The Ontario Securities Commission

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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 TeknoScan Systems Inc. et al.

FOR IMMEDIATE RELEASE
January 16, 2025

TEKNOSCAN SYSTEMS INC.,
H. SAMUEL HYAMS,
PHILIP KAI-HING KUNG AND
SOON FOO (MARTIN) TAM,
File No. 2022-19

TORONTO – A case management hearing in the above-named matter is scheduled to be heard on January 27, 2025 at 11:30 a.m. by videoconference.

Members of the public may observe the hearing by videoconference, by selecting the "View by Zoom" link on the Tribunal's hearing schedule, at capitalmarketstribunal.ca/en/hearing-schedule.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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B. Ontario Securities Commission

B.2
Orders

B.2.1 RIV Capital 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).

January 14, 2025

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
RIV CAPITAL INC.
(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, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Interpretation

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

Representations

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*I*0737

B.2.2 Environmental Waste International 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).

January 15, 2025

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
ENVIRONMENTAL WASTE INTERNATIONAL INC.
(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.

"Erin O'Donovan"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2025/0004

B.3
Reasons and Decisions

B.3.1 SEI Investments Canada Company

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Investment funds subject to National Instrument 81-102 Investment Funds that are "qualified institutional buyers" under the United States Securities Act of 1933 (US Securities Act) investing in unregistered fixed income securities pursuant to Rule 144A of the US Securities Act – Rule 144A exempts resales of unregistered securities by and to a "qualified institutional buyer" from the registration requirements of the US Securities Act – Public resales of 144A Securities to non-qualified institutional buyer subject to prescribed holding period – Prescribed holding period may cause 144A Securities to be considered restricted securities under part (b) of the definition of "illiquid assets" in s. 1.1 of NI 81-102 notwithstanding that trades of 144A Securities between "qualified institutional buyers" are not subject to holding periods – Funds granted exemption that: (i) purchases by a Fund that is a "qualified institutional buyer" of 144A Securities are exempt from part (b) of the definition of "illiquid asset" in s. 1.1 of NI 81-102, and (ii) a Fund's holdings of 144A Securities purchased as a "qualified institutional buyer" are excluded from consideration as an "illiquid asset" for the purposes of the illiquid asset restrictions in s. 2.4 of NI 81-102, subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 1.1, 2.4 and 19.1.

January 15, 2025

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
SEI INVESTMENTS CANADA COMPANY
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of all current and future investment funds that are, or will be, managed by the Filer or an affiliate of the Filer and to which NI 81-102 (as defined below) applies (each, a **Fund**, and collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that grants exemptive relief to the Funds such that:

(a) the purchases by a Fund that is a Qualified Institutional Buyer (as defined below) at the time of purchase, of those fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the *Securities Act of 1933*, as amended (the **US Securities Act**), as set out in Rule 144A of the US Securities Act (**Rule 144A**) for resales of certain fixed income securities (**144A Securities**) to “qualified institutional buyers” (as defined in the US Securities Act) are exempt from part (b) of the section 1.1 definition of an “illiquid asset” in National Instrument 81-102 *Investment Funds* (**NI 81-102**); and

(b) a Fund’s holdings of 144A Securities purchased as a Qualified Institutional Buyer are excluded from consideration as an “illiquid asset” for the purposes of section 2.4 of NI 81-102 (collectively, the **Exemption Sought**).

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

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

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

Interpretation

Unless expressly defined herein, terms in this decision have the respective meanings given to them in MI 11-102, National Instrument 14-101 *Definitions* and NI 81-102. In addition to the defined terms used in this decision, capitalized terms used in this decision have the following meanings:

IRC means the independent review committee of the Funds.

Qualified Institutional Buyers has the same meaning as is given to such term in §230.144A of the US Securities Act and Qualified Institutional Buyer means any one of them.

Registered Securities means securities that have been registered with the United States Securities and Exchange Commission.

Representations

This decision is based on the following facts represented by the Filer on behalf of itself and the Funds:

The Filer

1. The Filer is an unlimited liability company organized under the laws of the Province of Nova Scotia, having its head office in Ontario.

2. The Filer is registered as a portfolio manager and an exempt market dealer in all of the Jurisdictions, and as an investment fund manager in Newfoundland and Labrador, Ontario and Québec. The Filer is also registered under the Commodity Futures Act (Ontario) as an adviser in the category of commodity trading manager.

3. The Filer is, or will be, the investment fund manager and portfolio manager of the Funds. The Filer, as the portfolio manager of a Fund, engages one or more sub-advisers to advise in respect of the investments of each current Fund (each, a **Sub-Adviser**, and collectively, the **Sub-Advisers**).

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

The Funds

5. Each Fund is, or will be, an investment fund organized and governed by the laws of a province or territory of Canada or the laws of Canada.

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

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

Definition of Illiquid Assets in NI 81-102 and 144A Securities

8. Pursuant to section 1.1 of NI 81-102, an “illiquid asset” is defined as:

   (a) a portfolio asset that cannot be readily disposed of through market facilities on which public quotations in common use are widely available at an amount that at least approximates the amount at which the portfolio asset is valued in calculating the net asset value per security of the investment fund; or

   (b) a restricted security held by an investment fund.

9. Rule 144A provides an exemption from the registration requirements of the US Securities Act for resales of unregistered securities by and to Qualified Institutional Buyers. Rule 144A also requires that there must be adequate current public information about the issuing company before the sale can be made.

10. The definition of a Qualified Institutional Buyer under §230.144A of the US Securities Act includes several types of entities, but in general, such entities must, in the aggregate, own and invest on a discretionary basis at least USD$100 million in securities of issuers that are not affiliated with such entity.

11. While issuers themselves cannot rely on Rule 144A, as Rule 144A provides an exemption for resales of unregistered securities, the existence of Rule 144A allows financial intermediaries to purchase unregistered securities from issuers and resell them to Qualified Institutional Buyers in transactions that comply with Rule 144A without registering such securities.

12. Pursuant to the terms of the US Securities Act, public resales of 144A Securities to non- qualified institutional buyers are subject to certain holding periods, which range from a minimum of six months to a maximum of one year, depending on the issuer of the securities.

13. Though public resales of 144A Securities are subject to certain holding periods, 144A Securities may be traded among Qualified Institutional Buyers in accordance with Rule 144A without regard to any holding periods. 144A Securities may also be sold to and purchased by non-qualified institutional buyers after registration of the securities, or pursuant to another exemption from registration under the US Securities Act, if any exemption is available at that time.

14. Because public resales of 144A Securities are subject to certain holding periods, notwithstanding that Qualified Institutional Buyers may purchase 144A Securities in accordance with Rule 144A which does not require a holding period, they may be considered to be restricted securities for the purposes of the part (b) definition of an "illiquid asset" under section 1.1 of NI 81-102, and each Fund's holdings of 144A Securities would be subject to the limits on holdings of illiquid assets in section 2.4 of NI 81-102 (the **Illiquid Asset Restrictions**).

15. The segment of each of the U.S. investment grade corporate bond market and U.S. high- yield corporate bond market that is made up of 144A Securities has increased substantially in the last five years. As a result, the average daily trading volume/market size has also increased. Given this, the Filer is of the view that (i) 144A Securities are liquid, and (ii) 144A Securities are an increasing part of the Funds' potential investment universe.

Reasons for the Exemption Sought

16. The Filer is of the view that certain 144A Securities provide an attractive investment opportunity for the Funds. Due to the definition of an "illiquid asset" under section 1.1 of NI 81-102, the Funds are concerned that these investments could be deemed to cause a technical breach of the Illiquid Asset Restrictions despite their liquidity.

17. The ability of Qualified Institutional Buyers to freely trade 144A Securities pursuant to Rule 144A has substantially reduced the discounts and illiquidity that were present in unregistered offerings historically. The market for 144A Securities consists of a very deep pool of Qualified Institutional Buyers.

18. The most liquid 144A Securities have traded with comparable volumes to the most liquid corporate debt Registered Securities over the past few years. The segment of the U.S. investment grade corporate bond market that is made up of 144A Securities has grown substantially over the past 15 years. The segment of the U.S. high-yield corporate bond market that is made up of 144A Securities has also grown significantly over the past decade.

19. Daily market quotations are obtained in the same way through fixed income market platforms for 144A Securities as they are for Registered Securities. Real-time price quotes and market trade data are available for 144A Securities. Many fixed income trades including 144A Securities, are reported within minutes into the Trade Reporting and Compliance Engine, a program initially developed by the National Association of Securities Dealers, Inc. (now the Financial Industry Regulatory Authority, Inc.) that provides for the reporting of over-the-counter transactions pertaining to eligible fixed income securities, including 144A Securities, thus meeting market integrity requirements.

20. A Fund that qualifies as a Qualified Institutional Buyer at the time it purchases 144A Securities may trade those 144A Securities to another Qualified Institutional Buyer without further restrictions (i.e., not subject to any holding period). Typically, a Fund would sell 144A Securities to brokers or dealers that are Qualified Institutional Buyers themselves, who would then on-sell the securities to other Qualified Institutional Buyers.

21. In addition to 144A Securities being freely tradable among Qualified Institutional Buyers immediately, 144A Securities may be sold to and purchased by retail investors under other available exemptions, such as Rule 144. Rule 144 allows a seller to sell 144A Securities to a purchaser who does not qualify as a Qualified Institutional Buyer after a prescribed period of time (ranging from six months to one year after issuance), if certain other reporting requirements of the issuer are satisfied.

22. A Fund is not required to maintain its Qualified Institutional Buyer status in order to be able to resell its holdings of 144A Securities to another Qualified Institutional Buyer at any time.

23. In the course of determining the potential liquidity of a security, the portfolio manager or sub-adviser may use several factors, including, but not limited to, market volatility, trending credit quality, current valuation, maturity, size of the tranche or offering, the applicable underwriters, the status of well-covered credit or first-time issuer, index eligibility, and in the case of 144A Securities, whether the security falls under "144A for life" status.

24. The Filer is of the view that it has, and/or each Sub-Adviser has or will have, the tools, resources and expertise necessary to assess issuances of 144A Securities and to evaluate the creditworthiness of corporations on a per issuance basis. The Filer and/or each applicable Sub-Adviser has or will have the ability to conduct sufficient analysis and should have the opportunity to invest in 144A Securities as liquid investments and not "restricted securities" under part (b) of the section 1.1 definition of an "illiquid asset" under NI 81-102.

25. The purpose of the Illiquid Asset Restrictions is to govern a core investment fund principle: investors should be able to redeem mutual fund securities and, where applicable, non-redeemable investment fund securities, on demand. Considering that 144A Securities trade in an active institutional market, the Filer is of the view that 144A Securities can be liquid relative to a Fund's need to satisfy redemptions. While 144A Securities may be more liquid than other types of securities that meet the technical liquidity criteria set out in NI 81-102, absent the Exemption Sought, there is the potential that part (b) of the definition of "illiquid asset" in NI 81-102 could be interpreted to require treating 144A Securities as illiquid.

26. Exempting 144A Securities from the section 1.1, part (b) definition of an "illiquid asset" in NI 81-102 will not result in a Fund being unable to satisfy redemption requests. Investing in 144A Securities may be more beneficial to the Funds than various other securities in which the Funds may invest, and the liquidity determination regarding any such 144A Securities should be made based on the actual trading liquidity of the security and not simply based on the manner in which the security was offered into the market.

27. The Filer maintains policies and procedures that address liquidity risk, and uses a combination of risk management tools, including (i) IRC approved conflict of interest policies that have been adopted to protect investors in the Funds, (ii) internal portfolio manager and sub-adviser notification requirements of significant cash flows into the Funds, (iii) ongoing liquidity monitoring of each Fund's portfolio, and (iv) the consideration of factors in order to assess the potential liquidity of a security including, but not limited to, trending credit quality, current valuation, maturity, and index eligibility.

28. If a Fund can no longer certify that it meets the requirements for qualifying as a Qualified Institutional Buyer, then the Filer will arrange to restrict any further purchases of 144A Securities until such time as the Fund can recertify its status as a Qualified Institutional Buyer.

29. The Filer is of the view that, if 144A Securities were deemed to be illiquid assets, it may have the effect of prohibiting the Funds from accessing and investing in 144A Securities, and thus the Funds and their investors would lose out on potential investment opportunities in the fixed income space.

30. It would not be prejudicial to the public interest to grant the Exemption Sought to the Funds.

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) a Fund that purchases 144A Securities is a Qualified Institutional Buyer at the time of purchase;

(b) the 144A Securities purchased pursuant to the Exemption Sought are not illiquid assets under part (a) of the section 1.1 definition of an "illiquid asset" in NI 81-102;

(c) the 144A Securities purchased pursuant to the Exemption Sought are traded on a mature and liquid market; and

(d) the prospectus of each Fund relying on the Exemption Sought discloses, or will disclose in the next renewal of its prospectus following the date of this decision, the fact that the Fund has obtained the Exemption Sought.

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

Application File #: 2024/0722
SEDAR+ File #: 6220043

B.3.2 Cybrid Canada Inc.

Headnote

Application for time-limited relief from prospectus requirement, suitability requirement and trade reporting requirement – the Filer is registered as a restricted dealer as the staff review of the Filer's application for registration as a restricted dealer was sufficiently advanced prior to the media release dated August 6, 2024 – suitability relief to allow the Filer to distribute Crypto Contracts and operate a platform that facilitates the buying, selling, and holding of crypto assets – relief granted subject to certain conditions set out in the decision, including investment limits, account appropriateness, disclosure and reporting requirements – relief is time-limited – relief granted based on the particular facts and circumstances of the application with the objective of fostering capital raising by innovative businesses in Ontario – decision should not be viewed as precedent for other filers in the jurisdictions of Canada.

Statute cited

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

Instrument, Rule or Policy cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 13.3.
OSC Rule 91-506 Derivatives: Product Determination, ss. 2 & 4.
OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting, Part 3.

January 17, 2025

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

AND

IN THE MATTER OF
CYBRID CANADA INC.
(the Filer)

DECISION

Background

As set out in Canadian Securities Administrators (**CSA**) Staff Notice 21-327 *Guidance on the Application of Securities Legislation to Entities Facilitating the Trading of Crypto Assets* (**Staff Notice 21-327**) and Joint CSA/ Investment Industry Regulatory Organization of Canada (**IIROC**) Staff Notice 21-329 *Guidance for Crypto-Asset Trading Platforms: Compliance with Regulatory Requirements* (**Staff Notice 21-329**), securities legislation applies to crypto asset trading platforms (**CTPs**) that facilitate or propose to facilitate the trading of instruments or contracts involving anything commonly considered a crypto asset, digital or virtual currency, or digital or virtual token (a **Crypto Asset**) because the user's contractual right to the crypto asset may itself constitute a security and/or a derivative (a **Crypto Contract**).

To foster innovation and respond to novel circumstances, the CSA has considered an interim, time limited registration that would allow CTPs to operate within a regulated environment, with regulatory requirements tailored to the CTP's operations. The overall goal of the regulatory framework is to ensure there is a balance between the need to be flexible and facilitate innovation in the Canadian capital markets, while upholding the regulatory mandate of promoting investor protection and fair and efficient capital markets.

The Filer intends to operate a platform through which the Filer's clients may enter into Crypto Contracts with the Filer to purchase, hold, sell, withdraw and deposit Crypto Assets. Currently, the Filer will only provide services to clients in Ontario (**Clients**, and each, a **Client**). The Filer has applied for registration as a restricted dealer in Ontario. While registered as a restricted dealer, the Filer intends to seek membership with the Canadian Investment Regulatory Organization (**CIRO**), a successor entity to IIROC.

This decision (the **Decision**) has been tailored for the specific facts and circumstances of the Filer, and the regulator in the Jurisdiction will not consider this Decision as constituting a precedent for other filers.

Relief Requested

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for a decision under the securities legislation of Ontario (the **Legislation**) exempting the Filer from:

a) the prospectus requirements under the Legislation in respect of the Filer entering into Crypto Contracts with Clients to purchase, hold, sell, deposit and withdraw Crypto Assets (the **Prospectus Relief**);

b) the requirement in section 13.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to take reasonable steps to ensure that, before it opens an account, takes investment action for a Client, or makes a recommendation to or exercises discretion to take an investment action, to determine on a reasonable basis that the action is suitable for the Client (the **Suitability Relief**); and

c) the requirement in Part 3, Data Reporting of the Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**Local Trade Reporting Rule**) exempting the Filer from certain reporting requirements under the Local Trade Reporting Rule (the **Trade Reporting Relief**).

The Prospectus Relief, the Suitability Relief and the Trade Reporting Relief are collectively referred to as the **Requested Relief**.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and the Legislation have the same meaning if used in this Decision, unless otherwise defined.

For the purposes of this Decision, the following terms have the following meaning:

"**Acceptable Third-party Custodian**" means an entity that:

a) is one of the following:

i. a Canadian custodian or Canadian financial institution, as those terms are defined in NI 31-103;

ii. a custodian qualified to act as a custodian or sub-custodian for assets held in Canada pursuant to section 6.2 [*Entities Qualified to Act as Custodian or Sub-Custodian for Assets Held in Canada*] of National Instrument 81-102 *Investment Funds*;

iii. a custodian that meets the definition of an "acceptable securities location" in accordance with the Investment Dealer and Partially Consolidated Rules and Form 1 of CIRO;

iv. a foreign custodian for which the Filer has obtained the prior written consent from a Director of the Commission; or

v. an entity that does not meet the criteria for a qualified custodian and for which the Filer has obtained the prior written consent from a Director of the Commission;

b) is functionally independent of the Filer within the meaning of NI 31-103;

c) has obtained audited financial statements within the last twelve months, which

i. are audited by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction,

ii. are accompanied by an auditor's report that expresses an unqualified opinion, and

iii. unless otherwise agreed to by a Director of the Commission, disclose on their statement of financial position or in the notes of the audited financial statements the amount of liabilities that it owes to its Clients for holding their assets, and the amount of assets held by the custodian to meet its obligations to those custody clients, broken down by asset; and

d) has obtained a Systems and Organization Controls (**SOC**) 2 Type 1 or SOC 2 Type 2 report within the last twelve months, or has obtained a comparable report recognized by a similar accreditation board satisfactory to a Director of the Commission;

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

"**Canadian AML / ATF Law**" means *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and any regulations made thereunder;

"**Canadian custodian**" has the meaning ascribed to that term in NI 31-103;

"**foreign custodian**" has the meaning ascribed to that term in NI 31-103;

"**permitted client**" has the meaning ascribed to that term in NI 31-103;

"**Promoter**" has the meaning ascribed to that term in the securities legislation;

"**Proprietary Token**" means, with respect to a person or company, a Crypto Asset that is not a Value-Referenced Crypto Asset, and for which the person or company or an affiliate of the person or company acted as the issuer (and mints or burns the Crypto Asset) or a Promoter;

"**qualified custodian**" has the meaning ascribed to that term in NI 31-103;

"**Registered CTP**" means a CTP that is registered as a restricted dealer or an investment dealer under securities legislation in the Jurisdiction;

"**Specified Crypto Assets**" means the Crypto Assets listed in Appendix A to this Decision;

"**Specified Foreign Jurisdiction**" means any of the following: Australia, Brazil, any member country of the European Union, Hong Kong, Japan, Republic of Korea, New Zealand, Singapore, Switzerland, United Kingdom of Great Britain and Northern Ireland, the United States of America, and any other jurisdiction that a Director of the Commission may advise; and

"**Value-Referenced Crypto Asset**" means a Crypto Asset that is designed to maintain a stable value over time by referencing the value of a fiat currency or any other value or right, or combination thereof.

In this Decision, a person or company is an affiliate (an **Affiliate**) of another person or company if:

(a) one of them is, directly or indirectly, a subsidiary of the other; or

(b) each of them is controlled, directly or indirectly, by the same person.

Representations

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

The Filer

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

2. The Filer operates under the business name "**Cybrid**".

3. The Filer is registered as a money services business (**MSB**) with the Financial Transactions and Reports Analysis Centre of Canada under regulations made under Canadian AML / ATF Law.

4. The Filer has appointed MNP LLP as its auditors.

5. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.

6. The Filer is a wholly owned subsidiary of Cybrid Technology Inc. (**Cybrid Technology**), a corporation incorporated under the federal laws of Canada. Cybrid Technology is a software company, the software is licensed to its subsidiaries. Cybrid Inc. performs payment processing and remittance services in the United States.

7. The Filer's personnel consist of software engineers, compliance professionals and client support representatives who each have experience operating in a regulated financial services environment such as an MSB and expertise in blockchain technology. All of the Filer's personnel have passed criminal records checks, and new personnel will have passed criminal records and credit checks.

8. The Filer is not in default of securities legislation in Ontario or any other jurisdiction in Canada, other than in respect of the subject matter to which this Decision relates.

The Platform and Services

9. The Filer intends to operate an automated and proprietary internet-based platform available through the Filer's website and mobile application (the **Platform**), enabling Clients to enter into Crypto Contracts that allow them to buy, sell, hold, deposit and withdraw Crypto Assets and to hold them through the Platform.

10. Through the Platform, the Filer will offer Clients the ability to enter into Crypto Contracts to:

    (a) buy, sell, hold, deposit and withdraw Crypto Assets, including custody of Crypto Assets and fiat currency; and

    (b) send or receive fiat currency or Crypto Assets to another Client or to any external address.

    (together, the **Cybrid Services**).

11. The rights and obligations of the Filer and of each Client under the Crypto Contracts are set out in the Filer's terms of use (the **Terms of Use**), which are accepted by the Client at the time the Client opens an account (each, a **Client Account**). When the Filer makes a change to the Terms of Use, the Filer provides the Client with notice of the revised Terms of Use.

12. The Filer's role under the Crypto Contract is to facilitate buying and selling of Crypto Assets and to provide custodial and transfer services for all Crypto Assets held in Client Accounts.

13. The Filer's trading of Crypto Contracts is consistent with activities described in Staff Notice 21-327 and constitutes the trading of securities and/or derivatives.

14. The Filer may buy, sell, borrow or hold Crypto Assets in its inventory for operational purposes, such as payment of network or transaction fees required to transfer Crypto Assets and testing. Otherwise, the Filer does not and will not hold any proprietary positions in Crypto Assets for itself and does not take a long or short position in a Crypto Asset with any party, including Clients.

15. The Filer does not and will not offer Clients any advice or recommendations regarding transactions in Crypto Contracts or Crypto Assets, nor does the Filer have, offer or provide discretionary investment management services relating to Crypto Contracts or Crypto Assets for or on behalf of Clients.

16. The Filer is not a member firm of the Canadian Investor Protection Fund (**CIPF**) and the Crypto Contracts and the Crypto Assets custodied on the Platform do not qualify for CIPF coverage. The Risk Statement (as defined below) will include disclosure that there is no CIPF coverage for the Crypto Assets and Clients must acknowledge that they have received, read and understood the Risk Statement before opening an account with the Filer.

17. Upon the Filer's registration as a restricted dealer, the Filer will make available to Clients the services of the Ombudsman for Banking Services and Investments to resolve complaints made by Clients.

Crypto Assets Available Through the Platform

18. The Filer has established and will apply policies and procedures to review the Crypto Assets and to determine whether to allow Clients on the Platform to enter into Crypto Contracts to buy or sell the Crypto Assets on the Platform in accordance with the know-your- product (KYP) provisions in NI 31-103 (KYP Policy). Such review includes, but is not limited to, publicly available information concerning:

    (a) the creation, governance, usage and design of the Crypto Asset, including the source code, security and roadmap for growth in the developer community and, if applicable, the background of the developer(s) that created the Crypto Asset;

    (b) the supply, demand, maturity, utility and liquidity of the Crypto Asset;

    (c) material technical risks associated with the Crypto Asset, including any code defects, security breaches and other threats concerning the Crypto Asset and its supporting blockchain (such as the susceptibility to hacking and impact of forking), or the practices and protocols that apply to them; and

    (d) legal and regulatory risks associated with the Crypto Asset, including any pending, potential, or prior civil, regulatory, criminal, or enforcement action relating to the issuance, distribution, or use of the Crypto Asset.

19. The Filer will only offer and allow Clients the ability to enter into Crypto Contracts based on Crypto Assets that (a) are not each themselves a security and/or a derivative, or (b) are Value-Referenced Crypto Assets, in accordance with condition G of this Decision.

20. The Filer does not and will not allow Clients to enter into a Crypto Contract to buy or sell Crypto Assets unless the Filer has taken steps to:

    (a) assess the relevant aspects of each Crypto Asset pursuant to the KYP Policy and, as described in representation 18, to determine whether it is appropriate for its Clients,

(b) approve the Crypto Asset, and Crypto Contracts to buy and sell such Crypto Asset, to be made available to Clients; and

(c) as set out in representation 23, monitor the Crypto Asset for significant changes and review its approval under (b) where a significant change occurs.

21. The Filer is not engaged, and will not engage without the prior written consent of a Director of the Commission, in trades that are part of, or designed to facilitate, the design, creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset or its issuers or Affiliates or associates of such persons.

22. As set out in the Filer's KYP Policy, the Filer determines whether a Crypto Asset available to be bought or sold through a Crypto Contract is a security and/or derivative and is being offered in compliance with securities and derivatives laws, which include but are not limited to:

(a) consideration of statements made by the Commission, any regulators or securities regulatory authorities of any province or territory of Canada or other regulators in International Organization of Securities Commissions jurisdictions, or the regulator with the most significant connection to a Crypto Asset about whether the Crypto Asset, or generally about whether the type of Crypto Asset, is a security and/or derivative; and

(b) if the Filer determines it to be necessary, obtaining legal advice as to whether the Crypto Asset is a security and/or derivative under the securities legislation.

23. The Filer monitors ongoing developments related to the Crypto Assets available on its Platform that may cause a Crypto Asset's status as a security and/or derivative or the assessment conducted by the Filer pursuant to its KYP Policy and as described in representations 18 to 22 to change.

24. The Filer acknowledges that any determination made by the Filer as set out in representations 18 to 22 of this Decision does not prejudice the ability of any of the regulators or securities regulatory authorities of any province or territory of Canada to determine that a Crypto Asset that a Client may enter into a Crypto Contract to buy and sell is a security and/or derivative.

25. The Filer has established and will apply policies and procedures to promptly stop the trading of any Crypto Asset available on the Platform and to allow Clients to liquidate in an orderly manner their positions in Crypto Contracts with underlying Crypto Assets that the Filer ceases to make available on the Platform.

Know-Your-Client and Account Appropriateness Assessment

26. Each Client who is an individual and each Client who is authorized to give instructions for a Client that is a legal entity must be a resident of Canada, hold an account with a Canadian financial institution, have reached the age of eighteen (18), and have the legal capacity to open a securities brokerage account. Each Client of the Platform that is a corporation, partnership or other legal entity must be Canadian-registered, hold an account with a Canadian financial institution and be in good standing.

27. In order to open a Client Account on the Platform, all Clients must agree to and comply with the Filer's Terms of Use, which are publicly available on the Platform. In summary:

(a) the Terms of Use constitute a service agreement whereby the Filer agrees to offer the Cybrid Services to its Clients;

(b) in order to use the Cybrid Services, each Client must open a Client Account;

(c) the Client Account allows Clients to benefit from one or more Crypto Asset accounts which allow the Clients to store Crypto Assets through the Platform;

(d) the Filer processes instructions received from its Clients on their Client Account; and

(e) Clients can transfer Crypto Assets and fiat held through the Platform to other Clients as well as to external blockchain addresses at any time.

28. Under the Terms of Use, the Filer maintains certain controls over Client Accounts to ensure compliance with applicable law and ensure secure custody of Client assets.

29. The Filer does not provide recommendations or advice to Clients or conduct a trade-by-trade suitability determination for Clients, but rather performs product assessments pursuant to the KYP Policy, performs account appropriateness assessments and applies Client Limits (as defined in representation 30 below).

30. As part of the account-opening process:

(a) The Filer complies with the applicable "know-your-client" (**KYC**) account-opening requirements under securities legislation and Canadian AML/ATF Law by collecting KYC information which satisfies the identity verification requirements applicable to reporting entities.

(b) The Filer assesses "account appropriateness." Specifically, prior to opening a Client Account, the Filer uses electronic questionnaires to collect information that the Filer will use to determine whether and to what extent it is appropriate for a prospective Client to enter into Crypto Contracts with the Filer to buy and/or sell Crypto Assets. The Filer conducts the account appropriateness assessment by taking into account the following factors (**Account Appropriateness Factors**):

(i) the Client's experience and knowledge in investing in Crypto Assets;

(ii) the Client's financial circumstances;

(iii) the Client's risk tolerance; and

(iv) the Crypto Assets approved to be made available to a Client on the Platform.

(c) The Account Appropriateness Factors are used by the Filer to evaluate whether and to what extent entering into Crypto Contracts with the Filer is appropriate for a prospective Client before opening a Client Account. After completion of the account appropriateness assessment, a prospective Client that is not a permitted client or a Registered CTP will receive appropriate messaging about using the Platform to enter into Crypto Contracts, which, in circumstances where the Filer has evaluated that entering into Crypto Contracts with the Filer is not appropriate for the Client, will include prominent messaging to the prospective Client that this is the case and that the Client will not be permitted to open a Client Account.

(d) The Filer has adopted and will apply policies and procedures to conduct an assessment to establish appropriate limits on the losses that a Client that is not a permitted client can incur and what limits will apply to such Client based on the Account Appropriateness Factors (the **Client Limit**), and what steps the Filer will take when the Client approaches or exceeds their Client Limit. After completion of the assessment, the Filer will implement controls to monitor and apply the Client Limits.

(e) the Filer provides a prospective Client with a statement of risks (the **Risk Statement**) that clearly explains or includes the following in plain language:

(i) the Crypto Contracts;

(ii) the risks associated with the Crypto Contracts;

(iii) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;

(iv) the due diligence performed by the Filer before making a Crypto Asset available through the Platform, including the due diligence performed by the Filer to assess whether the Crypto Asset is a security and/or derivative under the securities and derivatives legislation of each of the jurisdictions of Canada and the securities and derivatives laws of the foreign jurisdiction with which the Crypto Asset has the most significant connection, and the risks if the Filer has incorrectly determined that the Crypto Asset is not a security and/or derivative;

(v) that the Filer has prepared a plain language description of each Crypto Asset and of the risks of the Crypto Asset made available through the Platform, with instructions as to where on the Platform the Client may obtain the descriptions (each, a **Crypto Asset Statement**);

(vi) the Filer's policies for halting, suspending and withdrawing a Crypto Asset from trading on the Platform, including criteria that would be considered by the Filer, options available to Clients holding such a Crypto Asset, any notification periods and any risks to Clients;

(vii) the location and manner in which Crypto Assets are held for the Client, the risks and benefits to the Client of the Crypto Assets being held in that location and manner; including the impact of insolvency of the Filer or the Acceptable Third-party Custodian;

(viii) the manner in which the Crypto Assets are accessible by the Filer, and the risks and benefits to the Client arising from the Filer having access to the Crypto Assets in that manner;

(ix) the Filer is not a member of CIPF and the Crypto Contracts issued by the Filer and the Crypto Assets held by the Filer (directly or indirectly through third parties) will not qualify for CIPF protection;

(x) a statement that the statutory rights in section 130.1 of the Act do not apply in respect of the Risk Statement or a Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and

(xi) the date on which the information was last updated.

31. In order for a prospective Client to open and operate a Client Account on the Platform, the Filer will deliver the Risk Statement to the Client and obtain an electronic acknowledgement from the prospective Client confirming that the prospective Client has received, read and understood the Risk Statement. Such acknowledgement will be prominent and separate from other acknowledgements provided by the prospective Client as part of the account opening process.

32. A copy of the Risk Statement acknowledged by a Client in accordance with representation 31 will be electronically delivered to the Client and easily available to the Client upon request. The most recent version of the Risk Statement will be continuously and easily available to Clients on the Platform and upon request.

33. The Filer has, and will apply, written policies and procedures for updating the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, crypto assets generally, or a specific Crypto Asset, as the case may be. In the event the Risk Statement is updated, existing Clients of the Filer will be promptly notified and provided with a copy of the updated Risk Statement. In the event a Crypto Asset Statement is updated, existing Clients of the Filer will be promptly notified through an email notification, with links provided to the updated Crypto Asset Statement.

34. Before a Client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the Clients to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Platform.

35. Each Crypto Asset Statement will include:

(a) a prominent statement that no securities regulatory authority or regulator in Canada has assessed or endorsed the Crypto Contracts or any of the Crypto Assets made available through the Platform;

(b) a description of the Crypto Asset, including the background of the creation of the Crypto Asset, including the background of the developer(s) that first created the Crypto Asset, if applicable;

(c) a description of the due diligence performed by the Filer with respect to the Crypto Asset;

(d) any risks specific to the Crypto Asset;

(e) a direction to the Client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and the Crypto Assets made available through the Platform;

(f) a statement that the statutory rights in section 130.1 of the Act do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in this Decision; and

(g) the date on which the information was last updated.

36. The Filer will monitor Client Accounts after opening to identify activity inconsistent with the Client Account, the account appropriateness assessment and Crypto Asset assessment. If warranted, the Client may receive further messaging about the Platform and the Crypto Assets, specific risk warnings and/or receive direct outreach from the Filer about their activity. The Filer will monitor compliance with the Client Limits established in representation 30(d). If warranted, the Client will receive a warning when their Client Account is approaching its Client Limit, which will include information on steps the Client may take to prevent the Client from incurring further losses.

37. The Filer will also prepare and make available to its Clients, on an ongoing basis and in response to emerging issues in Crypto Assets, educational materials and other informational updates about trading on the Platform and the ongoing development of Crypto Assets and Crypto Asset trading markets.

Platform Operations

38. All Crypto Contracts entered into by Clients and orders to buy or sell Crypto Assets are placed with the Filer through the Platform.

39. Clients are able to submit buy and sell orders, either in units of the Crypto Assets or in Canadian dollars, and hold, deposit and withdraw units of the Crypto Assets, 24 hours a day, seven days a week (or where applicable, for fiat currency, during banking hours).

40. Clients purchasing Crypto Assets through the Platform can send funds by wire transfer or e-transfer, and the funds received are held in the manner described in representation 80.

41. Clients deposit their Crypto Assets to unique hot wallet addresses assigned to them by the Platform and the Filer moves the Crypto Asset from this wallet after receipt and assigns the value of the Crypto Asset in the Clients' respective account balances on the Platform.

42. The Filer does not maintain inventory of the Crypto Assets offered on the Platform, but instead, relies on third-party crypto asset trading firms or marketplaces (**Liquidity Providers**) to act as sellers of Crypto Assets that may be purchased by the Filer for its Clients. Liquidity Providers also buy any Crypto Assets from the Filer that Clients wish to sell.

43. The Filer evaluates and will continue to evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks to provide fair and reasonable pricing to its Clients.

44. Clients can enter orders to the Platform by way of a market order which specifies the desired trading pair and quantity.

45. When a Client enters a market order, the Platform's algorithm will obtain current prices for the Crypto Asset from its Liquidity Providers, after which it will incorporate a spread to compensate the Filer and will present this adjusted price to the Client as a firm quote of the price at which the Filer is willing to transact against the Client. If the Client finds the price agreeable, the Client will confirm that it wishes to proceed and the Client's market order at the quoted price will be filled on the Platform. As indicated on the Platform, the price will be refreshed based on new pricing obtained from a Liquidity Provider every 30 seconds, and the Client will be able to transact against the new price. The Filer confirms the transaction with the Liquidity Providers and records in its books and records the particulars of each trade.

46. The Filer has taken and will continue to take reasonable steps to verify that each Liquidity Provider is appropriately registered and/or licensed to trade in the Crypto Assets in their home jurisdiction, or that their activities do not require registration in their home jurisdiction, and that they are not in default of securities legislation in Canada. The Filer will cease using a Liquidity Provider upon the direction of a Director of the Commission when the Commission has concerns relating to the Liquidity Provider.

47. The Filer has verified that each Liquidity Provider has effective policies and procedures to address concerns relating to fair price, fraud and market manipulation.

48. A Crypto Contract is a bilateral contract between a Client and the Filer. The Filer will be the counterparty to all trades entered into by the Clients on the Platform. For each Client transaction, the Filer will be a counterparty to a corresponding Crypto Asset buy or sell transaction with a Liquidity Provider. For each buy or sell transaction initiated by a Client, the Filer buys or sells Crypto Assets with the Liquidity Providers.

Pre-Trade Controls and Settlement

49. The Filer does not, and will not, extend margin, credit or other forms of leverage to Clients in connection with trading Crypto Assets on the Platform, and will not offer derivatives based on Crypto Assets to Clients other than Crypto Contracts.

50. The Filer will promptly, and generally no later than one business day after the trade, settle transactions with the Liquidity Providers on a net basis. Where there are net purchases of Crypto Assets from Liquidity Providers, the Filer arranges for the cash to be transferred to the Liquidity Providers and Crypto Assets to be sent by the Liquidity Providers to the Filer's hot wallets. Where there are net sales of Crypto Assets, the Filer arranges for Crypto Assets to be sent from the Filer's custodian to the Liquidity Providers in exchange for cash received by the Filer from the Liquidity Providers.

51. The Filer is compensated by the spread on trades. The Filer does not currently charge any account opening or maintenance fees, commissions, or other charges of any kind to its Clients. The Filer's Clients can check the quoted prices for Crypto Assets on the Platform against the prices available on other Registered CTPs in Canada.

52. Clients are permitted to transfer into their Client Account with the Filer Crypto Assets purchased outside the Platform and withdraw from their Client Account with the Filer any Crypto Assets they have purchased or received through the Platform.

53. Clients have the option to instruct the Filer to transfer their Crypto Assets held by the Filer to any wallet address on the relevant blockchain specified by the Client.

54. Prior to transferring Crypto Assets out of a Client Account, the Filer conducts a secondary verification of the blockchain address and screens the blockchain address specified by the transferring Client using blockchain forensics software. The Filer has expertise in and has developed anti-fraud and anti-money laundering monitoring systems, for both fiat and Crypto Assets, to reduce the likelihood of fraud, money laundering, or client error in sending or receiving Crypto Assets to incorrect wallet addresses.

55. Consistent with industry best practice, the Filer will maintain only a small portion of Clients' Crypto Assets in hot wallets to serve the liquidity needed to immediately deliver Client transactions to the blockchain, and will maintain at least 80% in cold storage with its Acceptable Third-party Custodian (as is further described in representation 70).

56. The Filer's books and records record all of the trades executed on the Platform. No order will be accepted by the Filer unless there are sufficient cash balances or Crypto Assets available in the Client Account to complete the transaction.

57. The Filer does not allow Clients to enter short sell orders with respect to any Crypto Asset.

58. The Filer has established written standards for access to the Platform and related services, and will establish, maintain and ensure compliance with policies and procedures to ensure participants are onboarded to the Platform and related services in accordance with those written standards.

59. The Filer has established and maintains and ensures compliance with policies and procedures that identify and manage material conflicts of interest arising from the operation of the Platform and the related services it provides, including conflicts between the interests of its owners, its commercial interests and the responsibilities and sound functioning of the Platform and related services.

60. In addition to the Risk Statement, the Crypto Asset Statement, the account appropriateness assessment described in representations 30 to 37, the KYP assessments described in representations 18 to 23, the Client Limits described in representations 30(d) and 36, and the ongoing education initiatives described in representations 30 to 37, the Filer also monitors Client activity, and contacts Clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the Client, or that additional education is required. The outcome of this engagement with a Client may result, in some cases, in a decision by the Filer to close a Client's account.

61. The Filer keeps books, records and other documents to accurately record its business activities, financial affairs and Client transactions and to demonstrate the extent of the firm's compliance with applicable requirements of securities legislation including, but not limited to:

    (a) records of all investors granted or denied access to the Platform;

    (b) daily trading summaries of all Crypto Assets traded, with transaction volumes and values;

    (c) records of all orders and trades, including the price, volume, times when the orders are entered, matched, cancelled or rejected and the identifier of the Client that entered the order or that was counterparty to the trade; and

    (d) records of assets held on behalf of Clients, including the location of such assets, with such assets regularly reconciled to the records of the Acceptable Third-party Custodians or to the assets held by Cybrid.

Reports to Clients

62. As of the date of this Decision, Clients will receive electronic trade confirmations and monthly statements setting out the details of the transaction history in their Client Account with the Filer. Using the website, Clients will also have access to a complete record of all transactions in their account, including all transfers in of fiat or Crypto Assets, all purchases, sales and withdrawals, and the relevant prices in respect of such transactions.

63. On a continuous basis, except during rare moments where the Platform is not available to allow for systems maintenance, Clients have access to information relating to their Client Accounts, including a list of all Crypto Assets, transaction details and history.

Custody of Fiat Currency and the Crypto Assets

64. The Filer intends to hold Crypto Assets (i) in an account clearly designated for the benefit of Clients or in trust for Clients, (ii) separate and apart from the assets of non-Canadian clients, (iii) separate and apart from its own assets and from the assets of any custodial service provider. The Filer does not and will not pledge, re-hypothecate or otherwise use any Crypto Assets held on behalf of its Clients.

65. The Filer has established and will apply policies and procedures that manage and mitigate custodial risks, including but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets. The Filer also maintains appropriate policies and procedures related to information technology (**IT**) security, cyber-resilience, disaster recovery capabilities and business continuity plans. The Filer's policies and procedures ensure and will ensure that all Client Crypto Assets held in its hot wallets and with the Custodian are Clients' assets.

66. The Filer intends to retain services of third-party custodians to hold not less than 80% of the total value of Crypto Assets on behalf of the Filer's Clients. The Filer will use Coinbase Custody Trust Company LLC (the **Custodian**) as custodian to hold Clients' Crypto Assets in cold storage and will use other custodians as necessary after reasonable due diligence. Up to 20% of the Filer's total Client Crypto Assets may be held online in hot wallets secured by Fireblocks LLC (**Fireblocks**).

67. The Filer has completed the initial steps to onboard with a qualified custodian in order to custody client's fiat balances. The Filer's ability to complete onboarding is conditional on the Commission's approval of the Filer's application for registration. Subject to the Commission's approval, onboarding will be immediately prioritized and completed prior to commencing business operations.

68. The Custodian is licensed as a limited purpose trust company with the New York State Department of Financial Services.

69. The Custodian has completed a Service Organization Controls (**SOC**) Report under the SOC 1 – Type 2 and SOC 2 – Type 2 standards from a leading global audit firm.

70. The Filer will not open accounts for Clients or trade in Crypto Assets or Crypto Contracts until it has executed and implemented a custodial agreement with an Acceptable Third-Party Custodian that would permit the Filer to comply with policies and procedures in representation 65 and conditions K and L of this Decision.

71. The Filer has conducted due diligence on the Custodian, including, among others, the Custodian's policies and procedures for holding Crypto Assets and a review of the Custodian's SOC 2 - Type 2 examination reports. The Filer has not identified any material concerns. The Filer has assessed that the Custodian meets the definition of an Acceptable Third-party Custodian.

72. The Filer has established, and will maintain and apply, policies and procedures that are reasonably designed to ensure the Custodian's records related to Crypto Assets that the Custodian holds in trust for Clients of the Filer are accurate and complete.

73. The Custodian operates custody accounts for the Filer to use for the purpose of holding the Clients' Crypto Assets in trust for Clients of the Filer.

74. The Crypto Assets that the Custodian will hold in trust for the Clients of the Filer will be held in segregated omnibus accounts in the name of the Filer in trust for or for the benefit of the Filer's Clients and will be held separate and distinct from the assets of the Filer, the Filer's Affiliates, the Custodian, and the assets of other Clients of the Custodian.

75. The Custodian has established and applies policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents. The Custodian has established and applies written disaster recovery and business continuity plans.

76. The Filer has assessed the risks and benefits of using the Custodian and has determined that in comparison to a Canadian custodian, it is more beneficial to use the Custodian, a U.S. custodian, to hold Crypto Assets the Custodian supports, for the benefit of Clients than using a Canadian custodian.

77. All Client cash that will be held by the Filer will be held by a Canadian financial institution in a designated trust account, in the name of the Filer in trust for Clients of the Filer and separate and apart from the Filer's fiat currency balances.

78. Coinbase Global Inc., the parent company of the Custodian, maintains US$320 million of insurance (per-incident and overall) which covers losses of assets held by the Custodian, on behalf of its clients due to third-party hacks, copying or theft of private cryptographic keys, insider theft or dishonest acts by the Custodian's employees or executives and loss of cryptographic keys. The Filer has assessed the Custodian's insurance policy and has determined, based on information that is publicly available and on information provided by the Custodian and considering the scope of the Custodian's business, that the amount of insurance is appropriate.

79. The Filer confirms on a daily basis that Clients' Crypto Assets held with the Custodian and held by the Filer reconcile with the Filer's books and records to ensure that all Clients' Crypto Assets are accounted for. Clients' Crypto Assets held in trust for their benefit in hot wallets and with the Custodian are deemed to be the Clients' Crypto Assets in case of the insolvency or bankruptcy of the Filer or of the Custodian.

80. Clients are permitted to transfer into their Client Account with the Filer, Crypto Assets they obtained outside the Platform or withdraw from their Client Account with the Filer, Crypto Assets they have purchased pursuant to their Crypto Contracts with the Filer or previously deposited with the Filer. The Filer may not support transfers for all Crypto Assets. Upon request by a Client, the Filer will promptly deliver possession and/or control of the Crypto Assets purchased under a Crypto Contract to a blockchain address specified by the Client, subject to first satisfying all applicable legal and regulatory requirements, including anti-money laundering requirements and anti-fraud controls.

81. The Filer licenses software from Fireblocks which includes a crypto asset wallet that stores private and public keys and interacts with various blockchains to send and receive crypto assets and monitor balances. Fireblocks uses secure multiparty computation to share signing responsibility for a particular blockchain address among multiple independent persons.

82. Fireblocks has obtained a SOC report under the SOC 2 Type 2 standards from a leading global audit firm. The Filer has reviewed a copy of the SOC 2 Type 2 audit report prepared by the auditors of Fireblocks, and has not identified any material concerns.

83. Fireblocks has insurance coverage in the amount of US$30 million in aggregate which, in the event of theft of crypto assets from hot wallets secured by Fireblocks, will be distributed among applicable Fireblocks customers, which could include the Filer, pursuant to an insurance settlement agreement.

84. The Filer has licensed software from Digital Assets Services Limited (trading as Coincover) (**Coincover**) to provide additional security for cryptographic keys to Crypto Assets held by the Filer using Fireblocks, including key pair creation, key pair storage, device access recovery and account access recovery. Coincover is based in the United Kingdom and is regulated by the U.K. Financial Conduct Authority.

85. Backup cryptographic key material for the Filer's hot wallets is secured by Coincover and 100% guaranteed against loss or theft by a leading global insurance provider.

86. Coincover also acts as a backup provider ensuring access to wallets provided by Fireblocks, should access to the wallets provided by Fireblocks be compromised.

87. For Crypto Assets held by the Filer, whether directly in hot wallets secured by Fireblocks or indirectly through the Custodian in cold storage, the Filer:

    (a) holds Crypto Assets or ensures that the Crypto Assets are held in trust for its Clients, and separate and distinct from the assets of the Filer;

    (b) ensures there is appropriate insurance to cover the loss of Crypto Assets; and

    (c) has established and applies written policies and procedures that manage and mitigate the custodial risk, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian and to mitigate security breaches and cyber incidents.

88. The insurance obtained by the Filer includes coverage for loss or theft of the Crypto Assets in accordance with the terms of the Filer's insurance policy and the Filer has assessed the insurance coverage to be sufficient to cover the loss of Crypto Assets, whether held directly by the Filer or indirectly through the Custodian.

Capital Requirements

89. The Filer will exclude from the excess working capital calculation all the Crypto Assets, it holds for which there is no offsetting by a corresponding current liability, such as Crypto Assets held for its Clients as collateral to guarantee obligations under Crypto Contracts, included on line 1, Current assets, of Form 31-103F1. This will result in the exclusion of all the Crypto Assets in inventory, held by the Filer from comprising any part of the Filer's excess working capital in Form 31-103F1 (Schedule 1, line 9).

No Marketplace or Clearing Agency

90. The Filer does not and will not operate a "marketplace" as that term is defined in Subsection 1(1) of the Act because it will not:

    (a) perform the activities commonly understood to be acting as an exchange or quotation and trading reporting system,

    (b) execute trades of exchange-traded securities outside of a marketplace, or

(c) constitute, maintain or provide a market or facility for bringing together buyers and sellers of securities (or crypto assets generally, for that matter), bring together the orders for securities (or crypto assets generally) of multiple buyers and sellers, and use established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade.

91. The Filer will not operate a "clearing agency" as that term is defined under the Act. Any clearing or settlement activity conducted by the Filer is incidental to the Filer engaging in the business of a CTP. Any activities of the Filer that may be considered the activities of a clearing agency are related to the Filer arranging or providing for settlement of obligations resulting from agreements entered into on a bilateral basis without a central counterparty.

Decision

The Commission is satisfied that the Decision satisfies the test set out in the Legislation for the regulator to make the Decision.

The Decision of the Commission under the Legislation is that the Requested Relief is granted, provided that the Filer complies with following conditions:

General

A. Unless otherwise exempted by a further decision of the Commission, the Filer complies with all of the terms, conditions, restrictions and requirements applicable to a registered dealer under securities legislation, including the Legislation, and any other terms, conditions, restrictions or requirements imposed by the Commission on the Filer.

B. The Filer is registered as a restricted dealer or investment dealer in the Jurisdiction in which the Client is resident.

C. The Filer will not rely on section 4.7(1) of Multilateral Instrument 11-102 *Passport System* to passport this Decision into another Canadian jurisdiction without the prior written consent of the regulator or securities regulatory authority in that jurisdiction.

D. The Filer will work actively and diligently with the Commission and CIRO to transition the Filer's registration to investment dealer registration and obtain CIRO membership.

E. The Filer will only engage in business activities governed by securities legislation as described in the representations above. The Filer will seek the appropriate approvals from the Commission and, if required under securities legislation, the regulator or securities regulatory authority of any other jurisdiction of Canada, prior to undertaking any other activity governed by securities legislation. The Filer will not offer derivatives based on Crypto Assets other than Crypto Contracts.

F. The Filer, and any employee, agent or other representatives of the Filer, will not provide recommendations or advice to any Client or prospective Client.

G. The Filer will only trade in Crypto Assets or Crypto Contracts based on Crypto Assets that (i) are not securities or derivatives, or (ii) are Value-Referenced Crypto Assets, provided that the Filer does not allow Clients to buy or deposit, or enter into Crypto Contracts to buy or deposit, Value-Referenced Crypto Assets that do not satisfy the terms and conditions set out in Appendix D.

H. The Filer will not operate a "marketplace" as the term is defined in National Instrument 21-101 *Marketplace Operation* and in subsection 1(1) of the Act, nor will it operate a "clearing agency" as that term is defined in the Act.

I. The Filer has and will continue to confirm that it is not liable for the debt of an Affiliate or Affiliates that could have a material negative effect on the Filer. The Filer will notify the Commission, promptly, of any material breach or failure of the Filer's or its Affiliate's system of controls or supervision that could have a material impact on the Filer. If a breach or failure does occur, the Filer will notify the Commission of what steps have been taken to address such breach or failure.

J. Prior to making the Platform available to Clients, the Filer will retain the services of (a) an Acceptable Third-party Custodian to custody Clients' Crypto Assets and (b) a qualified custodian as defined in NI 31-103 to custody Clients' fiat balances.

K. At all times, the Filer will hold not less than 80% of the total value of all Crypto Assets held on behalf of its Clients with one or more custodians that meets the definition of an Acceptable Third-party Custodian, unless the Filer has obtained the prior written approval of a Director of the Commission to hold a different percentage with an Acceptable Third-party Custodian or has obtained the prior written approval of a Director of the Commission to hold at least 80% of the total value of Crypto Assets with an entity that does not meet certain criteria of an Acceptable Third-party Custodian.

L. Before the Filer holds Crypto Assets with an Acceptable Third-party Custodian, the Filer will take reasonable steps to verify that the custodian:

(a) will hold the Crypto Assets for its Clients (i) in an account clearly designated for the benefit of the Filer's Clients or in trust for the Filer's Clients, (ii) separate and apart from the assets of the Filer, the Filer's Affiliates, and the custodian's other clients, and (iii) separate and apart from the custodian's own assets and from the assets of any custodial service provider;

(b) has appropriate insurance to cover the loss of Crypto Assets held at the custodian;

(c) has established and applies written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian; and

(d) meets each of the requirements to be an Acceptable Third-party Custodian, except for those criteria in respect of which the custodian does not meet and a Director of the Commission has provided prior written approval for use of the custodian.

M. The Filer will promptly notify the Commission if the U.S. Securities and Exchange Commission; the U.S. Commodity Futures Trading Commission, the Financial Industry Regulatory Authority, Inc.; the National Futures Association, the New York State Department of Financial Services or any other regulatory authority applicable to a custodian of the Filer makes a determination that (i) the custodian is not permitted by that regulatory authority to hold Client Crypto Assets, or (ii) if there is a change in the status of the custodian as a regulated financial institution. In such a case, the Filer will identify a suitable alternative custody provider that meets the definition of an Acceptable Third-party Custodian to hold the Crypto Assets.

N. For the Crypto Assets held by the Filer, the Filer will:

(a) hold the Crypto Assets for the benefit of and in trust for its Clients separate and distinct from the assets of the Filer;

(b) ensure there is appropriate insurance to cover the loss of Crypto Assets held by the Filer; and

(c) have established and apply written policies and procedures that manage and mitigate the custodial risks, including, but not limited to, an effective system of controls and supervision to safeguard the Crypto Assets for which it acts as custodian.

O. The Filer will only use Liquidity Providers that it has verified are registered and/or licensed, to the extent required in their respective home jurisdictions, to execute trades in the Crypto Assets and are not in default of securities legislation in Canada, and will promptly stop using a Liquidity Provider if

(a) the Filer is made aware that the Liquidity Provider is, or

(b) a court, regulator or securities regulatory authority in any jurisdiction of Canada determines it to be,

not in compliance with securities legislation.

P. The Filer will evaluate the price obtained from its Liquidity Providers on an ongoing basis against global benchmarks and will provide fair and reasonable prices to its Clients.

Q. The Filer will assess liquidity risk and concentration risk posed by Liquidity Providers. The liquidity and concentration risks assessment will consider trading volume data as provided in paragraph 1(e) of Appendix B and complete a historical analysis of each Liquidity Provider and a relative analysis between the Liquidity Providers. Consideration should be given to whether the Liquidity Provider has issued its own Proprietary Tokens and to consider limiting reliance on those Liquidity Providers.

R. Before each prospective Client opens a Client Account, the Filer will deliver to the Client a Risk Statement, and will require the Client to provide electronic acknowledgement of having received, read and understood the Risk Statement.

S. The Risk Statement delivered as set out in condition R will be prominent and separate from other disclosures given to the Client as part of the account opening process, and the acknowledgement will be separate from other acknowledgements by the Client as part of the account opening process.

T. A copy of the Risk Statement acknowledged by a Client in accordance with representation 31 will be electronically delivered to the Client, be made available to the Client in the same place as the Client's other statements and easily available to the Client upon request. The latest version of the Risk Statement will be continuously and easily available to Clients on the Platform and upon request.

U. Before a Client enters into a Crypto Contract to buy a Crypto Asset, the Filer will provide instructions for the Client to read the Crypto Asset Statement for the Crypto Asset, which will include a link to the Crypto Asset Statement on the Platform and its website and includes the information set out in representation 35.

V. The Filer will promptly update the Risk Statement and each Crypto Asset Statement to reflect any material changes to the disclosure or include any material risks that may develop with respect to the Crypto Contracts, the Terms of Use or the Crypto Assets and,

(a) in the event of any update to the Risk Statement, will promptly notify each existing Client of the update and deliver to them a copy and a link to the updated Risk Statement, and

(b) in the event of any update to a Crypto Asset Statement, will promptly notify Clients through email notification of the update on the Platform and, deliver to them a link to the updated Crypto Asset Statement.

W. Prior to the Filer delivering a Risk Statement to a Client, the Filer will deliver, or will have previously delivered, a copy of the Risk Statement delivered to the Client to the Commission.

X. For each Client, the Filer will perform an account appropriateness assessment as described in representation 30, prior to opening a Client Account, on an ongoing basis and at least every twelve months.

Y. The Filer will apply and monitor Client Limits as set out in representation 30(d).

Z. The Filer will monitor client activity and contact Clients to discuss their trading behaviour if it indicates a lack of knowledge or understanding of Crypto Asset trading, in an effort to identify and deter behaviours that may indicate that trading a Crypto Contract is not appropriate for the client, or that additional education is required.

AA. The Filer will ensure that the maximum amount of Crypto Assets, excluding Specified Crypto Assets, that a Client, other than a permitted client or a Registered CTP, may purchase and sell on the Platform (calculated on a net basis and is an amount not less than $0) in the preceding 12 months does not exceed a net acquisition cost of $30,000.

BB. The first trade of a Crypto Contract is deemed to be a distribution under securities legislation of Ontario.

CC. The Filer will provide the Commission with at least 30 days' prior written notice of any:

(a) change of or use of a new custodian; or

(b) material changes to the Filer’s ownership, its business operations, including its systems, or its business model.

DD. The Filer will notify the Commission, promptly, of any material breach or failure of its or its custodian’s system of controls or supervision, and what steps have been taken by the Filer to address each such breach or failure. The loss of any amount of Crypto Assets will be considered a material breach or failure.

EE. The Filer will evaluate Crypto Assets as set out in its KYP Policy and described in representations 18 to 23.

FF. The Filer will not trade Crypto Assets or Crypto Contracts based on Crypto Assets with a Client, without the prior written consent of a Director of the Commission, where the Crypto Assets was issued by or on behalf of a person or company that is or has in the last five years been the subject of an order, judgment, decree, sanction, fine, or administrative penalty imposed by, or has entered into a settlement agreement with, a government or government agency, administrative agency, self-regulatory organization, administrative tribunal or court in Canada or in a Specified Foreign Jurisdiction in relation to a claim based in whole or in part on fraud, theft, deceit, aiding and abetting or otherwise facilitating criminal activity, misrepresentation, violation of anti-money laundering laws, conspiracy, breach of trust, breach of fiduciary duty, insider trading, market manipulation, unregistered trading, illegal distributions, failure to disclose material facts or changes, or allegations of similar conduct.

GG. The Filer will not engage in trades that are part of, or designed to facilitate, the creation, issuance or distribution of Crypto Assets by the developer(s) of the Crypto Asset, its issuer or Affiliates or associates of such persons.

HH. Except to allow Clients to liquidate their positions in an orderly manner in those Crypto Contracts or transfer such Crypto Assets to a blockchain address specified by the Client, the Filer will promptly stop trading Crypto Contracts where the underlying is a Crypto Asset that (i) the Filer determines it to be, (ii) a court, regulator or securities regulatory authority in any jurisdiction of Canada or the foreign jurisdiction with which the Crypto Asset has the most significant connection determines it to be, or (iii) the Filer is made aware or is informed that the Crypto Asset is viewed by a regulator or securities regulatory authority to be, (i) a security and/or derivative, or (ii) a Value-Referenced Crypto Asset that does not satisfy the conditions set out in condition G.

II. The Filer will exclude from the excess working capital calculation all the Crypto Assets, including Proprietary Tokens and all Value-Referenced Crypto Assets, it holds for which there is no offsetting by a corresponding current liability, as described in representation 89.

Reporting

JJ. The Filer will deliver the reporting as set out in Appendix B.

KK. Within 7 calendar days from the end of each month, the Filer will deliver to the Commission, a report of all Client Accounts for which the Client Limit established pursuant to representation 30(d) were exceeded during that month.

LL. The Filer will deliver to the Commission within 30 days of the end of each March, June, September and December, either (a) blackline copies of changes made to the policies and procedures on the operations of its wallets that were previously delivered to the Commission or (b) a nil report stating no changes have been made to its policies and procedures on the operations of its wallets in the quarter.

MM. In addition to any other reporting required by the Legislation, the Filer will provide, on a timely basis, any report, data, document or information to the Commission, including any information about the Filer's custodians and the Crypto Assets held by the custodians, that may be requested by the Commission from time to time as reasonably necessary for the purpose of monitoring compliance with the Legislation and the conditions in the Decision, in a format acceptable to the Commission.

NN. Upon request, the Filer will provide the Commission with aggregated and/or anonymized data concerning Client demographics and activity on the Platform that may be useful to advance the development of a Canadian regulatory framework for trading Crypto Assets.

OO. The Filer will promptly make any changes to its business practices or policies and procedures that may be required to address investor protection concerns that may be identified by the Filer or by the Commission arising from the operation of the Platform.

Time limited relief

PP. The Filer will, if it intends to operate the Platform in Ontario after the expiry of this Decision, take the following steps:

(a) submit an application to the Commission to become registered as an investment dealer no later than 6 months after the date of this Decision;

(b) submit an application with CIRO to become a dealer member no later than 6 months after the date of this Decision; and

(c) work actively and diligently with the Commission and CIRO to transition the Platform to investment dealer registration and obtain membership with CIRO.

QQ. The Decision shall expire two years from the date of this Decision.

RR. The Decision may be amended by the Commission from time to time upon prior written notice to the Filer.

In respect of the Requested Relief:

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

OSC File #: 2023/0091

APPENDIX A

SPECIFIED CRYPTO ASSETS

- Bitcoin
- Ether
- Bitcoin Cash
- Litecoin
- A Value-Referenced Crypto Asset that complies with condition G

APPENDIX B

REPORTING

1. Commencing with the quarter ending March 31, 2025, the Filer will deliver the following information to the Commission in an agreed form and manner specified by the Commission with respect to Clients, within 30 days of the end of each March, June, September and December:

   (a) aggregate reporting of activity conducted pursuant to the Platform's operations that will include the following:

      (i) number of Client Accounts opened each month in the quarter;

      (ii) number of Client Accounts frozen or closed each month in the quarter;

      (iii) number of Client Account applications rejected by the Platform each month in the quarter based on the Account Appropriateness Factors;

      (iv) number of trades each month in the quarter;

      (v) average value of the trades in each month in the quarter;

      (vi) number of Client Accounts with a net acquisition cost greater than $30,000 of Crypto Assets at the end of each month in the quarter;

      (vii) number of Client Accounts that in the preceding 12 months, excluding Specified Crypto Assets, exceeded a net acquisition cost of $30,000 at the end of each month in the quarter;

      (viii) number of Client Accounts at the end of each month in the quarter;

      (ix) number of Client Accounts with no trades during the quarter;

      (x) number of Client Accounts that have not been funded at the end of each month in the quarter; and

      (xi) number of Client Accounts that hold a positive amount of Crypto Assets at end of each month in the quarter; and

      (xii) number of Client Accounts that exceeded their Client limit at the end of each month in the quarter.

   (b) the details of any Client complaints received by the Filer during the calendar quarter and how such complaints were addressed;

   (c) a listing of all blockchain addresses, except for deposit addresses, that hold Crypto Assets on behalf of Clients, including all hot and cold wallets;

   (d) the details of any fraudulent activity or cybersecurity incidents on the Platform during the calendar quarter, any resulting harms and effects on Clients, and the corrective measures taken by the Filer to remediate such activity or incident and prevent similar activities or incidents from occurring in the future; and

   (e) the details of the transaction volume per Liquidity Provider, per Crypto Asset during the quarter.

2. The Filer will deliver to the Commission, in an agreed form and manner specified by the Commission, a report that includes the anonymized account-level data for the Platform's operations for each Client within 30 days of the end of each March, June, September and December for data elements outlined in **Appendix C**.

APPENDIX C

DATA ELEMENT DEFINITIONS, FORMATS AND ALLOWABLE VALUES

Number	Data Element Name	Definition for Data Element1[1]	Format	Values	Example
Data Elements Related to each Unique Client					
1.	Unique Client Identifier	Alphanumeric code that uniquely identifies a client.	Varchar(72)	An internal client identifier code assigned by the CTP to the client. The identifier must be unique to the client.	ABC1234
	Unique Account Identifier	Alphanumeric code that uniquely identifies an account.	Varchar(72)	A unique internal identifier code which pertains to the client's account. There may be more than one Unique Account Identifier linked to a Unique Client Identifier.	ABC1234
	Jurisdiction	The Province or Territory where the client, head office or principal place of business is, or under which laws the client is organized, or if an individual, their principal place of residence.	Varchar(5)	Jurisdiction where the client is located using ISO 3166-2 - See the following link for more details on the ISO standard for Canadian jurisdictions codes. https://www.iso.org/obp/ui/#iso:code:3166:CA	CA-ON
Data Elements Related to each Unique Account					
	Account Open Date	Date the account was opened and approved to trade.	YYYY-MM-DD, based on UTC	Any valid date based on ISO 8601 date format	2022-10-27
	Cumulative Realized Gains/Losses	Cumulative Realized Gains/Losses from purchases, sales, deposits, withdrawals and transfers in and out, since the account was opened as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in, transfers out, deposits and withdrawals of the Digital Token to determine the cost basis or the realized gain or loss.	205333
	Unrealized Gains/Losses	Unrealized Gains/Losses from purchases, deposits and transfers in as of the end of the reporting period.	Num(25,0)	Any value rounded to the nearest dollar in CAD. Use the market value at the time of transfers in or deposits of the Digital Token to determine the cost basis.	-30944

[1] Note: Digital Token refers to either data associated with a Digital Token, or a Digital Token referenced in an investment contract.

Number	Data Element Name	Definition for Data Element1[1]	Format	Values	Example
	Digital Token Identifier	Alphanumeric code that uniquely identifies the Digital Token held in the account.	Char(9)	Digital Token Identifier as defined by ISO 24165. See the following link for more details on the ISO standard for Digital Token Identifiers. https://dtif.org/	4H95J0R2X
Data Elements Related to each Digital Token Identifier Held in each Account					
	Quantity Bought	Number of units of the Digital Token bought in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	4358.326
	Number of Buy Transactions	Number of transactions associated with the Quantity Bought during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	400
	Quantity Sold	Number of units of the Digital Token sold in the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	125
	Number of Sell Transactions	Number of transactions associated with the Quantity Sold during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	3325
	Quantity Transferred In	Number of units of the Digital Token transferred into the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	10.928606
	Number of Transactions from Transfers In	Number of transactions associated with the quantity transferred into the account during the reporting period	Num(25,0)	Any value greater than or equal to zero.	3
	Quantity Transferred Out	Number of units of the Digital Token transferred out of the account during the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	603
	Number of Transactions from Transfers Out	Number of transactions associated with the quantity transferred out of the account during the reporting period.	Num(25,0)	Any value greater than or equal to zero.	45
	Quantity Held	Number of units of the Digital Token held in the account as of the end of the reporting period.	Num(31,18)	Any value greater than or equal to zero up to a maximum number of 18 decimal places.	3641.25461

Number	Data Element Name	Definition for Data Element1[1]	Format	Values	Example
	Value of Digital Token Held	Value of the Digital Token held as of the end of the reporting period.	Num(25,0)	Any value greater than or equal to zero rounded to the nearest dollar in CAD. Use the unit price of the Digital Token as of the last business day of the reporting period multiplied by the quantity held as reported in (16).	45177788
	Client Limit	The Client Limit established on each account.	Num(25,2)	Any value greater than or equal to zero rounded to the nearest dollar in CAD, or if a percentage, in decimal format.	0.50
	Client Limit Type	The type of limit as reported in (18)	Char(3)	AMT (amount) or PER (percent).	PER

APPENDIX D

TERMS AND CONDITIONS FOR TRADING VALUE-REFERENCED CRYPTO ASSETS WITH CLIENTS

1. The Filer establishes that all of the following conditions are met:

   (a) The Value-Referenced Crypto Asset references, on a one-for-one basis, the value of a single fiat currency (the "reference fiat currency");

   (b) The reference fiat currency is the Canadian dollar or United States dollar;

   (c) The Value-Referenced Crypto Asset entitles a Value-Referenced Crypto Asset holder who maintains an account with the issuer of the Value-Referenced Crypto Asset to a right of redemption, subject only to reasonable publicly disclosed conditions, on demand directly against the issuer of the Value-Referenced Crypto Asset or against the reserve of assets, for the reference fiat currency on a one-to-one basis, less only any fee that is publicly disclosed by the issuer of the Value-Referenced Crypto Asset, and payment of the redemption proceeds within a reasonable period as disclosed by the issuer of the Value-Referenced Crypto Asset;

   (d) The issuer of the Value-Referenced Crypto Asset maintains a reserve of assets that is:

      (i) in the reference fiat currency and is comprised of any of the following:

         (1) cash;

         (2) investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada or the government of the United States;

         (3) securities issued by one or more Money Market Funds licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or

         (4) such other assets that the principal regulator of the Filer and the regulator or securities regulatory authority in each Canadian jurisdiction where clients of the Filer reside has consented to in writing;

   (e) all of the assets that comprise the reserve of assets are:

      (i) measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises or U.S. GAAP at the end of each day,

      (ii) held with a Qualified Custodian,

      (iii) held in an account clearly designated for the benefit of the Value-Referenced Crypto Asset holders or in trust for the Value-Referenced Crypto Asset holders,

      (iv) held separate and apart from the assets of the issuer of the Value-Referenced Crypto Asset and its Affiliates and from the reserve of assets of any other Crypto Asset, so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with experts such as legal counsel, no creditors of the issuer other than the Value-Referenced Crypto Asset holders in their capacity as Value-Referenced Crypto Asset holders, will have recourse to the reserve of assets, in particular in the event of insolvency, and

      (v) not encumbered or pledged as collateral at any time; and

   (f) the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding units of the Value-Referenced Crypto Asset at least once each day.

2. The issuer of the Value-Referenced Crypto Asset makes all of the following publicly available:

   (a) details of each type, class or series of the Value-Referenced Crypto Asset, including the date the Value-Referenced Crypto Asset was launched and key features and risks of the Value-Referenced Crypto Asset;

   (b) the quantity of all outstanding units of the Value-Referenced Crypto Asset and their aggregate nominal value at least once each business day;

(c) the names and experience of the persons or companies involved in the issuance and management of the Value-Referenced Crypto Asset, including the issuer of the Value-Referenced Crypto Asset, any manager of the reserve of assets, including any individuals that make investment decisions in respect of the reserve of assets, and any custodian of the reserve of assets;

(d) the quantity of units of the Value-Referenced Crypto Asset held by the issuer of the Value-Referenced Crypto Asset or any of the persons or companies referred to in paragraph (c) and their nominal value at least once each business day;

(e) details of how a Value-Referenced Crypto Asset holder can redeem the Value-Referenced Crypto Asset, including any possible restrictions on redemptions such as the requirement for a Value-Referenced Crypto Asset holder to have an account with the issuer of the Value-Referenced Crypto Asset and any criteria to qualify to have an account;

(f) details of the rights of a Value-Referenced Crypto Asset holder against the issuer of the Value-Referenced Crypto Asset and the reserve of assets, including in the event of insolvency or winding up;

(g) all fees charged by the issuer of the Value-Referenced Crypto Asset for distributing, trading or redeeming the Value-Referenced Crypto Asset;

(h) whether Value-Referenced Crypto Asset holders are entitled to any revenues generated by the reserve of assets;

(i) details of any instances of any of the following:

(i) the issuer of the Value-Referenced Crypto Asset has suspended or halted redemptions for all Value-Referenced Crypto Asset holders, and

(ii) the issuer of the Value-Referenced Crypto Asset has not been able to satisfy redemption rights at the price or in the time specified in its public policies;

(j) within 45 days of the end of each month, an assurance report from a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America, and that meets the professional standards of that jurisdiction, that complies with all of the following:

(i) provides reasonable assurance in respect of the assertion by management of the issuer of the Value-Referenced Crypto Asset that the issuer of the Value-Referenced Crypto Asset has met the requirements in paragraphs (1)(d)-(f) as at the last business day of the preceding month and at least one randomly selected day during the preceding month,

(ii) the randomly selected day referred to in subparagraph (i) is selected by the public accountant and disclosed in the assurance report,

(iii) for each day referred to in subparagraph (i), management's assertion includes all of the following:

(1) details of the composition of the reserve of assets,

(2) the fair value of the reserve of assets in subparagraph (1)(e)(i), and

(3) the quantity of all outstanding units of the Value-Referenced Crypto Asset in paragraph (b), and

(iv) the assurance report is prepared in accordance with the Handbook, International Standards on Assurance Engagements or attestation standards established by the American Institute of Certified Public Accountants; and

(k) starting with the first financial year ending after December 1, 2023, within 120 days of the issuer of the Value-Referenced Crypto Asset's financial year end, annual financial statements of the issuer of the Value-Referenced Crypto Asset that comply with all of the following:

(i) the annual financial statements include all of the following:

(1) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, each prepared for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any,

(2) a statement of financial position, signed by at least one director of the issuer of the Value-Referenced Crypto Asset, as at the end of the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, if any, and

(3) notes to the financial statements;

(ii) the statements are prepared in accordance with one of the following accounting principles:

(1) Canadian GAAP applicable to publicly accountable enterprises, and

(2) U.S. GAAP;

(iii) the statements are audited in accordance with one of the following auditing standards:

(1) Canadian GAAS,

(2) International Standards on Auditing,

(3) U.S. PCAOB GAAS;

(iv) the statements are accompanied by an auditor's report that:

(1) if (iii)(1) or (2) applies, expresses an unmodified opinion,

(2) if (iii)(3) applies, expresses an unqualified opinion,

(3) identifies the auditing standards used to conduct the audit, and

(4) is prepared and signed by a public accountant that is authorized to sign such a report under the laws of a jurisdiction of Canada or the United States of America.

3. The Crypto Asset Statement includes all of the following:

(a) a prominent statement that no securities regulatory authority or regulator in Canada has evaluated or endorsed the Crypto Contracts or any of the Crypto Assets made available through the platform;

(b) a prominent statement that the Value-Referenced Crypto Asset is not the same as and is riskier than a deposit in a bank or holding cash with the Filer;

(c) a prominent statement that although Value-Referenced Crypto Assets may be commonly referred to as "stablecoins", there is no guarantee that the Value-Referenced Crypto Asset will maintain a stable value when traded on secondary markets or that the reserve of assets will be adequate to satisfy all redemptions;

(d) a prominent statement that, due to uncertainties in the application of bankruptcy and insolvency law, in the event of the insolvency of [Value-Referenced Crypto Asset issuer], there is a possibility that creditors of [Value-Referenced Crypto Asset issuer] would have rights to the reserve assets that could outrank a Value-Referenced Crypto Asset holder's rights, or otherwise interfere with a Value-Referenced Crypto Asset holder's ability to access the reserve of assets in the event of insolvency;

(e) a description of the Value-Referenced Crypto Asset and its issuer;

(f) a description of the due diligence performed by the Filer with respect to the Value-Referenced Crypto Asset;

(g) a brief description of the information in section (2) and links to where the information in that section is publicly available;

(h) a link to where on its website the issuer of the Value-Referenced Crypto Asset will disclose any event that has or is likely to have a significant effect on the value of the Value-Referenced Crypto Asset or on the reserve of assets;

(i) a description of the circumstances where the secondary market trading value of the Value-Referenced Crypto Asset may deviate from par with the reference fiat currency and details of any instances where the secondary market trading value of the Value-Referenced Crypto Asset has materially deviated from par with the reference fiat currency during the last 12 months on the Filer's platform;

(j) a brief description of any risks to the client resulting from the trading of a Value-Referenced Crypto Asset or a Crypto Contract in respect of a Value-Referenced Crypto Asset that may not have been distributed in compliance with securities laws;

(k) any other risks specific to the Value-Referenced Crypto Asset, including the risks arising from the fact that the Filer may not, and a client does not, have a direct redemption right with the issuer of the Value-Referenced Crypto Asset;

(l) a direction to the client to review the Risk Statement for additional discussion of general risks associated with the Crypto Contracts and Crypto Assets made available through the platform;

(m) a statement that the statutory rights in section 130.1 of the Act and, if applicable, similar statutory rights under securities legislation of other Applicable Jurisdictions, do not apply in respect of the Crypto Asset Statement to the extent a Crypto Contract is distributed under the Prospectus Relief in the Decision; and

(n) the date on which the information was last updated.

4. If the Filer uses the term “stablecoin” or “stablecoins” in any information, communication, advertising or social media related to the Platform and targeted at or accessible by Canadian investors, the Filer will also include the following statement (or a link to the following statement when impractical to include):

“Although the term “stablecoin” is commonly used, there is no guarantee that the asset will maintain a stable value in relation to the value of the reference asset when traded on secondary markets or that the reserve of assets, if there is one, will be adequate to satisfy all redemptions.”

5. The issuer of the Value-Referenced Crypto Asset has filed an undertaking in substantially the same form as set out in Appendix B of CSA Notice 21-333 *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients* (CSA SN 21-333) and the undertaking is posted on the CSA website.

6. To the extent the undertaking referred to in section (5) of this Appendix includes language that differs from sections (1) or (2) of this Appendix, the Filer complies with sections (1) and (2) of this Appendix as if they included the modified language from the undertaking.

7. The KYP Policy of the Filer requires the Filer to assess whether the Value-Referenced Crypto Asset or the issuer of the Value-Referenced Crypto Asset satisfies the criteria in sections (1), (2), (5) and (6) of this Appendix on an ongoing basis.

8. The Filer has policies and procedures to facilitate halting or suspending deposits or purchases of the Value-Referenced Crypto Asset, or Crypto Contracts in respect of the Value-Referenced Crypto Asset, as quickly as is commercially reasonable, if the Value-Referenced Crypto Asset no longer satisfies the criteria in sections (1), (2), (5) and (6) of this Appendix.

9. In this Appendix, terms have the meanings set out in Appendix D of CSA SN 21-333.

B.3.3 Ninepoint Partners LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from paragraphs 2.5(2)(a), (a.1) and (c) of National Instrument 81-102 Investment Funds to permit investment funds to invest up to 10% of their respective net asset value, in aggregate, in securities of underlying ETFs that are subject to the U.S. Investment Company Act of 1940 – U.S. underlying ETFs are not IPUs, are not reporting issuers in a Canadian jurisdiction and are not subject to NI 81-102 – Relief granted subject to conditions.

Applicable Legislative Provisions

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

January 17, 2025

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)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the funds listed on Schedule A hereto being a mutual fund (collectively, the **Existing Mutual Funds**) or an alternative mutual fund (collectively, the **Existing Alternative Mutual Funds**, and together with the Existing Mutual Funds, the **Existing Funds**), and such other mutual funds or alternative mutual funds that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer to which National Instrument 81-102 *Investment Funds* applies (collectively, with the Existing Funds, the **Funds** and each, a **Fund**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that grants exemptive relief to the Filer and each Fund:

(a) exempting each Fund from the following provisions of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the Funds to invest in securities of existing and future exchange-traded funds (**ETFs**) that are not index participation units (**IPUs**) and whose securities are, or will be, listed for trading on a stock exchange in the United States (the **Underlying ETFs**):

(i) paragraphs 2.5(2)(a) and (a.1) to permit each Fund to purchase and/or hold securities of an Underlying ETF even though the Underlying ETF is not subject to NI 81-102; and

(ii) paragraph 2.5(2)(c) to permit each Fund to purchase and/or hold securities of a Underlying ETF even though the Underlying ETF is not a reporting issuer in any province of territory of Canada

(collectively, the **Exemption Sought**).

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

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

(b) the Filer has provided notice that 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 **Canadian Jurisdictions**).

Interpretation

Terms defined in MI 11-102, NI 81-102, National Instrument 14-101 *Definitions* and National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) have the same meaning if used in this Application, unless otherwise defined.

Investment Company Act means the United States *Investment Companies Act of 1940.*

Representations

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 or an affiliate or successor of the Filer is, or will be, the manager of the Funds.

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

The Funds

5. Each Fund is, or will be, an investment fund organized and governed by the laws of a Canadian Jurisdiction.

6. Each Fund is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

7. Each Fund is, or will be, a reporting issuer in the Canadian Jurisdictions.

8. Each Fund is, or will be, subject to NI 81-107 *Independent Review Committee for Investment Funds*.

9. The Funds may, from time to time, wish to invest in Underlying ETFs.

10. Each Existing Fund is not in default of applicable securities legislation in any Canadian Jurisdiction.

The Underlying ETFs

11. The securities of an Underlying ETF will not meet the definition of an IPU in NI 81-102 because the purpose of the Underlying ETF will not be to:

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

    (b) invest in a manner that causes the Underlying ETF to replicate the performance of that index.

12. The securities of an Underlying ETF are, or will be, listed on a recognized exchange in the United States and the market for them is, or will be, liquid because it is, or will be, supported by designated brokers. As a result, the Filer expects a Fund to be able to dispose of such securities through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.

13. An Underlying ETF may be managed by the Filer or an affiliate or associate of the Filer, or by a third party investment fund manager.

14. An investment in an Underlying ETF by a Fund will otherwise comply with section 2.5 of NI 81-102, including that:

    (a) no Underlying ETF will hold more than 10% of its net asset value (NAV) in securities of another investment fund unless the Underlying ETF (a) is a clone fund, as defined in NI 81-102, or (b) in accordance with NI 81-102, purchases or holds securities (i) of a money market fund, as defined in NI 81-102, or (ii) that are IPUs issued by an investment fund; and

    (b) no Fund will pay management or incentive fees which to a reasonable person would duplicate a fee payable by an Underlying ETF for the same service.

15. Each Underlying ETF is, or will be, a publicly offered mutual fund subject to the United States Investment Company Act of 1940 (the **Investment Company Act**).

16. Absent the Exemption Sought, an investment by a Fund in an Underlying ETF would:

    (a) be prohibited by paragraphs 2.5(2)(a) or (a.1) of NI 81-102 because such Underlying ETF may not be subject to NI 81-102;

    (b) be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such Underlying ETF may not be a reporting issuer in any Canadian Jurisdiction; and

    (c) not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the Underlying ETF are not IPUs.

17. The key benefits of a Fund investing in the Underlying ETFs are greater choices, improved portfolio diversification and potentially enhanced returns. For example:

    (a) an investment in an Underlying ETF will provide the Fund with access to specialized knowledge, expertise and/or analytical resources of the investment adviser to the Underlying ETF;

    (b) investing through an Underlying ETF provides a potentially better risk profile, diversification and improved liquidity/tradability than direct holdings of asset classes to which the Underlying ETF provides exposure; and

    (c) the investment strategies of the Underlying ETFs offer significantly broader exposure to asset classes, sectors and markets than those available in the existing Canadian market.

18. The Filer submits that having the option to allocate a limited portion of a Fund's assets to one or more Underlying ETFs will increase diversification opportunities and may improve the Fund's overall risk/reward profile.

19. An investment in an Underlying ETF by a Fund is an efficient and cost effective alternative to obtaining exposure to securities held by the Underlying ETF rather than purchasing those securities directly by the Fund.

20. An investment in an Underlying ETF by a Fund should pose limited investment risk to the Fund because each Underlying ETF will be subject to the Investment Company Act, subject to any exemption therefrom that is or may in the future be granted by the applicable securities regulatory authorities.

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 investment by a Fund in securities of an Underlying ETF is in accordance with the investment objective of the Fund;

(b) a Fund does not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the NAV of the Fund, in aggregate, taken at market value at the time of the purchase, would consist of securities of Underlying ETFs;

(c) securities of each Underlying ETF are listed on a recognized exchange in the United States;

(d) each Underlying ETF is, immediately before the purchase by a Fund of securities of that Underlying ETF, an investment company subject to the Investment Company Act in good standing with the United States Securities and Exchange Commission; and

(e) the prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in Underlying ETFs on the terms described in this decision.

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

Application File #: 2025/0015
SEDAR+ File #: 6228282

Schedule A

Existing Mutual Funds

Ninepoint Cannabis & Alternative Health Fund

Ninepoint Diversified Bond Fund

Ninepoint Energy Fund

Ninepoint Global Infrastructure Fund

Ninepoint Gold and Precious Minerals Fund

Ninepoint Cash Management Fund

Ninepoint Gold Bullion Fund

Ninepoint Silver Bullion Fund

Ninepoint Silver Equities Fund

Ninepoint Risk Advantaged U.S. Equity Index Fund

Ninepoint Focused Global Dividend Fund

Ninepoint Resource Fund

Ninepoint Resource Fund Class*

Ninepoint Target Income Fund

Ninepoint Capital Appreciation Fund

Existing Alternative Mutual Funds

Ninepoint Global Macro Fund

Ninepoint Alternative Credit Opportunities Fund

Ninepoint Carbon Credit ETF

Ninepoint Energy Income Fund

*A class of shares of Ninepoint Corporate Class Inc.

B.3.4 Canadian Imperial Bank of Commerce

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – amended and restated relief to permit issuer to distribute Canadian depositary receipts of U.S., European and Japanese underlying issuers qualified by base shelf prospectus and prospectus supplement to investors through the facilities of a marketplace – relief from prospectus delivery requirement in section 71 of the Securities Act (Ontario) and related two-day right of withdrawal and remedies of rescission or damages for non-delivery of the prospectus and related prospectus form requirements – relief from the requirement in section 7.1 of NI 41-101 to distribute securities under a prospectus at a fixed price and the requirement in section 8.1 NI 44-102 to file a pricing supplement – relief from requirement in section 59 of the Securities Act to provide an underwriter's certificate – relief from the requirements in NI 51-102 to deliver continuous disclosure documents – relief from the requirements in section 8.2 of NI 41-101 to cease distribution after a specified period of time – relief from the requirement in section 2.1(1) and 2.1(2) of NI 33-105 that no specified firm registrant shall act as a direct underwriter in a distribution of securities of a connected issuer of the specified firm and that no specified firm registrant shall act as a direct underwriter of a related issuer of the specified firm registrant – relief from section 2.2 of OSC Rule 48-501 that prohibits issuer-restricted persons from purchasing CDRs over a marketplace during the period of the offering – subject to conditions – relief will terminate upon the coming into force of any legislation regulating Canadian depositary receipts.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 59(1), 71(1), 71(2), 133, 144 and 147.
National Instrument 33-105 Underwriter Conflicts Requirements, ss. 2.1(1), 2.1(2) and 5.1(1).
National Instrument 41-101 General Prospectus Requirements, ss. 5.9, 7.2, 8.2 and 19.1.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1; and Item 20 of Form 44-101F1.
National Instrument 44-102 Shelf Distributions, ss. 5.5(2), 5.5(3), 6.7, 8.1 and 11.1.
National Instrument 51-102 Continuous Disclosure Obligations, ss. 4.6 and 5.6.
OSC Rule 48-501 Trading during Distributions, Formal Bids, and Share Exchange Transactions, ss. 2.2 and 5.1.

January 15, 2025

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
CANADIAN IMPERIAL BANK OF COMMERCE
(the Filer)

DECISION

Background

Previous Decision

In 2021, the Filer made an application to the Ontario Securities Commission (the **Commission**) under the securities legislation of the Jurisdiction of the principal regulator and obtained from the Commission, as the principal regulator, a decision In the Matter of Canadian Imperial Bank of Commerce dated July 16, 2021 (the **Previous Decision**) providing relief from the Prospectus Delivery Requirement, the Underwriter's Certificate Requirement, the Pricing Requirements, the Prospectus Form Requirements, the Distribution Time Limit, the Connected Issuer Requirement, the Independent Underwriter Requirement and the 48-501 Purchasing Restrictions (as such terms are defined below), subject to certain terms and conditions.

The Filer has made an application to the Commission to amend and restate the Previous Decision in order to reflect, among other things, revisions to the CDR Issuance Standards to permit the Filer to offer CDRs (as defined below) in respect of Underlying Shares (as defined below) of issuers incorporated or formed in certain global jurisdictions and to enhance continuous disclosure obligations related to assurance and periodic performance reporting in connection with the CDR program.

Relief Sought

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

(a) that the requirements to deliver to the purchaser or its agent the latest prospectus (including applicable prospectus supplements) and any amendment to the prospectus in respect of CDRs (as defined below) that are being distributed (the **Prospectus Delivery Requirement**) do not apply to the Filer or any other person in respect of CDR Distributions (as defined below) conducted on a regulated Canadian marketplace; and related purchaser rights to withdraw from the purchase and sale transaction (**Withdrawal Right**) and any purchaser right of action for rescission or damages (**Right of Action for Non-Delivery**) if the Prospectus Delivery Requirement is not fulfilled or the relevant rescission period has not elapsed do not apply in respect of CDR Distributions conducted on a regulated Canadian marketplace;

(b) that the requirement in section 7.2 of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) to distribute securities under a prospectus at a fixed price and the requirement in section 8.1 of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**) to file a pricing supplement in order to distribute securities under a base shelf prospectus by way of a continuous distribution (the **Pricing Requirements**) do not apply in respect of the CDR Distributions;

(c) that the following prospectus form requirements (collectively, the **Prospectus Form Requirements**) do not apply to the Shelf Prospectus (as defined below), any Prospectus Supplement (as defined below) or an amendment thereto:

  (i) subsection 5.5(2.) and 5.5(3.) of NI 44-102, which each require the inclusion in a base shelf prospectus of statements specified therein related to the delivery to purchasers of one or more applicable prospectus supplements; and

  (ii) the prospectus form requirement that a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed by Item 20 of Form 44-101F1 *Short Form Prospectus* (**Form 44-101F1**) be included in the prospectus;

  provided that the Filer includes in the Shelf Prospectus or an amendment thereto the revised description set out below of a purchaser's statutory rights of withdrawal and remedies for rescission or damages;

(d) exemptive relief from the requirement to identify each underwriter and to include a certificate of an underwriter in the Shelf Prospectus or any Prospectus Supplement for a Series of CDRs (or any amendments or supplements thereto) (the **Underwriter's Certificate Requirement**), provided that the alternative disclosure described below is provided;

(e) that the requirements pursuant to section 4.6 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) to deliver annual financial statements, interim financial reports and the related management's discussion and analysis to registered holders and beneficial owners of the Filer's securities (the **51-102 Delivery Requirements**) do not apply to the Filer in respect of registered holders and beneficial owners of CDRs;

(f) that the requirements pursuant to section 8.2 of NI 41-101 to cease distribution after a specified period of time (not to exceed 180 days from the date of receipt for the final prospectus) if securities are being distributed on a best efforts basis (the **Distribution Time Limit**) does not apply in respect of CDR Distributions;

(g) that the requirement pursuant to section 2.1(1) of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**) that no specified firm registrant shall act as a direct underwriter in a distribution of securities of a connected issuer or a related issuer of the specified firm unless the prescribed disclosure is included in the relevant prospectus (the **Connected Issuer Requirement**) does not apply in respect of CDR Distributions;

(h) that the requirement pursuant to section 2.1(2) of NI 33-105 that no specified firm registrant shall act as a direct underwriter of a related issuer of the specified firm registrant unless certain conditions are satisfied (the **Independent Underwriter Requirement**) does not apply to the Filer or its affiliates in connection with CDR Distributions; and

(i) that the restrictions (the **48-501 Purchasing Restrictions**) imposed by section 2.2 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* (**Rule 48-501**) on issuer-restricted persons bidding for or purchasing CDRs or other restricted securities during the period of the Offerings (as defined below) or attempting to induce or cause a purchase of CDRs or other restricted securities (as such terms are defined in Rule 48-501) do not apply in connection with CDR Distributions.

The Filer has applied for revocation of the Previous Decision effective as of the date that is 30 days after the date of this decision.

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

(a) pursuant to subsection 3.6(3)(b) National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*, as the Filer's head office is located in Ontario, the Ontario Securities Commission is the principal regulator for this application;

(b) the Filer has provided notice that, consistent with the relief granted in the Previous Decision, 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, Nunavut and the Yukon Territory (collectively and together with the Jurisdiction, the **Reporting Jurisdictions**); and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, in National Instrument 13-103 *System for Electronic Data Analysis and Retrieval + (SEDAR+)*, in MI 11-102 or in NI 44-102 have the same meaning if used in this decision, unless otherwise defined herein. References herein to "C$" mean Canadian dollars and references to "US$" mean United States dollars.

Representations

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

The Filer

1. The Filer is a Schedule I bank governed by the *Bank Act* (Canada) that operates as a diversified financial institution directly and through its subsidiaries. The registered and head office of the Filer is located in Toronto, Ontario.

2. The Filer is a reporting issuer or the equivalent under the securities legislation of each Reporting Jurisdiction and is in compliance in all material respects with the applicable requirements of the securities legislation of each Reporting Jurisdiction.

The CDRs

3. The Filer proposes to offer securities of the Filer that are identified as "Canadian Depositary Receipts" (**CDRs**) pursuant to a series of continuous offerings (the **Offerings**).

4. CDRs will be issued in one or more series (each a **Series**), with each Series of CDRs relating to a single class of equity securities (the **Underlying Shares**) of an issuer incorporated or formed outside of Canada (each an **Underlying Issuer**). The Underlying Shares for each Series will be listed for trading in U.S. Dollars or another foreign currency (the **Underlying Currency**) on the principal securities exchange or other trading market for such Underlying Shares identified by the Filer in the related Supplemented Prospectus (the **Primary Trading Market**). **Trading Day** means a Toronto business day that ordinary trading is scheduled to occur on both (i) the primary Canadian securities exchange(s) on which the Filer has decided to list the relevant Series of CDRs as identified for the Series in the related Supplemented Prospectus (as defined below) (each a **Canadian Listing Exchange**), and (ii) the foreign stock exchange which is the Primary Trading Market for the relevant Underlying Shares.

5. Series of CDRs for which the Underlying Issuer is incorporated or formed in the United States and for which the Underlying Shares trade on a U.S. stock exchange in U.S. Dollars are referred to as **U.S. CDRs**. Series of CDRs for which the Underlying Issuer is incorporated or formed outside the United States are referred to as **Global CDRs**.

6. For greater certainty, where Underlying Shares are traded on more than one marketplace, for the purposes of the issuance of a Series of CDRs, the relevant Primary Trading Market will generally be that located in the country in which the Underlying Issuer is incorporated or formed.

7. CDRs are transferrable depositary receipts issued by the Filer and are designed to provide Canadian investors with an efficient alternative to ownership of the Underlying Shares of the Underlying Issuers through Canadian-dollar denominated receipts trading on Canadian markets.

8. Each CDR represents the interest of the holder of the CDR (each, a **CDR Holder**) in the pool of Underlying Shares held for the relevant Series (the **Underlying Share Pool** for the Series) in a segregated securities account (the **Custody**

Account) with a specified Custodian (as defined below) pursuant to the terms of a deposit agreement (a **Deposit Agreement**).

9. CDRs will be issued with a notional currency hedge to Canadian dollars. Each CDR's interest in the pool of Underlying Shares represents a beneficial interest in the relevant Underlying Share Pool with entitlements based on an interest in a number of the Underlying Shares equal to the CDR Ratio (as defined below) for the Series, with a notional currency hedge to Canadian dollars.

10. The **CDR Ratio** in respect of a Series of CDRs will be equal to the initial CDR Ratio specified in respect of such Series of CDRs in the applicable Prospectus Supplement, as automatically adjusted from time to time on the terms set out in the applicable Deposit Agreement. The automatic adjustments to the CDR Ratio will provide an embedded daily notional currency hedge of such Underlying Shares' market value in the relevant Underlying Currency into Canadian dollars (each a **Notional FX Hedge**).

11. An investment in the CDRs of a Series is unlikely to produce investment returns that are identical to those of a comparable investment in the related Underlying Shares due to a number of factors, including differences in trading currency, trading characteristics and operating hours and rules of the Primary Trading Market. Further, there may not be a direct correlation between the trading prices of CDRs of a Series and the related Underlying Shares because of potential tracking differences between the securities, arising from the spread embedded in the Notional FX Hedge, differences between short term interest rates in Canada and in the appliable foreign jurisdiction (which introduce a spread between foreign exchange spot rates and foreign exchange forward rates), currency and equity volatility, and the fact that the Notional FX Hedge is determined once daily at the applicable valuation time on each Trading Day. As a consequence of the foregoing factors, the tracking difference over time could be greater than the spread embedded in the notional forward rate in the Notional FX Hedge. Specific disclosure will be included in the Shelf Prospectus and each Supplemented Prospectus that the percentage return of an investment in Canadian dollars in CDRs of a particular Series over a particular time period may be less than the percentage return of an investment in the Underlying Currency in the Underlying Shares over the same time period due to a number of factors.

12. Each Deposit Agreement sets out the terms of the interests and rights of CDR Holders of the applicable Series, including their entitlements to receive dividends and other distributions in respect of Underlying Shares (which is based on the number of CDRs held multiplied by the applicable CDR Ratio) and, upon the surrender and cancellation of CDRs, the right to withdraw Underlying Shares equal to the number of CDRs held multiplied by the applicable CDR Ratio. In view of the different trading and settlement mechanisms and exchange trading hours across different jurisdictions and the time zone differences between Canada and the jurisdiction in which each Primary Trading Market is located, there will be multiple Deposit Agreements governing CDRs of different Series, although their principal terms will be substantially similar.

13. Each CDR represents an equal undivided direct beneficial interest in the relevant Underlying Share Pool. CDR Holders (individually or collectively) do not have any ownership interest in any particular Underlying Shares or number or fraction thereof, and CDR Holders will not be considered to be shareholders of the Underlying Issuer for the purposes of Canadian or U.S. securities laws (or the securities laws of other applicable jurisdictions in respect of Global CDRs). CDR Holders may not have the same statutory rights and remedies under securities legislation as shareholders of the Underlying Issuer. Specific risk factor disclosure will be included in the Shelf Prospectus and each Supplemented Prospectus describing the key differences between holding CDRs and owning shares of the Underlying Issuer directly.

14. In addition to the undivided co-ownership interest represented by all CDRs of a Series, the Filer will also own an undivided co-ownership interest in the Underlying Share Pool for that Series. The Filer, in its capacity as depositary under each Deposit Agreement (the **Depositary**), will deposit Underlying Shares in respect of each Series to the Custody Account pursuant to the applicable Deposit Agreement to acquire its undivided co-ownership interest. Consequently, CDR Holders of a Series and the Filer will be co-owners as tenants-in-common (the **Co-Owners**) of the Underlying Share Pool for each Series, each with undivided co-ownership interests therein.

15. As a result of this undivided co-ownership arrangement, a CDR can be considered a "security" issued by the Filer within the meaning of the Legislation given that it is a "document constituting evidence of title to or interest in the capital, assets, property, earnings or royalties of any person or company".

16. The undivided co-ownership interests in the Underlying Share Pool represented by all CDRs of a Series is referred to as the **CDR Holder Interest** for the Series, and the Filer's undivided co-ownership interest in the Underlying Share Pool is referred to as the **Issuer Interest** for the Series.

Custodial Arrangements

17. For each Series of CDRs, the Underlying Shares deposited under the Deposit Agreement shall be held with one or more custodians (each a **Custodian**) that qualify as "custodians" or "sub-custodians", as applicable, that may be appointed under Part 6 of National Instrument 81-102 *Investment Funds* (**NI 81-102**). It is expected that each qualified Custodian

will hold deposited Underlying Shares and related proceeds (including all cash held for CDR Holders and the Issuer Interest) in a segregated Custody Account separate and apart from the qualified Custodian's own property using an account number or other designation in its records sufficient to show that the securities deposited under the relevant Deposit Agreement are held for the benefit of the CDR Holders for the Series and the Filer. The Custodian is not empowered to enter into transactions on behalf of CDR Holders. Custodians will maintain these positions in the Underlying Shares (directly or indirectly through sub-custodians) through a central securities depository set out in the following table (which will in most cases be the central securities depository generally used in the home market for trading of the Underlying Shares, and in each case will be disclosed in the relevant Supplemented Prospectus for each Series):

Jurisdiction	**Central Securities Depository**
Austria	OeKB CSD GmbH
Belgium	Euroclear Belgium; Banque Nationale de Belgique
Denmark	EuroNext Securities Copenhagen (VP Securities A/S)
Finland	Euroclear Finland
France	Euroclear France
Germany	Clearstream Banking AG
Greece	Hellenic Exchanges S.A. Holding, Clearing, Settlement & Registry (HELEX) (Central Securities Depository)
Ireland	Clearstream Banking S.A.; Euroclear Bank
Italy	EuroNext Securities Milan (Monte Titoli SPA)
Japan	Japan Securities Depository Center, Inc.
Luxembourg	LuxCSD S. A.; Clearstream Banking S.A.; Euroclear Bank
The Netherlands	Euroclear Nederland
Norway	Euronext Securities Oslo (Verdipapirsentralen ASA)
Portugal	EuroNext Securities Porto (Interbolsa)
Spain	Iberclear – BME Group
Sweden	Euroclear Sweden AB
Switzerland	SIX SIS AG
The United Kingdom of Great Britain and Northern Ireland	Euroclear UK & International Limited
The United States of America	Depository Trust Company

18. CIBC Mellon Trust Company (**CIBC Mellon**) is currently the Custodian that has been designated to hold the Underlying Shares for each Series of CDRs, either directly or through qualified sub-custodians that meet the requirements of section 6.3 of NI 81-102. CIBC Mellon is a federally regulated financial institution and is supervised by the Office of the Superintendent of Financial Institutions (Canada). As such, it is subject to the professional standards applicable to Canadian custodians. CIBC Mellon is audited by an independent third party and has issued a System and Organization Controls (SOC) 1 Type 2 report in respect of its business process controls and its information technology control objectives and testing.

19. The Filer, the Custodian and CDR Holders from time to time will be parties to the respective Deposit Agreements, which require the Custodian to comply with its standard of care in relation to its custody of the Underlying Shares held in respect of each Series of CDRs. The Deposit Agreements will also require the Custodian to comply with the terms and conditions relating to the maintenance for the benefit of the Co-Owners of each Series of a dedicated securities account to hold all of the Underlying Shares for the Series, which is segregated from the Custodian's own property, and to comply with specified requirements related to the accuracy of information provided with respect to those accounts. CIBC Mellon will provide to the Filer daily reports of its holdings of Underlying Shares, custodied in segregated accounts at CIBC Mellon, which reports will be monitored and reviewed by the Filer's team responsible for overseeing custodial arrangements for

the CDRs. There will also be a daily reconciliation undertaken between the trading book of record maintained by the Filer and CIBC Mellon's reports, to confirm the parties' Underlying Share balances for each Underlying Share Pool and to verify that the required balances for each such pool are satisfied. As such, the Filer believes that it will be able to confirm at all times that the number of Underlying Shares in the Underlying Share Pool for a Series of CDRs is equal to the product of (i) the number of outstanding CDRs of that Series, and (ii) the then-applicable CDR Ratio for that Series, plus the then-applicable Issuer Interest.

20. Neither the Filer nor the Custodian will engage in any securities lending, repurchase or reverse repurchase transactions in respect of the Underlying Shares held in the Underlying Share Pools, and accordingly for each Series, the Custody Account for the Series shall hold a pool of Underlying Shares that is equal to the outstanding number of CDRs of the Series times the CDR Ratio for the Series plus a number of Underlying Shares held in respect of the Issuer Interest for the Series.

Offerings and Cancellations of CDRs

21. Each Offering of CDRs of a particular Series will be conducted by the offering and sale of CDRs on a continuous basis through non-fixed-price open-market distributions (**CDR Distributions**) primarily completed on regulated marketplaces (which are expected to include the securities exchange operated by Cboe Canada Inc.). Each Offering will be made pursuant to a single base shelf prospectus (the **Shelf Prospectus**) of the Filer that applies to all Series of CDRs, and a separate prospectus supplement containing disclosure specific to Underlying Issuers incorporated or organized in a particular country or countries which describes country-specific matters and other matters specific to the particular Underlying Issuers and Underlying Shares for the relevant Series of CDRs, including disclosure regarding the availability of each Underlying Issuer's disclosure record (each a **Prospectus Supplement**, and the Shelf Prospectus as supplemented by a Prospectus Supplement being referred to as a **Supplemented Prospectus**). For each Offering, the Filer will issue the CDRs to registered dealers purchasing as principals or as agents on behalf of subscribers, and such registered dealers when purchasing as principal are expected to distribute the CDRs on regulated marketplaces but may also complete distributions by private sales.

22. If trading in an Underlying Share has been halted on the applicable Primary Trading Market (other than due to ordinary course "circuit breaker" trading halts due to changes in market price or halts which impact shares of a number of issuers or general exchange halts), the Filer will adhere to the expectations of the Canadian Investment Regulatory Organization in respect of trading halts and to the extent required will use its commercially reasonable efforts to initiate a business halt for the Series of CDRs through coordination with the applicable Canadian Listing Exchange and to maintain the halt for the duration of the halt of the Underlying Share.

23. CDRs of a Series can only be created or redeemed in accordance with the terms of the applicable Deposit Agreement, in connection with a deposit or withdrawal of the then-applicable number of Underlying Shares per CDR. Each Series of CDRs may be issued on a continuous basis and there is no minimum or maximum number of CDRs (in the aggregate or with respect to any particular Series) that may be issued.

24. The Filer may enter into various agreements with registered dealers, including CIBC World Markets Inc. (**CIBC WMI**), pursuant to which Dealers may subscribe for and purchase CDRs. All subscriptions for newly issued CDRs from the Depositary must be placed by or through a Dealer. **Dealer** means any registered or exempted securities dealer that is permitted to subscribe for CDRs of any Series.

25. To initiate a subscription for CDRs, a Dealer must confirm the terms of the CDR subscription agreement and specify the number of CDRs of a particular Series (the **Subscription Number**) subscribed for. Subscription requests must be submitted to the Depositary in advance of a cutoff time specified in the Deposit Agreement (generally, 11:00 a.m.) on the Trading Day the subscription is to take effect (the **Subscription Date**). Once accepted by the Depositary, subscription requests give rise to an irrevocable obligation to deliver on or before 4:00 p.m. on the Trading Day after the Subscription Date (or, for some Series, on the Trading Day two Trading Days after the Subscription Date) (the **Issuance Date**) a number of Underlying Shares equal to the applicable CDR Ratio times the Subscription Number (the **Share Delivery Number**).

26. The CDR Ratio that applies in respect of any subscription is equal to the Trade Date Ratio for the Subscription Date. The **Trade Date Ratio** for any Trading Day (the **Current Trading Day**) is generally equal to the trade date ratio for the immediately preceding Trading Day as adjusted based on the value of the notional FX forward transaction that terminates on the Current Trading Day. If such amount is positive, such amount is notionally invested in additional Underlying Shares, which gives rise to an increase in the Trade Date Ratio, and if such amount is negative, Underlying Shares with a market value equal to the absolute value of such amount are notionally divested, which gives rise to a decrease in the Trade Date Ratio.

27. Pursuant to the Deposit Agreement, the Custodian is responsible to (i) take delivery of Underlying Shares for deposit to the Custody Account in respect of the creation of new CDRs pursuant to a valid subscription, and (ii) to deliver Underlying Shares in respect of the cancellation of outstanding CDRs pursuant to a valid withdrawal request. As provided in each

Deposit Agreement, no CDRs of a Series shall be issued unless all conditions precedent set out in the Deposit Agreement (other than the payment of fees if and to the extent waived by the Depositary) have been satisfied, and consequently the Depositary is not permitted to issue CDRs unless the required number of Underlying Shares are actually deposited on a fully settled basis in the Custody Account for the relevant Series (referred to as the **Contractual Restriction**).

28. The Filer confirms that compliance with the Contractual Restriction on issuance of new CDRs is ensured operationally by the permanent standing directions that have been issued to the Custodian and the registrar and transfer agent in respect of the CDRs (the **Transfer Agent**) to the effect that: (1) for each subscription, the Custodian (in its capacity as agent of the Depositary) shall confirm the Underlying Share delivery requirement to the subscriber, the Filer and the Transfer Agent, (2) the Custodian (in its capacity as the Custodian) shall only confirm to the Transfer Agent satisfaction of receipt of the Underlying Shares required to be delivered in respect of a subscription once the Share Delivery Number of Underlying Shares are settled in the Custody Account, and (3) the Transfer Agent shall only issue new CDRs in connection with a subscription once the foregoing confirmations are received from the Custodian.

29. For each Series of CDRs, the Custodian has established processes in place with the Filer and the Transfer Agent to control the release of CDRs. The issuance of CDRs will only occur once the required number of Underlying Shares is delivered to the Custodian, Underlying Shares will only be transferred to a CDR Holder after the CDR Holder has surrendered the corresponding number of CDRs, and the Depositary will only be permitted to withdraw Underlying Shares to the extent the number of Underlying Shares in the Custody Account will continue to exceed the number of CDRs outstanding multiplied by the applicable CDR Ratio. The Custodian will not otherwise transfer, purchase or sell Underlying Shares pursuant to the Deposit Agreements. The procedures through which CDRs are issued follow the well-established operational routines that apply to the issuance of exchange-traded funds (**ETFs**), and CIBC Mellon has used its existing ETF platform to operationalize these procedures for CDR Distributions.

30. The Deposit Agreement subscription provisions provide that in some cases a small portion of the Underlying Shares required to be delivered to the Custody Account by the subscriber are instead delivered to the Custody Account by the Filer on the subscriber's behalf (referred to as the **CIBC Sourced Number of Shares**); and in some cases the subscriber delivers to the Custody Account a number of Shares that exceeds the Subscription Number required to be delivered in respect of the subscription (referred to as the **Excess Deposited Number of Shares**) by a small portion in which case the excess shares are delivered by the subscriber on behalf of the Filer as the Issuer Interest holder (i.e., the Filer as holder of what is effectively a residual interest in excess shares on deposit in the Custody Account). The subscriber is required to pay the Filer for the CIBC Sourced Number of Shares and the Filer is required to pay the subscriber for the Excess Deposited Number of Shares for a market price, as set out in the Deposit Agreement. The Filer, in its capacity as Depositary in respect of the CDR program, does not purchase Underlying Shares except (a) in respect of the Issuer Interest, and (b) to deliver the CIBC Sourced Number of Shares on behalf of subscribers. The Filer does not receive any cash proceeds from CDR Distributions other than in connection with delivery of the CIBC Sourced Number of Shares.

31. CIBC WMI is a wholly-owned subsidiary of the Filer. By virtue of such ownership, the Filer is a "related issuer" and a "connected issuer" of CIBC WMI within the meaning of applicable securities legislation in connection with any offering of CDRs under the Supplemented Prospectus. The Filer is directly managing and taking responsibility for all due diligence and all disclosure in respect of its CDR program, and the Filer bears the program marketing costs. No underwriting fees or commissions will be paid to any Dealer, including CIBC WMI, in connection with the issuance of CDRs.

32. CDR Holders of a Series may irrevocably request to cancel any whole number of CDRs and to withdraw the applicable related Underlying Shares. All such requests to the Filer to cancel CDRs must be placed by or through a Dealer.

Termination of CDRs

33. The Filer has the discretion to terminate any or all Series of CDRs at any time in its sole discretion on not less than 30 days' prior notice, provided, however, that the Filer may terminate any Series of CDRs on not less than three Trading Days' notice if (i) the Underlying Shares of such Series cease to be listed on their Primary Trading Market; (ii) the Series of CDRs is suspended from trading on a Canadian stock exchange; (iii) the number of CDR Holders of the Series of CDRs and/or of other Series of CDRs is such that it is uneconomical for the Filer to continue to offer that Series of CDRs or to offer the CDRs and other Series of CDRs; or (iv) there is a change in law or regulation (including tax law or regulation) which makes it impractical or uneconomical for the Filer to continue to maintain or offer CDRs, to hold the Issuer Interest, or to operate its CDR business. The Filer will post any such termination notice on the CDR Website (as defined below) and will file a news release in respect of the termination of any Series not less than 15 days, nor more than 90 days, prior to the termination of the applicable Series (or, if the Filer is only required to provide three Trading Days' notice of the termination, not less than two Trading Days, nor more than 90 days, prior to, such termination).

34. The Filer also has discretion to terminate a Series of CDRs without any prior advance notice in certain limited circumstances, including (i) during any period when normal trading is suspended on a stock exchange or other market on which the Underlying Shares are listed and traded; (ii) if at any time it is not possible for the Filer to maintain its Issuer Interest in compliance with the applicable Deposit Agreement; or (iii) if the obligations of the Filer under the applicable

Deposit Agreement are uneconomical or raise regulatory, prudential or commercial concerns. In these circumstances, the Filer will promptly post a termination notice for the relevant Series of CDRs on the CDR Website and file a news release in respect of the termination.

35. The Filer will monitor events affecting Underlying Issuers and may consider terminating a Series of CDRs in certain circumstances, such as in the event that an Underlying Issuer is made subject to Canadian or international sanctions or is affected by other matters (such as long-term trading halts based on securities law breaches or an inability to deliver audited financial statements) raising regulatory, prudential or commercial concerns for the Filer as Depositary in respect of the applicable Series of CDRs.

Fees and Expenses

36. No fees or expenses will reduce the CDR Ratio upon the issuance of CDRs. No fees or expenses will be directly charged to CDR Holders while holding CDRs, provided that the Filer shall be entitled to adjust the CDR Ratio as set out in the applicable Deposit Agreement to compensate the Filer for actual out-of-pocket costs and expenses incurred in connection with a Corporate Action (**Specified Corporate Action Expenses**), such adjustment to the CDR Ratio reflecting a reduction in the aggregate value of all outstanding CDRs of the relevant Series by the amount of the relevant Specified Corporate Action Expense; and further provided that the Filer may amend the fees and expenses it charges, or introduce new types of fees and expenses, for any Series of CDRs upon 30 business days' prior notice posted to the CDR Website. The amount of any Specified Corporate Action Expense shall not exceed 0.10% of the aggregate value of the CDRs of the relevant Series. **Corporate Action** means any event resulting in a distribution of cash, securities or other property by the relevant Underlying Issuer or a third-party to the holders of relevant Underlying Shares (other than an ordinary course dividend payment), a conversion in whole or in part of the relevant Underlying Shares into a different series or class of securities and/or a mandatory, voluntary or elective exchange of all or any part of the relevant Underlying Shares (or any right or entitlement in respect thereof) for other securities, cash and/or other property. There will be no increases to fees or expenses and no introduction of any new type of fee or expense (including, in each case, any change to the adjustments to the CDR Ratio to reflect fees or expenses) unless disclosed in an amendment to or replacement of the Shelf Prospectus or in a Prospectus Supplement at least 30 business days' prior to the effective date of such change to fees or expenses. Dealers that subscribe for newly issued CDRs or place a Withdrawal Notice with the Depositary (for themselves or on behalf of a client) may also be charged fees directly by the Depositary in an amount not to exceed 0.20% of the value of the related CDRs. These subscription and cancellation fees do not have any impact on the CDR Ratios applicable to CDRs and they do not apply in respect of purchases or sales of CDRs by CDR Holders on any exchange or other secondary market.

37. The notional forward rate to be used for each new Notional FX Hedge will be a forward rate for an equivalent overnight cash-settled FX forward transaction based on market rates on the relevant Trading Day, as determined by the Filer in its commercially reasonable judgement, provided that the FX forward rate so determined will on average not include a spread of greater than (i) 60 basis points, on an annualized basis, in the case of U.S. CDRs, (ii) 80 basis points, on an annualized basis, in the case of Series of CDRs for which the Underlying Currency is not U.S. dollars, or (iii) such other basis point amount as may be specified in the relevant Supplemented Prospectus (provided that, as indicated above, the Filer may amend the fees and expenses it charges, or introduce new types of fees and expenses, for any Series of CDRs upon 30 business days' prior notice posted to the CDR Website).

38. Furthermore, to the extent dividends or other amounts are received by the Custodian in respect of Underlying Shares in a foreign currency, the Filer shall convert relevant foreign currency amounts into Canadian dollars on the date of receipt at an exchange rate equal to the Filer's current institutional spot rate at the relevant time of conversion plus a spread in favour of the Depositary of not more than (i) 60 basis points, in the case of U.S. CDRs, (ii) 80 basis points, in the case of Global CDRs, or (iii) such other basis point amount as may be specified in the relevant Supplemented Prospectus (provided that, as indicated above, the Filer may amend the fees and expenses it charges, or introduce new types of fees and expenses, for any Series of CDRs upon 30 business days' prior notice posted to the CDR Website).

39. The Depositary will bear all costs and expenses related to the offering, marketing, listing, administration and management of the CDRs including fees payable to the Custodian and the Transfer Agent. The Depositary also bears the costs of regulatory fees and fees payable to its legal counsel and other advisors.

Disclosure in Respect of CDRs

40. Each Deposit Agreement will be filed by the Filer on SEDAR+ as a material contract.

41. If the Filer elects to commence the Offering of a Series of CDRs, it will immediately do the following:

    (a) file the applicable Prospectus Supplement on SEDAR+;

(b) issue a news release and a notice on the CDR Website each indicating that the applicable Prospectus Supplements for the Series of CDRs have been filed on SEDAR+ and disclosing where and how copies of the Supplemented Prospectus may be obtained; and

(c) provide copies of the Shelf Prospectus and the applicable Prospectus Supplements on the CDR Website.

42. The Filer will maintain by way of continuous disclosure a website for the CDR program (the **CDR Website**) on which it will post on each Trading Day for each Series of CDRs:

(a) the applicable Deposit Agreement;

(b) the then-applicable CDR Ratio calculated on the immediately preceding Trading Day;

(c) the current notional forward rate for the Notional FX Hedges;

(d) the name and jurisdiction of organization of the Underlying Issuer, the ticker of the Underlying Shares, and the name and country of the foreign stock exchange that is the Primary Trading Market of the Underlying Shares;

(e) all current Prospectus Supplements for the CDRs and all notices provided to CDR Holders in respect of the CDRs; and

(f) copies of documents incorporated by reference into the current Supplemented Prospectus for each Series of CDRs (including the Semi-Annual CDR Position Reports and Performance Reports, as described below) or, in respect of applicable continuous disclosure documents of the Filer that are incorporated by reference, a link to a webpage of the Filer which provides such continuous disclosure documents.

43. The Filer will file on SEDAR+ and provide on the CDR Website semi-annual custody account statements (**Semi-Annual Custody Account Statements**) that are certified by the Custodian and that set out, for each outstanding Series of CDRs as of the last business day of June and December in each calendar year, the number of Underlying Shares in the Custody Account for the Series as of the close of business on such day. The Filer has committed that it will continue to file Semi-Annual Custody Account Statements on SEDAR+ within one month of the end of each half-year period for each Series of CDRs for which CDRs remain outstanding as of the time of filing of such Semi-Annual Custody Account Statement (beginning, on a commercially reasonable efforts basis, no later than the day that is 120 days after the date of this decision).

44. The Filer will file on SEDAR+ and provide on the CDR Website semi-annual statements (**Semi-Annual CDR Position Reports**) in the English and French languages setting out the following information for each outstanding Series of CDRs as of the last business day of June and December in each calendar year:

(a) the name of the applicable Underlying Issuer;

(b) the designation of the applicable Underlying Shares;

(c) the number of CDRs outstanding, which number will be certified by the registrar and transfer agent for the CDR program;

(d) the CDR Ratio;

(e) the calculated amount equal to item (c) times item (d), which is the number of Underlying Shares that is required to be maintained in the Custody Account for the Series for the benefit of CDR Holders;

(f) the actual number of Underlying Shares held in the Custody Account for the Series (which number must equal the number disclosed in the corresponding Semi-Annual Custody Account Statement certified by the Custodian and filed on SEDAR+ as described in paragraph 43);

(g) the residual number of Underlying Shares held for the benefit of the Issuer Interest (i.e., the number equal to item (f) minus item (e)); and

(h) a statement of the Filer that the CDR Ratio included in the Semi-Annual CDR Position Reports has been calculated in accordance with provisions of the applicable Deposit Agreement, and that the aggregate number of Underlying Shares forming the CDR Holder Interest is not less than the product of the number of outstanding CDRs of the Series multiplied by the CDR Ratio.

The Filer has committed that it will continue to file Semi-Annual CDR Position Reports on SEDAR+ within one month of the end of each half-year period for each Series of CDRs for which CDRs remain outstanding as of the time of filing of such Semi-Annual CDR Position Report (beginning, on a commercially reasonable efforts basis, no later than the day

that is 120 days after the date of this decision). For each Series of CDRs, disclosure in respect of such Series included in the most recently filed Semi-Annual CDR Position Reports in respect of the Series will be incorporated by reference into the Supplemented Prospectus for such Series.

45. The Filer will provide on the CDR Website the following disclosure for each Series of CDRs beginning (on a commercially reasonable efforts basis) no later than the day that is 120 days after the date of this decision:

(a) a table setting out the daily FX forward rates that have applied for the Series of CDRs for each day since launch;

(b) a document (a **Performance Report**) that includes a table for each Series of CDRs setting out, for each of the one, three, five and ten year periods ending on the last day of the preceding calendar year (to the extent returns for such periods are available based on the date of launch of the Series of CDRs) (the **Performance Periods**), the following:

(i) the past performance of the CDRs over the Performance Period based on CDR closing prices, expressed as an annual compound return reflecting the reinvestment of CDR Distributions (and such presented performance figures would not reflect tax obligations or withholdings, so as to be neutral relative to the potential differing tax treatment of CDRs or Underlying Shares according to applicable circumstances, and the presented figures would assume that no brokerage fees, commissions or transaction costs would apply in respect of the associated purchases and sales; and these and other material assumptions with respect to the calculations will be presented in each Performance Report); and

(ii) the past performance of an investment in the related Underlying Shares, expressed as an annual compound return that would have applied if an investor were to have invested in the Underlying Shares throughout the Performance Period as calculated by converting Canadian dollars into the relevant Underlying Currency on the first day of the Performance Period, maintaining an investment in the Underlying Shares throughout the Performance Period (reinvesting dividends at market close on each dividend payment date), selling the investment in the Underlying Shares on the last day of the Performance Period, and converting the proceeds into Canadian dollars at such time. For this purpose, 1.00% (or a different disclosed rate that the Depositary considers reasonable in the circumstances) will be used as the cost of the FX conversion at the start and end of the relevant Performance Period; and the Performance Report shall also include a narrative explanation of any material differences between the performance of the Series of CDRs and the performance of the related Underlying Shares that are not considered to be related to the applicable Notional FX Hedge as disclosed in the Performance Report (including standard potential sources of tracking error such as (i) the spread charged by the Filer which is embedded in the forward rate for each Notional FX Hedge, (ii) the timing of the CDR Ratio adjustments resulting from each Notional FX Hedge which may impact the extent of such adjustments, (iii) FX forward rates which are influenced by differences in short-term interest rates in Canadian dollars and the Underlying Currency, (iv) currency and equity volatility, and (v) the fact that Notional FX Hedges are executed once per day);

(c) a table in respect of the relevant Underlying Shares setting out the ticker symbol, indicated dividend yield, most recent closing price, 52-week trading range, current market capitalization level and average trading volume as well as a table showing the CDR Distribution history on a per-CDR basis;

(d) notices describing all dividends scheduled to be received by the Custodian on Underlying Shares and the amount, which is to be distributed to CDR Holders per CDR before giving effect to withholding by the Custodian;

(e) disclosure concerning the sourcing of the applicable market data; and

(f) a cross-reference to the applicable risk factor disclosures in the Supplemented Prospectus.

For each Series of CDRs, disclosure in respect of such Series included in the most recently filed Performance Report in respect of the Series will be incorporated by reference into the Supplemented Prospectus for such Series.

The Filer has committed that it will continue to file Performance Reports on SEDAR+ within one month of the end of each calendar year for each Series of CDRs for which CDRs remain outstanding as of the time of filing of such Performance Report.

46. For each Series of CDRs, disclosure in respect of such Series included in the most recently filed Semi-Annual CDR Position Report and Performance Report (if any) in respect of such Series of CDRs will be incorporated by reference into the Filer's Supplemented Prospectus for such Series of CDRs. Accordingly, CDR Holders may rely on such disclosure as if included directly in the Supplemented Prospectus and prospectus liability shall apply under applicable securities laws. Additionally, as required by National Instrument 44-101 *Short Form Prospectus Distributions* and NI 44-102, the

Filer will file a consent of the Transfer Agent with respect to the incorporation by reference in each Supplemented Prospectus of the Semi-Annual CDR Position Reports, including the Transfer Agent's certification given as an expert whose profession gives authority to the statements, and accordingly prospectus liability shall also apply under applicable securities laws to the extent its certifications contain any misrepresentations.

47. The Offerings will be conducted without the knowledge or consent of Underlying Issuers. Accordingly, the Filer's personnel responsible for the Offerings will not have direct knowledge or access to material information regarding the Underlying Issuers or Underlying Shares other than publicly available information.

48. In similar circumstances under CSA Staff Notice 44-304 *Linked Notes Distributed under Shelf Prospectus System* (**SN 44-304**), it has been recognized that it is appropriate for a Canadian issuer of a structured note linked to the market performance of a security of a non-Canadian issuer to provide only "abbreviated disclosure" based on basic information from publicly available sources regarding the underlying issuer and reference securities, and that subscribers should not rely upon the issuer of the structured note to provide full, plain and true disclosure in respect of the non-Canadian issuer and the relevant reference securities, and instead the Canadian issuer may direct investors to public disclosure made available by the non-Canadian issuer in accordance with the rules of the relevant non-Canadian jurisdiction, provided that there is sufficient market interest and publicly available information about an underlying issuer.

49. The Filer proposes to only provide such abbreviated disclosure in respect of Underlying Shares for the CDRs, and accordingly the Filer confirms that it will only launch a new Series of CDRs if, at the time of listing of the CDRs, the related Underlying Issuer and Underlying Shares satisfy the **CDR Issuance Standards** set out in Appendix A. The Filer believes the CDR Issuance Standards provide an appropriate level of assurance that there will be sufficient market interest and publicly available information about the Underlying Shares in respect of a Series of CDRs that satisfies such standards. The Filer is not required to monitor whether the Underlying Issuer and Underlying Shares with respect to any Series of CDRs continue to satisfy the CDR Issuance Standards after the listing of the Series of CDRs, nor is the Filer required to take any action should such standards no longer be satisfied.

50. In respect of requirements under the Legislation and NI 44-102 that each Supplemented Prospectus contain full, true and plain disclosure of all material facts relating to the securities to be distributed in the Offering, the Filer shall comply with SN 44-304 in relation to disclosure in respect of Underlying Issuers and Underlying Shares for each Series of CDRs. The Filer intends to meet the principles set out in SN 44-304 as if the CDRs were linked notes, and the Filer intends to meet the full, true and plain disclosure requirement in connection with the CDRs without having responsibility for the accuracy of disclosure issued by the Underlying Issuer. Each Prospectus Supplement will clearly state that the Filer is not the source of disclosure relating to the Underlying Shares and will clearly disclaim the Filer's responsibility both for verifying the accuracy of such disclosure and for updating such disclosure.

Prospectus Delivery Requirement

51. Pursuant to the Prospectus Delivery Requirement, a dealer effecting a trade of securities offered under a prospectus is required to deliver a copy of the prospectus (including the applicable prospectus supplement(s) in the case of a base shelf prospectus) to the purchaser within prescribed time limits.

52. Delivery of a prospectus is not practicable in the circumstances of a CDR Distribution conducted on a regulated Canadian marketplace because neither the Filer nor the Dealer effecting the trade will know the identity or address of the purchasers or have a mechanism to directly deliver the prospectus to purchasers.

53. The Supplemented Prospectus will be filed and readily available electronically via SEDAR+ and the CDR Website to all purchasers under CDR Distributions. As stated in paragraph 41 above, the Filer will disclose by news release where and how copies of the Supplemented Prospectus may be obtained.

54. Rights of action for damages under the civil liability provisions of the Legislation that apply where a prospectus contains a misrepresentation are not contingent upon receipt of the prospectus by a purchaser of the security issued pursuant to that prospectus, rather these provisions expressly provide that such rights apply without regard as to whether the purchaser relied on the misrepresentation and accordingly, the grant of an exemption from the Prospectus Delivery Requirement will not limit such rights of action.

55. For so long as there is material uncertainty concerning, or material limitations on, how statutory liability provisions and certification of class actions would apply in respect of the Offerings and other similar offerings such as offerings of ETFs and at-the-market offerings, the Filer will include in each relevant Supplemented Prospectus risk factor disclosure to the effect that (a) the removal of the Prospectus Delivery Requirement means that an investor that receives a newly issued CDR from a Dealer pursuant to a purchase on a Canadian exchange or marketplace will not receive effective notice that it is entitled to the protections of section 130 of the *Securities Act* (Ontario), and it may not be possible for investors to determine or provide evidence in a proceeding that they are entitled to rely on such protections, (b) it may be difficult for CDR Holders to certify a class action under statutory liability provisions in respect of CDRs, (c) such difficulty was recognized in class action proceedings in 2020 and 2021 (or the Filer may refer to such other proceedings as it considers

relevant in respect of this issue at the relevant time) with respect to an ETF including due to the fact that it was not possible to identify with certainty which purchasers of ETF units that purchased ETF units on an exchange or other market had purchased newly created units of the relevant ETF, and (d) such difficulty could also apply to proceedings related to CDRs given that the same offering model applies to both CDRs and ETF units.

56. The Filer acknowledges that the ability of exchange purchasers of CDRs to bring a class action or an individual claim for misrepresentation based on the secondary market statutory civil liability provisions is a fundamental investor protection, particularly for retail investors, and that the grant of the Relief Sought is not intended to impact an investor's ability to access rights based on the statutory civil liability provisions of the Legislation.

Withdrawal Right and Right of Action for Non-Delivery

57. Pursuant to the Legislation, an agreement to purchase a security in respect of a distribution to which the prospectus requirement applies is not binding on the purchaser if the dealer from whom the purchaser purchases the security receives a notice in writing evidencing the intention of the purchaser not to be bound by the agreement of purchase not later than midnight on the second day (exclusive of Saturdays, Sundays and holidays) after receipt by the purchaser of the latest prospectus or any amendment to the prospectus (the **Withdrawal Right**).

58. Pursuant to the Legislation, a purchaser of securities to whom a prospectus was required to be sent or delivered in compliance with the Prospectus Delivery Requirement, but was not so sent or delivered, has a right of action for rescission or damages against the dealer who did not comply with the Prospectus Delivery Requirement (the **Right of Action for Non-Delivery**).

59. Neither the Withdrawal Right nor the Right of Action for Non-Delivery is workable in the context of the CDR Distributions conducted on a regulated Canadian marketplace because of the impracticability of delivering the Supplemented Prospectus to a purchaser that purchases CDRs on a Canadian marketplace.

Pricing Requirements

60. Rather than completing separate prospectuses in respect of each new Series of CDRs to be issued, the Filer considers that the use of a base shelf prospectus and a prospectus supplement covering different Series of CDRs, which in each case describe the mechanism for pricing of the offering and refer to the CDR Website that includes the current CDR Ratio, is appropriate to provide necessary disclosure in respect of each Series of CDRs, and no purpose would be served by also requiring a pricing supplement to be filed as contemplated by section 8.1 of NI 44-102.

61. Similarly, the general requirement that securities must be issued at a fixed price is not appropriate in respect of a continuous distribution of CDRs that are issued to registered dealers (purchasing as principal or as agent) in exchange for the deposit of a number of Underlying Shares based on the current CDR Ratio, with such dealers typically selling such CDRs in open-market trades at market prices prevailing from time to time.

Prospectus Form Requirements

62. The proposed CDR Distribution method involves a continuous distribution, and does not involve (a) the use of pricing supplements, (b) the delivery of prospectuses or amendments thereto, (c) typical Withdrawal Rights and Rights of Action for Non-Delivery, (d) a typical dealer compensation model, or (e) a predetermined set of Dealers that will participate in CDR Distributions (other than CIBC WMI). Accordingly, a number of changes to prescribed form disclosure and descriptions of statutory rights are required to implement the proposed CDR Distribution method.

63. A different statement of purchasers' rights than that required by the Legislation is necessary so that each Supplemented Prospectus will accurately reflect the relief granted from the Prospectus Delivery Requirement. Accordingly, each Prospectus Supplement will state that:

> *The rights of investors relying on this Prospectus in respect of newly issued CDRs differ from those of investors in other equity securities. See "Notice Regarding Non-Standard Securityholder Rights" in the Base Prospectus.*

and each base shelf prospectus for the CDRs will state the following, with the definition of "Exemptive Relief Order" identifying this decision by reference to the date hereof:

> *Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the purchase price, or damages if the prospectus, prospectus supplements relating to securities purchased by a purchaser and any amendment are not delivered to the purchaser, provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation.* ***However, purchasers of CDRs will not have the right to withdraw from an agreement to purchase the CDRs and will not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of***

the prospectus supplement, the accompanying prospectus and any amendment thereto relating to CDRs purchased by such purchaser because the prospectus supplement, the accompanying prospectus and any amendment thereto relating to the CDRs purchased by such purchaser are not required to be delivered to the purchaser as provided for under a decision dated [●], 2025 and granted pursuant to National Policy 11203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Securities legislation in certain of the provinces and territories of Canada further provides purchasers with remedies for damages or rescission or, in some jurisdictions, revisions of the purchase price if the prospectus together with any applicable prospectus supplements relating to securities purchased by a purchaser and any amendment thereto contains a misrepresentation (as defined in the applicable legislation), provided that the remedies are exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of CDRs under a distribution of CDRs may have for damages, rescission or revisions of the purchase price if the prospectus together with any applicable prospectus supplements relating to securities purchased by a purchaser and any amendment thereto contain a misrepresentation will remain unaffected by the non-delivery and the Amended Relief Order except that ***neither CIBC nor any other person involved in the distribution of CDRs accepts any responsibility for any disclosure provided by any Underlying Issuer (including information included herein or in any Prospectus Supplement that has been extracted from any Underlying Issuer's publicly disseminated disclosure)****, and accordingly purchasers shall have no remedies or rights in respect of or against CIBC, any dealer or any of their respective affiliates, agents, officers and employees for any misrepresentations that pertain to such disclosure in respect of an Underlying Issuer or Underlying Share.*

A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province and the terms of the Amended Relief Order for the particulars of these rights or consult with a legal adviser.

Underwriter's Certificate Requirement

64. Unlike under an ordinary public offering where a subscriber and an underwriter determine the terms of a subscription on a private bilateral basis and the subscriber can reasonably look to the underwriter as owing particular duties to its client, a purchaser of a CDR on a Canadian marketplace will not know in advance the identity of the seller from which it will purchase securities or whether or not such securities are being newly issued. Furthermore, investment dealers are not and will not be involved in the preparation of the prospectus for any Series of CDRs. The Relief Sought in respect of the Underwriter's Certificate Requirement reflects that the role of Dealers participating in CDR Distributions is to facilitate liquidity of the CDR trading market. The Underwriter's Certificate Requirement is not necessary in light of the Dealers' role in CDR Distributions and would introduce a barrier to a diversity of dealers performing such role.

65. Similarly, any requirement to list in a prospectus the Dealers that may be selling newly issued CDRs is not necessary for these same reasons, would introduce an unnecessary barrier to dealers providing liquidity and could inappropriately lead some investors to consider that such Dealers are responsible for the prospectus disclosure or are performing a traditional underwriting role in respect of the CDR issuances. Accordingly, the Relief Sought will reflect the role of the Dealers in CDR Distributions and is consistent with the disclosure provided in respect of exchange-traded funds that also obtain relief from the Underwriter's Certificate Requirement given that exchange-traded funds are not subject to a separate requirement to list the underwriters.

51-102 Delivery Requirements

66. A reporting issuer is required under section 4.6 of NI 51-102 to offer to deliver financial statements and MD&A to the registered holders and beneficial owners of its securities, other than debt instruments.

67. The CDRs are not debt instruments; however, a holder of CDRs does not hold any ownership or economic interest in the Filer or its assets, and a CDR Holder's economic and other entitlements in respect of the CDRs and the associated Underlying Shares are not determined by reference to the Filer's business, operations, financial position or creditworthiness (rather, their investment decisions will be based upon available information in respect of the respective Underlying Issuers and the Underlying Shares). Further, CDR Holders do not have any rights to vote in respect of the Filer or its internal governance and management; and voting instructions that may be provided by CDR Holders will relate to the property of CDR Holders (i.e., their proportionate interest in the Underlying Shares) and will be exercised by third-parties with the Filer simply facilitating the communication of such instructions. Accordingly, CDR Holders will not require the information otherwise available through the 51-102 Delivery Requirements in order to make investment decisions in respect of the CDRs. Further, the Filer has taken the view that it is appropriate to consider that the CDRs will not constitute "voting securities" of the Filer, and accordingly that other provisions of securities legislation in the Jurisdiction and the Reporting Jurisdictions that require the delivery of proxy statements, management information circulars or any other materials that are not typically provided to holders of debt instruments of an issuer do not apply in respect of the CDRs.

Distribution Time Limit

68. Section 8.2 of NI 41-101 requires that, if securities are being distributed on a best efforts basis, the distribution must cease after a specified period of time (not to exceed 180 days from the date of receipt for the final prospectus).

69. An exception to Distribution Time Limit is provided pursuant to section 8.1 of NI 41-101 for an investment fund in continuous distribution, but this exception does not apply to CDRs. However, the distribution model of CDRs is similar to that of certain investment funds in continuous distribution, and accordingly, the policy basis for the exception applicable to investment funds in continuous distribution applies equally in the case of the CDR Distributions.

Connected Issuer Requirement

70. Pursuant to section 2.1(1) of NI 33-105, specified firm registrants are prohibited from acting as direct underwriters for securities issued by a connected issuer or a related issuer of the specified firm registrants unless prescribed disclosure describing potential conflicts of interest arising from the underwriter's dealings with or relationship to the issuer is included in the applicable prospectus (or other applicable offering document).

71. Given that CDR Distributions do not result in the Filer receiving subscription proceeds or other payments from CDR investors, the intended policy basis for the Connected Issuer Requirement does not apply in respect of the Offerings.

72. The Filer's related party status in respect of each of its affiliates that is a specified firm registrant will be disclosed in accordance with the requirements under NI 33-105.

Independent Underwriter Requirement

73. Pursuant to section 2.1(2) and 2.1(3) of NI 33-105, a specified firm registrant is prohibited from acting as a direct underwriter of an offering if a related issuer of the specified firm registrant is the issuer in the distribution unless an "independent underwriter" (a) purchases the requisite portion of securities (where underwriters purchase the offered securities as principals) or (b) receives the requisite portion of the total agents' fees (where underwriters are acting as agents).

74. The Independent Underwriter Requirement is not workable in the context of CDR Distributions, as these will generally take place by way of open-market transactions and it is not possible for the Filer to know in advance whether any particular independent dealer will distribute a particular proportion of any newly issued CDRs.

48-501 Purchasing Restrictions

75. The stated policy rationale for Rule 48-501 is to prohibit "purchases of or bids for restricted securities in circumstances where there is heightened concern over the possibility of manipulation by those with an interest in the outcome of the distribution or transaction". In particular, an issuer or person selling securities under a prospectus and its affiliates and insiders, as well as any underwriters or other persons acting jointly or in concert with any of them, should not bid for offered securities or induce others to purchase offered securities since such purchases could be used to artificially and temporarily inflate the market price of a security that is the subject of a prospectus offering.

76. The policy rationale for the purchase restrictions in Rule 48-501 does not apply in respect of CDR Distributions because the Filer does not materially benefit from any temporary or artificial increase in the valuation of CDRs. As noted above, the Filer does not receive a subscription payment for CDRs and all or substantially all of the consideration delivered for CDRs is in the form of a fixed number per CDR of Underlying Shares that are deposited with the Custodian for the benefit of the CDR Holders. Accordingly, there is no material risk that any issuer-restricted person or dealer-restricted person will seek to temporarily manipulate the CDR trading price in order to benefit the Filer or any other issuer-restricted person or dealer-restricted person. CDRs should also be recognized as generally not susceptible to manipulation given the CDR creation and security withdrawal features and their linkage to market pricing of the widely-traded Underlying Shares.

77. No exemption from the 48-501 Purchasing Restrictions is available in Part 3 of OSC Rule 48-501 to the Filer's affiliates in respect of anticipated market-making in CDRs (which is a necessary element of maintaining a narrow bid-ask spread for CDRs with pricing that actively tracks the market price of the Underlying Shares).

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 Relief Sought is granted, provided that:

(a) the Underlying Issuer and Underlying Shares satisfy the CDR Issuance Standards at the time of listing of the CDRs;

(b) each Deposit Agreement will be filed by the Filer on SEDAR+ as a material contract;

(c) if the Filer elects to commence the Offering of a Series of CDRs, it will immediately do the following:

(i) file the applicable Prospectus Supplement on SEDAR+;

(ii) issue a news release and a notice on the CDR Website each indicating that the applicable Prospectus Supplements for the Series of CDRs have been filed on SEDAR+ and disclosing where and how copies of the Supplemented Prospectus may be obtained; and

(iii) provide copies of the Shelf Prospectus and the applicable Prospectus Supplements on the CDR Website.

(d) the Filer will maintain the CDR Website on which it will post for each Series of CDRs:

(i) the applicable Deposit Agreement;

(ii) the then-applicable CDR Ratio calculated on the immediately preceding Trading Day;

(iii) the current notional forward rate for the Notional FX Hedges;

(iv) the name and jurisdiction of organization of the Underlying Issuer, the ticker of the Underlying Shares, and the name and country of the foreign stock exchange that is the Primary Trading Market of the Underlying Shares;

(v) all current Prospectus Supplements for the CDRs and all notices provided to CDR Holders in respect of the CDRs; and

(vi) copies of documents incorporated by reference into the current Supplemented Prospectus for each Series of CDRs (including Semi-Annual CDR Position Reports and Performance Reports) or, in respect of applicable continuous disclosure documents of the Filer that are incorporated by reference, a link to a webpage of the Filer which provides such continuous disclosure documents;

(e) the Filer will file on SEDAR+ and provide on the CDR Website Semi-Annual Custody Account Statements setting out the information described in paragraph 43, and Semi-Annual CDR Position Reports setting out the information described in paragraph 44, in each case for each outstanding Series of CDRs as of the last business day of June and December in each calendar year;

(f) for each Series of CDRs, disclosure in respect of such Series included in the most recently filed Semi-Annual CDR Position Report (if any) in respect of the Series will be incorporated by reference into the Supplemented Prospectus for such Series and the Semi-Annual CDR Position Report will be subject to prospectus liability;

(g) the Filer will file a consent of the Transfer Agent with respect to the incorporation by reference in each Supplemented Prospectus of the Semi-Annual CDR Position Reports;

(h) the Filer will provide on the CDR Website the following disclosure for each outstanding Series of CDRs beginning (on a commercially reasonable efforts basis) no later than the day that is 120 days after the date of this decision:

(i) a table setting out the daily FX forward rates that have applied for the Series of CDRs for each day since launch;

(ii) a Performance Report;

(iii) a narrative explanation of any material differences between the performance of the Series of CDRs and the performance of the related Underlying Shares that are not considered to be related to the applicable Notional FX Hedge as disclosed in the Performance Report (including standard potential sources of tracking error such as (i) the spread charged by the Filer which is embedded in the forward rate for each Notional FX Hedge, (ii) the timing of the CDR Ratio adjustments resulting from each Notional FX Hedge which may impact the extent of such adjustments, (iii) FX forward rates which are influenced by differences in short-term interest rates in Canadian dollars and the Underlying Currency, (iv) currency and equity volatility, and (v) the fact that Notional FX Hedges are executed once per day);

(iv) a table in respect of the relevant Underlying Shares setting out the ticker symbol, indicated dividend yield, most recent closing price, 52-week trading range, current market capitalization level and average trading volume as well as a table showing the CDR Distribution history on a per-CDR basis;

(v) notices describing all dividends scheduled to be received by the Custodian on Underlying Shares and the amount which is to be distributed to CDR Holders per CDR before giving effect to withholding by the Custodian;

(vi) disclosure concerning the sourcing of the applicable market data; and

(vii) a cross-reference to the applicable risk factor disclosures in the Supplemented Prospectus;

(i) for each Series of CDRs, disclosure in respect of such Series included in the most recently filed Performance Report (if any) in respect of the Series will be incorporated by reference into the Supplemented Prospectus for such Series and the Performance Report will be subject to prospectus liability;

(j) the Filer's personnel responsible for the Offerings will not have direct knowledge or access to material information regarding the Underlying Issuers or Underlying Shares other than publicly available information;

(k) the Filer will not cooperate with Underlying Issuers or any persons acting jointly or in concert with any Underlying Issuer so as to permit the CDRs to be used as a financing vehicle by Underlying Issuers or to permit an indirect offering of Underlying Shares into a jurisdiction of Canada and the Offerings will be conducted without the prior knowledge or consent of Underlying Issuers;

(l) the CDRs are issued in exchange for the deposit of a number of Underlying Shares based on the CDR Ratio calculated after acceptance of the related subscription request;

(m) a statement of purchasers' rights described in paragraph 63 is included in the Supplemented Prospectus;

(n) the Filer's related party status in respect of each of its affiliates that is a specified firm registrant that at any time may offer or distribute CDRs will be disclosed in accordance with the requirements under NI 33-105; and

(o) this decision will terminate upon the coming into force of any legislation or rule of the principal regulator specifically regulating CDRs or similar products.

"David Surat"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0441

Appendix A

The **CDR Issuance Standards** referenced in paragraph 49 are as follows:

(a) the Underlying Issuer must be incorporated or formed in a jurisdiction listed under "Jurisdiction/Country" in the table below (the **Underlying Issuer's Jurisdiction**);

(b) the Underlying Issuer must publish English language versions of its annual reports, financial statements and notices of annual shareholder meetings;

(c) the Underlying Shares must be included in one of the following three indices (or any successor or replacement indices selected by the Filer): the S&P 500 Index, S&P Europe 350 Index, or S&P/TOPIX 150 Index;

(d) the Primary Trading Market of the Underlying Shares must be one of the trading markets listed under "Primary Trading Market" in the table below, or such trading market's successor, and ordinary trading of the Underlying Shares on such Primary Trading Market must not be suspended or subject to any cease-trade order or trading halt as of the Trading Day immediately prior to the time of listing of the CDRs; and furthermore the Underlying Shares may not be listed for trading on a stock exchange in Canada;

(e) the Underlying Issuer must have a market capitalization in excess of C$25 billion (or its equivalent in the relevant Underlying Currency) on the last day of the calendar month before the initial listing of the applicable Series of CDRs; and

(f) the average daily trading volume of the Underlying Shares across all trading markets in the calendar month before the initial listing of the applicable Series of CDRs must exceed C$125 million (or its equivalent in the relevant Underlying Currency).

TABLE

Jurisdiction / Country	Primary Trading Market
Austria	Vienna Stock Exchange (Wiener Borse)
Belgium	Euronext Brussels
Denmark	Nasdaq Copenhagen
Finland	Nasdaq Helsinki
France	Euronext Paris
Germany	Frankfurt Stock Exchange (Borse Frankurt) or Xetra
Greece	Athens Stock Exchange
Ireland	Euronext Dublin
Italy	Italian Stock Exchange (Borsa Italiana)
Japan	Tokyo Stock Exchange or Osaka Securities Exchange
Luxembourg	Luxembourg Stock Exchange
The Netherlands	Euronext Amsterdam
Norway	Oslo Stock Exchange
Portugal	Euronext Lisbon
Spain	Madrid Stock Exchange (Bolsa de Madrid) or Barcelona Stock Exchange (Bolsa de Barcelona)
Sweden	Nasdaq Stockholm
Switzerland	Six Swiss Exchange

The United Kingdom of Great Britain and Northern Ireland	Aquis Exchange or London Stock Exchange
The United States of America	NASDAQ or New York Stock Exchange

B.3.5 Mackenzie Financial Corporation and The Top Funds

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from investment fund conflict of interest investment restrictions in the Legislation to permit investment funds that are not reporting issuers to invest in underlying investment funds/collective investment vehicles that are not reporting issuers in which (i) the investment fund, together with other related investment funds, may become a substantial security holder, and (ii) a substantial security holder of the manager of the investment fund may have a significant interest – Relief subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c)(ii), 111(4) and 113.

January 20, 2025

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
MACKENZIE FINANCIAL CORPORATION
(the Filer)

AND

THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Top Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**):

1. exempting the Top Funds, with respect to investments in the Underlying Funds (as defined below), from the restrictions in the Legislation which prohibit:

    (a) an investment fund from knowingly making an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder;

    (b) an investment fund from knowingly making an investment in an issuer in which any person or company who is a substantial security holder of the investment fund, its management company or its distribution company, has a significant interest; and

    (c) an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) or (b) above (collectively, the **Requested Relief**).

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

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

    (e) 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 MI 11-102, National Instrument 14-101 *Definitions* and National Instrument 31-103 *Registration Requirements*, *Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) have the same meaning if used in this decision, unless otherwise defined.

For the purposes of this decision, the following terms have the following meaning:

Initial Top Fund means Mackenzie Northleaf Global Private Equity Fund, an existing investment fund managed by the Filer that is not a reporting issuer.

Initial Underlying Funds means Northleaf Global Private Equity Fund, Northleaf Secondary Partners III, NGF Venture Holdings LP and Northleaf MN PE Custom LP.

Future Top Funds means any future mutual funds managed by the Filer that are not, or will not be, reporting issuers.

Future Underlying Funds means any future investment funds or other collective investment vehicles the Top Funds will invest in that are managed by the Filer, an affiliate of the Filer, or Northleaf and are not, or will not be, reporting issuers.

Northleaf means Northleaf Capital Group Ltd., together with its subsidiaries including Northleaf Capital Partners (Canada) Ltd.

Top Funds means, collectively, the Initial Top Fund and the Future Top Funds.

Underlying Funds means, collectively, the Initial Underlying Funds and the Future Underlying Funds.

Representations

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

The Filer

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

2. The Filer is registered as an investment fund manager, portfolio manager, exempt market dealer and commodity trading manager in Ontario, as an investment fund manager, portfolio manager and exempt market dealer in Québec and Newfoundland and Labrador, and as a portfolio manager and exempt market dealer in Alberta, British Columbia, Manitoba, New Brunswick, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon.

3. The Filer is the investment fund manager (**IFM**) and portfolio manager (**PM**) of the Initial Top Fund and the Filer will be the IFM and/or PM of the Future Top Funds.

4. The Filer is an indirect, wholly owned subsidiary of IGM Financial Inc. (**IGM**). Approximately 66% of the voting securities of IGM is owned by Power Corporation of Canada (**Power**). As such, Power is a substantial security holder of the Filer within the meaning of the Legislation.

5. The Filer is not a reporting issuer in any of the Jurisdictions and is not in default of securities legislation in any of the Jurisdictions with respect to the subject matter of this application.

Lifeco

6. Great-West Lifeco Inc. (**Lifeco**) is an indirect subsidiary of Power, which owns approximately 71% of Lifeco. Power's direct or indirect ownership interest of its subsidiaries is referred to as the **Power Ownership Percentage** of the applicable subsidiary. As such, Power is deemed to own beneficially an amount equal to the Power Ownership Percentage of any voting securities owned by Lifeco pursuant to the Legislation.

Northleaf

7. Northleaf is a global private markets investment firm with more than US$25 billion in private credit, private equity and infrastructure commitments under management on behalf of more than 250+ institutional investors. Northleaf is led by an experienced group of professionals, who collectively have significant experience in structuring, investing and managing global private markets investments and in evaluating, negotiating, structuring and executing complex financial transactions.

8. On October 28, 2020, affiliates of Power, namely the Filer and Lifeco, entered into a strategic relationship with Northleaf whereby the Filer and Lifeco jointly acquired a 49.9% non-controlling voting interest and 70% economic interest in Northleaf.

9. Northleaf is the general partner or equivalent of each of the Initial Underlying Funds, and the Filer, an affiliate of the Filer, or Northleaf will be the general partner or equivalent of the Future Underlying Funds.

10. Northleaf Capital Partners (Canada) Ltd. is the manager of each of the Initial Underlying Funds and is registered as an investment fund manager, portfolio manager and exempt market dealer in Ontario and Manitoba, as an investment fund manager and exempt market dealer in Québec, and as an exempt market dealer in Alberta, British Columbia, Manitoba, Newfoundland and Labrador and Saskatchewan.

The Top Funds

11. The Initial Top Fund is formed as a trust under the laws of Ontario. Each Future Top Fund will be formed as a limited partnership, trust or corporation governed by the laws of a Jurisdiction or a foreign jurisdiction.

12. Each Top Fund is not, or will not be, a reporting issuer under the securities legislation of one or more Jurisdictions.

13. The securities of each Top Fund are, or will be, distributed solely to investors pursuant to exemptions from the prospectus requirements in accordance with National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) and the Legislation. Each Top Fund has, or will have, an offering memorandum that is provided or made available to investors.

14. The investment objective of the Initial Top Fund is to seek to achieve long-term capital appreciation mainly through exposure to private equity and public securities globally. To achieve this investment objective, the Initial Top Fund will allocate the assets comprising its portfolio across various strategies, including, without limitation: (i) private equity strategies implemented primarily through exposure to a diversified global portfolio of private equity assets and investments (the **Private Portfolio**); and (ii) public markets strategies implemented primarily through exposure to a portfolio of public equity securities, fixed income securities and money market instruments. The Initial Top Fund has allocated a portion of the Private Portfolio to the Initial Underlying Funds.

15. To the extent that a Top Fund wishes to invest in an Underlying Fund, the investment objectives and strategies of such Top Fund will permit it to do so.

16. Each Top Fund is, or will be, an investment fund for the purposes of the Legislation.

17. The Initial Top Fund is not in default of securities legislation in any of the Jurisdictions.

18. The Initial Top Fund is currently a "non-redeemable investment fund" as defined in the Legislation based on its redemption features and therefore is not currently subject to the restrictions in the Legislation from which the Requested Relief is sought. The Filer intends to modify certain redemption features of the Initial Top Fund such that it will become a "mutual fund" as defined in the Legislation and, as a result, will become subject to those restrictions in the Legislation.

The Underlying Funds

19. The Initial Underlying Funds are investment funds established as limited partnerships under the laws of Ontario. Future Underlying Funds may be investment funds or other collective investment vehicles structured as limited partnerships, trusts or corporations governed by the laws of a Jurisdiction or a foreign jurisdiction.

20. The Underlying Funds are not, or will not be, reporting issuers in any of the Jurisdictions. Securities of the Underlying Funds are, or will be, distributed to investors in Canada pursuant to exemptions from the prospectus requirements in accordance with NI 45-106 and the Legislation.

21. The Initial Underlying Funds have an offering memorandum and/or limited partnership agreement or other governing document that is provided to investors. Any Future Underlying Funds will have an offering memorandum and/or limited partnership agreement or other governing document that will be provided to investors.

22. The Initial Underlying Funds invest, or will invest, in other private equity funds sponsored by, and/or direct investments in partnership with, fund managers with whom Northleaf has an investment relationship.

23. The investment objective and investment strategies of the Initial Underlying Funds are as follows:

    (a) **Northleaf Global Private Equity Fund**: The objective of Northleaf Global Private Equity Fund (**NGPE**) is to provide investors with superior long-term returns through access to the value creation and capital growth potential of the private mid-market while offering the possibility of reduced risk through portfolio diversification.

The investment strategy will be executed through a full range of secondary, direct, and primary investment transactions and delivered in an accessible and open-end fund structure.

(b) **Northleaf Secondary Partners III**: The objective of Northleaf Secondary Partners III (**NSP III**) is to provide investors with focused exposure to private equity secondary transactions. The fund will seek to acquire secondary investments in single interests in private equity funds, portfolios of interests in several private equity funds, continuation vehicles or tender offers, fund or asset financings and single asset secondaries in private equity-backed companies.

(c) **NGF Venture Holdings LP**: The objective of NGF Venture Holdings LP (**NGF Venture**) is to seek to earn superior long-term risk-adjusted returns through investments in a portfolio of diversified private equity transactions.

(d) **Northleaf MN PE Custom LP**: The objective of Northleaf MN PE Custom LP (**NL MN PE Custom**) is to seek to earn superior long-term risk-adjusted returns through investments in a portfolio of secondary market transactions and direct investments in companies.

24. Each Underlying Fund provides, or will provide, exposure to private markets asset classes, such as private equity in respect of the Initial Underlying Funds.

25. Some Future Underlying Funds may not be considered to be investment funds under the Legislation but, in certain respects, will operate in a manner similar to an investment fund. The Underlying Funds are, or will be, managed by the Filer, an affiliate of the Filer, or Northleaf, as general partner and/or manager.

26. The Initial Underlying Funds are valued on a quarterly basis and, other than NGPE, are not redeemable. However, there may be a secondary market available for the securities of the Initial Underlying Funds that provides liquidity to investors. In addition, the securities of NGPE are redeemable upon prior written notice subject to a lock-up period and specified fund and investor-level limitations on redemptions.

27. The net asset value (**NAV**) per security of the Initial Underlying Funds is, or will be, calculated by an arm's length fund administrator and is, or will be, primarily based on the value of the underlying funds/vehicles held by the Initial Underlying Funds. At least 85% of the Initial Underlying Funds' aggregate asset value is, or will be, invested in: (a) third party underlying funds/vehicles that are valued independently of the Filer and Northleaf; and/or (b) direct investments valued by a firm that is independent of the Filer and Northleaf. The financial statements (including NAV related information and calculation) for such underlying funds/vehicles are also audited at least annually by an audit firm independent of the underlying funds/vehicles.

28. No more than 15% of the Initial Underlying Funds' aggregate asset value is, or will be, invested in direct investments valued by Northleaf in accordance with its private equity valuation policy. Northleaf's private equity valuation policy is consistent with the *International Private Equity and Venture Capital Valuation Guidelines* and accords with Canadian Accounting Standards for Private Enterprises (Canadian GAAP).

29. To determine the value of any direct investments held by an Underlying Fund that seeks to provide exposure to private equity, Northleaf determines the value of the asset using its reasonable judgment, based on financial statements and other relevant information in respect of the investment. Specifically, an initial fair valuation recommendation is prepared by a designated Northleaf team member. The recommended fair valuation is then reviewed by additional designated Northleaf team members and subsequently approved by the Underlying Fund's valuation committee.

30. The Underlying Funds produce, or will produce, audited financial statements on an annual basis, in accordance with generally accepted accounting principles with a qualified auditing firm as the auditor of those financial statements. The auditor independently confirms the fair value of each portfolio investment of an Underlying Fund that is valued by Northleaf in accordance with its private equity valuation policy. The auditor also audits the controls and processes in place to ensure portfolio investments are accurately valued in accordance with Northleaf's private equity valuation policy.

Necessity for Requested Relief

31. The Initial Top Fund currently holds more than 20% of the outstanding voting securities of certain of the Initial Underlying Funds (namely, NGF Venture and NL MN PE Custom) and, as such, is a substantial security holder of those Initial Underlying Funds within the meaning of the Legislation. Such holdings are currently permitted since the Initial Top Fund is not a "mutual fund" as defined in the Legislation. However, absent the Requested Relief, following expected changes to the Initial Top Fund's redemption features, the Initial Top Fund will no longer be permitted to hold more than 20% of the outstanding voting securities of any of the Initial Underlying Funds, as the Initial Top Fund will be considered to be a "mutual fund" as defined in the Legislation.

32. Going forward, the amount invested from time to time, directly or indirectly, in a Future Underlying Fund by a Top Fund, together with one or more other funds managed by the Filer (collectively, the **Other Top Funds**), may also exceed 20% of the outstanding voting securities of such Future Underlying Fund. As a result, a Top Fund could, together with one or more Other Top Funds, become a substantial security holder of Future Underlying Funds. Each Top Fund and the Other Top Funds are "related investment funds", as such term is defined in the Legislation by virtue of common management by the Filer.

33. The Initial Top Fund currently holds certain Initial Underlying Funds (namely, NSP III and NGPE) in which Power, who is a substantial security holder of the Filer, has a significant interest, which is currently permitted since the Initial Top Fund is not currently a "mutual fund" as defined in the Legislation. However, absent the Requested Relief, as a result of expected changes to the Initial Top Fund's redemption features which will cause it to be considered a "mutual fund" as defined in the Legislation, the Initial Top Fund will no longer be permitted to hold an underlying issuer in which a substantial security holder of the Filer has a significant interest, including any of the Initial Underlying Funds.

34. Going forward, a Top Fund may, directly or indirectly, invest in a Future Underlying Fund in which a person or company who is a substantial security holder of the Top Fund or the Filer, has a significant interest.

35. The Top Funds are unable to invest in the Underlying Funds in reliance on the exemption from the investment restrictions of the Legislation that is provided under subsection 2.5.1(2) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) for non-reporting issuer investment funds that purchase or hold securities of another non-reporting issuer investment fund because, among other reasons, the Underlying Funds may be collective investment vehicles that are not "investment funds" as defined in the Legislation and that do not comply with section 2.4 of NI 81-102 as they hold primarily illiquid assets.

36. In the absence of the Requested Relief, each Top Fund (including the Initial Top Fund once it becomes a "mutual fund" as defined in the Legislation) would be precluded from directly or indirectly purchasing or holding securities of an Underlying Fund due to the investment restrictions contained in the Legislation.

Generally

37. An investment by a Top Fund in an Underlying Fund will only be made if the investment is, or will be, compatible with the investment objectives of the Top Fund and allows, or will allow, the Top Fund to obtain exposure to asset classes in which the Top Fund may otherwise invest directly.

38. The Filer believes that the investment by a Top Fund in an Underlying Fund will provide the Top Fund with an efficient and cost-effective manner of pursuing portfolio diversification and asset diversification instead of purchasing securities directly. The Top Fund will gain access to the expertise of the portfolio adviser or manager of the applicable Underlying Fund as well as to the investment strategies and asset classes of the Underlying Fund.

39. No management fees or incentive fees would be payable by a Top Fund with respect to an investment in an Underlying Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service.

40. No sales fees or redemption fees would be payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund, unless the Top Fund redeems its securities of the Underlying Fund during a lock-up period, in which case an early redemption fee may be payable by the Top Fund.

41. Investments in securities of an Underlying Fund by a Top Fund will be effected at an objective price, which for this purpose will be: a) in respect of Underlying Funds that are open-ended, the NAV per security of the applicable class or series of the Underlying Fund, b) in respect of Underlying Funds that are closed-ended, a fixed price at the time of closing and c) in respect of Underlying Funds whose securities are purchased on the secondary market, the price that is negotiated between the applicable Top Fund and the seller of the securities.

42. No Top Fund will actively participate in the business or operations of an Underlying Fund.

43. A Top Fund's investment in an Underlying Fund will be disclosed to investors in such Top Fund's offering memorandum.

44. An investment by a Top Fund in an Underlying Fund will only be made if such investment represents the business judgement of a responsible person uninfluenced by considerations other than the best interests of that Top Fund and its investors.

45. No Underlying Fund will be a Top Fund.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that:

(a) the securities of the Top Funds and the Underlying Funds, if distributed in Canada, are distributed in Canada solely pursuant to exemptions from the prospectus requirements in accordance with NI 45-106 and the Legislation;

(b) a direct or indirect investment by a Top Fund in an Underlying Fund will be compatible with the fundamental investment objectives and strategies of such Top Fund;

(c) no management fees or incentive fees will be payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;

(d) no sales fees or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund, unless the Top Fund redeems its securities of the Underlying Fund during a lock-up period, in which case an early redemption fee may be payable by the Top Fund;

(e) the securities of an Underlying Fund held by a Top Fund will not be voted at any meeting of the security holders of the Underlying Fund, except that the Top Fund may arrange for the securities of the Underlying Fund it holds to be voted by the beneficial holders of securities of the Top Fund;

(f) a Top Fund's investment in securities of an Underlying Fund will be disclosed to investors in the Top Fund's offering memorandum or other investor disclosure document and, where applicable, periodic reports and financial statements;

(g) a disclosure document, including an offering memorandum where available, will be provided to each prospective investor in a Top Fund prior to the time of investment or prior to the Requested Relief being relied on by such Top Fund, and will disclose:

(i) that a Top Fund may purchase securities of one or more Underlying Funds;

(ii) that the Filer is the manager of the Top Fund, that the Filer, an affiliate of the Filer or Northleaf is the manager of the Underlying Funds, and the relationship between the Filer and the affiliate of the Filer or Northleaf, as applicable;

(iii) the approximate maximum percentage of the Top Fund's assets that may be invested in the Underlying Funds in aggregate;

(iv) the nature of the fees, expenses and any performance or special incentive distributions payable by the Underlying Fund in which a Top Fund invests;

(v) the process or criteria used to select the Underlying Fund, if applicable;

(vi) that the Top Fund, alone or together with Other Top Funds, may be a substantial security holder of an Underlying Fund, and that the Filer, an affiliate of the Filer or a substantial security holder of the Filer or of the Top Fund may have a significant interest in the Underlying Fund, and the potential conflicts of interest which may arise from such relationships;

(vii) for each substantial security holder of the Filer or its affiliate, or of the Top Fund, that has a significant interest in the Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the Underlying Fund's net asset value, and the potential conflicts of interest which may arise from such relationship;

(viii) that investors are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of the Underlying Fund, if available; and

(ix) that investors are entitled to receive from the Filer, on request and free of charge, the annual audited financial statements and interim financial reports relating to the Underlying Fund in which the Top Fund invests;

(h) where an investment is made by a Top Fund in an Underlying Fund, the records of portfolio transactions maintained by the Top Fund include, separately for every portfolio transaction effected for a Top Fund by the Filer, the name of the related person in which an investment is made, being the Underlying Fund;

(i) a Top Fund will not invest in an Underlying Fund unless: (A) immediately after the time of investment, at least 85% of the aggregate asset value of the Underlying Funds is based on the valuation of assets that are valued by a firm that is independent of the Filer, any affiliate of the Filer, and Northleaf; and (B) the Underlying Fund prepares audited financial statements on an annual basis, in accordance with applicable generally accepted accounting principles, that (i) are audited by a qualified auditing firm that independently confirms the fair value of each portfolio investment of the Underlying Fund that is valued by Northleaf in accordance with its private equity valuation policy and (ii) are made available to the Top Fund;

(j) no Top Fund will actively participate in the business or operations of any Underlying Fund; and

(k) each Top Fund is, or will be, treated as an arm's length investor in each Underlying Fund in which it invests, on substantially the same terms as other investors.

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

Application File #: 2024/0481
SEDAR+ File #: 6167822

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B.4
Cease Trading Orders

B.4.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
CubicFarm Systems Corp.	July 15, 2024	January 16, 2025

B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Falcon Gold Corp.	October 29, 2024	January 16, 2025
CubicFarm Systems Corp.	May 8, 2024	January 17, 2025

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	
Cloud3 Ventures Inc.	October 29, 2024	
Falcon Gold Corp.	October 29, 2024	January 16, 2025
CubicFarm Systems Corp.	May 8, 2024	January 17, 2025

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B.6
Request for Comments

B.6.1 CSA Notice and Request for Comment – Proposed Amendments to National Instrument 23-101 Trading Rules and Proposed Changes to Companion Policy 23-101 Trading Rules

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA NOTICE AND REQUEST FOR COMMENT

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 23-101 *TRADING RULES*
AND
PROPOSED CHANGES TO
COMPANION POLICY 23-101 *TRADING RULES*

January 23, 2025

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for comment proposed amendments to National Instrument 23-101 *Trading Rules* (**NI 23-101**) (**Proposed Amendments**) and accompanying changes to Companion Policy 23-101 *Trading Rules* (**23-101CP**) (**Proposed CP Changes**). The Proposed Amendments and Proposed CP Changes are being published for a 60-day comment period to solicit feedback and, if adopted, will amend section 6.6.1 of NI 23-101 to lower the active trading fee cap[1] applicable to trades in securities that are listed on both a Canadian recognized exchange and a U.S. registered national securities exchange (**U.S. Inter-listed Securities**) and make related changes to 23-101CP.

We are publishing the text of the Proposed Amendments and Proposed CP Changes in Annexes A, B, C and D to this notice, together with certain other relevant information at Annexes E, F and G. The text of the Proposed Amendments and Proposed CP Changes will also be available on the websites of the CSA jurisdictions, including:

www.lautorite.qc.ca
www.asc.ca
www.bcsc.bc.ca
www.nssc.novascotia.ca
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.mbsecurities.ca

In a related initiative, the Canadian Investment Regulatory Organization (**CIRO**) published for comment a proposal to amend subsection 6.1(1) of the Universal Market Integrity Rules (**UMIR**) to align Canadian trading increments for U.S. Inter-listed Securities with U.S. market trading increments (**Proposed UMIR Amendments**).[2]

Substance and Purpose

The Proposed Amendments would continue to align the maximum fee for executing an order involving a U.S. Inter-listed Security priced at CAD 1.00 or more with the reduced trading[3] fee caps adopted by the U.S. Securities and Exchange Commission (**SEC**) on September 18, 2024 and originally planned to be implemented on November 3, 2025. On December 12, 2024, the SEC announced an order granting a partial stay on the implementation of the rules pending judicial review of the proposals by the United States Court of Appeals for the District of Columbia Circuit.

1 An active trading fee refers to the fee applied for executing an order that was entered to execute against a displayed order on a particular marketplace.
2 CIRO's Proposed Amendments Respecting Trading Increments
3 In the U.S., trading fees are known as access fees.

If approved, it is intended that the Proposed Amendments, Proposed CP Changes and Proposed UMIR Amendments would come into force on the implementation date for the SEC rules or as soon as practicable thereafter. The Proposed Amendments and Proposed CP Changes will not come into effect before the SEC's stay is lifted and its rules are implemented.

Background

SEC Proposed Amendments

On December 14, 2022, the SEC published for comment four proposals to change certain fundamental elements of U.S. market structure (**SEC Proposed Amendments**).[4] Among these were proposals to establish a variable (and in many cases smaller) minimum trading increment for securities (**SEC Tick Size Proposal**)[5] and, in conjunction, reduce the trading fee caps charged in the U.S. (**SEC Trading Fee Proposal**).

CSA and CIRO staff reviewed the SEC Proposed Amendments and considered their impact on Canadian equity market structure. In October 2023, the CSA and CIRO sought feedback from stakeholders in joint CSA/CIRO Staff Notice 23-331 *Request for Feedback on December 2022 SEC Market Structure Proposals and Potential Impact on Canadian Capital Markets* (**Staff Notice 23-331**). The purpose of Staff Notice 23-331 was to solicit views and to seek comments on certain aspects of the SEC Proposed Amendments, with a focus on the potential impacts on Canadian capital markets and potential policy responses. Twelve comment letters were received. A summary of comments can be found here.

Generally, commenters were of the view that the most pertinent SEC Proposed Amendments to the Canadian capital markets were the SEC Tick Size Proposal and the SEC Trading Fee Proposal.

Given the interconnectedness of U.S. and Canadian equity markets, most commenters were of the view that Canadian trading increments for U.S. Inter-listed Securities, contained in CIRO's UMIR, should be harmonized with the SEC Tick Size Proposal as finalized. As such, in a related notice, CIRO published for comment the Proposed UMIR Amendments.

In conjunction with the reduction of the minimum trading increments, commenters also broadly supported harmonizing Canadian equity trading fee caps established under NI 23-101 with the SEC Trading Fee Proposal. This is the subject of the Proposed Amendments and Proposed CP Changes.

As part of this notice, we are also publishing in Annex E a detailed summary of comments on Staff Notice 23-331 with respect to SEC Tick Size and Trading Fee Proposals. With respect to other SEC Proposed Amendments – regulation best execution, disclosure of order execution information and an order competition rule – most of the commenters were of the view that these proposals were either not relevant to the Canadian markets or further analysis was required prior to proposing any rule changes. Please refer to the summary of these comments here.

Final SEC Rules

On September 18, 2024, SEC adopted its final rules with respect to the SEC Tick Size Proposal and the SEC Trading Fee Proposal. With respect to the SEC Trading Fee Proposal, for securities priced USD 1.00 or more, the U.S. access fee cap will be lowered to USD 0.001 per share. For U.S. securities priced less than USD 1.00, the U.S. access fee cap will be 0.1% of the quotation price.

The SEC also adopted its final rules with respect to the SEC Tick Size Proposal. As part of CIRO's Proposed UMIR Amendments, the trading increments for specific securities will be adjusted semi-annually to align with increments applicable to U.S. marketplaces.

Summary of the Proposed Amendments and Proposed CP Changes

Subsection 6.6.1(2) of NI 23-101 will be amended to align the maximum fee for executing an order involving a U.S. Inter-listed Security priced at CAD 1.00 or more with the reduced access fee cap adopted by the SEC. As such, for U.S. Inter-listed Securities priced at CAD 1.00 or more, the trading fee cap will be CAD 0.001 per share. Accompanying changes will be made to section 6.4.1 of 23-101CP.

Background information on the Canadian trading fee cap regime is provided in Annex F.

Non-U.S. Inter-listed Securities

The Proposed Amendments will not apply to non-U.S. Inter-listed Securities – securities that are listed in Canada and could also be listed on any foreign exchange other than a U.S. registered national securities exchange. There is currently an intentional differentiation between the fee caps for U.S. Inter-listed Securities and non-U.S. Inter-listed Securities. When fee caps were first

[4] For background on the four SEC Proposals, refer to the following: Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders; Regulation Best Execution ; Disclosure of Order Execution Information; Order Competition Rule

[5] SEC Rule 612 sets a minimum trading increment of one cent.

proposed in 2016, many stakeholders expressed concerns with respect to the U.S.- aligned fee caps being too high and not reflective of the lower average prices of Canadian securities. To address these concerns, a lower fee cap of CAD 0.0017 was proposed and approved for non-U.S. Inter-listed Securities priced at or above CAD 1.00.[6]

In response to Staff Notice 23-331, some commenters suggested considering extending the reduced fee caps to non-U.S. Inter-listed Securities. However, most of these commenters also cautioned against doing so without extensive analysis and consultations. As such, given the importance of maintaining Canadian and U.S. markets harmonized with respect to U.S. Inter-listed Securities, it was decided to focus on such securities for these Proposed Amendments and Proposed CP Changes.

The CSA intend to review the fee caps for non-U.S. Inter-listed Securities but are not proposing any changes at this time pending further analysis.

Related amendments

The Proposed Amendments will include the following related amendments:

1) The defined term "inter-listed security" in NI 23-101 will be clarified by adding a reference to U.S. This is being done to align the name of the defined term to its corresponding definition, which only includes those securities inter-listed on a U.S. registered national securities exchange. Also, the term will be made consistent with the analogous definition in the Proposed UMIR Amendments.

2) Section 6.6.2 of NI 23-101 will be repealed. Currently, this section is ensuring that once a security ceases to be a U.S. Inter-listed Security, the exchanges have enough time to lower the trading fees provided such fees are higher than a prescribed trading fee cap for non-U.S. Inter-listed Securities. Once the Proposed Amendments are in effect, this section will not be needed as the trading fee cap applicable to U.S. Inter-listed Securities will now be lower than the trading fee cap applicable to non-U.S. Inter-listed Securities.

Alternatives to the Proposed Amendments and Proposed CP Changes

We considered maintaining the current trading fee cap, which is not a viable option as a per-share trading fee that is too high can distort calculations of whether a price on one marketplace is "better" than on another marketplace.

Given that the Canadian equity market is highly integrated with U.S. equity market, and there is significant trading activity in equity securities listed in both Canada and the U.S., concerns arise about potential negative consequences for the Canadian equity market from establishing a trading fee cap for U.S. Inter-listed Securities that is significantly different than comparable regulatory requirements in the U.S. Our view is reinforced by the responses to Staff Notice 23-331.

The Proposed Amendments will enable Canadian trading fee caps to remain harmonized with U.S. access fee caps for U.S. Inter-listed Securities at CAD 1.00 or more. As such, the Proposed Amendments are necessary to maintain the competitiveness of our capital markets, so that lower trading fees in the U.S. do not create an incentive for Canadian dealers to direct order flow in U.S. Inter-listed Securities to U.S. marketplaces.

Consultation Questions

Question 1:

a) Do you agree with the proposal to align the maximum fee for executing an order involving a U.S. Inter-listed Security priced at CAD 1.00 or more with the reduced access fee cap adopted by the SEC:

   i) at CAD 0.0010, as proposed above, without consideration for the current foreign exchange rate, or

   ii) at CAD 0.0014, which approximates the SEC's adopted access fee cap with consideration for the foreign exchange rate (USD 0.0010 x 1.44)?[7]

b) Alternatively, do you support aligning the access fee cap for U.S. Inter-listed Securities with the current fee cap for non-U.S. Inter-listed securities (CAD 0.0017)?

c) Do you support any alternatives not listed above?

Please provide rationale in support of or against any alternatives above.

[6] See notice of approval - https://www.osc.ca/sites/default/files/pdfs/irps/csa_20170126_23-101_noa-amendments.pdf

[7] The CAD/USD exchange rate is approximately 1.44 at the time of publication

Question 2: Will the competitiveness of the Canadian capital markets be impaired if only the trading fee caps are lowered for U.S. Inter-listed Securities? Please provide supporting rationale.

Question 3: Should the trading fee caps apply to trading fees paid by passive orders in inverted (taker-maker) markets? Please provide supporting rationale. What would be the costs and benefits of applying the cap to inverted markets?

Question 4: As part of the final rules adopted on September 18, 2024, the SEC rules prohibit a national securities exchange from imposing any fee or providing any rebate for the execution of an order in an NMS stock unless such fee or rebate can be determined at the time of execution. Please discuss whether we should take a similar approach in Canada.

Anticipated Costs and Benefits of the Proposed Amendments and Proposed CP Changes

OSC staff conducted a costs and benefits analysis of the Proposed Amendments and Proposed CP Changes as detailed in Annex G. This analysis included consultations with Canadian marketplace operators seeking input on the expected costs each marketplace would incur to implement the Proposed Amendments.

In summary, it is anticipated that marketplaces will incur minor costs to comply with the Proposed Amendments, ranging between $5,700 and $10,700 per entity. It is also anticipated that a reduction in the trading fee cap could lead to a $101 million decrease in total fees collected by marketplaces and, depending on the net capture earned by marketplaces, reduced marketplace revenue. However, the net capture earned by marketplaces should not change significantly, as the lower passive rebates paid ($101 million) should offset the decrease in fees collected. Although we are unable to quantify the impact of many of the benefits of the Proposed Amendments, we anticipate that these benefits might reasonably be expected to be proportionate to the estimated costs to the extent that the Proposed Amendments preserve the relative competitive position of U.S. and Canadian marketplaces.

Unpublished Materials

In developing the Proposed Amendments and Proposed CP Changes, we have not relied on any significant unpublished study, report or other written materials.

Local Matters

Certain jurisdictions are publishing other information required by local securities legislation. In Ontario, this information is contained in Annex G of this notice.

Annexes

- Annex A – Proposed Amendments to National Instrument 23-101 *Trading Rules*
- Annex B – Proposed Changes to Companion Policy 23-101 *Trading Rules*
- Annex C – Blackline Showing Proposed Amendments to National Instrument 23-101 *Trading Rules*
- Annex D - Blackline Showing Proposed Changes to Companion Policy 23-101 *Trading Rules*
- Annex E – Summary of responses to Staff Notice 23-331 relating to SEC Tick Size and Trading Fee Proposals
- Annex F – Background on regulation of trading fee caps in Canada
- Annex G – Local Matters – Cost Benefit Analysis (Ontario)

Authority of the Proposed Amendments and Proposed CP Changes

The securities legislation in each of the CSA jurisdictions provides the securities regulatory authority with rule-making or regulatory authority in respect of the subject matter of the Proposed Amendments.

In Ontario, the Proposed Amendments and Proposed CP Changes are being made under the following provisions of the *Securities Act* (Ontario):

- Paragraph 143(1)11 authorizes the Commission to make rules regulating the listing or trading of publicly traded securities or the trading of derivatives.
- Paragraph 143(1)12 authorizes the Commission to make rules regulating recognized exchanges, recognized self-regulatory organizations, recognized quotation and trade reporting systems, alternative trading systems, recognized clearing agencies and designated trade repositories, including prescribing requirements in respect of the review or approval by the Commission of any by-law, rule, regulation, policy, procedure, interpretation or practice.

How to Provide Comments

We welcome your comments on the Proposed Amendments and Proposed CP Changes and invite comments on the specific questions written under title "Consultation Questions". Please provide your comments in writing by March 24, 2025. Please send your comments by email, attached in Microsoft Word format.

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.

Please address your submission to 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
Financial and Consumer Services Commission, New Brunswick
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Service NL
Northwest Territories Office of the Superintendent of Securities
Office of the Yukon Superintendent of Securities
Superintendent of Securities, Nunavut

Please send your comments only to the following addresses. Your comments will be forwarded to the remaining jurisdictions:

The Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
Email: mailto:comment@osc.gov.on.ca

M^{e} Philippe Lebel
Corporate Secretary and Executive Director, Legal Affairs
Autorité des marchés financiers
Place de la Cité, tour PwC
2640, boulevard Laurier, bureau 400
Québec (Québec) G1V 5C1
Fax: (514) 864-8381
Email: consultation-en-cours@lautorite.qc.ca

Questions

Please refer your questions to any of the following:

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ANNEX A

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 23-101 *TRADING RULES*

1. National Instrument 23-101 Trading Rules is amended by this Instrument.

2. Section 6.6.1 is amended

(a) in subsection (1) by adding "U.S.***" before "***inter-listed security***",***

(b) in paragraph (2)(a) by replacing "an order involving an inter-listed security***" with "***an order involving a U.S. inter-listed security***",***

(c) in subparagraph 2(a)(i) by replacing "$0.0030***" with "***$0.0010***",***

(d) in paragraph 2(b) by replacing "a security that is not an inter-listed security***" with "***a security that is not a U.S. inter-listed security***", and***

(e) in subsection (3) by adding "U.S.***" before "***inter-listed securities***".***

3. Section 6.6.2 is repealed.

4. This Instrument comes into force on [•].

ANNEX B

PROPOSED CHANGES TO
COMPANION POLICY 23-101 *TRADING RULES*

1. Companion Policy 23-101 to National Instrument 23-101 Trading Rules is changed by this Document.

2. Section 6.4.1 is replaced with

"6.4.1 Trading Fees – Section 6.6.1 provides caps on the fee that a marketplace subject to section 7.1 of NI 21-101 can charge for execution against a displayed order on the marketplace. Paragraph 6.6.1(2)(a) establishes a different trading fee cap for exchange-traded securities that are U.S. inter-listed securities (i.e., listed on both a recognized exchange and a national securities exchange in the United States of America) and priced at or above $1.00. Subsections 6.6.1 (3) and (4) provide a process to ensure transparency of a security's status as a U.S. inter-listed security, and require a recognized exchange to publish a quarterly list of all of its U.S. inter-listed securities no later than seven days after the end of each quarter. In compiling the list, an exchange may rely on representations made by its listed issuers as to their status.***"***

3. These changes will become effective on [•].

ANNEX C

BLACKLINE SHOWING PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 23-101 *TRADING RULES*

Trading Fees

6.6.1 (1) In this section

"exchange-traded fund" means a mutual fund

a. the units of which are listed securities or quoted securities, and

b. that is in continuous distribution in accordance with applicable securities legislation; and

"U.S. inter-listed security" means an exchange-traded security that is also listed on an exchange that is registered as a "national securities exchange" in the United States of America under section 6 of the 1934 Act.

6.6.1 (2) A marketplace that is subject to section 7.1 of NI 21-101 must not charge a fee for executing an order that was entered to execute against a displayed order on the marketplace that,

a. in the case of an order involving a~~n~~ U.S. inter-listed security,

i. is greater than ~~$0.0030~~ $0.0010 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to $1.00, and

ii. is greater than $0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than $1.00, or

b. in the case of an order involving a security that is not a~~n~~ U.S. inter-listed security,

i. is greater than $0.0017 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to $1.00, and

ii. is greater than $0.0004 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is less than $1.00.

(3) A recognized exchange must maintain a list of U.S. inter-listed securities that are listed on the exchange as of the last day of each calendar quarter.

(4) A recognized exchange must publicly disclose on its website the list referred to in subsection (3)

a. within 7 days after the last day of each calendar quarter, and

b. for a period of at least 12 months commencing on the date it is publicly disclosed on the website.

~~**Ceasing to be inter-listed security – fee transition period**~~

~~**6.6.2** If a security ceases to be an inter-listed security, paragraph 6.6.1(2)(b) does not apply if~~

~~a. less than 35 days has passed since the first date, following the cessation, the list referred to in subsection 6.6.1(4) was publicly disclosed, and~~

~~b. the fee charged is in compliance with paragraph 6.6.1(2)(a) as if the security were still an inter-listed security.~~

ANNEX D

BLACKLINE SHOWING PROPOSED CHANGES TO
COMPANION POLICY 23-101 *TRADING RULES*

6.4.1 Trading Fees – Section 6.6.1 provides caps on the fee that a marketplace subject to section 7.1 of NI 21-101 can charge for execution against a displayed order on the marketplace. Paragraph 6.6.1(2)(a) establishes a ~~higher~~ different trading fee cap for exchange-traded securities that are U.S. inter-listed securities (i.e., listed on both a recognized exchange and a national securities exchange in the United States of America) and priced at or above $1.00. Subsections 6.6.1 (3) and (4) provide a process to ensure transparency of a security's status as a~~n~~ U.S. inter-listed security, and require a recognized exchange to publish a quarterly list of all of its U.S. inter-listed securities no later than seven days after the end of each quarter. In compiling the list, an exchange may rely on representations made by its listed issuers as to their status. ~~Section 6.6.2 addresses the situation where a security's status as an inter-listed security changes, specifically, when a security is delisted from all U.S. national securities exchanges on which it was listed and is now only listed on a recognized exchange in Canada and is no longer an inter-listed security. Section 6.6.2 requires marketplaces to make any reductions to their fees that are necessary to comply with paragraph 6.6.1(2)(b) no later than 35 days following the publication of the first list indicating that the security is no longer an inter-listed security.~~

ANNEX E

SUMMARY OF RESPONSES TO STAFF NOTICE 23-331 RELATING TO SEC TICK SIZE AND TRADING FEE PROPOSALS

List of Commenters

1. Canadian Securities Exchange
2. BMO Financial Markets
3. Virtu Financial
4. TD Securities
5. Investment Industry Association of Canada (IIAC)
6. Canadian Security Traders Association, Inc (CSTA)
7. Scotiabank Global Trading & Markets
8. Tradelogiq
9. TMX
10. Cboe
11. Nasdaq CXC Limited
12. National Bank Financial Markets

Summary of Comments
Question 1: If adopted as proposed by the SEC, please provide your views regarding whether Canada should harmonize with an amended SEC rule, including with respect to: **a) the methodology used to calculate minimum trading increments, including, source of data (which marketplaces and what entity should be responsible for calculation) and time periods during which the metrics are calculated,** **b) securities to which any amended Canadian price increments would apply (e.g., inter-listed securities only or all or some classes of securities, exchange-traded funds and/or other exchange-traded securities),** **c) treatment of situations where the use of an aligned methodology results in different trading increments between inter-listed securities traded in Canada and the U.S. (i.e., where the time-weighted average quoted spreads in Canada and the U.S. are different for the same security).**
a) • Some commenters supported harmonizing with the U.S. and among the Canadian regulators the methodology used to calculate minimum trading increments. • One commenter noted that Canadian listing exchanges should identify which inter-listed stocks are affected and therefore subject to reduced tick sizes – for example, through start of day symbol status messages.
b) • The vast majority of commenters supported harmonizing Canadian price increments for Inter-listed Securities. Not a single commenter expressed outright opposition to harmonizing price increments for U.S. Inter-listed Securities. On the issue of non- U.S. Inter-listed Securities, most commenters urged caution, or outright opposed harmonizing trading increments for non- U.S. Inter-listed Securities. Only one commenter supported harmonizing trading increments for these securities.
c) • A commenter noted that if the regulators cannot harmonize their data sets, Canadian regulators should apply SEC data over Canadian data. • Another commenter argued that in case of having different trading increments for U.S. Inter-listed Securities, the trading increment chosen for Canada should be the narrower of (1) the U.S. increment and (2) the increment calculated through the Canadian method.
Question 2: If Canadian requirements as related to minimum trading increments are not amended in response to an amended SEC rule as proposed: **a) Would marketplace participants send less order flow to Canadian marketplaces in favor of U.S. trading venues?** **b) Does the difference in value between the Canadian and the American dollars matter in your analysis?**
a) • The majority of commenters believed that order flow to Canadian marketplaces will drop if Canadian requirements are not harmonized with SEC amendments. • Two commenters expressed doubts with respect to the order flow drop at Canadian marketplaces; one commenter called for a more detailed, data-driven study to be undertaken.
b) • The vast majority of commenters who responded to this question did not believe that trading increments and access fees should be viewed through the lens of foreign exchange rate. The general preference was to have those harmonized to the greatest extent possible.
Question 3: Concerns have been raised in relation to: **a) operational resiliency and systems readiness should the number of trading increments be increased, especially where they would be periodically adjusted on a per-security basis, and** **b) increase in message traffic (i.e., electronic order and trade messages) that will result from an increase in the number of pricing increments.** **Please discuss whether you share these concerns.**
• The majority of commenters shared the identified concerns. However, the general view was that the benefits of harmonizing trading increments for U.S. Inter-listed Securities outweighed the technology-related risks. One commenter noted that the regulators should provide the industry with sufficient time to adjust their technology to smaller trading increments.

Question 4: It has been suggested that any Canadian proposal to amend minimum pricing increments would introduce complexity in managing orders. Please provide your views in this regard, including as related to:

a) complexities associated with the frequency at which minimum trading increments could change,
b) the necessary lead-time between establishment and implementation of new minimum trading increments both initially and on an ongoing basis,
c) challenges with management of existing orders entered on marketplaces at prices that have become invalid trading increments (may be particularly relevant for orders of retail investors that are entered with longer expiry dates (i.e., Good-till-Cancelled ("GTC") orders)),
d) investor education challenges associated with an amended approach to minimum pricing increments.

- Some commenters believed that such a Canadian proposal would introduce complexity in managing orders.
- Some commenters thought that GTC orders may need to be repriced and/or possibly canceled.
- In terms of the timeline of implementation, one commenter preferred infrequent and predictable changes where needed; another commenter preferred to stagger the implementation.
- One commenter expressed concerns regarding the timing: under the SEC proposals, calculations, dissemination and changes of tick sizes would all have to take place between one day's close and the next day's open. Such a compressed schedule might affect markets' ability to conduct adequate quality control and testing; also, brokers may not have sufficient time to discuss and address order management issues with their clients.
- Some commenters believe that investor education associated with an amended approach to minimum trading increments might be a challenge.

Question 5: As modifying trading increments in Canada would impact the determination of a "better price" under UMIR, please discuss whether Participants (as defined in UMIR 1.1) would still be providing meaningful price improvement in circumstances where a "better price" is required.

- Some commenters believed that UMIR should not change its definition of a "better price."
- Some commenters thought that there would still be meaningful price improvement with modified trading increments. On the other hand, one commenter believed that a "better price" at sub-penny levels is almost immaterial, and this would not be meaningful price improvement.
- Other commenters expressed different opinions:
    - One commenter suggested redefining the concept of "better price" to an absolute amount (per share), dependent on stock price and potentially order quantity. Further, any displayed orders which do not represent a "better price" relative to round trading increments should lose order protection.
    - One commenter argued that maintaining a single general standard for "better price" as the amount by which one can improve the quoted better price would make for a simple and practical standard but is open to establishing a higher threshold.
- One commenter urged the regulators to consider the policy rationale behind the determination of "better price" and whether smaller trading increments would still be providing meaningful price improvement.

Question 6: Please provide any views on expected outcomes (positive and negative) associated with any changes to minimum trading increments, including as related to expected quoted volume at each price increment. Additionally, please provide your views on what metrics could be used to evaluate whether any new approach to minimum trading increments results in positive or negative outcomes.

- A number of commenters had various views on expected outcomes that would result with any changes to minimum trading increments:
    - In terms of positive outcomes,
        - Several commenters noted that decreased minimum trading increments will result in tighter bid-ask spreads, leading to the lower institutional trade execution costs,
        - One commenter provided that trading volume will likely increase,
        - One commenter noted that reducing minimum trading increment would lead to increased potential for more precise price discovery processes for a small number of tick-constrained stocks,
        - Two commenters suggested that aligning minimum trading increments with the U.S. would allow Canada to maintain competitiveness with the U.S. market.
    - In terms of negative outcomes,
        - Some commenters believed that reducing tick size would reduce quoted volume available at the National Best Bid and Offer (NBBO),
        - Some commenters noted potential issues with increased message traffic, such as less ability for slower traders to quote and trade passively on the near side of the quote and the need for infrastructure upgrades, as well as increased costs to the industry,
        - A couple of commenters submitted that proposed tick size buckets are too granular, which will lead to flickering quotations, increased price instability, less aggregated liquidity, wider spreads, greater market fragmentation and ultimately will weaken the NBBO,

- One commenter cautioned against reduced top of book size, disadvantages to liquidity providers through loss of queue priority, more challenging trade-through management due to finer tick increments and more rapid quote updates.

- Some commenters proposed the following metrics to evaluate the effect of a change in trading increments:
  - message traffic rates
  - volume traded (e.g., on inside bid/offer vs current volume; at top of book; within a one-increment spread; comparison between Canada and U.S. for U.S. Inter-listed Securities)
  - fill/cancelation rates and time to fill or cancel
  - average displayed order size and market depth
  - ratio of displayed share trading vs non-displayed share trading
  - market impact experienced by participants
  - stock quote stability and price volatility

  One commenter noted that it may be challenging to determine which metrics are appropriate given the high number of variables at play and, therefore, metrics may need to evolve over time and should be periodically reassessed.

Question 7: Please discuss whether fee caps should also apply to "taker-maker" fee models and, if so, whether their fee caps should be different.

- Some commenters supported applying fee caps to taker-maker fee models, while four oppose fee caps in these cases.
- Two commenters emphasized their view that the access cap in Rule 610 of Regulation NMS only applies to fees for accessing (removing) liquidity, and not to the level of rebate to remove liquidity/the fee to provide liquidity.
- One commenter expressed its view that the degree of distortion permitted through rebates must be limited symmetrically for both traditional and inverted markets.

Question 8: Generally, the exact fee or rebate for an order cannot be determined until after an execution occurs, as discounted fees or credits are determined by marketplaces at the end of the month, based on trading during the month of a Participant. To be able to calculate the full cost of a transaction at the time of execution, the SEC also proposes to require that all exchange fees and rebates be determinable at the time of execution. U.S. trading venues would be required to set such volume thresholds or tiers using volume achieved during a stated period prior to the assessment of the fee or rebate so that market participants are able to determine what fee or rebate level would be applicable to any submitted order at the time of execution.

Please discuss whether we should take a similar approach in Canada.

- Some commenters supported such a requirement, while others opposed setting this requirement.

Question 9: If adopted as proposed by the SEC, please provide your views on a Canadian approach to fee caps, including with respect to:

a) harmonization with an amended SEC rule, including with respect to application to inter-listed and/or non-inter-listed securities,

b) methodology used, including with respect to:

i. application to all securities, regardless of price,

ii. consideration of a fee cap that reflects tick size, similar to the methodology proposed by the SEC, and

iii. consideration of a percentage-based fee cap for securities priced under CAD1.00.

- Numerous commenters believed that harmonizing fee caps with an amended SEC rule would be beneficial for U.S. Inter-listed Securities.
- Some commenters suggested considering extending the reduced fee caps to non- U.S. Inter-listed Securities. However, most of these commenters also cautioned against doing so without extensive analysis and consultations.
- One commenter believed that if the decision is made to reduce tick sizes for Canadian non- U.S. Inter-listed Securities, a maximum access fee should be capped at 50% of the Regulation NMS requirement for the same trading increment; also, a fee for posting liquidity on inverted markets should be limited to the maximum access fee for the same stock.
- One commenter submitted that:
  - if the SEC lowers both the minimum tick size and access fee, Canadian fee caps for U.S. Inter-listed Securities should be harmonized with non-U.S. Inter-listed Securities, currently at CAD 0.0017, or be higher, in case SEC's cap is at or above that number.
  - if the SEC lowers the minimum tick size but maintains the current access fee cap, Canadian regulators should increase the fee cap for non-U.S. Inter-listed Securities to CAD 0.0030 to harmonize it with the cap for U.S. Inter-listed Securities.

- if the SEC maintains the current minimum tick size but lowers the access fee caps, the Canadian fee cap for U.S. Inter-listed Securities should be harmonized with those for non-U.S. Inter-listed Securities, currently at CAD 0.0017, or be higher, in case SEC's cap is at or above that number.
- if the SEC maintains the current minimum tick size and current access fee, fee caps for non-U.S. Inter-listed Securities should be increased to be harmonized with fee caps for U.S. Inter-listed Securities.

ANNEX F

BACKGROUND ON REGULATION OF TRADING FEE CAPS IN CANADA

Section 6.6.1 of NI 23-101 sets out the active trading fee caps for securities (which include units of exchange traded funds (**ETFs**)). In 2016, they were originally set at CAD 0.0030 per share for securities traded in a continuous auction and priced CAD 1.00 or more, and CAD 0.0004 per share for securities priced below CAD 1.00.[8] The fee caps were imposed because of concerns that marketplaces would take advantage of the order protection rule[9] (**OPR**) to charge high fees for execution of orders that are required to be routed to the marketplace to comply with OPR regardless of the fees charged by the marketplace displaying the better-priced order.[10] The caps were imposed on all visible marketplaces, including ones that were not protected (and therefore not required to be accessed as a result of the OPR) because of a view that caps should be applied equally from a fairness perspective and because of concerns that fees charged and rebates provided by unprotected markets could be set at a level that may encourage inappropriate trading activities and thereby negatively affect market integrity. In addition, although OPR does not apply to unprotected marketplaces, dealers may need to access those marketplaces to comply with best execution obligations.

The CAD 0.0030 fee cap mirrored the fee cap then in place for U.S. marketplaces under the SEC Rule 612. The cap represented an established baseline that was created in the U.S. in the context of similar order protection requirements.

Securities below CAD 1.00

For the cap on active trading fees for securities priced below CAD 1.00, the CSA considered applying the U.S. cap for similarly priced securities, which was 0.3% of the trade price. However, when comparing marketplace fee levels for securities priced under $1.00, trading fees were for the most part already below what would be charged if the U.S. cap was applied. Additionally, imposing a cap applied as a percentage of value traded diverged from conventional billing practices, which are to charge at a per share or unit rate. As a result, the cap for securities priced below CAD 1.00 was set at the highest rate then being charged, which was CAD 0.0004 per share or unit traded. The rationale for not implementing a similar cap as the U.S. for trades in securities priced under CAD 1.00 remains relevant.

Non-U.S. Inter-listed Securities

To address concerns that the CAD 0.0030 fee cap appeared high for non-U.S. Inter-listed Securities[11] (whose trading prices are generally lower than Inter-listed Securities), in 2017 fees for non-U.S. Inter-listed Securities were capped at CAD 0.0017 per share for securities priced CAD 1.00 or more. This was done to ensure that the trading fee reflected the value of the security traded. The CAD 0.0030 cap for U.S. Inter-listed Securities represented 1.2 basis points of the volume-weighted average price for those securities. The CAD 0.0017 cap represents the basis point equivalent of the volume-weighted average price for non-U.S. Inter-listed Securities.

Maker-taker and taker-maker fee models

The fee caps only apply to maker-taker fee models[12] and do not apply to inverted (taker-maker) markets, as these do not create the same risk of excessive fees to take advantage of OPR creating captive consumers. The fees the marketplaces charge for posting or providing liquidity will not directly affect a dealer who needs to trade with an order on that marketplace to comply with OPR or best execution; the dealer will either receive a rebate or not be charged a fee.[13] As liquidity providers are not required to post orders on any inverted market, we believe that competitive forces will limit the fees that can be charged by these marketplaces.

8 See notice of approval - https://www.osc.ca/en/securities-law/instruments-rules-policies/2/23-101/csa-notice-approval-amendments-national-instrument-23-101-trading-rules-and-companion-policy-23.

9 Part 6, NI 23-101.

10 CSA Notice and Request for Comment: Proposed Amendments to NI 23-101 Regarding Order Protection Rule Review, https://www.osc.ca/en/securities-law/instruments-rules-policies/2/23-101/csa-notice-and-request-comment-proposed-amendments-ni-23-101-regarding-order-protection-rule (May 15, 2014)

11 Securities, including ETF units, that are not also listed on a national securities exchange registered under section 6 of the 1934 Act.

12 The “maker-taker” marketplace fee model charges a fee for the execution of an order that removes liquidity from an order book and pays a rebate to the provider of liquidity for the same transaction.

13 The size of the fee would indirectly affect the size of any rebate.

ANNEX G
Local Matters (Ontario)

Cost-Benefit Analysis: Proposed Amendments to NI 23-101 and Proposed Changes to 23-101CP– Marketplace Trading Fee Caps

I. Background

a. Current regulatory framework and rationale for intervention

Trading fees charged by marketplaces are determined by a number of factors.

The regulatory framework, including caps on fees, is designed to ensure that marketplace trading fees are fair and reasonable, marketplaces are not taking advantage of regulatory requirements to charge unreasonably high fees, and all investors have fair and non-discriminatory access to displayed orders on all marketplaces.

Most marketplaces operate either a "maker-taker" or "taker-maker" fee model. Under a maker-taker model, a marketplace charges a fee to the active order taking liquidity from the order book and pays part of that fee as a rebate to the passive order providing liquidity to the order book. Under a taker-maker model, the passive order (i.e., resting orders providing liquidity on a marketplace) pays a fee and the active order (i.e., orders that take liquidity on the marketplace) receives the rebate. In either model, the difference between the fee and rebate is the net capture for the marketplace. If a marketplace charges a larger active (passive) fee, it can afford to offer a larger passive (active) rebate to attract more order flow.

The relationship between trading fees and trade-throughs

The purpose of a trading fee limitation is to help ensure fair access to displayed orders by establishing an outer limit on the cost of accessing such quotations, especially where there is a regulatory requirement that a dealer trade with an order on a particular marketplace, such as trade-through rules that prohibit executing a buy order at a higher price than is available on another protected marketplace, or a sell order at a lower price.[14] Trading fee caps were designed in part to preclude individual marketplaces from raising their fees substantially in an attempt to take improper advantage of strengthened protection against trade-throughs.

Canada has had a form of trade-through regime in place for trading in exchange-traded securities for some time, although the scope of application and underlying principles have evolved. Originally, trade-through prohibitions were contained in exchange trading rules, and only protected that exchange's orders.[15] Later, the prohibition on trade-throughs was extended to all marketplaces with displayed orders. As more marketplaces competed in trading, concerns arose that investors, including retail investors, would perceive an uneven playing field if their orders were not executed despite showing better prices than prices at which trades were occurring. This could lead to a loss of confidence in the fairness and integrity of the market, the subsequent withdrawal of investors and/or liquidity from the market, and a decrease in the efficiency of the price discovery process and the markets in general. As a result, proposals to formalize the Order Protection Rule (**OPR**) were finalized in November 2009 and implemented in February 2011.

However, an unintended consequence of OPR was that some marketplace fees, including trading fees, were identified as impacted by the captive consumer issue. Regarding trading fees, marketplace participants raised specific concerns about the implications of OPR on their costs to execute tradeable order flow, given that OPR makes them captive consumers required to trade with the best-priced displayed orders, regardless of the level of fees charged by marketplaces displaying those orders.

Consequently, as a result of the CSA's review of OPR, steps were taken to help reduce the extent to which OPR acts as an unreasonable support for marketplaces and to mitigate the related cost issues borne by dealers and investors. The measures taken to cap trading fees were balanced against both the objectives of OPR and considerations related to the effect on competition and innovation. We note that the active trading fee caps apply to all visible marketplaces, even though unprotected visible marketplaces do not have captive consumers, because the CSA's view was that fee caps should be applied equally from a fairness perspective.[16]

The current fee caps

Subsection 6.6.1(2) of National Instrument 23-101 *Trading Rules* (**NI 23-101**) places a limit (or cap) on the active trading fees that can be charged by marketplaces for execution against displayed orders on the marketplace. Fee caps apply to continuous auction trading in equity securities and exchange-traded funds (**ETFs**). There are different cap levels for inter-listed and non-inter-listed securities.

[14] Under NI 23-101), "trade-through" means the execution of an order at a price that is,
(a) in the case of a purchase, higher than any protected offer, or
(b) in the case of a sale, lower than any protected bid.

[15] When it traded equities, the Montreal Exchange also prohibited trading through better-priced orders on the Toronto Stock Exchange.

[16] A dealer's best execution obligation may require it to access orders on unprotected visible markets.

Fee caps were originally set in 2016 at CAD 0.0030 per share for securities priced at CAD 1.00 or more, and CAD 0.0004 per share for securities priced below CAD 1.00. As described above, the fee caps only applied to maker-taker fee models, where marketplaces collect fees on active orders and pay rebates on passive orders. The $0.0030 fee cap mirrored the fee cap then in place for U.S. marketplaces under Securities and Exchange Commission (**SEC**) Rule 612, which is a practical necessity given the interconnectedness of the U.S. and Canadian equity markets.

To address concerns that the $0.0030 fee cap appeared high for non-inter-listed securities (whose trading prices are generally lower than inter-listed securities), in 2017, fees for non-inter-listed securities were capped at CAD 0.0017 per share for securities priced at CAD 1.00 or more. The non-inter-listed securities trading fee cap was set lower than the cap for inter-listed securities in dollar terms but not in percentage-point terms, since non-inter-listed securities had a lower volume-weighted average price than inter-listed securities.[17] The existing fee caps were maintained for inter-listed securities and for all securities priced below CAD 1.00.

SEC market structure reform proposals

On September 18, 2024, the SEC finalized rules setting two minimum pricing increments, either USD 0.005 or USD 0.01, for the quoting and trading of National Market System (**NMS**) securities priced at or above USD 1.00 per share based on the time-weighted average quoted spread on U.S. marketplaces during an evaluation period. The minimum pricing increment is to be recalculated on a semi-annual basis (**SEC Trading Increment Rule**). The SEC Trading Increment Rule was to be effective on November 3, 2025 but is currently subject to an SEC order staying implementation pending the outcome of litigation.

In Canada, minimum pricing increments are set by the Canadian Investment Regulatory Organization (**CIRO**) through Universal Market Integrity Rule (**UMIR**) 6.1(1). The increments are currently set at one cent for securities trading at or above $0.50 and $0.005 for securities trading below $0.50. In response to the SEC Trading Increment Rule, CIRO has proposed aligning the trading increments for inter-listed securities.

In light of the SEC Trading Increment Rule, the SEC has reduced the access fee[18] caps in response to the proposed lower pricing increments. For securities priced USD 1.00 or more, the SEC has finalized amendments to reduce access fee cap levels to $0.001/share for protected quotations and other best bids and offers in NMS stocks priced at $1.00 or more regardless the tick size or pricing increment for the security. For securities priced less than USD 1.00, the SEC lowered the access fee cap of from 0.3% to 0.1% of the quotation price per share. Implementation of the reduced access fee cap is also stayed.

b. Proposed changes

The Canadian Securities Administrators (the **CSA**) propose to amend section 6.6.1 of NI 23-101 and section 6.4.1 of Companion Policy 23-101CP *Trading Rules* (**23-101CP**) to lower the active trading fee cap applicable to trading in inter-listed securities (the **Proposed Amendments**) from CAD 0.0030 to CAD 0.0010 for securities priced CAD 1.00 or more. For securities priced less than CAD 1.00, the CSA does not consider it necessary to reflect these in Canada since the current Canadian regime governing trading fee caps for securities priced less than $1.00 is different than that of the U.S.[19]

The Proposed Amendments, if implemented, will continue to align Canadian trading fee caps with U.S. access fee caps for inter-listed securities. Maintaining this harmonization is necessary to maintain effective functioning of the capital markets, so that lower trading fees in the U.S. do not create an incentive for Canadian dealers to direct order flow in inter-listed securities to lower-cost U.S. marketplaces. If the revised U.S. access fee cap is not implemented, the CSA will not proceed with the Proposed Amendments.

Additionally, if trading increments are reduced, marketplace fees must also be reduced so they do not distort pricing. OPR, in section 6.1 of NI 23-101, requires dealers to have policies and procedures reasonably designed to prevent trade-throughs (that is, trades occurring at inferior prices to those available on another protected marketplace).[20] High trading fees can distort the analysis of whether a price on one market is in fact "better" than a price on another. The Proposed Amendments will continue to protect marketplace participants from marketplaces charging high trading fees for execution of orders that are required to be routed to the marketplace to comply with OPR. The recalibration of trading fee caps in light of the reduction Canadian minimum

17 CSA, CSA Notice and Request for Comment: Proposed Amendments to National Instrument 23-101 Trading Rules, April 7, 2016, https://www.osc.ca/en/securities-law/instruments-rules-policies/2/23-101/csa-notice-and-request-comment-proposed-amendments-national-instrument-23-101-trading-rules.

18 In the U.S., trading fees are known as access fees.

19 In a 2014 CSA Notice, we noted that: "*when comparing current marketplace fee levels for included securities priced under $1.00, they are in many cases already well below what would be charged if the U.S. cap was applied. In addition, we estimate that over the last three months of 2013, only approximately 6% of the total volume traded in securities priced below $1.00 would have occurred at fee levels above the U.S. cap. Consequently, we questioned the rationale for implementing a similar cap at this time for trades in included securities priced under $1.00. We also questioned the rationale for imposing a cap that is applied as a percentage of value traded given that current billing practices for the included securities are to charge at a per share or unit rate. We determined it would therefore be appropriate that if imposing a cap for included securities priced below $1.00, it be set at the highest rate currently being charged for either of TSX or TSXV-listed securities- being 4 mills or $0.0004 per share or unit traded.*"

20 A "protected market' is one that displays bids and offers publicly, allows those orders to be executed immediately and has a minimum market share. For exchanges, it also includes the exchange on which a security is listed.

trading increments, contained in CIRO's UMIR 6.1(1), will also prevent potential market distortions that could occur when trading fees exceed half the minimum increment and represent an outsized proportion of the minimum quotation increment.

A reduction in the minimum pricing increment without reducing the trading fee caps could permit trading fees to become a higher percentage of the minimum pricing increment, which could potentially undermine price transparency and exacerbate the other concerns with maker-taker fees.

Inverted (taker-maker) markets do not create the same risk of distortion because the fee is applied to the passive order. The fees the marketplaces charge for posting liquidity will not directly affect a dealer who needs to trade with an order on that marketplace to comply with OPR; the dealer will either receive a rebate or not be charged a fee.[21] As liquidity providers are not required to post orders on any inverted market, we believe that competitive forces will limit the fees that can be charged.

The Proposed Amendments would balance several considerations, such as ensuring that the fees are competitive with U.S. markets while also seeking to preserve the ability of marketplaces to continue to operate and affording them continued flexibility to develop and utilize different fee structures, including the currently used maker-taker fee model. The proposed trading fee caps would allow marketplaces to largely maintain their current net capture rate (the difference between marketplace fees and rebates) and not impair their current fee models, though some fee models may change.

We also note that the Proposed Amendments could lower investor costs, including costs associated with trading fees and intermediation. With respect to the latter, concerns have been raised about excessive intermediation, which may occur in the trading of sufficiently liquid securities. In pursuit of earning rebates, high frequency traders and latency sensitive liquidity providers crowd out individual investors and long-term investors from being able to access liquidity passively.

II. Stakeholders affected by the proposed Instrument/Rule

Marketplaces

Marketplaces will need to revise their fee schedules, including fees charged on active orders and rebates paid to passive orders. There are 6 maker-taker marketplaces with active trading fees that exceed the proposed trading fee cap of CAD 0.001 for inter-listed securities.

There are approximately 200 inter-listed securities, of which roughly 180 are priced at CAD 1.00 or more. These inter-listed securities account for about 30% of total trading volume on Canadian marketplaces as of October 2023.[22]

Dealers

Revenues and costs for various dealers with different business models will be impacted by the changes to marketplace fees and rebates.

Investors

Investors are not expected to be directly impacted by the Proposed Amendments as dealers do not typically pass on trading fee charges or rebates directly to customers. Longer term, lower marketplace trading fees for active trades may contribute to continuing reductions in brokerage commissions.

III. Impact of the Proposed Amendments on each of the OSC mandate components

The OSC considers the impact of proposed rulemaking on the OSC's mandate to:

- provide protection to investors from unfair, improper or fraudulent practices,
- foster fair, efficient and competitive capital markets and confidence in the capital markets,
- foster capital formation, and
- contribute to the stability of the financial system and the reduction of systemic risk.

The Proposed Amendments may impact the competition, efficiency and capital formation components of the OSC's mandate.

Competition – The Proposed Amendments impact competition in the following ways:

- Competition between Canadian marketplaces – The Proposed Amendments may impact current marketplace business models. Marketplaces pay rebates to attract order flow to a particular platform and to partly

[21] The size of the fee would indirectly affect the size of any rebate.
[22] CBOE, Canadian Equity Exchanges Today, November 13, 2023, https://www.cboe.com/insights/posts/canadian-equities-exchanges-today/.

compensate liquidity providers for the costs associated with market making. Given that rebates are funded in part by trading fees, the proposal to lower trading fees could lower the total amount of fees collected by some marketplaces, reducing the amount of rebates distributed by those marketplaces, possibly impacting their ability to attract order flow. The fee cap may decrease the opportunity for marketplaces to compete on trading fees but may encourage greater competition along other dimensions.

- Competitiveness with U.S. Markets – Harmonizing the U.S. and Canadian requirements for inter-listed securities should, at a minimum, preserve the existing competitive position of Canadian marketplaces.

- Efficiency – Price or market efficiency concerns the extent to which market prices reflect all available information. Operational efficiency concerns relate to transaction costs.[23] To the extent that the reduction in the tick size and accompanying reduction in the trading fee cap lower transaction costs, the Proposed Amendments could potentially improve both price and operational efficiency.

- Capital formation – The Proposed Amendments facilitate capital formation by working to ensure orderly and liquid secondary markets.

IV. Anticipated costs and benefits

a. Benefits to stakeholders

Marketplaces

- Continued alignment with the U.S. marketplace fees and rebates to avoid potential loss of order flow to the United States.

- Lower fees will lead to lower rebates paid out by the marketplaces. Overall, the impact on the net marketplace fees is expected to be minor—as noted earlier, the proposed trading fee caps would allow marketplaces to largely maintain their current net capture rate and not impair their current fee models, though some fee models may change.

Dealers

- Lower trading fees will reduce costs on dealers who predominately execute active trades on behalf of investors. Table 1 estimates the impact of the proposed trading fee cap on total trading fees paid and rebates received by marketplace participants.

Table 1: Estimated total annual "maker-taker" marketplace trading fees and rebates under the current and proposed trading fee cap

	Current	Proposed
Shares traded, billions	54.2	54.2
Active fees, $ millions	144.4	43.4
Active fees, mils per share	12-27	4-10
Passive rebates, $ millions	122.8	21.8
Passive rebates, mils per share	6-24	0-6

Note: These results are calculated based on 2023 trading volumes among other assumptions.[24] Source: Bloomberg, OSC staff calculations.

[23] Bauer, Gregory H., *A Taxonomy of Market Efficiency*. Bank of Canada Financial System Review, 2004, https://www.bankofcanada.ca/wp-content/uploads/2012/01/fsr-1204-bauer.pdf.

[24] Table 1 assumptions calculated on a best-efforts basis:
1. The proposed trading fee cap impacts US inter-listed securities priced at C$1.00 per share or more (about 180 securities).
2. Impacted "maker-taker" marketplaces (6) have active trading fees above 10 mils.
3. The current headline fees and rebates on impacted maker-taker marketplace is applied to 2023 trading volume for impacted US inter-listed securities to estimate current total fees collected and rebates paid. All trading is subject to the same top-level fees and rebates charged by each marketplace without discounts.
4. Under the proposed trading cap, the marketplace net capture rate remains unchanged. Trading fees and rebates on impacted marketplaces for inter-listed securities are lowered to a range of 4-10 mils ($0.0004-$0.001 per share) and 0-6 mils (C$0.0000-$0.0006 per share), respectively. The weighted-average trading fees and rebates are 8 mils and 4 mils, respectively, for the impacted marketplaces, which is closer to the top of the new range under the proposed trading fee cap.

- Lower trading fees and rebates will reduce the incentive to route orders to the best-priced marketplace with the lowest fees or highest rebates. This reduction in fee and rebate distortions should simplify order routing, resulting in operational efficiencies.

b. Costs to stakeholders

Marketplaces

1. Marketplace Compliance Costs

In May 2024, OSC staff sent a voluntary survey to 7 equity marketplace operators seeking input on the expected costs each marketplace would incur to implement the Proposed Amendments. Specifically, the survey asked equity marketplace operators to provide an estimate of the amount of time needed to perform the necessary work by firm function (Legal, Compliance and IT). The survey also captured whether the equity marketplace operator expected to use in-house or external resources to complete the work. The following section considers the incremental costs of the Proposed Amendments based on survey responses from 4 of the 7 marketplaces.

The estimated compliance costs are based on the following assumptions and observations:

- Marketplaces already have policies and procedures in place that govern the updating of existing marketplace fee schedules. As such we do not expect that the Proposed Amendments will have a material incremental impact on existing processes.

- We anticipate that marketplaces will incur minor one-time initial implementation costs but there will be no significant ongoing compliance costs associated with the Proposed Amendments.

- While we expect that the costs associated with the trading fee cap will be relatively minor, survey respondents noted that the costs to implement the change in the minimum pricing increment would be significantly higher.[25] For the purposes of this cost-benefit analysis, we are primarily concerned with the costs associated with the proposed trading fee cap.

- Survey respondents indicated that they do not expect to incur any non-labour costs (e.g., significant investment in IT infrastructure) as a result of the Proposed Amendments.

Based on the survey responses, we estimate that the total number of compliance hours required to implement the Proposed Amendments range between 40 and 70 hours across the different firm functions. Survey respondents indicated that internal staff performing the work necessary to comply with the Proposed Amendments would include the following:

- **Legal**[26]– Senior Legal Counsel; Assistant/Associate General Counsel; General Counsel

- **Compliance**[27] – Senior Compliance Officer; Compliance Manager; Chief Compliance Officer

- **Internal IT**[28] – Product Manager, Software Engineer, Site Reliability Engineer

Table 2 sets out the estimated per firm and aggregate compliance costs associated with the Proposed Amendments.

Table 2: Estimated compliance costs associated with the proposed trading fee cap

	Low	High
Total per firm labour costs	$5,700	$10,700
Aggregate industry costs[29]	$39,900	$74,900

We note that the estimated compliance costs are small relative to marketplace annual revenue.

25 One respondent estimated that the costs to implement the change to the minimum pricing increment would be three times the estimated costs to implement the trading fee cap.
26 Hourly rates for legal staff are based on ZSA Counselwell's *2024 In-House Lawyer Salary Guide* (available here: https://www.zsa.ca/wp-content/uploads/2024/03/ZSA-Version-ZSA-X-Counselwell-In-House-Salary-Report-2.pdf)
27 Hourly rates for compliance staff are based on the Robert Half *2024 Canada Salary Guide* (available here: https://www.roberthalf.com/ca/en/insights/salary-guide)
28 Hourly rates for internal IT staff are based on the Robert Half *2024 Canada Salary Guide.*
29 Assuming a total of 7 impacted marketplace operators.

2. Marketplace Revenue Impact

In a maker-taker model, profit earned by marketplaces on each trade depends in part on the difference between the fees paid by liquidity takers and the rebates paid to liquidity providers. Table 1 (above) sets out estimates the impact of the proposed changes to trading fees and rebates for maker-taker marketplaces with active trading fees above the proposed trading fee cap. We anticipate that 6 marketplaces will need to lower fees as they currently charge above the proposed cap, and should consequently lower rebates.

Dealers and other liquidity providers

- Decreased revenues due to lower trading fee rebates; in particular, for firms specializing in liquidity provision and rebate capturing, such as HFT firms (Table 1).
- Need to reconfigure order routing strategies to account for changes to trading fees could impose a one-time cost.

V. Summary comparison of costs and benefits

We anticipate that marketplaces will incur minor costs to comply with the Proposed Amendments. We estimate that these costs will range between $5,700 and $10,700 per marketplace operator. We also anticipate that a reduction in the trading fee cap could lead to a $101 million decrease in total fees collected by marketplaces (see Table 1). However, the net capture earned by marketplaces should not change significantly, as the decrease in passive rebates paid ($101 million) should offset the decrease in fees collected. Although we are unable to quantify the impact of many of the benefits of the Proposed Amendments, we anticipate that these benefits might reasonably be expected to be proportionate to estimated costs to the extent that the Proposed Amendments preserve the relative competitive position of U.S. and Canadian marketplaces.

VI. Alternatives considered

Please refer to the section titled “Alternatives to the Proposed Amendments” in the accompanying CSA Notice and Request for Comment.

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:
PIMCO Global Income Opportunities Fund
Principal Regulator – Ontario
Type and Date
Preliminary Short Form Base Shelf Prospectus dated Jan 20, 2025
NP 11-202 Preliminary Receipt dated Jan 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06229698

Issuer Name:
Hamilton Canadian Bank Equal-Weight Index ETF
Principal Regulator – Ontario
Type and Date
Amendment No. 1 to Final Long Form Prospectus dated Jan 9, 2025
NP 11-202 Final Receipt dated Jan 14, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06087971

Issuer Name:
Franklin U.S. Mid Cap Multifactor Index ETF
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jan 20, 2025
NP 11-202 Final Receipt dated Jan 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06207789

Issuer Name:
Global X Metaverse Index ETF
Global X S&P Green Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Long Form Prospectus dated January 10, 2025
NP 11-202 Final Receipt dated Jan 14, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06153651

Issuer Name:
GuardPath® Managed Decumulation 2042 Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 1 to Final Long Form Prospectus dated January 17, 2025
NP 11-202 Final Receipt dated Jan 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06157319

Issuer Name:
Ninepoint Global Infrastructure Fund
Principal Regulator – Ontario
Type and Date:
Amendment No. 4 to Final Simplified Prospectus dated January 14, 2025
NP 11-202 Final Receipt dated Jan 16, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06110525

Issuer Name:
CST Spark 2026 Education Portfolio
CST Spark 2029 Education Portfolio
CST Spark 2032 Education Portfolio
CST Spark 2035 Education Portfolio
CST Spark 2038 Education Portfolio
CST Spark 2041 Education Portfolio
CST Spark 2044 Education Portfolio
CST Spark Graduation Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jan 16, 2025
NP 11-202 Final Receipt dated Jan 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06205764

Issuer Name:
CMP Next Edge Resource Class
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Simplified Prospectus dated January 9, 2025
NP 11-202 Final Receipt dated Jan 14, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06098496

Issuer Name:
Global X Carbon Credits ETF
Global X ReSolve Adaptive Asset Allocation Corporate Class ETF
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Long Form Prospectus dated January 10, 2025
NP 11-202 Final Receipt dated Jan 14, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06159543

Issuer Name:
Genus High Impact Equity Fund
Principal Regulator – British Columbia
Type and Date:
Final Simplified Prospectus dated Jan 17, 2025
NP 11-202 Final Receipt dated Jan 17, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06219665

Issuer Name:
Guardian i3 Global Dividend Premium Yield Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated January 20, 2025
NP 11-202 Preliminary Receipt dated Jan 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06229551

Issuer Name:
Invesco FTSE RAFI Canadian Index ETF
Invesco FTSE RAFI Global Small-Mid ETF
Invesco FTSE RAFI U.S. Index ETF
Invesco FTSE RAFI U.S. Index ETF II
Principal Regulator – Ontario
Type and Date:
Amendment No. 2 to Final Long Form Prospectus dated January 13, 2025
NP 11-202 Final Receipt dated Jan 20, 2025
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06050825

NON-INVESTMENT FUNDS

Issuer Name:
Spartan Delta Corp.
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 17, 2025
NP 11-202 Preliminary Receipt dated January 17, 2025
Offering Price and Description:
$85,002,640
22,252,000 Common Shares
$3.82 per Common Share
Filing # 06227925

Issuer Name:
Brookfield Renewable Corporation (formerly, 1505127 B.C. Ltd.) (000107142)
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated January 15, 2025
NP 11-202 Preliminary Receipt dated January 16, 2025
Offering Price and Description:
US$2,500,000,000
Class A Exchangeable Subordinate Voting Shares of Brookfield Renewable Corporation Limited Partnership
Units of Brookfield Renewable Partners L.P. (issuable or deliverable upon exchange, redemption or acquisition of Class A Exchangeable Subordinate Voting Shares)
Filing # 06228617

Issuer Name:
Brookfield Renewable Partners L.P.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated January 15, 2025
NP 11-202 Preliminary Receipt dated January 16, 2025
Offering Price and Description:
US$2,500,000,000
Class A Exchangeable Subordinate Voting Shares of Brookfield Renewable Corporation Limited Partnership
Units of Brookfield Renewable Partners L.P. (issuable or deliverable upon exchange, redemption or acquisition of Class A Exchangeable Subordinate Voting Shares)
Filing # 06228615

Issuer Name:
NEXCEL METALS CORP.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated January 15, 2025
NP 11-202 Preliminary Receipt dated January 15, 2025
Offering Price and Description:
1,835,400 Units
Issuable on Exercise of Outstanding Special Warrants
Filing # 06228526

Issuer Name:
DECISIVE DIVIDEND CORPORATION
Principal Regulator – British Columbia
Type and Date:
Final Shelf Prospectus dated January 13, 2025
NP 11-202 Final Receipt dated January 13, 2025
Offering Price and Description:
Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
UP TO $100 MILLION
Filing # 06219742

Issuer Name:
TRX Gold Corporation
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated January 10, 2025
NP 11-202 Final Receipt dated January 13, 2025
Offering Price and Description:
US$100,000,000
Common Shares, Debt Securities, Warrants, Units
Filing # 06219028

Issuer Name:
ALEEN INC.
Principal Regulator – Ontario
Type and Date:
Amendment to Preliminary Long Form Prospectus dated January 14, 2025
NP 11-202 Amendment Receipt dated January 15, 2025
Offering Price and Description:
No securities are being offered pursuant to this Prospectus
Filing # 06192671

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Cybrid Canada Inc.	Restricted Dealer	January 17, 2025
Amalgamation	Davis-Rea Ltd./ Davis-Rea Ltee. and GlobeInvest Capital Management Inc. To Form: Davis-Rea Ltd./ Davis-Rea Ltee.	Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	January 1, 2025

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

B.11.3 Clearing Agencies

B.11.3.1 CDS Clearing and Depository Services (CDS) – Proposed Material and Technical Amendments to CDS External Procedures Related to CDS Post Trade Modernization (PTM) – Notice of Material & Technical Rule Submissions

NOTICE OF MATERIAL & TECHNICAL RULE SUBMISSIONS

CDS CLEARING AND DEPOSITORY SERVICES (CDS)

PROPOSED MATERIAL AND TECHNICAL AMENDMENTS TO CDS EXTERNAL PROCEDURES RELATED TO CDS POST TRADE MODERNIZATION (PTM)

CDS has submitted to the Commission, proposed amendments to the CDS External Procedures related to CDS Forms Online.

The objective of PTM is to upgrade the CDS clearing, settlement and depository platform to a more modern, flexible and supportable technology, which will allow for flexibility in building future changes and will ease future support activities.

CDS is proposing to streamline the current procedures so that there are two documents in the future state for each key function resulting in a clear distinction between procedures and user guides. Material rule changes and technical rule changes have been incorporated within the submission.

In the context of the PTM Initiative, all CDS forms are deemed External Procedures. The CDS Forms Online have been updated for various reasons including, but not limited to, reflecting the terminology used with the new system.

The proposed amendments have been posted for public comment on the CDS website. The 30-day public comment period ends on February 24, 2025.

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