pooled Fund (formerly, HSBC Emerging Markets Pooled Fund)
RBC Indigo Global Real Estate Equity Pooled Fund (formerly, HSBC Global Real Estate Equity Pooled Fund)
Principal Regulator – British Columbia
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated November 18, 2024
NP 11-202 Final Receipt dated Nov 21, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06132369, 06132439, 06132467

Issuer Name:
Lysander TDV Fund
Lysander-Canso Bond Fund
Lysander-Canso Corporate Treasury ActivETF
Lysander-Canso Corporate Treasury Fund
Lysander-Canso Floating Rate ActivETF
Lysander-Canso Short Term and Floating Rate Fund
Lysander-Canso U.S. Corporate Treasury Fund
Lysander-Canso U.S. Short Term and Floating Rate Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated November 1, 2024
NP 11-202 Final Receipt dated Nov 20, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06132212

Issuer Name:
Canoe Defensive Global Balanced Fund
Canoe Defensive Global Equity Fund
Canoe Defensive International Equity Fund
Canoe Defensive U.S. Equity Portfolio Class
Canoe Global Equity Fund
Principal Regulator – Alberta
Type and Date:
Amendment No. 1 to Final Simplified Prospectus dated November 12, 2024
NP 11-202 Final Receipt dated Nov 22, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06126148

NON-INVESTMENT FUNDS

Issuer Name:
Southern Energy Corp.
Principal Regulator – Alberta
Type and Date:
Preliminary Shelf Prospectus dated November 22, 2024
NP 11-202 Preliminary Receipt dated November 22, 2024
Offering Price and Description:
$150,000,000 - Common Shares, Preferred Shares, Warrants, Debt Securities, Subscription Receipts, Units
Filing # 06208382

Issuer Name:
Great Northern Energy Metals Inc.
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated November 21, 2024
NP 11-202 Final Receipt dated November 22, 2024
Offering Price and Description:
8,000,000 Shares for Gross Proceeds of $800,000
Price: $0.10 per Share
Filing # 06158639

Issuer Name:
BluSky Carbon Inc. (formerly 1429798 B.C. Ltd.)
Principal Regulator – British Columbia
Type and Date:
Final Shelf Prospectus dated November 20, 2024
NP 11-202 Final Receipt dated November 21, 2024
Offering Price and Description:
$30,000,000 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities
Filing # 06193081

Issuer Name:
Internet Sciences Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 19, 2024
NP 11-202 Preliminary Receipt dated November 21, 2024
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Filing # 06207312

Issuer Name:
dentalcorp Holdings Ltd.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 20, 2024
NP 11-202 Preliminary Receipt dated November 20, 2024
Offering Price and Description:
C$9.50
10,530,000 Subordinate Voting Shares
C$9.50 per Subordinate Voting Share
Filing # 06206410

Issuer Name:
Groupe Dynamite Inc.
Principal Regulator – Québec
Type and Date:
Final Long Form Prospectus dated November 20, 2024
NP 11-202 Final Receipt dated November 20, 2024
Offering Price and Description:
$300,000,015
14,285,715 Subordinate Voting Shares
$21.00 per Subordinate Voting Share
Filing # 06201182

Issuer Name:
STLLR Gold Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated November 19, 2024
NP 11-202 Final Receipt dated November 19, 2024
Offering Price and Description:
$25,001,605
11,364,000 Units
3,788,000 FT Units
4,793,000 Premium FT Units
$1.100 per Unit
$1.320 per FT Unit
$1.565 per Premium FT Unit
Filing # 06199469

Issuer Name:
DiagnosTear Technologies Inc.
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated November 14, 2024
NP 11-202 Final Receipt dated November 19, 2024
Offering Price and Description:
3,613,900 SR SHARES ISSUABLE ON DEEMED CONVERSION OF 3,613,900 BRIDGE SUBSCRIPTION RECEIPTS
AND
2,293,554 SR SHARES AND 2,293,554 SR WARRANTS ISSUABLE ON DEEMED CONVERSION OF 2,293,554 CONCURRENT SUBSCRIPTION RECEIPTS
AND
35,193,001 PAYMENT SHARES AND 3,440,331 PAYMENT WARRANTS ISSUABLE PURSUANT TO A SHARE EXCHANGE AGREEMENT
Filing # 06191190

Issuer Name:
Power Corporation of Canada
Principal Regulator – Québec
Type and Date:
Final Shelf Prospectus dated November 19, 2024
NP 11-202 Final Receipt dated November 20, 2024
Offering Price and Description:
Debt Securities (unsecured), Subordinate Voting Shares, First Preferred Shares, Subscription Receipts
Filing # 06206798

Issuer Name:
Power Financial Corporation
Principal Regulator – Québec
Type and Date:
Preliminary Shelf Prospectus dated November 19, 2024
NP 11-202 Preliminary Receipt dated November 20, 2024
Offering Price and Description:
$3,000,000,000 - Debt Securities (unsecured), First Preferred Shares
Filing # 06206837

Issuer Name:
Brazil Potash Corp
Principal Regulator – Ontario
Type and Date:
Amendment to Preliminary Long Form Prospectus dated November 18, 2024
NP 11-202 Amendment Receipt dated November 19, 2024
Offering Price and Description:
US$*
4,250,000 Common Shares
US$* per Common Share
Filing # 06188534

Issuer Name:
Tuktu Resources Ltd. (formerly, Jasper Mining Corporation)
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated November 18, 2024
NP 11-202 Final Receipt dated November 18, 2024
Offering Price and Description:
Up to $10,000,000
Up to 111,111,111 Units
$0.09 per Unit
Filing # 06199423

Issuer Name:
AMV II Capital Corporation
Principal Regulator – British Columbia
Type and Date:
Amendment to Final CPC Prospectus dated November 15, 2024
NP 11-202 Amendment Receipt dated November 15, 2024
Offering Price and Description:
$250,000 (2,500,000 Common Shares)
$0.10 per Common Share
Filing # 06155805

Issuer Name:
Newfoundland Goldbar Resources Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 13, 2024
Preliminary Receipt dated November 18, 2024
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Filing # 06205835

Issuer Name:
Hydro One Holdings Limited
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated November 15, 2024
Preliminary Receipt dated November 18, 2024
Offering Price and Description:
U.S.$3,000,000,000 - Debt Securities Fully and Unconditionally Guaranteed by HYDRO ONE LIMITED
Filing # 06205720

B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Registration Category	MAWER INVESTMENT MANAGEMENT LTD.	From: Investment Fund Manager, Portfolio Manager, Exempt Market Dealer, Mutual Fund Dealer To: Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	November 19, 2024
Change of Registration Category	AGF Investments Inc.	From: Mutual Fund Dealer, Investment Fund Manager, Exempt Market Dealer, Portfolio Manager, Commodity Trading Manager To: Investment Fund Manager, Exempt Market Dealer, Portfolio Manager, Commodity Trading Manager	November 21, 2024
Amalgamation	BMG Marketing Services Inc. and BMG Management Services Inc. To Form: BMG Management Services Inc.	Investment Fund Manager and Exempt Market Dealer	October 31, 2024
Name Change	From: Connor, Clark & Lunn (Canada) Ltd. To: Connor, Clark & Lunn One Ltd.	Investment Fund Manager and Portfolio Manager	November 15, 2024
Change of Registration Category	Brilliant Phoenix Capital Management Inc.	From: Exempt Market Dealer To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	November 7, 2024

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

B.11.3 Clearing Agencies

B.11.3.1 Fundserv Inc. (Fundserv) – Proposed Amendments to Fundserv Fees – Member Pricing – Notice of Commission Approval

FUNDSERV INC.
(FUNDSERV)

NOTICE OF COMMISSION APPROVAL

PROPOSED AMENDMENTS TO FUNDSERV FEES – MEMBER PRICING

Introduction

In accordance with the Rule Protocol Regarding the Review and Approval of Fundserv Inc. ("**Fundserv**") Rules contained in Fundserv's recognition order dated April 10, 2012, the Ontario Securities Commission approved amendments to Fundserv's fee schedule related to member pricing (the "**Fee Schedule**") on November 19, 2024.

Summary of Proposed Amendments

Fundserv proposed to amend its Fee Schedule to increase the existing network fixed fee, the file size fee and the file transfer fee that are applicable to all members (Distributors, Intermediaries and Manufacturers), and update the existing tier ranges of the tiered transaction fees for Manufacturers.

Comments Received

The proposed amendments were published for comment on May 2, 2024, and three (3) comment letters were received. A summary of the comments submitted, together with Fundserv's responses, is attached as Appendix A.

Approved Amended Fee Schedule

In connection with the comments received, Fundserv decided not to modify the monthly network fee applicable to Distributors at this time to provide for the opportunity to seek additional stakeholder feedback regarding this aspect of the fee change.

At Appendix B is a blacklined version of Fundserv's approved amended Fee Schedule with the change outlined above compared against the proposal published on May 2, 2024. At Appendix C is a cumulative blacklined version of Fundserv's approved amended Fee Schedule compared against the current Fee Schedule.

Effective Date

The amended Fee Schedule will take effect on January 1, 2025.

Appendix A

Summary of Comments and Responses

Commenters

Federation of Independent Dealers

Invico Capital Corporation

Ridgewood Capital Asset Management

Comment	Fundserv Response
The percentage of the proposed change in fees is excessive and exceeds the rate of inflation.	Fundserv has not increased its fees since it was established in 1993. The Bank of Canada calculates a cumulative inflation rate of 87% since 1993. Based on transaction data from 2023, the proposed fee changes are expected to result in a year-over-year weighted average increase of 10.6% in aggregate fees paid to Fundserv by its members (the percentage year-over-year increase for each member will vary member to member based on volume). While this exceeds the 2023 rate of inflation (3.9%), it aligns more closely with the rate of inflation over 2022 and 2023, being 10.7%, especially when taking into account that a rebate was issued. Fundserv did not take the need to increase fees lightly and carefully assessed the extent to which it needed to increase fees to enable it to cover projected future costs. Fundserv used the current environment and historical inflationary data, taking into consideration market adjustments for employment costs, higher insurance, audit costs and expected renewal charges for contracts with key vendors, to determine the extent of increases needed to cover its anticipated future costs. Accordingly, Fundserv does not view the increases to be excessive since they were determined on the basis of meeting Fundserv's projected future financial obligations. Finally, Fundserv is not proposing any change to its cost-recovery model and will continue our rebate practice to its members on an annual basis, which is consistent with its practice since inception.
The increase in the network fee and the introduction of transaction fees for transactions in the 0-500 transaction range favours large-scale manufacturers while disadvantaging small to mid-scale manufacturers.	Through the changes to each transaction pricing tier, Fundserv attempted to adjust the pricing to better reflect the costs that Fundserv bears to process such transactions. Each transaction that runs through the Fundserv network has a cost associated with it for Fundserv, **including** both external costs that are charged on a per transaction basis (like fees payable to Fundserv's telecommunication services providers and bank wire charges) and internal costs. Fundserv introduced a per transaction price for Tier 1 transactions because the first 500 transactions processed by a manufacturer do have a cost to Fundserv, and Fundserv believes it is important to start recovering costs on these transactions to meet its financial obligations over the long term. For certain costs, efficiencies are realized when transactions exceed a certain level, and so the per transaction cost for Fundserv goes down, which allows it to charge a lower cost per transaction to its members at higher transaction levels. Finally, we also note that for certain small volume manufacturers, Fundserv's pricing changes may result in a reduction of their total transaction costs. Currently, a manufacturer with 5,000 transactions pays $5,175 for those transactions. With the proposed fee changes, a manufacturer with 5,000 transactions would pay $5,050 for those transactions. Please see the analysis set out in Exhibit 1 below. We note that this analysis is specific to transaction costs and does not

	take into account the network fees, file fees and file transfer fees paid by manufacturers.
The proposal to increase the $100 monthly minimum fee for distributors to a $200 flat fee (the "Distributor Fixed Network Fee") represents a doubling of costs for the smallest mutual fund market participants.	Fundserv has decided not to modify the monthly network fee applicable to distributors to provide for the opportunity to seek additional stakeholder feedback regarding this aspect of the fee change.
The Distributor Fixed Network Fee moves away from the historical usage-based cost sharing, which shifts the burden onto the lightest users.	Fundserv has decided not to modify the monthly network fee applicable to distributors to provide for the opportunity to seek additional stakeholder feedback regarding this aspect of the fee change. The remainder of the pricing changes maintain the historical cost split between distributors and manufacturers of 25%/75%.
Fees that are not based on usage, like the proposed Distributor Fixed Network Fee, end up funding the rebate to large manufacturers, since the rebate is based on participation.	Fundserv has decided not to modify the monthly network fee applicable to distributors to provide for the opportunity to seek additional stakeholder feedback regarding this aspect of the fee change.
Fee increases will not entice international manufacturers to become Fundserv members for the purposes of Total Cost Reporting.	Fundserv did not take the need to increase fees lightly and carefully assessed the extent to which it needed to increase fees to enable it to cover projected future costs. Fundserv used the current environment and historical inflationary data, taking into consideration market adjustments for employment costs, higher insurance, audit costs and expected renewal charges for contracts with key vendors, to determine the extent of increases needed to cover its anticipated future costs. However, the potential uptake of the use of Fundserv for international fund manufacturers for the purpose of assisting distributors with meeting their total cost reporting obligations was not a factor that could be reasonably incorporated into Fundserv's assessment of the necessary fee increases.
Fundserv has not recently proposed any value-added services aimed at distributors.	Fundserv appreciates receiving feedback that may enhance its services. Fundserv maintains a funnel of requests to add or improve services that is maintained through its member portal, and Fundserv kindly requests that any requests for improvements to its services be made through Fundserv Connect.

EXHIBIT 1

Manufacturer Transaction Pricing Example

Current Structure				
Tiers		Number of Transactions	Fee per Transaction	Total Transaction Fees
-	500	500	$ -	$ -
501	2,000	1,500	$ 1.25	$ 1,875.00
2,001	7,500	3,000	$ 1.10	$ 3,300.00
7,501	15,000	-	$ 0.75	$ -
15,001	25,000	-	$ 0.45	$ -
25,001	50,000	-	$ 0.20	$ -
50,001		-	$ 0.10	$ -
Total		5,000		$ 5,175.00

Proposed Structure				
Tiers		Number of Transactions	Fee per Transaction	Total Transaction Fees
-	500	500	$ 1.10	$ 550.00
501	5,000	4,500	$ 1.00	$ 4,500.00
5,001	20,000	-	$ 0.75	$ -
20,001	100,000	-	$ 0.22	$ -
100,001	1,000,000	-	$ 0.10	$ -
1,000,001	2,000,000	-	$ 0.05	$ -
2,000,001		-	$ 0.01	$ -
Total		5,000		$ 5,050.00

Appendix B

Blackline of Approved Amended Fee Schedule to May 2, 2024 Proposed Fee Schedule

(see attached)

Fees

Per Each Transaction

The minimum monthly network fee is $100. If fees incurred from file transfer and file size fees total less than $100, the Distributor will be charged the network minimum. If the total of file transfer and file size fees is greater than the minimum, the Distributor will pay the total.

Distributor				
Code registration fee	**Network fee (monthly)**	**File transfer fee**	**File size fee**	**Connectivity fee**
1st Code – Free Additional – $150	$~~200~~100 min.	$0.30 / file	$0.0117 / 1,000b	*One time only $500
Intermediary				
Code registration fee	**Network fee (monthly)**	**File transfer fee**	**File size fee**	**Connectivity fee**
1st Code – Free Additional – $150	$1750 (Full N$M Participant) $500 per quarter (File Transfer Only)	$0.30 / file	$0.0077 / 1,000b	*One time only $500
Manufacturer				
Code registration fee	**Network fee (monthly)**	**File transfer fee**	**File size fee**	**Connectivity fee**
1st Code – Free Additional – $150	$1750	$0.30 / file	$0.0077 / 1,000b	*One time only $2500

Transaction Fees (monthly)						
1st– 500th	**501st– 5,000th**	**5,001st– 20,000th**	**20,001st– 100,000th**	**100,001st– 1,000,000th**	**1,000,001st– 2,000,000th**	**2,000,000th+**
$1.10	$1.00	$0.75	$0.22	$0.10	$0.05	$0.01

Appendix C

Blackline of Approved Amended Fee Schedule to Current Fee Schedule

(see attached)

Fees

Per Each Transaction

The minimum monthly network fee is $100. If fees incurred from file transfer and file size fees total less than $100, the Distributor will be charged the network minimum. If the total of file transfer and file size fees is greater than the minimum, the Distributor will pay the total.

Distributor				
Code registration fee	**Network fee (monthly)**	**File transfer fee**	**File size fee**	**Connectivity fee**
1st Code – Free Additional – $150	$100 min.	$0.~~25~~30 / file	$0.~~01~~0117 / 1,000b	*One time only $500
Intermediary				
Code registration fee	**Network fee (monthly)**	**File transfer fee**	**File size fee**	**Connectivity fee**
1st Code – Free Additional – $150	$~~1500~~1750 (Full N$M Participant) $500 per quarter (File Transfer Only)	$0.~~25~~30 / file	$0.~~0075~~0077 / 1,000b	*One time only $500
Manufacturer				
Code registration fee	**Network fee (monthly)**	**File transfer fee**	**File size fee**	**Connectivity fee**
1st Code – Free Additional – $150	$~~1500~~1750	$0.~~25~~30 / file	$0.~~0075~~0077 / 1,000b	*One time only $2500

Transaction Fees (monthly)						
1st– 500th	**501st– ~~2000th~~5,000th**	**~~25~~,001st– ~~7,500th~~20,000th**	**~~7,501st– 15~~20,001st– 100,000th**	**~~15~~100,001st– ~~25~~1,000,000th**	**~~25~~1,000,001st– ~~50~~2,000,000th**	**~~50,000thon~~2,000,000th+**
~~Free~~$1.10	$1.~~25~~00	$~~1.10~~0.75	$0.~~75~~22	$0.~~45~~10	$0.~~20~~05	$0.~~10~~01

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