Ontario Securities Commission
Commission des valeurs mobilières de l'Ontario
22nd Floor
20 Queen Street West
Toronto ON M5H 3S8
22e étage
20, rue queen ouest
Toronto ON M5H 3S8

By email (nick@startlycapital.com)

Confidential

February 6, 2025

Nicholas Wright
Ultimate Designated Person
Startly Inc.
5700-100 King Street West
Toronto ON M5X 1C7

Dear Mr. Wright:

Re: **In the Matter of Staff's Recommendation to Impose Terms and Conditions on the Registration of Startly Inc.**
Opportunity to be Heard by the Director Under Section 31 of the Securities Act (Ontario)

Please find enclosed my decision dated February 6, 2025 regarding Startly Inc.'s registration under the *Securities Act*, R.S.O. 1990, c. S.5 (the **Decision**).

In accordance with paragraph 10 of the *Procedures for Opportunities to be Heard Before Director's Decisions on Registration Matters*, the Decision will be published in the *Ontario Securities Commission Bulletin* and posted on the Ontario Securities Commission's website.

If you have any questions regarding the public release of the Decision, please contact Ontario Securities Commission staff by email at mdenyszyn@osc.gov.on.ca.

If you wish to have the Decision reviewed by the Capital Markets Tribunal, you may file an application pursuant to Rule 17 of the *Capital Markets Tribunal Rules of Procedures* by registered mail within 30 days of this letter.

If you have any questions about the procedure with respect to making a request for review, please contact the Registrar, Capital Markets Tribunal (registrar@capitalmarketstribunal.ca or 416-595-8916).

Yours truly,

Felicia Tedesco
Deputy Director
Registration, Inspections and Examinations Division
Ontario Securities Commission

cc: Joyce Taylor, Senior Legal Counsel, Registration, Inspections and Examinations Division (jtaylor@osc.gov.on.ca)
Vibhu Sharma, Astara Legal, (vibhu@astara.legal)

IN THE MATTER OF
STAFF'S RECOMMENDATION TO IMPOSE TERMS AND CONDITIONS
ON THE REGISTRATION OF
STARTLY INC.

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SECTION 31 OF THE SECURITIES ACT (ONTARIO)

Decision

1. Startly Inc. (**Startly** or the **firm**) is registered under the *Securities Act* (Ontario) (the **Act**) as a dealer in the category of exempt market dealer (**EMD**) since August 27, 2021. The firm is also registered in the same category in British Columbia and Alberta.
2. The firm's registration is currently subject to standard terms and conditions imposed on registrants whose business is connected to a law firm. Nicholas dePencier Wright, the firm's Ultimate Designated Person (**UDP**), Chief Compliance Officer (**CCO**) and sole dealing representative, is a lawyer in private practice in Ontario.
3. Pursuant to section 31 of the Act, the firm was afforded the opportunity to be heard (**OTBH**). Joyce Taylor, Senior Legal Counsel in the Registration, Inspections and Examinations Division (**RIE Division**) of the Ontario Securities Commission (**OSC**), made submissions on behalf of staff of the RIE Division (**staff**), and Vibhu Sharma made submissions as legal counsel for the firm.
4. For the reasons outlined below, my decision is to not accept staff's recommendation and instead impose a different set of additional terms and conditions on the firm's registration, as detailed in Schedule A to this decision.

Background

5. On December 13, 2022, Startly submitted a revised business plan and a Form 33-109F5 pursuant to National Instrument 33-109 *Registration Information* (**NI 33-109**). The firm's revised business plan would implement the "EMD-as-a-service business model", also referred to as "issuer-sponsored dealing representative business model", in which employees of an issuer (or its affiliate) also become dealing representatives of an EMD to market the issuer's securities on behalf of the EMD.
6. Startly only sells products of one issuer group, the Valour Group Inc. (**Valour Group**), in the real estate sector. These securities include syndicated mortgage products, units in limited partnerships, trust units and, more recently, convertible promissory notes in connection with real estate projects.
7. Mr. Wright was interviewed by staff on November 29, 2023 and March 21, 2024.
8. On September 10, 2024, staff issued a letter of brief reasons for its recommendation to the Director that Startly is not suitable for registration without additional terms and conditions on its registration.
9. On October 17, 2024, as a preliminary matter and without making a decision on the merits of staff's recommendation, and pursuant to the *Procedures for Opportunities to be Heard Before Director's Decisions on Registration Matters* (**OTBH Procedures**), I granted staff's request that the recommendation in the letter of brief reasons dated September 10, 2024, and in respect of

which neither staff nor the firm had made any written submissions, be considered as amended in the letter of brief reasons dated October 9, 2024.

10. On December 13, 2024, I requested further submissions. The firm and staff made final submissions on January 8, 2025.

RIE Division Staff Submissions

11. Staff recommends that Startly's registration be subject to additional terms and conditions and, in that regard, propose the following:

> 5. The Registrant shall not sponsor any dealing representative who receives any remuneration or compensation of any kind, directly or indirectly, from any issuer or any affiliate of an issuer whose securities are offered for sale to investors by the Registrant. This does not include commissions paid by the Registrant to the dealing representative for sales of securities by the Registrant to investors.
>
> 6. The Registrant will pay for any increased compliance, information request and case assessment costs of the Ontario Securities Commission due to the Registrant's location outside Ontario, including the cost of hiring a third party approved by the Ontario Securities Commission to perform a compliance review on behalf of the Ontario Securities Commission if required, at the discretion of the Ontario Securities Commission.

12. Staff submits that the proposed terms and conditions are necessary because:
    a. Startly's know your product (**KYP**) process is currently inadequate for the products it currently offers, as in all cases it relies on materials provided by the issuer only;
    b. Startly has done no assessment of the basis for the target returns or viability of the projects underlying the securities it sells to investors, the inherent conflicts of interest or any review of the parties involved in the securities it sells to investors;
    c. Startly is not suitable for the EMD-as-a-service business model, which requires enhanced supervision and KYP controls due to the inherent risks to investors with this business model;
    d. Startly has failed to implement a system of controls and supervision to reasonably ensure compliance with Ontario securities law; and
    e. Startly's UDP, CCO and sole dealing representative lives in Mexico for 11 months of the year and, as there is no other registrant or employee of the firm, the principal place of business for the firm, where registrable activity is conducted, is now Mexico, having filed no notice of change of residential address, location of employment or firm address with the regulator as required by Ontario securities law.

13. In addition, it is staff's position that, as required by section 14.2(1) of NI 31-103, the fact that Mr. Wright is located outside of Canada should be disclosed to clients as information that a reasonable investor would consider relevant to dispute resolution, client communication and enforcing legal rights.

Inadequate KYP Process and Other Compliance Deficiencies

14. Staff asked Startly to provide details of its KYP assessment of each product on the Startly shelf, including all materials reviewed and any notes made by a Startly principal or employee. Staff argues that the materials provided by the firm were largely produced by the issuer and that there was no evidence that the firm had completed an independent product assessment of any product on its shelf.

15. Staff alleges that the firm's principal and sole dealing representative has no background in real estate development and, therefore, may not have the appropriate education, training and experience to perform the necessary assessment of the securities that Startly currently offers to investors.

16. Staff also alleges that despite being registered since 2021 and, therefore, subject to registrant conduct obligations, the firm had not put in place a complete set of policies and procedures for the establishment and maintenance of a sufficiently robust compliance and supervisory system, and had also not identified or documented how it considered key risks related to new products and services, new locations, technology changes and changes to regulatory obligations, and there was no documentation on self-assessment of compliance with securities legislation, internal controls, monitoring, supervision and updates to policies and procedures when necessary.

Enhanced Supervision and KYP Requirements for EMD-as-a-Service Business Model

17. Staff argues that the EMD-as-a-service business model requires the firm to demonstrate an enhanced system of controls and supervision which are adequate to address the material conflicts of interest and supervisory issues that arise in this business model.

18. Staff submits that Startly's failure to comply with its KYP obligations makes the firm unsuitable for the EMD-as-a-service business model and, therefore, Startly should not be permitted to register issuer-sponsored dealing representatives.

19. Even though staff acknowledges that the firm has taken steps recently to update its Policies and Procedures Manual, there remain concerns with the system of controls and supervision implemented by the firm, including an inadequate KYP checklist which, in staff's view, does not set out *how* the various steps on the checklist should be completed.

20. Therefore, staff proposes that terms and conditions should be imposed on the firm's registration until such time as the firm can demonstrate its compliance with Ontario securities law and the proficiency required to engage in the EMD-as-a-service business model.

Increased Costs for Registrants Located Outside Ontario

21. Staff submits that the firm's listed head office address in Toronto is only an address for service which fails to provide transparency to the firm's clients respecting the location from which the firm is actually conducting its business because the firm's UDP, CCO and sole dealing representative principally resides in Mexico, is no longer a Canadian resident for tax purposes, and, therefore, conducts the firm's registrable activity principally from Mexico.

22. Staff also argues that Mr. Wright's ongoing failure to update his residential address in the National Registration Database (**NRD**) is a breach of Ontario securities law and brings both Mr. Wright's integrity as well as his proficiency into question.

23. Therefore, staff alleges that Startly is no longer suitable for registration without the proposed terms and conditions typically imposed on foreign firms to allow staff to recover the added costs that may be incurred to review the firm's compliance with applicable securities legislation.

Startly's Submissions

Policies and Procedures Manual and KYP Documentation

24. Startly requests that I reject the proposed terms and conditions recommended by staff and instead impose terms and conditions permitting the firm to implement the EMD-as-a-service business model.

25. Startly submits that it conducts thorough KYP reviews in accordance with applicable laws, rules and best practices, and that the KYP checklist recently updated seeks to better document the work that has been done to facilitate future reviews or audits.

26. Startly alleges that staff's submissions incorrectly assert that all documents reviewed by the firm as part of its KYP process were prepared by the issuer and that the firm also reviewed other documents prepared by a third-party auditor. Startly challenges staff's assessment of the firm's due diligence process in respect of the Valour Group and its principals, arguing that staff's interpretation of the relevant rules was not reasonable.

Proposed Restriction – EMD-as-a-Service Business Model

27. Startly submits that the proposed license restriction prohibiting the firm from implementing the EMD-as-a-service business model is improper and should be rejected because:
    a. Startly has never operated under the EMD-as-a-service model;
    b. no argument is made by staff that the firm has failed to comply with securities law in relation to improperly operating under the EMD-as-a-service model;
    c. no argument is made by staff as to if and why it would be objectionable for a firm that has never operated under the EMD-as-a-service model to be registered as an EMD without the imposition of the recommended license restriction;
    d. this recommended restriction is not imposed in a uniform manner on other registrants not engaged in the 'EMD-as-a-service' model;
    e. there is nothing to indicate that Startly would improperly engage in the 'EMD-as-a-service' model but for the imposition of the recommended license restriction. On the contrary, the fact that Startly first applied for approval and the imposition of the EMD-as-a-service license restrictions prior to providing such services demonstrates otherwise.

Business Location

28. Startly states that Mr. Wright and his immediate family currently own multiple properties in Canada and Mexico, that the residential address listed on the NRD system is a Toronto address that Mr. Wright has been spending about a month per year at in recent years, and that the NRD system does not allow more than one residential address to be listed.

29. Startly's position is that the provided Toronto address continues to be an appropriate address to use on the NRD system, but that Mr. Wright is also agreeable to listing a different address.

30. Startly submits that it is a resident of Canada and that a change to Mr. Wright's personal residence would not change the firm's head office or principal place of business because Startly
    a. is an Ontario corporation and therefore a separate legal entity from Mr. Wright with its own separate residency;
    b. its head office is located in Toronto, Ontario where it receives mail and administrative support;
    c. its bank accounts are located in Toronto, Ontario, with a Canadian bank;
    d. its books and records (data) are stored on servers in Toronto, Ontario;
    e. its contractors including lawyer, accountant, bookkeeper, assistant, administrative support staff, and expected future dealer representatives are or will be all located in Ontario and/or other Provinces in Canada;
    f. it files annual Canadian income tax returns listing Ontario as its place of business;
    g. all of its "issuer clients" are located in Ontario;
    h. all of the investors that it assists are located in Canada, with the majority in Ontario.

31. Further, Startly alleges that the corporation itself has no ties to Mexico and no company property, original files or data are stored there. The only possible connection to Mexico is that Mr. Wright (in his capacity as employee) spends time working remotely from a residential property, consisting

primarily of sending emails and speaking on the telephone using servers located in Canada and perhaps the United States. The firm also alleges that Mr. Wright rarely meets in person with clients, but when he has done so it has only been at the rented Toronto, Ontario office or the clients' Ontario office, as he regularly returns to Ontario, never at his home workspace.

No Justification for the Terms and Conditions Proposed by RIE Division staff

32. Startly submits that staff failed to demonstrate how the firm and Mr. Wright lack the integrity or proficiency to continue to be registered without the proposed terms and conditions.

33. Startly also submits that requiring that a CCO or a dealer representative have experience as a real estate developer in order to meet the experiential requirement is unreasonable.

34. Startly argues that the proposed terms and conditions have no rational connection to the alleged instances of non-compliance and should be rejected. Startly states the terms and conditions are not appropriate 1) for a firm that has not already improperly engaged in the practice of hiring dealer representatives connected to an issuer, and 2) for a corporation with its head office, activities, bank accounts, books and records, all located in Ontario.

Law and Analysis

35. The purposes of the Act, as set out in section 1.1, are to: provide protection to investors from unfair, improper or fraudulent practices; foster fair, efficient and competitive capital markets and confidence in capital markets; foster capital formation; and contribute to the stability of the financial system and the reduction of systemic risk.

36. The registration requirement for a firm or an individual seeking to act as a dealer or dealing representative is set in subsection 25(1) of the Act.

37. It is well established that registration is a privilege, not a right, that is granted to firms and individuals that have demonstrated their suitability for registration. Upon being granted registration, the registrant assumes the duty to comply with applicable provisions of Ontario securities law and must ensure continual maintenance of the standards expected of a registrant.

38. Section 28 of the Act provides that the Director may revoke or suspend the registration of a person or company or impose terms or conditions of registration at any time during the period of registration of the person or company if it appears to the Director, (a) that the person or company is not suitable for registration or has failed to comply with Ontario securities law; or (b) that the registration is otherwise objectionable.

39. Staff did not recommend the revocation or suspension of the firm's registration or the imposition of terms and conditions in respect of the firm's ongoing trading of securities issued by entities connected to the Valour Group where such trading activity is not conducted under the EMD-as-a-service business model.

40. For the reasons that follow, I am satisfied that the test in section 28 of the Act has been met. In deciding which terms and conditions should be imposed on the firm's registration, my analysis consists of two parts: i) whether the firm should or should not be permitted to implement the EMD-as-a-service business model and ii) whether the firm should be deemed to be foreign.

The KYP Obligation and the EMD-as-a-Service Business Model

41. Regarding the obligation to establish an adequate KYP process as part of a compliance system, EMDs must do more than accept statements made by an issuer.

42. In this regard, OSC Staff Notice 33-734 *2010 Compliance and Registrant Regulation Branch Annual Report*, provided guidance to EMDs, subsequently re-iterated in OSC Staff Notice 33-736 *2011 Annual Summary Report for Dealers, Advisors and Investment Fund Managers*, as follows:

> EMDs and their registered individuals should ensure that they:
> • have an in-depth understanding of:
> o the general features and structure of the product
> o the product risks including the risk/return profile and liquidity risks
> o the management and financial strength of the issuer
> o costs, and
> o any eligibility requirements for each product before recommending it to clients
> • perform an independent analysis of the product rather than recommending a product solely based on information from issuers, similarities with other products, or suggestions from other parties, and
> • perform ongoing due diligence of the issuer and products to assess changes to their structure or features and determine the impact on their clients' investments.

43. The decision *In the Matter of Sawh and Trkulja* (2012), 35 OSCB 7431, found that the due diligence process was deficient as it was largely based on the representations and documents provided to the registrants by the issuers, and held that

> [238] In our view, the Applicants' due diligence process was particularly inadequate in light of the fact that Golden Gate and Alterra securities were sold pursuant to exemptions under applicable securities legislation. Limited partnership units sold under an exemption from securities law do not benefit from the same transparency and liquidity characteristics or regulatory oversight as other products. Offering memoranda are not prospectuses and are not subject to regulatory review. Given the absence of such safeguards, we find that the Applicants failed to conduct an adequate review of the Exempt Products.

44. Companion Policy 31-103CP states that among the elements that should be considered when assessing securities, the depth of the inquiry on each element may vary depending on the types of securities and the complexity and risks of those securities.

45. Generally, the due diligence required in respect of the management of the issuer would not be satisfied by a review, without more, of the resume or a brief description of the professional background of key individuals of the issuer.

46. Startly's Policies and Procedures Manual dated June 14, 2021, a copy of which were provided to staff during the pre-registration process, describes a KYP process that requires the firm to carry out due diligence prior to taking on a new product and that this due diligence may include

> […] a review of financial statements and reports, legal and material contract review, a technological review, physical inspection or examination, principal background checks and such other forms of due diligence as may be reasonably required given the nature of the product at issue.
>
> […] When assessing the suitability of an investment opportunity, the EMD will consider factors such as:
>
> i) The viability, profitability and likelihood of success of the product;
> ii) The assets and or technology underlying the product, and,
> iii) The principals involved in the product and their history, reputation and expertise.

47. Further, during his interviews with staff, Mr. Wright stated

> I did a full corporate due diligence. So I reviewed all of the constating documents of the entities to ensure that they were properly formed and organized in addition to the offering materials […]
> So I did due diligence, in my view, which was fairly extensive. And I have a background in corporate due diligence for transactions as a corporate commercial lawyer, so I'm familiar with what's customarily done and different ways of doing it. So I did what I thought was a fairly extensive review to the point that I satisfied myself that everything was properly organized and in order for the purposes of the issuers and the general integrity or reputation of the principals. […]
> I reviewed all of the offering materials and information materials that I was provided and requested, […] that included financial information and projections. I additionally interviewed and spoke with the principals, to get a better understanding of the project. There's an information form […] that goes into a lot of detail about the business plan, projections and what's anticipated […]. So, based on those, I gained an understanding of their business plan and their targeted projections.

48. I agree that Startly's KYP process was deficient because it failed to maintain adequate books and records to demonstrate compliance with securities law and because it largely relied on materials produced by the issuer (an affiliate of the Valour Group), although the firm submits it also included the review of audited financial statements for at least one of the products.

49. Registrants are required to keep books, records and other documents as may reasonably be required to demonstrate compliance with securities law and staff relies on registrants' compliance with this record-keeping obligation to effectively carry out the regulator's oversight responsibilities.

50. However, based on the evidence before me, I am not persuaded that the deficiencies in Starly's KYP process justify the imposition of the proposed terms and conditions prohibiting the firm from implementing the EMD-as-a-service business model.

51. For firms engaged in the EMD-as-a-service model, in particular, the decision *In the Matter of Waverley Corporate Financial Services Ltd. and Donald McDonald*, (2017) 40 OSCB 2145, before imposing a minimum set of terms and conditions required to address the unique conflicts of interest and compliance challenges arising from the business model of permitting issuer-sponsored representatives, held that

> [163] The alignment of Waverley's Representatives' interests with the interests of Sponsoring Issuers creates pervasive conflicts of interest and supervisory and control challenges that necessitate the engagement of an experienced and skilled CCO.

52. OSC Staff Notice 33-756 *Registration, Inspections and Examinations Division Summary Report for Dealers, Advisers and Investment Fund Managers* (July 26, 2024) summarizes the concerns of RIE Division staff with this business model as follows:

> Staff's concerns with this business model include:
> • the issuer-sponsored [dealing representative] has an inherent material conflict of interest to sell the securities of the connected issuer to keep the issuer operating and maintain their primary means of compensation. This financial dependency increases the risk of unsuitable products being sold to clients
> • clients may not be offered a more suitable product on the firm's shelf
> • the EMD firm's supervision of the issuer-sponsored [dealing representatives] may be more challenging

> • clients may be confused as to which entity and in what capacity the issuer-sponsored [dealing representative] is acting.

53. OSC Staff Notice 33-756 further states that given staff's concerns, terms and conditions have been imposed on the registration of firms using this business model. The terms and conditions include:

> • each issuer must contract with the EMD firm and agree contractually to provide certain information to the EMD firm upon request by the EMD firm or the Commission. The information is similar to information the issuer would have to provide if it was itself becoming registered as an EMD
> • the EMD firm must compensate the issuer-sponsored [dealing representative] through the EMD firm
> • the issuer cannot sponsor a [dealing representative] that is a member of the C-suite at the issuer (e.g. CEO, COO, President, Chair, etc.).

54. The terms and conditions imposed on registrants proposing to implement this business model may also include a requirement to ensure that only marketing materials approved by the registrant are used for the offer or sale of the issuer's securities.

55. As part of the process leading up to this OTBH, Startly revised its Policies and Procedures Manual and updated its KYP checklist as of September 2024 and I am satisfied that these updates would adequately address the deficiencies raised by staff.

56. I am not persuaded that the firm's principal and sole dealing representative lacks the necessary proficiency or integrity for registration. The failure to report Mr. Wright's address in Mexico in NRD seems to have been the result of technical limitations of the NRD system, having otherwise been open about his physical location in communications with staff. I am also not persuaded by the suggestion that experience as a real estate developer is specifically required for registration to sell the type of products offered by the firm or that Mr. Wright's experience as a lawyer is somehow inadequate.

57. I am satisfied that Startly may implement the EMD-as-a-service business model provided the required terms and conditions are imposed on its registration.

<u>Terms and Conditions Applicable to a Foreign Firm</u>

58. As a corporation, Startly is a legal entity separate from Mr. Wright. Because Mr. Wright is Startly's sole registered individual, and he resides in Mexico 11 months of the year, it is not unreasonable to question where the registrable activities of the firm are in fact taking place.

59. However, I am not persuaded by staff's position that Startly should be considered a foreign firm and that section 14.5 of NI 31-103 should apply. This section provides as follows

> 14.5 Notice to clients by non-resident registrants — (1) A registered firm whose head office is not located in the local jurisdiction must provide a client in the local jurisdiction with a statement in writing disclosing the following:
>
> (a) the firm is not resident in the local jurisdiction;
> (b) the jurisdiction in Canada or the foreign jurisdiction in which the head office or the principal place of business of the firm is located;
> (c) all or substantially all of the assets of the firm may be situated outside the local jurisdiction;
> (d) there may be difficulty enforcing legal rights against the firm because of the above;
> (e) the name and address of the agent for service of process of the firm in the local jurisdiction.

(2) This section does not apply to a registered firm whose head office is in Canada if the firm is registered in the local jurisdiction.

60. Section 1.1 of NI 33-109 provide the following definitions

> ”principal jurisdiction” means,
>
> (a) for a firm, whose head office is in Canada, the jurisdiction of Canada in which the firm’s head office is located,
> (b) for an individual whose working office is in Canada, the jurisdiction of Canada in which the individual’s working office is located,
> (c) for a firm whose head office is outside Canada, the jurisdiction of the firm’s principal regulator, as identified by the firm on its most recently submitted Form 33-109F5 or Form 33-109F6, and
> (d) for an individual whose working office is outside Canada, the principal jurisdiction of the individual’s sponsoring firm;
>
> ”principal regulator” means, for a person or company, the securities regulatory authority or regulator of the person or company’s principal jurisdiction
> [emphasis added]

61. Staff did not challenge the firm’s submission that all its clients are in Canada, with the majority in Ontario, and that all the firm’s assets, books and records are kept in its head office in Toronto, Ontario.

62. Based on these submissions, I find that the firm’s and Mr. Wright’s “principal jurisdiction” and “principal regulator”, as these terms are defined in NI 33-109, are Ontario and the OSC.

63. The firm argues that Mr. Wright working from Mexico 11 months of the year is no different from other work-from-home arrangements such as those implemented by registered firms in response to the COVID-19 pandemic and referred to in OSC Staff Notice 33-752 *Summary Report for Dealers, Advisers and Investment Fund Managers* (2021). I am not persuaded that the guidance provided in the context of the COVID-19 pandemic should limit the scope of NI 33-109 in other circumstances.

64. In this regard, section 1.1 of NI 33-109 defines “business location” to mean

> a location where the firm carries out an activity that requires registration, and includes a residence if regular and ongoing activity that requires registration is carried out from the residence or if records relating to an activity that requires registration are kept at the residence
> [emphasis added]

65. My view is that Mr. Wright’s residence in Mexico meets the definition of “business location” under NI 33-109.

66. Further, subsection 14.2(1) of NI 31-103 requires a registered firm to deliver to its clients all information that a reasonable investor would consider important about the client’s relationship with the registrant. Therefore, I agree with staff’s position that the fact that Mr. Wright is located in Mexico for the majority of his time is information that a reasonable investor would consider relevant and important about the client’s relationship with Startly and Mr. Wright and, therefore, this information should be provided to clients.

Decision

67. I do not accept staff's recommendation and it is my decision to impose the additional terms and conditions set out in the accompanying Schedule A. I hereby direct staff to take the steps required to reflect this change in Startly's registration.

68. The firm must file a Form 33-109F3 *Business Locations Other Than Head Office* within 10 days of this decision in respect of Mr. Wright's residence in Mexico.

"*FELICIA TEDESCO*"

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Deputy Director
Registration, Inspections and Examinations Division
Ontario Securities Commission
Date: February 6, 2025

Schedule A
Additional Terms & Conditions

The registration of Startly Inc. (the "Dealer", formerly Libertas Capital Partners Inc.) under the Securities Act (Ontario) (the "Act") is subject to the following terms and conditions. These terms and conditions are imposed by the Director pursuant to section 28 of the Act.

If the Dealer fails to comply with these terms and conditions, the Director may suspend the Dealer's registration.

Additional Terms and Conditions

5. Issuer-Sponsored Dealing Representatives

5.1 Meaning of Specified Issuer

For the purpose of these terms and conditions, a “Specified Issuer” means an issuer with which a dealing representative of the Dealer has a direct or indirect relationship of employment, agency, partnership, beneficial ownership or which would otherwise lead a reasonable prospective purchaser of the securities of the issuer to question if the Dealer and/or the dealing representative are independent of the issuer.

5.2 Application

These terms and conditions apply whenever the Dealer proposes to trade in securities of a Specified Issuer.

5.3. Restrictions on Certain Sales Activities

Before the Dealer trades in the securities of any Specified Issuer, it must, without limitation to its registrant obligations, ensure that

(a) the product due diligence process included a review of information about the background of the Specified Issuer's directors, officers, partners, shareholders or persons occupying similar roles or having a similar control relationship with the Specified Issuer
(b) a statement disclosing all material conflicts of interest specific to the Specified Issuer and the dealing representative has been provided to the prospective purchaser of the securities of the Specified Issuer in a prominent, specific, clear and meaningful manner
(c) the dealing representative has disclosed that he or she is issuer-sponsored in Item 10 Current Employment on individual's Form 33-109F4 or Form 33-109F5

5.4. Distribution Agreement

Any trade by the Dealer in the securities of a Specified Issuer must be made pursuant to a written agreement (a Distribution Agreement) between the Dealer and the Specified Issuer prescribing the following

(a) that only materials previously approved by the Dealer may be used in the offer, sale or marketing of the Specified Issuer's securities;
(b) in the case of any registered dealing representative who is also employed by or on behalf of the Specified Issuer or any of its affiliates, that the Specified Issuer must provide the Dealer with immediate written notice of any facts or circumstances that could give rise to termination for cause of the dealing representative by the Specified Issuer or the Dealer;

(c) that the Specified Issuer only directly compensate the Dealer's dealing representatives for bona fide non-registerable activities carried out for the Specified Issuer or an affiliate of the Specified Issuer and prohibit the Specified Issuer and any of its affiliates from directly or indirectly compensating a registered dealing representative of the Dealer for any activities for which registration under securities legislation may be required;

(d) prohibit anyone acting on behalf of the Specified Issuer from communicating directly or indirectly with a client or prospective client of the Dealer regarding any proposed distribution of securities, except for communications pertaining only to the provision of the contact information for the Dealer and its personnel (for greater certainty, nothing in this paragraph shall (i) prohibit anyone acting on behalf of the Specified Issuer from communicating with existing investors in the Specified Issuer regarding the normal course business operations of the Specified Issuer, or (ii) preclude a registered dealing representative of the Dealer from communicating with clients on behalf of the Dealer in compliance with the requirements of these terms and conditions);

(e) that the Specified Issuer provide the Dealer with copies of all confirmations and information required to be filed by the Specified Issuer with its principal regulator.

5.5. Submission of Information to Staff

Upon request from the Commission, the Dealer shall require from a Specified Issuer the delivery from it of any materials required to be provided to the Dealer pursuant to these terms and condition that are not already in its possession and deliver forthwith such materials to the Commission upon receipt.

Materials used in the offer, sale or marketing of the Specified Issuer's securities must be maintained as part of the Dealer's books and records and signed by the Dealer 's ultimate designated person and chief compliance officer as evidence of review and approval.

5.6. Restrictions on Outside Business Activities of Registered Dealing Representatives

The Dealer shall not permit any of its registered dealing representatives to perform executive responsibilities for any Specified Issuer or its affiliate, including, but not limited to, the roles of Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer, General Partner, Managing Partner, President, Vice-President, Treasurer, Corporate Secretary, Chief Legal Officer or any similar role, regardless of title, involving the performance of comparable executive functions.

These terms and conditions of registration constitute Ontario securities law, and failure by the Dealer to comply with these terms and conditions may result in further regulatory action against the Dealer, including suspension of its registration.