

The Ontario Securities Commission

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The Ontario Securities Commission administers the *Securities Act* of Ontario (R.S.O. 1990, c. S.5) and the *Commodity Futures Act* of Ontario (R.S.O. 1990, c. C.20)

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# Table of Contents

<p><b>Chapter 1 Notices / News Releases ..... 5431</b></p> <p><b>1.1 Notices ..... 5431</b></p> <p>1.1.1 Shoreline Energy Corp. – s. 127(9) ..... 5431</p> <p>1.1.2 OSC Notice 11-772 – Notice of Statement of Priorities for Financial Year to End March 31, 2016 ..... 5434</p> <p>1.1.3 Notice of Ministerial Approval of the Letter of Arrangement between the Office of the Superintendent of Financial Institutions and the Ontario Securities Commission ..... 5449</p> <p><b>1.2 Notices of Hearing ..... 5450</b></p> <p>1.2.1 Shoreline Energy Corp. – ss. 127(7), 127(8) ..... 5450</p> <p><b>1.3 News Releases ..... (nil)</b></p> <p><b>1.4 Notices from the Office of the Secretary ..... 5451</b></p> <p>1.4.1 Shoreline Energy Corp. .... 5451</p> <p>1.4.2 Welcome Place Inc. et al. .... 5451</p> <p>1.4.3 Future Solar Developments Inc. et al. .... 5452</p> <p>1.4.4 Future Solar Developments Inc. et al. .... 5452</p> <p>1.4.5 1415409 Ontario Inc. et al. .... 5453</p> <p><b>Chapter 2 Decisions, Orders and Rulings ..... 5455</b></p> <p><b>2.1 Decisions ..... 5455</b></p> <p>2.1.1 Invesco Canada Ltd. and Trimark North American Endeavour Class ..... 5455</p> <p>2.1.2 Mawer Investment Management Ltd. and Mawer Global Bond Fund ..... 5458</p> <p>2.1.3 Fidelity Investments Canada ULC ..... 5461</p> <p>2.1.4 iProfile Money Market Pool et al. .... 5464</p> <p>2.1.5 Slate U.S. Opportunity (No. 3) Realty Trust ..... 5469</p> <p>2.1.6 AgriMarine Holdings Inc. – s. 1(10)(a)(ii) ..... 5471</p> <p>2.1.7 Purpose Investments Inc. .... 5472</p> <p>2.1.8 Canoe Financial LP ..... 5474</p> <p>2.1.9 Franklin Templeton Investments Corp. .... 5479</p> <p>2.1.10 Mackie Research Capital Corporation and Jordan Capital Markets Inc. .... 5483</p> <p>2.1.11 1832 Asset Management L.P. et al. .... 5486</p> <p><b>2.2 Orders ..... 5491</b></p> <p>2.2.1 Shoreline Energy Corp. – ss. 127(7), 127(8) ..... 5491</p> <p>2.2.2 Xinergy Ltd. and Jon E. Nix – s. 144(1) ..... 5492</p> <p>2.2.3 Welcome Place Inc. et al. – s. 127 ..... 5494</p> <p>2.2.4 Future Solar Developments Inc. et al. – ss. 127(1), 127(8) ..... 5496</p> <p>2.2.5 Future Solar Developments Inc. et al. – ss. 127, 127.1 ..... 5497</p> <p>2.2.6 First Trust Tactical Bond Index ETF – s. 1.1 ..... 5498</p> <p>2.2.7 Telus Corporation – s. 104(2)(c) ..... 5498</p> <p>2.2.8 Red Eagle Mining Corporation ..... 5503</p> <p><b>2.3 Rulings ..... (nil)</b></p>	<p><b>Chapter 3 Reasons: Decisions, Orders and Rulings ..... (nil)</b></p> <p><b>3.1 OSC Decisions, Orders and Rulings ..... (nil)</b></p> <p><b>3.2 Court Decisions, Order and Rulings ..... (nil)</b></p> <p><b>Chapter 4 Cease Trading Orders ..... 5507</b></p> <p>4.1.1 Temporary, Permanent &amp; Rescinding Issuer Cease Trading Orders ..... 5507</p> <p>4.2.1 Temporary, Permanent &amp; Rescinding Management Cease Trading Orders ..... 5507</p> <p>4.2.2 Outstanding Management &amp; Insider Cease Trading Orders ..... 5507</p> <p><b>Chapter 5 Rules and Policies ..... (nil)</b></p> <p><b>Chapter 6 Request for Comments ..... 5509</b></p> <p>6.1.1 CSA Notice and Request for Comment – Mandating a Summary Disclosure Document for Exchange-Traded Mutual Funds and Its Delivery – Proposed Amendments to NI 41-101 General Prospectus Requirements and to Companion Policy 41-101CP to NI 41-101 General Prospectus Requirements and Related Consequential Amendments ..... 5509</p> <p>6.1.2 CSA Notice and Request for Comment – Proposed Amendments to the Companion Policy to NI 23-101 Trading Rules: Application of the Order Protection Rule to Marketplaces Imposing Systematic Order Processing Delays ..... 5551</p> <p><b>Chapter 7 Insider Reporting ..... 5561</b></p> <p><b>Chapter 8 Notice of Exempt Financings ..... 5651</b></p> <p>Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 ..... 5651</p> <p><b>Chapter 9 Legislation ..... (nil)</b></p> <p><b>Chapter 11 IPOs, New Issues and Secondary Financings ..... 5653</b></p> <p><b>Chapter 12 Registrations ..... 5663</b></p> <p>12.1.1 Registrants ..... 5663</p> <p><b>Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories ..... 5665</b></p> <p><b>13.1 SROs ..... 5665</b></p> <p>13.1.1 IIROC – Proposed Amendments to UMIR Respecting Unprotected Transparent Marketplaces and the Order Protection Rule ..... 5665</p> <p>13.1.2 MFDA – Proposed Amendments to MFDA Rule 5.3.2 (Content of Account Statement) – OSC Staff Notice of Request for Comment .... 5666</p>
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**Table of Contents**

---

13.1.3 MFDA – Proposed Amendments to MFDA  
Rule 1.2 (Individual Qualifications) – OSC  
Staff Notice of Request for Comment ..... 5667

**13.2 Marketplaces..... (nil)**

**13.3 Clearing Agencies ..... (nil)**

**13.4 Trade Repositories..... (nil)**

**Chapter 25 Other Information ..... (nil)**

**Index ..... 5669**

# Chapter 1

## Notices / News Releases

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### 1.1 Notices

#### 1.1.1 Shoreline Energy Corp. – s. 127(9)

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

AND

IN THE MATTER OF  
SHORELINE ENERGY CORP.

NOTICE OF TEMPORARY ORDER AND HEARING  
(Subsection 127(9))

**WHEREAS** the Director made an order under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act on the 28th day of May, 2015 (the “Temporary Order”), a copy of which is attached, that all trading in the securities of

**SHORELINE ENERGY CORP.** (the “Reporting Issuer”)

whether direct or indirect, cease for a period of fifteen days from the date of the Temporary Order;

**AND WHEREAS** the Temporary Order was made because the Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law (collectively, the “Default”):

- a) interim financial statements for the three-month period ended March 31, 2015;
- b) management’s discussion and analysis relating to the interim financial statements for the three-month period ended March 31, 2015;
- c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*;

**AND WHEREAS** the Temporary Order was made because the Director was of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

**AND WHEREAS** the Director may revoke the Temporary Order within the fifteen-day period if the Reporting Issuer remedies the Default to the satisfaction of the Director;

**AND WHEREAS** a true copy of this Notice of Temporary Order and Hearing was served this day on the Reporting Issuer at the address noted below;

**TAKE NOTICE** that, if the Default continues, a hearing will be held pursuant to section 127 of the Act (the “Hearing”) to consider whether an order should be made under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease permanently or for such period as is specified in the order by reason of the continued Default;

**AND FURTHER TAKE NOTICE** that if the Reporting Issuer intends to attend at the Hearing, the Reporting Issuer is requested to notify the Director of the Reporting Issuer’s intention to attend in writing, within seven days from the date of service of this Notice;

**AND FURTHER TAKE NOTICE** that if the Reporting Issuer notifies the Director that the Reporting Issuer intends to attend at the Hearing, the Hearing will be held before the Ontario Securities Commission (the “Commission”) pursuant to section 127 of the Act at 20 Queen Street West, 17th Floor, Toronto, Ontario at a date and time to be determined within 15 days of the date of the Temporary Order;

**AND FURTHER TAKE NOTICE** that any party to a proceeding before the Commission may be represented by counsel at the Hearing;

**AND FURTHER TAKE NOTICE** that if the Reporting Issuer notifies the Director that it intends to be present at the Hearing and fails to attend the Hearing before the Commission, the Hearing may proceed without that party and such party will not receive further notice of the proceedings;

**AND FURTHER TAKE NOTICE** that if the Reporting Issuer fails to notify the Director that it intends to be present at the Hearing, then the Hearing will proceed before the Director without the Reporting Issuer pursuant to section 127 of the Act at 20 Queen Street West, 16th Floor commencing on the 8th day of June, 2015 at 10:00 a.m., or as soon as possible after that time;

**AND FURTHER TAKE NOTICE** that the Commission may extend the Temporary Order under subsection 127(7) of the Act until the Hearing is concluded or under 127(8) of the Act if satisfactory information is not provided to the Commission within the fifteen day period.

**DATED** at Toronto this 28th day of May, 2015.

“Shannon O’Hearn”  
Manager, Corporate Finance Branch  
Ontario Securities Commission

Documentary evidence to be used at the hearing may be examined at the Commission's Offices, 16th Floor, 20 Queen Street West, Toronto, Ontario M5H 3S8 prior to the date of the hearing by appointment with Amy Fraser. Contact information is as follows:

Amy Fraser  
Financial Examiner  
Tel: (416) 593-3674  
Fax: (416) 593-3683  
Email: [afraser@osc.gov.on.ca](mailto:afraser@osc.gov.on.ca)

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

**AND**

**IN THE MATTER OF  
SHORELINE ENERGY CORP.**

**TEMPORARY ORDER  
(Paragraphs 127(1)2 and subsection 127(5))**

**WHEREAS** Shoreline Energy Corp. (the "Reporting Issuer") is a reporting issuer in Ontario;

**AND WHEREAS** the Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law:

- a) interim financial statements for the three-month period ended March 31, 2015;
- b) management's discussion and analysis relating to the interim financial statements for the three-month period ended March 31, 2015;
- c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;

**AND WHEREAS** the Director is of the opinion that it is in the public interest to make an order that trading in the securities of the Reporting Issuer cease;

**AND WHEREAS** the Director is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, shall cease for a period of 15 days from the date of this order.

**DATED** at Toronto this 28th day of May, 2015.

"Shannon O'Hearn"  
Manager, Corporate Finance Branch  
Ontario Securities Commission

**1.1.2 OSC Notice 11-772 – Notice of Statement of Priorities for Financial Year to End March 31, 2016**

**OSC NOTICE 11-772  
NOTICE OF STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO END MARCH 31, 2016**

The *Securities Act* (Act) requires the Ontario Securities Commission (OSC or Commission) to deliver to the Minister of Finance by June 30th of each year a statement of the Commission setting out its priorities for its current financial year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In the notice published on April 2, 2015, the Commission set out its draft Statement of Priorities (SoP) and invited public input in advance of finalizing and publishing the 2015-2016 Statement of Priorities. Seventeen responses, focussed on a wide range of issues, were received.

We appreciate the time and effort taken by all of the commenters to review the SoP and provide their thoughtful and helpful feedback. The responses were broadly supportive of the overall direction of the OSC goals and priorities and included:

- a. Support for the OSC's demonstrated commitment to consultation and investor protection
- b. Support for improved regulatory harmonization including pursuit of a national regulator and greater CSA cooperation
- c. Positive acknowledgement of the OSC's ongoing efforts to keep pace with national and international developments

Specific support was noted for the various proposals including the whistleblower program, the review of fixed income and timely and fair adjudication.

A number of comments focused on the pace of regulatory development for various initiatives. These comments varied depending on whether the commenter supported or opposed the initiative. For some initiatives we heard that we may be proceeding too quickly, while for others commenters expressed frustration at the perceived lack of progress. The OSC is mindful of these concerns and will work to address the timeliness of its policy development processes where practical. The OSC is committed to achieving harmonized, national regulatory solutions where practical. As a result, for many of our policy projects where we must collaborate with other regulators, timelines and completion dates are often not entirely within our control. While we will continue to seek CSA-wide solutions that address regulatory issues, we may be forced to introduce Ontario-only solutions if consensus cannot be achieved that addresses the issues in a timely manner.

A high level summary of the comments, and our replies to them, is set out below;

- a. *Our proposed priority on Best Interest Duty received the most attention. Comments covered a range of issues including concerns about the pace of progress and more clarity on the expected timing on finalizing an approach. A number of comments were also provided on related issues such as proficiency and titles.*

We have clarified our proposed direction and the expected timing to bring this issue to a final resolution. As noted last year, we will be reviewing the impact that advisor titles and proficiency standards have on investor protection as part of this priority.

- b. *A number of commenters highlighted seniors' issues as a growing area of risk requiring more focus. One commenter suggested that the OSC create a Seniors Advisory Committee.*

On April 1, 2015 the OSC merged the OSC Office of the Investor and the Investor Education Fund to form the Office of the Investor Policy, Education and Outreach (OIPEO) to provide an enhanced structure to deliver investor protection. Work is underway in the newly integrated OIPEO to develop a strategy and identify key focus areas to achieve critical investor protection outcomes.

We agree that seniors are an extremely important and growing segment of investors that demand attention. Other issues such as fraud prevention and education were also identified as potential risk areas. We are confident that the OIPEO plan that will be finalized in 2015 will be a comprehensive blueprint to address these and other key investor protection issues. The OIPEO will work closely with the Investor Advisory Panel (IAP) to ensure that the views and issues related to seniors and other important investor groups are brought forward and addressed.



- c. *A number of specific enforcement and compliance priorities were suggested including increased focus on unsuitable investment advice, use of titles and the need to set timelines for completing audits of all registrants. One commenter suggested the need for nationwide enforcement bans.*

The OSC will consider these suggestions in managing its enforcement and compliance resources in 2015/2016 and beyond.

- d. *A number of commenters suggested adding an initiative to make registration checks easier and improve access for investors to obtain information (e.g. registration, discipline history and background).*

Ontario became part of the National Registration System in 2013. Proposals to improve the system, including potential changes to its content to better support investors are being developed. Implementation of further enhancements to the system is expected later in 2015.

- e. *Some commenters were critical of current options for investors to seek compensation from losses, and want to see more done to provide protection to investors when they have suffered losses due to breaches of securities laws.*

The OSC is pursuing various methods for effecting compensation for investors, one example was the distribution of frozen funds to harmed investors through the Civil Remedies for Illicit Activities Office.

The OSC does not have the authority to make OBSI decisions binding. The OSC is closely monitoring the recent steps taken to improve dispute resolution through the introduction of amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Participating CSA members (the OSC included) and OBSI have entered into a memorandum of understanding (MOU) that creates a framework for OBSI to monitor performance against the standards set out by the CSA. Included in the MOU is a commitment to an independent evaluation of OBSI's operations and practices. We strongly support this process and expect registrants to abide by their obligations.

- f. *One commenter suggested that the Women on Boards initiative should be broadened to include other forms of diversity.*

We value diversity and believe that a strong board with diverse thinking can enhance corporate governance. At this point, being in the first year of this initiative, we have elected to focus our efforts on studying the impact of the new rule relating to Women on Boards and in Senior Management positions. In three years' time, we will conduct an analysis and come to a determination as to what, if any, additional policy measures are appropriate.

- g. *One commenter noted that the SoP did not specifically mention shareholder democracy issues such as, proxy voting and say on pay. They also proposed the addition of priorities related to environmental, social and governance (ESG) disclosure.*

The OSC, together with the CSA, is continuing its work on improving the proxy voting infrastructure. On the January 29, 2015, the CSA published CSA Staff Notice 54-303 *Progress Report on Review of the Proxy Voting Infrastructure* in which we described the results of our findings and next steps, including overseeing the development of industry protocols to improve vote reconciliation practices. We are also continuing to monitor developments in respect of say-on-pay in Canada and other jurisdictions to determine whether it would be necessary and appropriate to mandate say-on-pay under securities regulation. Companies already have an obligation disclose material environmental and governance issues. We have not concluded that it is appropriate at this time to mandate additional ESG disclosures. As a result we will not be amending the SoP to include these issues.

- h. *We heard from some commenters that want to see a priority added to address potential risks arising from regulatory arbitrage opportunities. A number of commenters urged the OSC to take a more active role in discussions being led by the Ministry of Finance related to financial planning. One solution suggested was to merge the OSC and FSCO to achieve consistency in regulatory approaches across retail managed investment products.*

We agree that consistent regulation of like products is an important objective and we strive for that outcome whenever practical. The OSC will be actively monitoring the discussions related to financial planning to understand and, if necessary, provide input on issues that affect investors and market participants. We continue to advocate for harmonized approaches with other regulators, however, any solution involving changes to the current division of regulation across the OSC and FSCO is a government decision and not within the OSC's control.

- i. *One commenter expressed concern about compliance costs and specifically that the OSC is proposing to raise fees by 13.9% in the upcoming year.*

In the revised OSC fee rules, which became effective April 6, 2015, the rates for participation fees, which account for over 80% of OSC revenues were maintained at the 2014 levels and are expected to remain at these levels for three years. Fee

revenues increased due to changes in the market activity and a decision to address market participant requests to return to calculating their fees based on their current fiscal year results. Additional details on the current OSC fee rule can be sourced at: [https://www.osc.gov.on.ca/en/SecuritiesLaw rule 20150205 13-502 noc-approval-rev-rep.htm](https://www.osc.gov.on.ca/en/SecuritiesLaw%20rule%2020150205%2013-502%20noc-approval-rev-rep.htm)

- j. Some commenters were opposed to the current OSC capital formation initiatives including crowdfunding primarily due to concerns about investor protection. Some commenters favoured the move to expand opportunities for capital formation through new exemptions and the need for support for small and medium enterprises (SMEs).*

The OSC believes that providing increased opportunities for capital raising, particularly for start-ups and small and medium enterprises (SMEs), is an important element of fostering fair and efficient capital markets. In proposing new prospectus exemptions, the OSC has considered changes to the exempt market regulatory regime as a whole. The OSC has proposed strong investor protection measures, while supporting the capital raising needs of businesses. Some of the key investor protection measures include:

- Limits on the amount investors can invest in securities acquired under a proposed offering memorandum exemption and proposed crowdfunding exemption
  - The introduction of risk acknowledgment forms to both the accredited investor exemption and family, friends and business associates exemption
  - Ongoing disclosure requirements for non-reporting issuers that raise money in reliance on certain prospectus exemptions
  - Requiring that crowdfunding be conducted through registered portals that have certain gatekeeper responsibilities
- k. Some commenters suggested that the exempt market initiatives move forward at a faster pace and seemingly in the absence of the rigorous research that has been required for the investor protection initiatives. Concerns were expressed about whether the amount of research conducted to assess the potential impact on markets and investors has been sufficient.*

The various OSC exempt market initiatives have moved at an appropriate speed given the complexity of each project and collaboration with our CSA colleagues where appropriate. In developing proposals for new prospectus exemptions, the OSC engaged in extensive research and consultation, including:

- The commissioning of third-party research to gain insight into retail investors' views on investing in SMEs
- Creating an OSC advisory committee made up of volunteers from industry, the securities bar, academia and investor advocates, to advise the OSC on exempt market reform
- Hosting five public town halls and holding 46 targeted stakeholder consultations, including with other Canadian and foreign regulators.

We have also continued to monitor developments in exempt market reform in jurisdictions outside of Canada. The OSC has also reviewed and considered the feedback received from over 800 submissions in response to proposals published for comment in March, 2014. Together, these extensive consultations have informed our proposals.

- l. One commenter expressed concern that regulators have chosen to rely on a risk acknowledgement form (for this and other exemptions such as the Accredited Investor exemption) and have done so without any empirical testing to determine whether it helps protect investors.*

The OSC has drawn on its extensive experience in developing targeted retail disclosure documents such as Fund Facts, in adopting a revised risk acknowledgment form for the accredited investor exemption. The risk acknowledgment form highlights the key risks associated with investing in the exempt market, describes the individual categories of accredited investor in a plain language and asks investors to confirm the category to which they belong. We believe the risk acknowledgment form will provide improved investor protection.

- m. Questions were raised about the OSC's capacity to assure compliance and investor protection in both the public and the expanded exempt markets.*

The OSC is also sensitive to the need for a strong compliance focus in the exempt market. The OSC is developing programs for the oversight of the expanded exempt markets and is very mindful of the need to do this effectively to provide appropriate protections for investors. The OSC will be carefully monitoring the impact and the outcomes achieved by these measures to determine if any additional actions are required.

The OSC's primary focus is effective delivery on its core regulatory work. In our SoP we try to only set out our highest priorities and to try to be as transparent and accountable as we can about what we will deliver on those priorities, including when we will deliver and how we will measure our performance. The OSC will also focus resources on several other important initiatives that have been identified for inclusion by various commenters. However, in keeping with our goal to remain focused on and committed to our core work and highest priority items, we will not be adding any additional priorities to our 2015-2016 SoP.

All of the comment letters are available on our website [www.osc.gov.on.ca](http://www.osc.gov.on.ca). The Statement of Priorities will serve as the guide for the Commission's operations. Following delivery of the Statement of Priorities to the Minister, we will also publish on our website a report on our progress against our 2014-2015 priorities.

2015-2016

## OSC STATEMENT OF PRIORITIES

### **Introduction**

We are pleased to present the OSC Chair's Statement of Priorities (SoP) for the Commission for the year commencing April 1, 2015. The *Securities Act* (Ontario) requires the Ontario Securities Commission (OSC) to publish the SoP in its Bulletin and to deliver it to the Minister by June 30 of each year. This SoP also supports the OSC's commitment to delivering its regulatory services effectively and with accountability.

This SoP sets out the OSC's strategic goals and the specific initiatives that the OSC will pursue in support of each of these goals in 2015-2016. The SoP also describes the environmental factors that the OSC has considered in setting these goals.

### **OSC Vision**

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

### **OSC Mandate**

The OSC's mandate (established by statute) is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.

### **Our Environment – Challenges and Issues**

Capital market structures and products continue to evolve at a rapid pace. The regulatory framework for Ontario's capital markets is designed to provide protection to investors while fostering fair and efficient capital markets. A wide range of issues and risks challenges the OSC's ability to achieve its vision and mandate. Public confidence in these markets can be affected by many factors, including the stability of the financial system, the economic health of the country and the volatility in the marketplace. Key challenges and issues that may influence our policy agenda and affect our operations and how we use our resources are set out below.

**Globalization** continues to have wide-ranging impacts on our capital markets. Extreme mobility of capital heightens the need for the OSC to support the competitiveness of Ontario capital markets and the importance of regulatory alignment both domestically and around the world. It creates a strong need for engagement and appropriate coordination with foreign regulators to achieve effective cross-jurisdiction enforcement or mutual reliance in other areas that can deliver better regulatory outcomes. The OSC must also remain focused on seeking proportionate regulatory solutions and opportunities to avoid or reduce undue burdens on business as regulatory burden is a key component affecting the competitiveness and efficiency of Ontario's capital markets. Over- or under-regulation may deter innovation, capital raising, and productive and appropriate risk taking.

**Harmonization and Coordination** need to be key focus areas for the OSC given the international, national and interprovincial nature of the markets it regulates and because capital flows are not constrained by borders. The OSC also works with the Canadian Securities Administrators (CSA) to harmonize rules and their application across the country where practicable. The OSC continues to play an active role in international organizations such as the International Organization of Securities Commissions (IOSCO) to influence and promote changes to international securities regulation to benefit Ontario markets and participants.

The OSC is working with the Ontario Government and other participating jurisdictions to implement a cooperative capital markets regulatory regime to deliver more efficient and effective regulation of the capital markets. The OSC must balance the need to maintain an engaged and effective OSC regulatory presence while contributing to a smooth transition to a Capital Markets Regulatory Authority (CMRA) that addresses the needs of investors and market participants.

**Ongoing Structural Changes in our Financial System** will continue to introduce a range of challenges. Evolving business models, growth in exempt market activities (including crowdfunding) and the expanding use of social media and mobile technology will continue to pose regulatory challenges.

**Financial markets are increasingly dispersed and complex** and the complexity of financial products, markets and technology continues to evolve at a rapid pace. For example, growth in clearing through derivatives clearing organizations and new requirements for uncleared swaps and monitoring have implications in terms of market concentration and investor choice. The transparency, fairness and liquidity of fixed income markets can also affect the cost of capital and investor alternatives. Investors also must deal with complexities and variations in the design of investment funds, retail products and hybrid securities.

**Digital evolution** continues to disrupt and transform the capital markets landscape. This evolution can be seen in a wide range of examples that challenge the OSC's ability to maintain an effective and efficient regulatory framework to support rapidly evolving market structures and processes. Evolving market channels (e.g. automated financial advice) could redefine client wealth management expectations as well as the fees charged for advice. Increased dependence on digital connectivity, combined with exponential growth in data, creates challenges with data management and raises potential exposure to resilience issues and disruptions, including cyber security issues.

**Demographics, including a growing seniors' population**, will continue to generate a range of investor-focused issues. Expectations that the OSC will support and protect investors continue to grow and are reinforced by increasingly active investor advocacy groups. The OSC will need to continue to reach out and connect with investors and understand their needs, to advance investor interests and to educate investors about market changes.

**Reliance on advice** is expected to continue to grow to meet changing investor risk profiles and more complex investment choices and structural shifts, such as the continuing shift from defined benefit to defined contribution pension plans. In addition, new Exempt Market offerings are expected to attract many new investors to the capital markets who are inexperienced and would benefit from the advice of investment professionals. As a result, issues related to market conduct, firms' compliance cultures and how advisors meet the interests of their clients will continue to remain important areas of focus. Investors are seeking an environment where reliance on their advisors is well-placed, the advice being provided is suitable, and any conflicts are managed appropriately. Through achievement of these outcomes, the OSC will foster investors' confidence to invest in our capital markets.

A well-functioning investor/advisor relationship is critical to the economic well-being of Ontarians and ultimately to achieving healthy capital markets. The Ontario Government is currently examining policy alternatives for more tailored regulation of financial planning, including analysis of relevant issues (e.g. sufficiency of regulatory frameworks, proficiency and education requirements and the use of multiple titles). Better alignment of the interests of firms and investors can be achieved by improving standards of financial advice, raising competency and increasing transparency regarding financial advice.

**Human capital** continues to be an area of strategic focus for the OSC. The OSC operates in a competitive environment where attracting, motivating and retaining top talent is a key challenge. It will be critically important for the OSC to invest in data and information systems and continue to provide the right tools and training to leverage the talents of its people.

**Increasing regulatory burden** affects the competitiveness and efficiency of Ontario's capital markets. Regulatory burden continues to present challenges for market participants as the complexity of regulatory requirements and the resources required to comply continue to grow. The OSC will need to examine whether the existing rules remain effective, and determine whether they inhibit or promote high-quality capital markets and deliver a system that protects investors and promotes their confidence. The OSC must balance the costs of complying with the regulatory protections that safeguard investor needs with the concern that these costs may induce market participants to access non-traditional, less regulated markets for capital.

### **OSC 2015-2016 Regulatory Goals**

1. Deliver strong investor protection – *The OSC will champion investor protection, especially for retail investors*
2. Deliver responsive regulation – *The OSC will identify important issues and deal with them in a timely way*
3. Deliver effective compliance, supervision and enforcement – *The OSC will deliver effective compliance oversight and pursue fair, vigorous and timely enforcement*
4. Promote financial stability through effective oversight – *The OSC will continue to identify, address and mitigate systemic risk and promote stability by implementing programs to effectively oversee and supervise our capital markets including the OTC derivatives market, the fixed income market, and key infrastructure entities such as clearing agencies.*
5. Be an innovative, accountable and efficient organization – *The OSC will be an innovative and efficient organization through excellence in the execution of its operations, and will demonstrate accountability in fulfilling its mandate and achieving its goals*

The OSC has accomplished much in moving its regulatory agenda forward and has made a number of key advances in the way it approaches its work. The OSC has made important advances in providing guidance to market participants and investors and in using open and consultative processes to assess and address issues. The OSC has significantly grown the level of its cooperation with many entities, including Federal Finance, the Office of the Superintendent of Financial Institutions and the Heads of Agencies, in order to achieve more harmonized and coordinated outcomes. The amount of enforcement activity conducted with police and other enforcement bodies continues to expand, resulting in more successes across a broader range of enforcement actions. The impact of the OSC's efforts internationally is growing, resulting in timely insight, understanding and input into emerging regulatory issues.

Confidence in fair and efficient markets is a prerequisite for economic growth. The OSC is the largest regulator in the largest market in Canada. Our actions have implications for Ontario, for the rest of Canada and, given the global nature of capital markets, internationally. The OSC remains committed to promoting safe, trustworthy and efficient markets in Ontario and has identified a broad range of initiatives to improve the regulatory framework in Ontario. Although the OSC SoP is focused on our plan for 2015-2016, in some cases these initiatives are ongoing from prior years and/or will not be completed within 2015-2016. Initiatives often span more than one year for various reasons including:

- The nature and complexity of most issues warrant careful analysis and review of potential options and implications
- Consultation contributes to better outcomes; however, consultation takes time. This is particularly true in achieving national consensus with other regulators on harmonized approaches
- Regulatory choices can have fundamental and profound impacts on industry. The cost of being wrong can be very significant and the impacts on industry are usually difficult, if not impossible, to reverse

In some instances, specific priorities are not carried forward to the SoP in the following year. This does not necessarily mean that work on the initiative has stopped but rather that its priority relative to other initiatives no longer warrants inclusion in the SoP, the remaining work is minimal, or the next steps involve integrating the changes into the OSC's daily operations.

This document sets out the most important priority areas where the OSC intends to focus resources and actions in 2015-2016. It is important to note that the majority of OSC resources are focused on delivering the core regulatory work (authorizations, reviews, compliance and enforcement) undertaken by the OSC to maintain high standards of regulation in Ontario's capital markets. A smaller proportion of OSC resources are applied to our high profile work on SoP initiatives. Each of the proposed priorities has been aligned under one of the five OSC regulatory goals.

**Goal 1 – Deliver strong investor protection**

The OSC is strongly committed to delivering on its mandate to protect investors and is proposing a number of initiatives to enhance investor protection. Investors need to be confident in the market and products they invest in. A key step to achieving this outcome is to improve the alignment of the interests of advisors and firms with those of investors. Know your client (KYC), know your product (KYP) and suitability are among the most fundamental obligations owed to a client. This is particularly important given the degree to which investors rely on advice.

Investors need to be confident that the advice they receive involving financial products and services is unbiased and of high quality. Investors need to better understand the cost of advice and be assured that compensation structures will not adversely affect the quality of advice they receive or their long term investment outcomes. At a more fundamental level it is important to achieve greater consistency in the level and type of disclosure across similar products. To maximize the value of improved disclosure the OSC also needs to proactively inform and educate investors so they are better prepared and able to invest.

Investor profiles are diverse and this raises complex challenges. Aging demographics raise a number of investor protection issues. Older Canadians are facing challenges to achieve sufficient investment returns either for their own retirement or for aging parents. New investors, in particular those attracted by new investment alternatives provided by Exempt Markets, may be inexperienced and require expert support and guidance. Other vulnerable investor groups can also be at risk as they strive to support education costs for children or to meet lifestyle consumption goals. As each of these groups searches for yield and/or capital appreciation, its members can become susceptible to fraud and other investment risks that can have life-changing outcomes. The wide disparity in the level of financial literacy and understanding among investor groups is a key source of risk that needs to be addressed through outreach, education and regulation.

Achieving consensus on harmonized approaches to improve investors' confidence and trust in our markets, and the advisors and firms they interact with, will take more than one year to achieve. The priorities set out below are designed to improve the alignment of the expectations of investors and the actions of their advisors and assist investors to more effectively meet the challenging environment they face.

*Putting the Interests of Investors First*

<b>Priority Issue</b>	Advance regulatory reforms that put the interests of investors first
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Develop and evaluate regulatory provisions to create a best interest duty</li> <li>b. Develop and evaluate targeted regulatory reforms and/or guidance under NI 31-103 to improve the advisor/client relationship</li> <li>c. Finalize analysis of advisor compensation practices and address those practices that are inconsistent with current regulatory requirements</li> </ul>

<b>Priority Issue</b>	Advance regulatory reforms that put the interests of investors first
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Analysis of approaches for creating a best interest duty completed and proposals developed</li> <li>b. Analysis of targeted amendments and/or guidance to NI 31-103 completed</li> <li>c. Staff Notice of compensation review findings including expectations for compliance and best practices</li> </ul>

*Reviewing Compensation Arrangements in Mutual Funds and Empowering Investors through Better Disclosure*

<b>Priority Issue</b>	Determine what regulatory action is needed to address embedded commissions and other types of compensation arrangements and improve retail investment product disclosure
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Complete third-party research to determine how mutual fund compensation models may influence advisor behaviour</li> <li>b. Review and evaluate with the CSA the research results and publish the findings</li> <li>c. Support implementation of pre-sale delivery of Fund Facts for mutual funds and continue to work with the CSA to implement the Point of Sale initiative; specifically, publish rules for comment: <ul style="list-style-type: none"> <li>i. to introduce a mandated CSA risk classification methodology to improve the comparability of risk ratings of mutual funds in the Fund Facts</li> <li>ii. to introduce a new summary disclosure document for ETFs (ETF Facts) and require it to be delivered</li> </ul> </li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Third-party research completed and Staff Notice setting out key findings published</li> <li>b. Actionable results identified by the OSC including a recommendation made about embedded commissions and other types of compensation arrangements</li> <li>c. Rules to introduce a mandated CSA risk classification methodology and to introduce a new summary disclosure document for ETFs published for comment</li> </ul>

*Improve Education, Outreach and Advocacy for Investors*

<b>Priority Issue</b>	Advance investor protection and support to retail investors by expanding the OSC's investor engagement, education and outreach
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Improve the OSC's investor focus by integrating the OSC Office of the Investor with the OSC Investor Education Fund to create the new Office of Investor Policy, Education and Outreach, to: <ul style="list-style-type: none"> <li>i. establish and implement the OSC's investor education strategy</li> <li>ii. better inform investors about market events, product innovations and key OSC regulatory and supervisory activities by publishing alerts and bulletins and working with investor networks and organizations on education and outreach campaigns</li> <li>iii. refresh and expand outreach programs, such as OSC in the Community, with a focus on potentially vulnerable investors</li> </ul> </li> <li>b. Obtain a better understanding of investor issues and needs through targeted research, seminars and roundtables</li> <li>c. Respond to the issues identified at the 2014/15 seniors roundtable by: <ul style="list-style-type: none"> <li>i. completing targeted research to improve the OSC's understanding of seniors' financial needs and challenges</li> <li>ii. collaborating with SROs and investor and industry associations to identify ways to be more responsive to seniors</li> </ul> </li> </ul>

<b>Priority Issue</b>	Advance investor protection and support to retail investors by expanding the OSC's investor engagement, education and outreach
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Existing partnerships strengthened and new external relationships created to inform and advance investor focused issues</li> <li>b. Specific recommendations from the seniors roundtable addressed</li> <li>c. Relationships with key senior stakeholder organizations and networks established and strengthened</li> </ul>

**Goal 2 – Deliver responsive regulation**

To meet the OSC's mandate the bulk of its resources are focused on delivering our core regulatory functions. As a gatekeeper to the markets, the OSC vets potential participants to confirm that they are suitable to participate in our markets and interact with investors or to raise capital in our markets. Compliance and enforcement activities continue to play a central role in maintaining and enhancing trust in Ontario's capital markets. Effective registration and compliance oversight regimes, combined with timely enforcement, help deter misconduct and non-compliance by registrants and market participants.

Within the context of today's capital markets, we continue to believe that a national securities regulator will enhance investor protection, foster efficient rulemaking and globally competitive markets in Canada, strengthen our capacity to identify and manage systemic risk and solidify Canada's international reputation for regulating its financial system. While working with the participating jurisdictions to transition smoothly to the CMRA it will be critical for the OSC to maintain high standards of regulation and to keep stakeholders informed and engaged throughout the transition period. The OSC will also need to work with the CSA to seek harmonized approaches to regulation as much as possible.

Our regulatory framework needs to remain current, responsive to the continuing evolution of market structures and products, and supportive of capital formation in Ontario. The OSC must carefully balance the desire to broaden investment alternatives and improve access to capital with the need to maintain appropriate investor protections. To support the implementation of a regulatory framework to expand exempt markets and achieve this balance, the OSC will implement effective oversight and supervision processes. The OSC will need to work effectively with IIROC to achieve outcomes that best respond to these issues.

Where regulatory solutions are not achieving desired outcomes the OSC will need to take action to make necessary changes to achieve appropriate outcomes. Where access and transparency of markets are not sufficient, the OSC will need to look for solutions to improve the fairness and integrity of those markets where the needs of investors and those seeking capital can be achieved with mutual benefit.

The OSC introduced disclosure requirements in 2014 to promote the transparency and representation of women on Boards and in executive and senior management positions at senior exchange-listed issuers. The OSC continues to strongly support this outcome and will seek to maintain momentum on this issue to achieve better corporate decision-making.

*Women on Boards and in Executive and Senior Management Positions*

<b>Priority Issue</b>	Continue efforts to promote transparency and representation of women on Boards and in executive and senior management positions for senior exchange-listed issuers
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>a. Receive and review issuer disclosures on representation of women on Boards and in executive and senior management positions</li> <li>b. Publish results of the disclosure review</li> <li>c. Hold consultation roundtable to discuss results</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Disclosure review completed and results are published</li> <li>b. Continued improvement in the transparency of Board selection and composition for senior exchange-listed issuers</li> </ul>



*Improve Access to Capital*

<b>Priority Issue</b>	Foster capital formation in Ontario while maintaining appropriate investor safeguards
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Develop and publish rules to implement the following:                             <ul style="list-style-type: none"> <li>i. offering memorandum exemption from prospectus requirements</li> <li>ii. crowdfunding regime</li> <li>iii. modernized prospectus-exempt rights offering regime</li> <li>iv. new reporting requirements regarding exempt market distributions</li> </ul> </li> <li>b. With the CSA, develop an enhanced and harmonized report of exempt distributions to facilitate better monitoring of new prospectus exemptions</li> <li>c. Conduct compliance and pre-registration reviews focussing on these new exemptions and EMD portal business models. Meet with SROs to ensure our approaches to oversight are consistent and opportunities for regulatory arbitrage are minimized</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Rules, companion policy and guidance for the proposed new exemptions published for comment and delivered to the Minister for approval</li> <li>b. Significant areas of non-compliance identified are appropriately addressed by registrants. Reduction in non-compliance by registrants</li> <li>c. Improved ability to monitor exempt market activity more efficiently</li> </ul>

*Market Structure Evolution*

<b>Priority Issue</b>	Respond to issues (market data fees, trading fees) arising from the implementation of the Order Protection Rule (OPR)
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. OPR framework amended in response to comments received from publication in 2014/2015, including finalizing approaches for dealing with trading fees and market data fees</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Final changes to update the OPR framework, including approaches for dealing with trading fees and market data fees, are published</li> </ul>

**Goal 3 – Deliver effective compliance, supervision and enforcement**

Effective compliance and strong enforcement are the cornerstones of protecting investors and fostering confidence in capital markets. The importance of effective compliance and supervision continues to grow as domestic market structures, processes and products (expansion of exempt market, new markets) and international (IOSCO, PFMI) guidelines and responsibilities evolve. As part of its core work the OSC will continue to undertake targeted compliance reviews of high risk and new registrants, specifically, online advice and portal business models. We will also conduct targeted prospectus and continuous disclosure reviews of issuers, investment funds and structured products that respond to market developments and product innovations, and publish OSC staff guidance as warranted.

The OSC continues to seek innovative approaches to identify serious breaches of Ontario securities law. Effective enforcement in today's increasingly complex markets requires new tools, enhanced computer forensics and other technological support. The OSC recently announced its intention to pursue a whistleblower program to achieve more timely, actionable information to deter misconduct. Through this initiative the OSC hopes to minimize harm to investors and better preserve the integrity of Ontario capital markets.

The OSC needs to reduce its enforcement timelines, including more timely issuance of its orders, decisions and reasons. A key to achieving this outcome will be measures to improve access to the tribunal and make the hearing process more streamlined, accessible and efficient.

*Enhance Compliance through Effective Inspections, Supervision and Oversight*

<b>Priority Issue</b>	Protect investors and foster confidence in our markets by confirming compliance with our regulatory framework
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Develop and implement programs to effectively oversee an expanded exempt market in Ontario including a risk based supervision program for issuers and registrants and tailored pre-registration reviews and compliance examination programs</li> <li>b. Implement data analysis for systemic risk oversight and market conduct purposes including the development of analytical tools and the creation of snapshot descriptions of the Canadian OTC derivatives market</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. New supervision programs in place and initial results of programs and reports on exempt market activity developed and published</li> <li>b. Systems for oversight and to facilitate systemic analysis of the Ontario derivatives markets will be in place</li> <li>c. Compliance program for the trade reporting rule in place. Reviews of largest derivatives participants commenced</li> </ul>

*Earlier Identification of Fraud and Other Violations*

<b>Priority Issue</b>	Deter misconduct by seeking more timely, actionable information that will allow the OSC to pursue impactful cases of misconduct and serious breaches of securities law
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Complete consultations on proposed OSC whistleblower program</li> <li>b. Respond to comments and publish OSC whistleblower policy, if appropriate</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. OSC whistleblower program launched, if appropriate</li> </ul>

*Enhance Enforcement and Adjudicative Processes*

<b>Priority Issue</b>	Achieve better outcomes from OSC enforcement and adjudicative processes by introducing better tools, analytics and approaches
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Improve technological support to Enforcement staff, including the Joint Serious Offences Team, through enhanced computer forensics and the capacity to conduct e-discoveries and e-hearings</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. The OSC's e-hearing directive and applicable case management guidelines result in reduced case timelines</li> </ul>

*Timely, Fair and Efficient Adjudication*

<b>Priority Issue</b>	The OSC will improve its case management and adjudicative processes through more transparent policies, practices and procedures and more timely issuance of its orders, decisions and reasons
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Continue the implementation of its Electronic Case Management System and Hearing system and use of technology to enhance accessibility for respondents and the public by holding electronic hearings</li> <li>b. Implement and monitor adherence to its internal guideline for the timely release of decisions within six months</li> </ul>

<b>Priority Issue</b>	The OSC will improve its case management and adjudicative processes through more transparent policies, practices and procedures and more timely issuance of its orders, decisions and reasons
	c. Adhere to newly adopted Case Management Practice Directive regarding a new Case Management Timeline for Enforcement Proceedings
<b>Success Measures/ Expected Outcomes</b>	<p>a. The Electronic Case Management and Hearing System will be implemented and monitoring of issues and enhancements to the newly designed system will be made as appropriate</p> <p>b. Improved access to the tribunal. The efficiency and timeliness of tribunal adjudicative hearing and deliberation processes will be improved. Decisions will be released within six months</p> <p>c. The Tribunal will monitor the implementation of its newly adopted Case Management Timeline for Enforcement proceedings, and address arising issues</p>

**Goal 4 – Promote financial stability through effective oversight**

Capital markets have become increasingly interconnected by technology, business models and investment flows. The interconnectedness of markets creates the potential for systemic risk within the wider financial framework, and securities regulators have assumed an important role in maintaining its stability. Success in managing this complex area will have a significant impact on market confidence and ultimately the health of our capital markets. It is critical for the OSC to work with other financial market regulators to design and build a regulatory framework and operational programs to effectively oversee and supervise the OTC derivatives market and its participants.

There are approximately \$500 billion in corporate bonds outstanding in Canada and almost \$500 billion in corporate bonds traded in the Canadian secondary market in 2014. In Canada, corporate bond trading is subject to limited post-trade transparency for both regulators and investors. The OSC is taking steps to enhance regulation in the fixed income market and to identify opportunities where changes to regulatory approaches could improve market transparency and better protect investor interests.

*Promote Financial Stability through Effective Oversight*

<b>Priority Issue</b>	Advance OSC systemic risk oversight and analytic capabilities
<b>Action Plan/ Next Steps</b>	<p>a. Develop rules for the clearing of OTC derivatives</p> <p>b. Develop a registrant regulation framework for derivatives market participants</p> <p>c. Implement rules and a compliance program for OTC derivatives trade reporting</p> <p>d. Implement rule/policy framework for clearing agencies to incorporate CPMI/IOSCO revised standards</p> <p>e. Develop recommendations to implement Principle 14 Segregation and Portability under the CPMI IOSCO Principles for Financial Market Infrastructures</p>
<b>Success Measures/ Expected Outcomes</b>	<p>a. Clearing and reporting rules for OTC derivatives that align with international standards and meet G20 commitments will be in place</p> <p>b. National Instrument for Registration of Derivatives Dealers published for comment</p> <p>c. Notice that outlines recommendations for implementation of segregation and portability (other than for OTC derivatives) published</p>

*Regulation of the Fixed Income Market*

<b>Priority Issue</b>	Enhance regulation in the fixed income market by increasing transparency, improving market integrity and evaluating access
<b>Action Plan</b>	a. Publish a regulatory plan, working with IIROC, that addresses key issues identified in the fixed income review, including requirements to increase post trade transparency
<b>Success Measures/ Expected Outcomes</b>	a. Plan published and implementation of proposed changes underway b. Improved post-trade transparency allowing more informed decision-making among all market participants

**Goal 5 – Be an innovative, accountable and efficient organization**

Securities regulators are facing growing pressures to respond appropriately to market issues while avoiding over-regulation. The need for a cost-effective regulatory framework is critical as capital moves more quickly across multiple marketplaces that span jurisdictional borders. The OSC is strengthening its core functions, including compliance and enforcement, and adjusting how it works to develop the capacity to efficiently deliver the right regulation for investors, market participants and markets. The OSC needs to continue its efforts to upgrade procedures, practices and systems as part of a commitment to robust processes and high-quality execution, including:

- Implementing a consistent organizational approach for managing risks
- Increasing reliance on research and analytics in the way we work, including conducting regulatory impact analyses prior to initiating proposed policy projects
- Expanding the use of technology to gather and analyze data and other information, including information required for compliance and adjudicative matters

Management and staff will continue these efforts to reposition the organization as a more proactive and agile securities regulator that fosters the integrity of capital markets in Ontario.

Harmonization and coordination are key elements in achieving cost-effective regulation. Increasingly, the OSC must deal with regulatory matters that are international, not just provincial or national, in their scope, such as the oversight of emerging markets issuers and the regulation of OTC derivatives. More than ever before, the OSC regulates within the context of a global marketplace, which underlines the imperative of engaging with our international counterparts, especially through IOSCO, to deliver proactive regulation. The OSC needs to provide leadership to the multinational reform agenda on matters that promote the convergence of stronger international market conduct standards that benefit investors and market participants. Participation in international regulatory fora allows the OSC to obtain timely insight and understanding of emerging compliance and regulatory issues to develop an informed, proactive oversight approach.

*Effectively Influence the International Regulatory Agenda*

<b>Priority Issue</b>	Influence the international regulatory agenda to reflect the needs of Ontario's markets
<b>Action Plan/ Next Steps</b>	a. Enhance our ability to influence and shape the international standard setting process by seeking leadership roles within IOSCO (e.g., Chair committees and task forces) b. Perform greater proactive analyses of risks/issues identified by other jurisdictions globally by participating in bi-lateral meetings with key regulatory partners
<b>Success Measures/ Expected Outcomes</b>	a. Other regulators seek our views and advice in developing regulatory standards because of the value we bring b. Ontario's interests are reflected in international initiatives that relate to issues affecting our markets c. Canadian regulatory framework keeps pace with global regulatory developments. Harmonized regulatory approaches internationally and within the CSA, where applicable, reduce regulatory burden on our market participants

*Proactive use of Data and Research*

<b>Priority Issue</b>	Improve policy development and regulatory outcomes by increasing the integration of economic and quantitative analysis, including regulatory impact analyses, in the development of policies and rules
<b>Action Plan/ Next Steps</b>	<ul style="list-style-type: none"> <li>a. Continue to develop data collection, management and assessment practices</li> <li>b. Demonstrate enhanced use of economic analysis, research and data analysis within the OSC including completing a regulatory impact analysis for proposed policy projects</li> </ul>
<b>Success Measures/ Expected Outcomes</b>	<ul style="list-style-type: none"> <li>a. Use of research reflected in OSC policy initiatives and OSC publications</li> <li>b. Completion of one major research project</li> </ul>

**2015-2016 Financial Outlook**

*OSC Revenues and Surplus*

The OSC is forecasting 2015-2016 revenues to increase by 11.4% from 2014-2015 actual revenues. The forecast reflects fee rates set out in the OSC's fee rules (13-502 and 13-503), which became effective April 6, 2015. The key change to the new fee rules is the return to the previous method of calculating participation fees. Under the new rules, we will use the most recent financial year information, as opposed to a reference fiscal year. As a result, fees due to the OSC will become less predictable as the amount payable by market participants will increase or decrease based on actual changes in business conditions and performance. Under the new fee rules, the OSC expects to generate a surplus of \$6.6 million in 2015-2016 to add to its expected 2014-2015 ending surplus of \$14.3 million, for a total surplus of \$20.9 million as at March 2016. When the new fee rules were developed and published, the OSC advised that they would be relatively revenue neutral over the three-year period, with an expected surplus in 2015-2016, a smaller surplus in 2016-2017 and a deficit in 2017-2018. This is because revenues are expected to be relatively flat over the term of the rule, while expenses are expected to increase each year. The budget approved by the OSC Board for 2015-2016 is in line with this expectation. As a result, the above-noted ending general surplus is expected to be \$19.2 million by the end of 2017-2018.

*2015-2016 Budget Approach*

Our regulatory framework needs to remain current and responsive to the continuing evolution of market structures and products and supportive of capital formation in Ontario. The OSC must carefully balance the desire to improve access to capital with the need to retain appropriate investor protections. The 2015-2016 SoP sets out the OSC's key priorities to meet these challenges. Achievement of these priorities is a key driver of the proposed increases to the 2015-2016 OSC Budget as this will require focused investments in the following four areas:

- improving education, outreach and advocacy through creation of the new Office of Investor Policy, Education and Outreach
- development of a new regulatory framework (including supervision and oversight) for the derivatives market
- enhanced oversight of the exempt market
- improving the OSC's information technology, in particular to support a greater reliance on data and research.

The budget reflects an increase of 6.0% from the 2014–2015 budget. Salaries and benefits, which comprise \$80.7 million or 73.9% of the budget, represent an increase of \$4.8 million or 5.9% over 2014–2015 spending. The key reasons for this increase are:

- approval of new positions to support the investments noted above
- underspending in 2014-2015 by maintaining vacancies for longer than planned as a cost control measure and due to some shifting or deferring of priorities as a result of the CMRA initiative. Therefore, budgeting of full-year costs for vacancies and staff hired throughout 2014–2015 contributes to the increase.

The OSC will maintain fiscal responsibility in its other operating areas as evidenced by the fact that budget amounts will decrease, or remain flat in approximately 40% of its operating branches. The budget also includes resources for work toward the successful implementation of the CMRA.

**Notices / News Releases**

The capital budget primarily reflects the build-out of recently acquired additional space, as well as the cost to support the OSC's information technology needs, including a data warehouse to support Derivatives oversight.

(thousands)	<b>2014-15 Budget</b>	<b>2014-2015 Actual</b>	<b>2015-2016 Budget</b>	<b>2015-2016 Budget to 2014-2015 Budget</b>		<b>2015-2016 Budget to 2014-2015 Actual</b>	
Revenues	\$101,325	\$103,936	\$115,782	\$14,457	<b>14.3%</b>	\$11,846	<b>11.4%</b>
Expenses	\$102,976	\$95,875	\$109,182	\$6,206	<b>6.0%</b>	\$13,307	<b>13.9%</b>
Deficiency of Revenue Compared with Expenses	(\$1,651)	\$8,061	\$6,600	\$8,251		(\$1,461)	
Capital Expenditures	\$3,349	\$1,616	\$3,101	(\$248)		\$1,485	

**1.1.3 Notice of Ministerial Approval of the Letter of Arrangement between the Office of the Superintendent of Financial Institutions and the Ontario Securities Commission**

**NOTICE OF MINISTERIAL APPROVAL OF  
THE LETTER OF ARRANGEMENT BETWEEN  
THE OFFICE OF THE SUPERINTENDENT OF FINANCIAL INSTITUTIONS AND  
THE ONTARIO SECURITIES COMMISSION**

The Letter of Arrangement entered into between the Office of the Superintendent of Financial Institutions (OSFI) and the Ontario Securities Commission (OSC) (the Letter of Arrangement) has received Ministerial approval pursuant to section 143.10 of the *Securities Act* (Ontario).

The Letter of Arrangement facilitates the OSC receiving from OSFI the derivatives data reports required under the exemptive relief granted by the OSC to certain Canadian Banks, under decisions dated December 17, 2014.

The Letter of Arrangement was published in the Bulletin on May 28, 2015 at (2015), 38 OSCB 4887.

Questions may be referred to:

Jean-Paul Bureaud  
Director  
Office of Domestic and International Affairs  
Tel: 416-593-8131  
Email: [jbureaud@osc.gov.on.ca](mailto:jbureaud@osc.gov.on.ca)

1.2 Notices of Hearing

1.2.1 Shoreline Energy Corp. – ss. 127(7), 127(8)

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

**AND**

**IN THE MATTER OF  
SHORELINE ENERGY CORP.**

**NOTICE OF HEARING  
(Subsections 127(7) and (8))**

**WHEREAS** the Corporate Finance Branch of the Ontario Securities Commission (the “Commission”) issued an order pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) on May 28, 2015 (the “Temporary Order”), ordering that, effective immediately, all trading in the securities of Shoreline Energy Corp., whether direct or indirect, cease for a period of 15 days from the date of the Temporary Order;

**TAKE NOTICE THAT** the Commission will hold a hearing in writing pursuant to subsections 127(7) and (8) of the Act at the offices of the Commission, 20 Queen Street West, 17th Floor, on Tuesday, June 9, 2015, or as soon thereafter as the hearing can be held;

**TO CONSIDER** whether it is in the public interest for the Commission:

1. to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and
2. to make such further orders as the Commission considers appropriate;

**BY REASON OF** the facts as set out in the Temporary Order and such further additional allegations and evidence as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that any party to the proceedings may be represented by counsel at the hearing;

**AND TAKE FURTHER NOTICE** that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to further notice of the proceedings.

**DATED** at Toronto, Ontario, this 9th day of June, 2015.

“Josée Turcotte”  
Secretary to the Commission



**1.4 Notices from the Office of the Secretary**

**1.4.1 Shoreline Energy Corp.**

**FOR IMMEDIATE RELEASE  
June 9, 2015**

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

**AND**

**IN THE MATTER OF  
SHORELINE ENERGY CORP.**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing setting the matter down in writing to consider whether it is in the public interest for the Commission:

- (1) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and
- (2) to make such further orders as the Commission considers appropriate.

A copy of the Temporary Order dated May 28, 2015, Notice of Hearing dated June 9, 2015 and Order dated June 9, 2015 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.4.2 Welcome Place Inc. et al.**

**FOR IMMEDIATE RELEASE  
June 11, 2015**

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

**AND**

**IN THE MATTER OF  
WELCOME PLACE INC., DANIEL MAXSOOD  
also known as MUHAMMAD M. KHAN,  
TAO ZHANG, and TALAT ASHRAF**

**TORONTO** – The Commission issued an Order in the above named matter which provides that:

1. the Respondents will make disclosure to Staff of their witness lists and summaries, and indicate any intent to call an expert by June 22, 2015; and
2. the hearing of this matter is adjourned and shall continue on July 22, 2015 at 11:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated June 4, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.4.3 Future Solar Developments Inc. et al.**

**FOR IMMEDIATE RELEASE  
June 11, 2015**

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

**AND**

**IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN**

**TORONTO** – The Commission issued an Order in the above named matter which provides that:

1. pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until September 11, 2015, or until further order of the Commission; and
2. the hearing of this matter is adjourned until September 9, 2015, at 10:00 a.m. or on such other date and time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated June 8, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

**1.4.4 Future Solar Developments Inc. et al.**

**FOR IMMEDIATE RELEASE  
June 11, 2015**

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

**AND**

**IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN**

**TORONTO** – The Commission issued an Order in the above named matter which provides that:

1. the Second Appearance in this matter be held on September 9, 2015 at 10:00 a.m. or on such other date and time as provided by the Office of the Secretary and agreed to by the parties; and
2. Staff shall provide to the Respondents, no later than five (5) days before the Second Appearance, their witness lists and indicate any intent to call an expert witness, including the name of the expert witness and the issue on which the expert will be giving evidence.

A copy of the Order dated June 8, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

1.4.5 1415409 Ontario Inc. et al.

**FOR IMMEDIATE RELEASE**  
June 16, 2015

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

**AND**

**IN THE MATTER OF  
1415409 ONTARIO INC., TITLE ONE CLOSING INC.,  
RAVINDRA DAVE, CHANDRAMATTIE DAVE  
and AMETRA DAVE**

**TORONTO** – Take notice that the hearing in the above named matter scheduled to be heard on June 17, 2015 at 10:00 a.m. will be heard on June 17, 2015 at 3:30 p.m.

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

media\_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre  
416-593-8314  
1-877-785-1555 (Toll Free)

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## Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Invesco Canada Ltd. and Trimark North American Endeavour Class

#### Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approval –

#### Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.5(3), 5.6.

May 27, 2015

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  
INVESCO CANADA LTD.  
(the “Filer”)

AND

IN THE MATTER OF  
TRIMARK NORTH AMERICAN ENDEAVOUR CLASS  
(the “Terminating Fund”)

#### DECISION

#### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for approval under subsection 5.5(1)(b) of National Instrument 81-102 *Investment Fund Distributions* (“**NI 81-102**”) to merge (the “**Proposed Merger**”) the Terminating Fund into Trimark U.S. Companies Class (the “**Continuing Fund**”, and together with the Terminating Fund, the “**Funds**”).

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

- (i) the Ontario Securities Commission is the principal regulator (the “**Principal Regulator**”) for this application; and
- (ii) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the “**Other Jurisdictions**”).

#### Interpretation

Defined terms contained in NI 81-102, National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless they are defined in this decision.

#### Representations

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

1. The Filer is:
  - (a) is a corporation amalgamated under the laws of Ontario;
  - (b) is an indirect wholly-owned subsidiary of Invesco Ltd., a global investment manager;
  - (c) has its head office in Toronto, Ontario;
  - (d) is registered as an investment fund manager in Ontario and is the investment fund manager of the Funds; and
  - (e) is not in default of applicable securities legislation in any jurisdiction.
2. Each Fund is a separate class of Corporate Class, a mutual fund corporation amalgamated under articles of amalgamation under the laws of Ontario on April 1, 2014.
3. Shares of the Funds are currently qualified for sale by simplified prospectus, annual information form and fund facts documents dated July 30, 2014, as amended, which have been filed and accepted in all of the provinces and territories of Canada.

4. Each of the Funds is a reporting issuer under applicable securities legislation of each province and territory of Canada and is not on the list of defaulting reporting issuers maintained under the applicable securities legislation of the Principal Regulator or any securities regulatory authorities in the Other Jurisdictions.
5. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each Fund complies with and follows the standard investment restrictions and practices under NI 81-102.
6. The Funds have substantially similar valuation procedures.
7. The net asset value for each series of a Fund is calculated on a daily basis on each day that The Toronto Stock Exchange is open for trading.
8. Each of the Funds is a qualified investment for registered retirement savings plan (including a locked-in retirement account, locked-in retirement savings plan and restricted locked-in savings plan), registered retirement income fund (including a life income fund, locked-in retirement income fund, prescribed retirement income fund and restricted life income fund), deferred profit sharing plan, registered disability savings plan, registered education savings plan and tax-free savings account (“Registered Plans”).
9. Pre-approval of the Proposed Mergers under section 5.6 of NI 81-102 is not available in the case of the Proposed Merger because a reasonable person would not consider the fundamental investment objectives of the Funds to be substantially similar. Except as described above, the Proposed Merger meets all of the other criteria for pre-approved reorganizations and transfers under section 5.6 of NI 81-102.
10. The Proposed Merger will not constitute a material change for the Continuing Fund.
11. The Filer has determined that the Proposed Merger is in the best interests of the Funds because investors will benefit from the lower management expense ratio, lower risk rating and better historical returns of the Continuing Fund.
12. The Independent Review Committee of the Funds (the “IRC”) reviewed the Proposed Merger on May 21, 2015, and made a positive recommendation with respect to the Proposed Merger, having determined that the Proposed Merger, if implemented, achieves a fair and reasonable result for each Fund. The decision of the IRC will be included in the management information circular as required by section 5.1(2) of National Instrument 81-107 – *Independent Review Committee for Investment Funds*.
13. A press release announcing the Proposed Merger, among other things, was issued on May 21, 2015, following the meeting of the board of Corporate Class. A material change report and amendments to the simplified prospectus, annual information form and fund facts of the Funds relating to the Proposed Merger have been filed via SEDAR on May 21, 2015.
14. A Notice of Meeting, Management Information Circular and Proxies in connection with the meeting of shareholders will be mailed to shareholders of the Terminating Fund in June 2015 and will be filed via SEDAR.
15. The Management Information Circular will contain the following disclosure so that securityholders of the Terminating Fund can consider the information prior to voting on the Proposed Merger:
- a. the differences between the Terminating Fund and Continuing Fund;
  - b. the management fees of the Continuing Fund;
  - c. the tax implications of the Proposed Merger;
  - d. a statement that the securities of the Continuing Funds acquired by securityholders following the Proposed Merger are subject to the same redemption charges to which their securities of the Terminating Fund were subject prior to the Proposed Merger;
  - e. a statement that any redemption fees payable in connection with securities purchased under the deferred sales charge option will apply when securityholders redeem securities of the Terminating Fund; and
  - f. the fact that securityholders can obtain, at no cost, the annual information form, most recently filed fund facts, the most recent interim and annual financial statements, most recent management report of fund performance that have been made public by contacting the Manager or by accessing the documents on the Manager’s website.
16. The Management Information Circular will also contain the applicable most recently filed fund facts document of the Continuing Fund for each investor. Shareholders of the Terminating Fund will be asked to approve the Proposed Merger at a

- meeting to be held on July 21, 2015 (the "Meeting").
17. The Terminating Fund is expected to merge into the Continuing Fund on or about the close of business August 7, 2015 (the "Merger Date") and the Continuing Fund will continue as publicly offered open-end mutual funds governed by the laws of Ontario.
18. The Filer will be seeking approval of the Proposed Merger by the holders of all of the issued and outstanding common shares of Corporate Class, which are currently held by Invesco Corporate Class Voting Trust I, Invesco Corporate Class Voting Trust II, Invesco Corporate Class Voting Trust III and Invesco Corporate Class Voting Trust IV, as required under the *Business Corporations Act* (Ontario).
19. Shareholders of the Terminating Fund will continue to have the right to redeem the shares of the Terminating Fund for cash at any time up to the close of business on the Merger Date. Effective close of business on July 31, 2015, the Terminating Fund will cease distribution of securities (including purchases under existing pre-authorized chequing plans which will run in the Continuing Fund on the first business day following the Merger Date). Following implementation of the Proposed Merger, all systematic investment programs and systematic withdrawal programs that had been established with respect to the Terminating Fund, will be re-established on a series-for-series basis in the Continuing Fund unless shareholders advise the Applicant otherwise. Shareholders may change or cancel any systematic program at any time.
20. Shareholders of the Terminating Fund will receive securities in the same series of the Continuing Fund as they currently own in the Terminating Fund. Shareholders will also receive shares in U.S. dollars if shares of the Terminating Fund were held in U.S. dollars.
21. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.
22. The Proposed Merger will be a tax deferred transaction under subsection 86(1) of the *Income Tax Act* (Canada).
23. The Filer will pay for the costs of the Proposed Merger. These costs consist mainly of brokerage charges associated with the trades that occur both before and after the Merger Date and legal, proxy solicitation, printing, mailing and regulatory fees.
24. The Proposed Merger will be structured as follows:
- a. The Filer anticipates that there will be a period of approximately three weeks between the Meeting and the Merger Date. If all necessary approvals are obtained, prior to the date of the Proposed Merger, the Terminating Fund will liquidate all of the assets in its portfolio that the Applicant, acting in its capacity as portfolio manager of the Continuing Fund, does not wish to have in the Continuing Fund's portfolio. The Terminating Fund may hold the proceeds in cash, money market instruments or securities of affiliated money market funds. While it is expected that most of these changes will occur closer to the Merger Date than the date of the Meeting, the Terminating Fund may not be fully invested in accordance with its investment objectives for a brief period of time prior to the completion of the Proposed Merger.
- b. The Terminating Fund will satisfy or otherwise make provisions for any liabilities attributable to it out of the assets attributable to it prior to the Merger Date. In addition, the value of the underlying portfolio of assets attributable to the Terminating Fund will be determined at the close of business on the effective date of the filing of the articles of amendment of Corporate Class that reorganizes the shares of the Terminating Fund.
- c. At the Merger Date, all of the issued and outstanding shares of the Terminating Fund will be reorganized into shares of the Continuing Fund on a dollar-for-dollar and series-by-series basis, as applicable, and distributed to the then shareholders of the Terminating Fund. The shares of the Continuing Fund received by each shareholder of the Terminating Fund will have the same aggregate net asset value as the shares of the Terminating Fund held by that shareholder on the Merger Date. The underlying portfolio of assets attributable to the Terminating Fund will be included in the underlying portfolio of assets attributable to the Continuing Fund. Investors holding the Terminating Fund in U.S. dollars will receive shares of the Continuing Fund denominated in U.S. dollars as well.
- d. Following this process and soon as reasonably possible, the shares of the Terminating Fund will be cancelled.

**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 Proposed Merger is approved.

“Raymond Chan”  
Manager,  
Investment Funds & Structured Products Branch  
Ontario Securities Commission

**2.1.2 Mawer Investment Management Ltd. and Mawer Global Bond Fund**

**Headnote**

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from section 2.1(1) of National Instrument 81-102 Investment Funds to permit a global bond mutual fund to invest more than 10 percent of net assets in debt securities issued by a foreign government or supranational agency subject to conditions.

**Applicable Legislative Provisions**

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 19.1,

**Citation:** Re Mawer Investment Management Ltd., 2015 ABASC 726

**May 28, 2015**

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

**AND**

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

**AND**

**IN THE MATTER OF  
MAWER INVESTMENT MANAGEMENT LTD.  
(the Filer)**

**AND**

**IN THE MATTER OF  
MAWER GLOBAL BOND FUND  
(the Fund)**

**DECISION**

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Requested Relief**) pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**) from subsection 2.1(1) of NI 81-102 (the **Concentration Restriction**) to permit the Fund to make the following investments (the **Permitted Investments**) of up to:

- (a) 20% of the Fund’s net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those



evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America and are rated "AA" by Standard & Poor's Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

- (b) 35% of the Fund's net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada, or the government of the United States of America and are rated "AAA" by Standard & Poor's Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates

(evidences of indebtedness referred to in (a) and (b) are collectively referred to as the **Foreign Government Securities**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in each of the provinces and territories of Canada; and

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

### Interpretation

Terms defined in MI 11-102, NI 81-102 and National instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined herein. For greater certainty, in this decision "designated rating organization" and "DRO affiliate" have the meanings given to those terms in NI 81-102.

### Representations

This decision is based on the following representations made by the Filer:

1. The Filer is a corporation organized under the laws of Alberta, with its head office in Calgary, Alberta.
2. The Filer is registered in:
  - (a) Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Yukon and Northwest Territories as an adviser in the category of portfolio manager;
  - (b) Alberta, Ontario, Québec and Newfoundland and Labrador as an investment fund manager; and
  - (c) Alberta, British Columbia, Saskatchewan, Manitoba and Ontario as a mutual fund dealer.

The Filer is not a member of the Mutual Fund Dealers Association of Canada.

3. The Filer is not in default of securities legislation in any jurisdiction of Canada.
4. The Fund will be an open-ended mutual fund trust established under the laws of Alberta.
5. The Filer will be the manager, portfolio adviser and principal distributor of the Fund.
6. Securities of the Fund will be qualified for distribution in one or more of the provinces and territories of Canada under a simplified prospectus, annual information form and fund facts filed in accordance with applicable securities legislation. As a result, the Fund will be a reporting issuer in one or more of the provinces and territories of Canada. A preliminary simplified prospectus was filed for the Fund via SEDAR in each the provinces and territories of Canada on April 10, 2015.
7. The investment objective of the Fund will be to invest for interest income and the preservation of global purchasing power primarily in fixed income securities from around the world.
8. To achieve its investment objective, the Fund will invest primarily in a broadly diversified portfolio of government, government-related, corporate and structured fixed income securities denominated in local and foreign currencies.
9. As part of the Fund's investment strategies, the Filer would like to invest a portion of the Fund's assets in Foreign Government Securities.
10. The Concentration Restriction prohibits the Fund from purchasing a security of an issuer, entering into a specified derivatives transaction or

purchasing index participation units if, immediately after the transaction, more than 10% of the net asset value of the Fund would be invested in securities of any issuer.

11. The Concentration Restriction does not apply to a purchase of, among other things, a “government security”, which under NI 81-102 means an evidence of indebtedness that is issued, or fully and unconditionally guaranteed as to principal and interest, by any of the government of Canada, the government of a jurisdiction of Canada or the government of the United States of America.
12. Foreign Government Securities do not meet the definition of “government security”, as such term is defined in NI 81-102.
13. In Companion Policy 81-102CP (the **Companion Policy**), the Canadian Securities Administrators state their views on various matters relating to NI 81-102. Subsection 3.1(4) of the Companion Policy indicates that relief from paragraph 2.04(1)(a) of National Policy 39, which was replaced by the Concentration Restriction, has been provided to mutual funds generally under the following circumstances:
  - (a) the mutual fund has been permitted to invest up to 20% of its net asset value in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated “AA” by Standard & Poor’s Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and
  - (b) the mutual fund has been permitted to invest up to 35% of its net asset value in evidences of indebtedness of any one issuer, if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated “AAA” by Standard & Poor’s Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.
14. The Fund seeks the Requested Relief to enhance its ability to pursue and achieve its investment objective.

### Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation for the Decision Maker to make the decision has been met.

1. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:
  - (a) the Filer in respect of any one issuer can only rely on one of paragraph (a) or (b) of the definition of Permitted Investment.
  - (b) any security that may be purchased under the Requested Relief is traded on a mature and liquid market;
  - (c) the acquisition of the securities purchased pursuant to this decision is consistent with the fundamental investment objective of Fund;
  - (d) the simplified prospectus of the Fund discloses the additional risks associated with the concentration of net asset value of the Fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which the issuer is located; and
  - (e) the simplified prospectus of the Fund includes a summary of the nature and terms of the Requested Relief under the investment strategies section along with the conditions imposed and the type of securities covered by this decision.

“David Linder, QC”  
Executive Director

2.1.3 Fidelity Investments Canada ULC

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from certain specified derivatives and custodial requirements to permit mutual funds to enter into swap transactions that are cleared through a clearing corporation – relief required because of new U.S. and European requirements to clear over-the-counter derivatives including swaps – decision treats cleared swaps similar to other cleared derivatives – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.7(1) and (4), 6.8(1), 19.1.

June 5, 2015

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  
FIDELITY INVESTMENTS CANADA ULC  
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds (NI 81-102)*, exempting each Existing FIC Fund (as defined below) and all current and future mutual funds managed by the Filer that enter into Swaps (as defined below) in the future (each, a **Future FIC Fund** and, together with the Existing FIC Funds, each, a **FIC Fund** and, collectively, the **FIC Funds**):

- (i) from the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty, or of a person or company that has fully and

unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;

- (ii) from the limitation in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and
- (iii) from the requirement in subsection 6.1(1) of NI 81-102 to hold all portfolio assets of an investment fund under the custodianship of one custodian in order to permit each FIC Fund to deposit cash and portfolio assets directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) as margin,

in each case, with respect to cleared Swaps (the **Requested Relief**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in each of the other provinces and territories of Canada (the **Other Jurisdictions**).

Interpretation

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

**CFTC** means the U.S. Commodity Futures Trading Commission

**Clearing Corporation** means any clearing organization registered with the CFTC or central counterparty authorized by ESMA, as the case may be, that, in either case, is also permitted to operate in the Jurisdiction or the Other Jurisdiction, as the case may be, where the FIC Fund is located

**Dodd-Frank** means the Dodd-Frank Wall Street Reform and Consumer Protection Act

**EMIR** means the European Market Infrastructure Regulation

**ESMA** means the European Securities and Markets Authority

**European Economic Area** means all of the European Union countries and also Iceland, Liechtenstein and Norway

**Existing FIC Fund** means each mutual fund managed by Fidelity that is relying on the Previous Relief on the date of this decision

**Fidelity** means the global Fidelity group of companies, including the Filer, Pyramis and their affiliates

**Futures Commission Merchant** means any futures commission merchant that is registered with the CFTC and/or clearing member for purposes of EMIR, as applicable, and is a member of a Clearing Corporation

**OTC** means over-the-counter

**Pyramis** means Pyramis Global Advisors, LLC

**Swaps** means the swaps that are, or will become, subject to a clearing determination or a clearing obligation issued by the CFTC or ESMA, as the case may be, including fixed-to-floating interest rate swaps, basis swaps, forward rate agreements in U.S. dollars, the Euro, Pounds Sterling or the Japanese Yen, overnight index swaps in U.S. dollars, the Euro and Pounds Sterling and untranching credit default swaps on certain North American indices (CDX.NA.IG and CDX.NA.HY) and European indices (iTraxx Europe, iTraxx Europe Crossover and iTraxx Europe HiVol) at various tenors

**U.S. Person** has the meaning attributed thereto by the CFTC

## Representations

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

### *The Filer and the FIC Funds*

1. The Filer is, or will be, the investment fund manager of each FIC Fund. The Filer is registered as an investment fund manager, portfolio manager and mutual fund dealer in the Province of Ontario and is registered under the *Commodity Futures Act* (Ontario) in the category of commodity trading manager. The Filer is also registered as an investment fund manager, portfolio manager and mutual fund dealer in the Provinces of Québec and Newfoundland and as a portfolio manager and mutual fund dealer in each of the other

provinces and territories of Canada. The head office of the Filer is in Toronto, Ontario.

2. Either the Filer or Pyramis, an affiliate of the Filer, is, or will be, the portfolio adviser to the FIC Funds. An affiliate of the Filer and of Pyramis is the sub-adviser to each Existing FIC Fund.
3. Each FIC Fund is, or will be, a mutual fund created under the laws of either the Province of Ontario or Alberta and is, or will be, subject to the provisions of NI 81-102.
4. Neither the Filer nor the FIC Funds are, or will be, in default of securities legislation in any Jurisdiction.
5. The securities of each FIC Fund are, or will be, qualified for distribution pursuant to a prospectus that was, or will be, prepared and filed in accordance with the securities legislation of the Jurisdictions. Accordingly, each FIC Fund is, or will be, a reporting issuer or the equivalent in each Jurisdiction.

### *The Previous Cleared Swaps Relief*

6. In a decision document dated June 7, 2013, the FIC Funds were granted relief from the requirements in subsections 2.7(1), 2.7(4) and 6.1(1) to permit the FIC Funds to enter into cleared swaps that are, or will be, subject to a clearing determination issued by the CFTC (the "**Previous Relief**"). The Previous Relief, in accordance with its terms, terminates on June 7, 2015.
7. The Filer is seeking the Requested Relief in this new decision to extend the term of the Previous Relief and to vary the Previous Relief by permitting the FIC Funds to also enter into cleared swaps that become subject to a clearing obligation under EMIR.

### *Cleared Swaps*

8. The investment objective and investment strategies of each FIC Fund permit, or will permit, the FIC Fund to enter into derivative transactions, including Swaps. The portfolio management team of the Existing FIC Funds consider Swaps to be an important investment tool that is available to it to properly manage each FIC Fund's portfolio.
9. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a Clearing Corporation. Generally, where one party to a Swap is a U.S. Person, that Swap must be cleared.
10. EMIR will also require that certain OTC derivatives be cleared through a central counterparty authorized to provide clearing services for pur-

poses of EMIR. Generally, where one party to a Swap is a financial counterparty or a non-financial counterparty whose OTC derivative trading activity exceeds a certain threshold, in each case established in a state that is a participant in the European Economic Area, that Swap will be required to be cleared. As at the date of this decision, no clearing obligation has been issued under EMIR; the first clearing directive is expected to be issued in the third quarter of 2015 and will be phased-in based on the category of both parties to the trade.

11. In order to benefit from both the pricing benefits and reduced trading costs that Fidelity is often able to achieve through its trade execution practices for its managed investments funds and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, Fidelity wishes to enter into cleared Swaps on behalf of the FIC Funds.
12. In the absence of the Requested Relief, Fidelity will need to structure the Swaps entered into by the FIC Funds so as to avoid the clearing requirements of the CFTC and under EMIR, as applicable. The Filer respectfully submits that this would not be in the best interest of the FIC Funds and their investors for a number of reasons, as set out below.
13. The Filer strongly believes that it is in the best interests of the FIC Funds and their investors to continue to execute OTC derivatives with global counterparties, including U.S. and European swap dealers.
14. In its role as a fiduciary for the FIC Funds, the Filer has determined that central clearing represents the best choice for the investors in the FIC Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.
15. Fidelity currently uses the same trade execution practices for all of its managed funds, including the FIC Funds. An example of these trade execution practices is block trading, where large number of securities are purchased or sold or large derivative trades are entered into on behalf of a number of investment funds advised by Fidelity. These practices include the use of cleared Swaps. If the FIC Funds are unable to employ these trade execution practices, then Fidelity will have to create separate trade execution practices only for the FIC Funds and will have to execute trades for the FIC Funds on a separate basis. This will increase the operational risk for the FIC Funds, as separate execution procedures will need to be established and followed only for the FIC Funds. In addition, the FIC Funds will no longer be able to enjoy the possible price benefits and reduction in trading

costs that Fidelity may be able to achieve through a common practice for its family of investment funds. In Fidelity's opinion, best execution and maximum certainty can best be achieved through common trade execution practices, which, in the case of OTC derivatives, involve the execution of Swaps on a cleared basis.

16. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the FIC Funds. The Filer respectfully submits that the FIC Funds should be encouraged to comply with the robust clearing requirements established by the CFTC and under EMIR by granting them the Requested Relief.
17. The Requested Relief is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, the Requested Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.
18. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Requested Relief.

**Decision**

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that when any rules applicable to customer clearing of OTC derivatives enter into force, the Clearing Corporation is permitted to offer customer clearing of OTC derivatives in the Jurisdiction or the Other Jurisdiction, as the case may be, where the FIC Fund is located and provided further that, in respect of the deposit of cash and portfolio assets as margin:

- (a) in Canada,
  - (i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and
  - (ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission

- Merchant, exceed 10 percent of the net asset value of the FIC Fund as at the time of deposit; and
- (b) outside of Canada,
- (i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;
- (ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of \$50 million; and
- (iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the FIC Fund as at the time of deposit.

This decision will terminate on the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives.

“Darren Mckall”  
Investment Funds & Structured Products Branch  
Ontario Securities Commission

## 2.1.4 iProfile Money Market Pool et al.

### Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of mutual fund mergers – approval required because mergers do not meet the 5 criteria for pre-approval – securityholders of terminating funds provided with timely and adequate disclosure regarding the mergers.

### Applicable Legislative Provisions

NI 81-102 Investment Funds, ss. 5.5(1)(b), 5.6(1)(a), 5.6(1)(b), 5.7(1)(b).

May 25, 2015

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA AND ONTARIO  
(the “Jurisdictions”)**

**AND**

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

**AND**

**IN THE MATTER OF  
THE MERGER OF  
iPROFILE MONEY MARKET POOL  
(the “Merging Fund”)**

**INTO**

**INVESTORS CANADIAN MONEY MARKET CLASS  
(formerly known as  
INVESTORS MANAGED YIELD CLASS)  
(the “Continuing Class”)**

**(the Merging Fund and Continuing Class,  
collectively referred to as the “Funds”)**

**AND**

**IN THE MATTER OF  
I.G. INVESTMENT MANAGEMENT, LTD.  
(referred to as “Investors Group” and collectively with  
the Funds referred to the “Filers”)**

### DECISION

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (“**Decision Maker**”) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) for approval under paragraph 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (“**NI 81-102**”) of the merger (the

“**Merger**”) of the Merging Fund into the Continuing Class (the “**Exemption**”).

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

- (a) The Manitoba Securities Commission is the principal regulator for this application;
- (b) the Filers have provided notice that Section 4.7(1) of Multi-Lateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and
- (c) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

#### Interpretation

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

“**Continuing Class**” means Canadian Money Market Class (formerly known as Investors Managed Yield Class);

“**Corporate Class Funds**” means certain corporate class mutual funds, each of which is a class of shares of the Corporation;

“**Corporation**” means Investors Group Corporate Class Inc.;

“**Effective Date**” means the effective date of the Merger, which is expected to occur on or about the close of business on June 26, 2015;

“**IRC**” means the Investors Group Independent Review Committee as required pursuant to NI 81-107 – *Independent Review Committee for Investment Funds*;

“**Meeting**” means the special meeting of securityholders of the Merging Fund scheduled to be held on June 23, 2015, to approve the Merger;

“**Meeting Materials**” means the Notice of Meeting, Management Information Circular, Proxy and fund facts of the Merging Fund and Continuing Class being sent to securityholders of the Merging Fund for the Meeting; to be sent out to securityholders on or before May 27, 2015;

“**Merger**” means the merger of the Merging Fund into the Continuing Class; and

“**Merging Fund**” refers to *iProfile*™ Money Market Pool.

#### Representations

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

##### *The Filers:*

1. The head office of Investors Group is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. Investors Group is not in default of any of the requirements of securities legislation of any of the provinces and territories in Canada.
2. Investors Group is a corporation continued under the laws of Ontario. It is the trustee and manager (the “**Manager**”) of the Merging Fund and is the Manager of the Continuing Class.
3. The Manager is registered as a Portfolio Manager and an Investment Fund Manager in Manitoba, Ontario and Quebec, and as an Investment Fund Manager in Newfoundland and Labrador. It is also registered as an Advisor under *The Commodity Futures Act* in Manitoba.

##### *The Funds*

4. The Merging Fund was created through a Declaration of Trust under the laws of Manitoba dated January 4, 2001 (the “**Declaration of Trust**”), as amended from time to time. I.G. Investment Management, Ltd. (the “**Trustee**”) is the Trustee of the Merging Fund.
5. The Corporation is the issuer of the Corporate Class Funds; and the Corporation is governed by the *Canada Business Corporations Act* (Canada). The Continuing Class is a separate class of mutual fund shares issued by the Corporation.
6. Both the Merging Fund and Continuing Class issue Series I units or shares to retail purchasers under the *iProfile* Managed Asset Program (the “**Program**”). The Continuing Class also issues other series of shares to retail purchasers under a separate prospectus, which are not part of the Program and are not impacted by the Merger.
7. The Series I securities of the Funds offered to retail purchasers are qualified for distribution in each province and territory of Canada pursuant to a simplified prospectus, annual information form, and fund facts dated June 30, 2014 (SEDAR Project # 02216970), as amended (the “**Prospectus**”).
8. The Funds are open-end mutual funds and are reporting issuers under the applicable securities Legislation of each province and territory of Canada. Following the Merger, the Continuing Class will continue to be a reporting issuer as a publicly offered open-end mutual fund.

9. The Funds are not in default of any of the requirements of the applicable securities Legislation of any of the provinces and territories of Canada.
10. Other than circumstances in which the securities regulatory authorities of the Jurisdictions has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under NI 81-102.
11. Day-to-day administration, including securityholder record-keeping, calculation of net asset value, and tax reporting for the Funds is also provided by the Manager, who is also the portfolio manager and advisor for the Funds (the “**Portfolio Advisor**” as appropriate). After the Merger, the Continuing Class will continue to be advised by the Portfolio Advisor.
12. Series I of the Merging Fund pays an administration fee of up to 0.25% of the average assets of the series and an annual trustee fee of 0.05% of the average assets of the series, both fees calculated and payable daily. As at April 30, 2015, the Merging Fund does not pay an annual administrative fee.
13. Series I of the Continuing Class pays an administration fee of up to 0.30% of the average assets of the series, calculated and payable daily. As at April 30, 2015, the Continuing Class pays an annual administration fee of 0.05%. There is no trustee fee payable by the Continuing Class.
14. Series I of the Merging Fund and the Continuing Class each pay a fund/class advisory fee of 0.25% of the average net assets of each series to the Portfolio Advisor for investment management and portfolio advisory services provided to the Merging Fund and Continuing Class.
15. The Funds are also responsible for some other expenses including audit fees, legal fees, prospectus, regulatory and other filing fees and expenses, iProfile Program review costs, custody fees and the costs of derivatives they may use (collectively as the “**Fund Costs**”). Some fees payable by the Continuing Class may differ from the Merging Fund. As at April 30, 2015, the annualized management expense ratio of the Continuing Class for the six-month period ending September 30, 2014, is slightly higher than the Merging Fund for the same period. This is due in part to prospectus filing fees charged to the Continuing Class, which are not charged to the Merging Fund. Going forward, the Manager does not intend to charge prospectus fees to the Continuing Class.
16. The net asset value for each Series I of units or shares (as applicable) of the Funds is calculated on each business day and the Funds have the same valuation procedures.
17. The Merging Fund allocates all net income daily and distributes it monthly, thus maintaining a stable net asset value per unit. The Continuing Class does not distribute income in the same manner. Dividends from the Corporation are not paid at regular times. The Corporation’s Board of Directors determines when and if dividends are paid. Therefore, any net income in the Continuing Class is accumulated and reflected in a variable net asset value per share. Changes in the net asset value per share are realized by the securityholders when they redeem from the Corporation.

*The Merger*

18. If approved by securityholders, the Merging Fund will be merged into the Continuing Class on the Effective Date.
19. Regulatory approval of the Merger is required because it does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in Section 5.6 of NI 81-102. More specifically, contrary to Section 5.6(1)(a)(ii), a reasonable person may not consider the Continuing Class as having substantially similar fundamental investment objectives and fee structures as the Merging Fund. In addition, the Merger is not a “qualifying exchange” or proceeding as a tax-deferred transaction under the *Income Tax Act* (Canada).
20. The Merger could proceed on a “tax deferred” basis. A securityholder of the Merging Fund could then elect with the Corporation under section 85 of the *Income Tax Act* (Canada) to defer the realization of a capital gain. However, the Merging Fund is a money market fund in which income is allocated daily and distributed on a monthly basis; in order to keep the net asset value stable. Accordingly, while the Merger is considered a taxable disposition, the securityholders of the Merging Fund will not realize any gains or losses as the Merging Fund has been able to maintain a stable net asset value since inception. As a result, the Manager believes that the Merger does not need to proceed as a tax-deferred transaction under the *Income Tax Act* (Canada).
21. After the Merger, a securityholder in the Merging Fund that currently holds Series I units, will hold Series I classes of the Continuing Class; and the program advisory fee payable by a securityholder in respect of their investment in the Continuing Class will be the same that was payable in respect of their investment in the Merging Fund.
22. Except as noted in paragraph 19, the Merger will otherwise comply with all of the other criteria for



pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

23. Investors Group has determined that the Merger will not be a material change to the Continuing Class as contemplated under paragraph 5.1(1)(g)(iii) of NI 81-102 because it will not entail a change in the business, operations or affairs of the Continuing Class that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the Continuing Class.

*Merger Steps*

24. Investors Group will carry out the following steps to complete the Merger:

Step 1: The Declaration of Trust will be amended to authorize the exchange of all outstanding units of the Merging Fund for shares of the Continuing Class.

Step 2: Prior to the Merger, the Merging Fund will distribute income to the securityholders.

Step 3: The Corporation on behalf of the Continuing Class will acquire all the units of the Merging Fund in exchange for shares of the Continuing Class of equal value, as determined on the Effective Date. The Continuing Class will become the only securityholder of the Merging Fund, and securityholders of the Merging Fund will become securityholders of the Continuing Class.

Step 4: The units acquired by the Continuing Class from the securityholders of the Merging Fund, as described in Step 3, will be redeemed in exchange for all the net assets (being the investment portfolio, other assets including cash, and liabilities) of the Merging Fund.

It is expected that the Merging Fund will convert its holding(s) to cash prior to the Effective Date because the Continuing Class is expected to invest substantially all of its assets in units of Investors Canadian Money Market Fund (or other money market funds) pursuant to the Continuing Class's investment strategy. Therefore, to the extent that any assets of the Merging Fund are converted to cash, the Merging Fund will hold its assets as cash (or cash-like investments such as overnight deposits and commercial paper) for up to one business day prior to the Merger. The transactional costs (if any) relating to the redemption of investments will be borne by Investors Group. The cash will then be transferred

to the Continuing Class on the Effective Date of the Merger.

The Merging Fund will then be wound up.

25. Securityholders of the Merging Fund will continue to have the right to redeem units of the Merging Fund for cash at any time up to the close of business on the Effective Date of the Merger.

26. Investors Group will contact all securityholders of the Merging Fund after the completion of the Merger to advise them of the fair market value of their shares in the Continuing Class on the Effective Date, and the number of shares of the Continuing Class they received in exchange for the units they had held in the Merging Fund.

27. No sales charges will be payable by the Funds in connection with the Merger.

28. Investors Group will pay for all cost associated with the Meeting (as hereinafter defined), including legal, proxy solicitation, printing, and mailing expenses, as well as any brokerage transaction fees associated with any Merger related trades and regulatory fees.

*Securityholder Disclosure*

29. On April 23, 2015, amendments to the prospectus, annual information form and fund facts of Series I of the Merging Fund, and a material change report, were filed on SEDAR (SEDAR #02216970 and #02338790, respectively) with respect to the Merger as required by the Legislation of the Jurisdictions.

30. Securityholders of the Merging Fund will be asked to approve the Merger at the Meeting. The tax implications of the Merger, as well as the material differences between the Merging Fund and the Continuing Class, will be described in the Meeting Materials so securityholders of the Merging Fund will be fully informed when considering whether to approve the Merger at the Meeting. The approval by securityholders means the acceptance of the tax implications and the adoption by the securityholders of the investment objective, strategies and fee structure of the Continuing Class.

31. As part of the Meeting Materials sent to securityholders of the Merging Fund, Investors Group will include the most recent Fund Facts of Series I of the Continuing Class to securityholders of the Merging Fund as required under paragraph 5.6(1)(f)(ii) of NI 81-102, and a management information circular fully describing the Merger, which prominently discloses that the most recent Simplified Prospectus and Annual Information Form, fund facts, audited annual and un-audited interim financial statements of the Continuing Class (if available) can be obtained by accessing

the same at the Investors Group website or the SEDAR website, or requesting the same from Investors Group by toll-free number, or by contacting their servicing advisor at Investors Group or an affiliate of Investors Group, all as described in the management information circular.

*IRC Review*

32. Investors Group referred the Merger to the IRC for its review. On April 22, 2015, the IRC provided a positive recommendation that the Merger, if implemented, would achieve a fair and reasonable result for the Funds as required pursuant to NI 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”).
33. A summary of the IRC’s recommendation will be included in the Meeting Materials being sent to securityholders of the Merging Fund as required by section 5.1(2) of NI 81-107.

*Reasons for the Merger*

34. Investors Group has determined that the Merger would be in the best interests of securityholders of the Merging Fund because it is being merged into a substantially larger Continuing Class, providing the potential for efficiencies in the management of its investment portfolio, and rationalization of Fund Costs over a larger asset base, which should be a benefit to securityholders of the Funds resulting from the Merger.
35. Since inception, the Merging Fund has served as the “cash” component for a limited number of the iProfile Managed Asset Program (the “**Program**”) portfolios. It has also served as the transactional account through which investments into the Program are initially made, and through which redemptions are processed in certain circumstances (these investments are generally held in the Merging Fund for a period of one day). When the classes issued by the Corporation were added to the Program in March 2013, the Continuing Class was included to serve as a “money-market-like” alternative for investors to hold in their portfolios. The Continuing Class also replaced the Merging Fund as the transactional account for the Program. Effective on May 1, 2015 the Continuing Class was changed into a money market fund.
36. The size of the Merging Fund has now decreased to very low levels, which in part hampers the ability of the Merging Fund to earn a satisfactory return. Given the inefficient size of the Merging Fund, and the change in its function within the Program, the Manager has determined that it is in the best interests of securityholders to merge the Merging Fund into the Continuing Class.

**Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation of the Decision Maker to make the decision.

The Decision of the Decision Makers under the Legislation is that the Exemption sought is granted, provided that securityholders of the Merging Fund approve the Merger.

“Christopher Besko”  
Director, General Counsel  
The Manitoba Securities Commission

**2.1.5 Slate U.S. Opportunity (No. 3) Realty Trust**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for a decision that the issuer is not a reporting issuer under applicable securities laws – issuer in default of its obligation to file and deliver its most recent interim financial statements and related management’s discussion and analysis – requested relief granted.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).  
 CSA Staff Notice 12-307 – Applications for a Decision that an Issuer is not a Reporting Issuer.

**June 10, 2015**

**IN THE MATTER OF  
 THE SECURITIES LEGISLATION OF  
 BRITISH COLUMBIA, ALBERTA, ONTARIO,  
 SASKATCHEWAN, MANITOBA, QUEBEC,  
 NEW BRUNSWICK, NOVA SCOTIA,  
 PRINCE EDWARD ISLAND,  
 NEWFOUNDLAND & LABRADOR,  
 NORTHWEST TERRITORIES, YUKON AND NUNAVUT  
 (the “Jurisdictions”)**

**AND**

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

**AND**

**IN THE MATTER OF  
 SLATE U.S. OPPORTUNITY (NO. 3) REALTY TRUST  
 (the “Filer”)**

**DECISION**

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (“**Decision Maker**”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) that the Filer is not a reporting issuer in the Jurisdictions (the “**Exemptive Relief Sought**”).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

**Interpretation**

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

**Representations**

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

1. The Filer is an unincorporated, open-ended investment trust established under the laws of the Province of Ontario. The Filer is governed pursuant to an amended and restated declaration of trust dated September 20, 2013, as amended on June 1, 2015 (the “**DOT**”).
2. The Filer’s head office is located at 200 Front Street West, Suite 2400, Toronto, Ontario M5V 3K2.
3. The Filer is authorized to issue an unlimited number of units, consisting of Class A units (“**Class A Units**”), Class F units (“**Class F Units**”), Class I units (“**Class I Units**”) and Class U units (“**Class U Units**”, and together with the Class A Units, Class F Units and Class I Units, the “**Units**”).
4. The Filer is a reporting issuer in each of the Jurisdictions and is thus subject to applicable continuous disclosure requirements under the Legislation.
5. On February 25, 2015, it was announced that the Filer had entered into an agreement with Slate Retail REIT (“**SRT**”) for SRT to acquire the assets of the Filer (the “**Transaction**”) in consideration for Class U units of SRT (the “**SRT Consideration Units**”). The Transaction was approved by the board of trustees and independent committee of each of the Filer, SRT and the Toronto Stock Exchange on April 2, 2015. The Transaction was approved by the unitholders of each of the Filer and SRT at a special meeting for each held on May 13, 2015.
6. The Transaction was completed on June 1, 2015 (the “**Effective Date**”). Pursuant to the Transaction, among other things:
  - (a) SRT issued the SRT Consideration Units to the Filer (at a deemed price per unit equal to U.S.\$10.47) as consideration for the acquisition; and
  - (b) the Filer (i) made a special distribution to its unitholders of the Filer’s remaining cash balance; (ii) amended the DOT to, among other things, add a right for the Filer to redeem the Units by delivering SRT Consideration Units to the Filer’s

unitholders; and (iii) distributed SRT Consideration Units to the Filer's unitholders pursuant to a tax-deferred "qualifying exchange" transaction for the purposes of the *Income Tax Act* (Canada), at which time all of the Units were redeemed (other than one Unit held by SRT).

7. As a result of the Transaction, the only securityholder of the Filer is SRT.
8. 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.
9. The Filer's securities, including debt securities, are not 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.
10. The Filer does not currently intend to seek public financing by an offering of its securities in Canada.
11. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer.
12. Upon the grant of the Exemptive Relief Sought, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.
13. The Filer did not voluntarily surrender its status as a reporting issuer in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it wanted to avoid the 10-day waiting period under that instrument.
14. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia and is in default of certain filing obligations under the Legislation as described in paragraph 15.
15. The Filer is not in default of any of its obligations under the Legislation other than its obligation to file its interim financial statements, related management's discussion and analysis and certificates under National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* for the interim period ended March 31, 2015. On June 1, 2015, the last date by which the Filer was required to make such filings, SRT owned 100% of the Units of the Filer.

#### Decision

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

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

"Christopher Portner"  
Commissioner  
Ontario Securities Commission

"Anne Marie Ryan"  
Commissioner  
Ontario Securities Commission

**2.1.6 AgriMarine Holdings Inc. – s. 1(10)(a)(ii)**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer 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).

June 11, 2015

AgriMarine Holdings Inc.  
1401 – 1130 West Pender Street  
Vancouver, BC V6E 4A4

Dear Sirs/Mesdames:

**Re: AgriMarine Holdings Inc. (the Applicant) – application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer**

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, “securityholder” means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, 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;
- (b) no securities of the Applicant, 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;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

“Sonny Randhawa”  
Manager, Corporate Finance  
Ontario Securities Commission

## 2.1.7 Purpose Investments Inc.

Labrador, Yukon, Northwest Territories and Nunavut (together with the Jurisdiction, the **Jurisdictions**).

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to non-redeemable investment fund from take-over bid requirements for normal course purchases of units of any class of securities of the fund on the Toronto Stock Exchange or other secondary market.

### Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 89-100, 104(2)(c).

June 5, 2015

**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  
PURPOSE INVESTMENTS INC.  
(the Filer)**

**DECISION**

### Background

The principal regulator has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting a purchaser of securities of Limited Duration Investment Grade Preferred Securities Fund (the **Fund**) from the Take-over Bid Requirements (as defined below) as it relates to an offer to acquire securities of Class A Units, Class F Units, Class U Units or Class V Units of the Fund, as applicable (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and

### Interpretation

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

**Take-over Bid Requirements** means the requirements of the Legislation relating to take-over bids including the requirement to file a report of a take-over bid and to pay the accompanying fee in each of the Jurisdictions.

**Unitholder** means a beneficial holder of Class A Units, Class F Units, Class U Units or Class V Units of the Fund.

### Representations

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

1. The Filer is a corporation incorporated under the laws of Ontario.
2. The Filer's registered office is located at 130 Adelaide Street, Suite 1700, Toronto, Ontario.
3. The Filer is registered as a portfolio manager, exempt market dealer and investment fund manager in Ontario and is responsible for the administration of the Fund.
4. The Filer is not in default of securities legislation in any of the Jurisdictions.
5. The Fund is a non-redeemable investment fund governed by the laws of Ontario and is a reporting issuer under the laws of each of the Jurisdictions. The Fund is authorized to issue an unlimited number of classes of units and an unlimited number of units of each class.
6. On May 28, 2013, the Fund filed a final long-form prospectus with the securities regulatory authorities in each of the Jurisdictions to qualify the issuance of the Class A Units and Class F Units of the Fund in the Jurisdictions. The Class A Units and Class F units are Canadian dollar denominated. Distributions and redemption proceeds are payable in Canadian dollars on such units.
7. On July 23, 2014, the Fund filed a final long-form prospectus with the securities regulatory authorities in each of the Jurisdictions to qualify the issuance of the Class U Units and Class V Units of the Fund in the Jurisdictions. The Class U Units and Class V Units are U.S. dollar denominated. Distributions and redemption proceeds are payable in U.S. dollars on such units.

8. The Fund is not in default of securities legislation in any of the Jurisdictions.
9. As at April 30, 2015, there were 3,494,808 Class A Units (which amounts to 85.22% of the total number of units of all classes outstanding), 365,407 Class F Units (which amounts to 8.91% of the total number of units of all classes outstanding), 213,198 Class U Units (which amounts to 5.20% of the total number of units of all classes outstanding) and 27,507 Class V Units (which amounts to 0.67% of the total number of units of all classes outstanding) issued and outstanding.
10. The Class A Units and Class U Units of the Fund are listed on the TSX under the symbol PFD.UN and PFD.U, respectively.
11. The net asset value per Class A Unit, Class F Unit, Class U Unit and Class V Unit of the Fund is calculated and published on every business day and is made available daily at [www.purposeinvest.com](http://www.purposeinvest.com).
12. The holders of Class A Units, Class F Units, Class U Units and Class V Units each have the right to vote at a meeting of Unitholders on matters in respect of which they are entitled to vote at law or under the Declaration of Trust.
13. Holders of Class A Units, Class F Units, Class U Units and Class V Units are entitled to convert their Class A Units, Class F Units, Class U Units or Class V Units, as applicable, into units of any other class of the Fund. Holders who convert their Class A Units, Class F Units, Class U Units or Class V Units receive for each Class A Unit, Class F Unit, Class U Unit or Class V Unit converted, that number of units of the class into which such units are being converted, equal to the NAV per Class A Unit, Class F Unit, Class U Unit or Class V Unit, as the case may be, divided by the NAV per unit of the class into which such units are being converted into, as of the close of trading on the date of conversion.
14. As Class F Units and Class V Units are designed for fee-based and/or institutional accounts (which generally results in larger investment by a smaller number of holders compared to the number of Class A Units issued) a smaller number of Class F Units and Class V Units were issued.
15. As Class U Units are designed for investors who wish to purchase units of the Fund in U.S. dollars (which generally results in investment by a smaller number of holders compared to the number of Class A Units issued) a smaller number of Class U Units were issued.
16. Except as noted above, the Class A Units, Class F Units, Class U Units and Class V Units have the same rights and attributes and are the same in all respects.
17. Although the acquisition of Class A Units, Class F Units, Class U Units and/or Class V Units in the secondary market can be subject to the Take-over Bid Requirements:
  - (a) given the size of the Fund and rights of the Filer as manager of the Fund to operate the Fund, the risk that one or more unitholders may exercise control or direction over the Fund is remote; and
  - (b) it may be difficult for purchasers of Class A Units, Class F Units, Class U Units and Class V Units to monitor compliance with Take-over Bid Requirements because the number of outstanding units will be in flux as a result of the redemption and conversion rights of each class of units.
18. The application of the Take-over Bid Requirements to the Class A Units, Class F Units, Class U Units and Class V Units of the Fund could have an adverse impact upon unit liquidity because they could cause a large unitholder not to acquire or to cease acquiring units of a class of the Fund due to concerns about inadvertently triggering the Take-over Bid Requirements.

**Decision**

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

The decision of the principal regulator is that the Exemption Sought is granted so long as a purchaser making an offer to acquire Class A Units, Class F Units, Class U Units or Class V Units of the Fund, as the case may be, either alone or acting jointly and in concert with any other person, will not beneficially own or have control or direction over 20% or more of the total number of outstanding Units of all Classes of Units of the Fund as a result of such purchase.

“Mary G. Condon”  
Commissioner  
Ontario Securities Commission

“Janet Leiper”  
Commissioner  
Ontario Securities Commission

## 2.1.8 Canoe Financial LP

### Headnote

National Policy 11-203 Process for Exemptive Relief Application in Multiple Jurisdictions – Relief granted from the self-dealing provision in s.4.2(1) of NI 81-102 Investment Funds to permit inter-fund trades in debt securities between investment funds and pooled funds managed by the same manager – Inter-Fund trades will comply with the conditions in subsection 6.1(2) of NI 81-107 Independent Review Committee for Investment Funds, including the requirement for independent review committee approval.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from subparagraphs 13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades between investment funds and pooled funds managed by the same manager – Inter-fund trades subject to conditions, including IRC approval and pricing requirements – Trades involving exchange-traded securities permitted to occur at last sale price as defined in the Universal Market Integrity Rules.

### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 4.2(1), 4.3(1) and 4.3(2), 19.1.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5, 15.1.

National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

**Citation:** Re Canoe Financial LP, 2015 ABASC 736

June 5, 2015

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

**AND**

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

**AND**

**IN THE MATTER OF  
CANOE FINANCIAL LP  
(the Filer)**

**DECISION**

### Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for the following exemptions (the **Exemption Sought**):

- (a) an exemption (**Subsection 4.2(1) Relief**) from the prohibition in subsection 4.2(1) of National Instrument 81-102 *Investment Funds (NI 81-102)* to permit each NI 81-102 Fund (defined below) to purchase debt securities from, or sell debt securities to, a Pooled Fund (defined below); and
- (b) an exemption (the **Inter-Fund Trading Relief**) from the prohibitions in subparagraphs 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* against a registered adviser knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase or sell a security from or to the investment portfolio of an associate of a responsible person, or from or to the investment portfolio of an investment fund for which a responsible person acts as an adviser, in order to permit
  - (i) a Fund (defined below) to purchase securities from or sell securities to a Fund (an **Inter-Fund Trade**), and



- (ii) an Inter-Fund Trade of an Exchange-Traded Security (defined below) to be executed at the “last sale price”, as defined in the **UMIR Rules** prior to the execution of the trade (the **Last Sale Price**), in lieu of the closing sale price on the day of the transaction (the **Closing Sale Price**) contemplated by the definition of “current market price of the security” in subparagraph 6.1(1)(a)(i) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
- (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 by the Filer in each of the provinces and territories of Canada other than Ontario; and
- (c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

Terms defined in the Legislation, MI 11-102, National Instrument 14-101 *Definitions*, NI 31-103, NI 81-102 or NI 81-107 have the same meaning if used in this decision, unless otherwise defined herein. The following terms have the following meanings:

**Exchange-Traded Security** means a security of a class that is listed for trading on an exchange in Canada or a foreign jurisdiction.

**Fund** means each NI 81-102 Fund or Pooled Fund.

**NI 81-102 Fund** means each existing or future investment fund that is a reporting issuer and subject to NI 81-102, for which the Filer or an affiliate of the Filer acts, or may act, as manager, portfolio adviser or both.

**Pooled Fund** means each existing or future investment fund that is not a reporting issuer, for which the Filer or an affiliate of the Filer acts, or may act, as manager, portfolio adviser or both.

**UMIR** means the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada.

### Representations

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

1. The Filer is a limited partnership established under the laws of Alberta with its head office in Calgary, Alberta.
2. The Filer is registered as a portfolio manager, exempt market dealer and investment fund manager in each province and territory of Canada.
3. The Filer is the portfolio manager and manager of each existing Fund and may, in the future, be the portfolio manager, manager or both of other Funds.
4. The Filer is the trustee of certain Funds structured as trusts and may, in the future, be the trustee of other Funds structured as trusts. Where the Filer is the trustee of a Fund, the Fund will be an associate of the Filer.
5. Each of the NI 81-102 Funds is, or will be, established under the laws of Canada or a province or territory of Canada as an investment fund and is, or will be, a reporting issuer in one or more provinces and territories of Canada.
6. The securities of each NI 81-102 Fund are, or will be, qualified for distribution under a prospectus.
7. Each NI 81-102 Fund is, or will be, a mutual fund or a non-redeemable investment fund that is a reporting issuer in one or more provinces or territories of Canada and subject to NI 81-102.
8. Each Pooled Fund is, or will be, an investment fund established as a trust, partnership or corporation under the laws of Canada or a province or territory of Canada.

9. The securities of each Pooled Fund are, or will be, distributed on a private placement basis pursuant to one or more available exemptions from the prospectus requirement. None of the Pooled Funds are, or will be, reporting issuers in any province or territory of Canada and none are, or will be, subject to NI 81-102 or NI 81-107.
10. Neither the Filer nor any of the existing Funds are in default of securities legislation of any province or territory of Canada.
11. The Filer wishes to be able to permit Inter-Fund Trades of portfolio securities between:
  - (a) an NI 81-102 Fund and another NI 81-102 Fund or a Pooled Fund; and
  - (b) a Pooled Fund and another Pooled Fund or an NI 81-102 Fund.
12. Different sections of NI 31-103, NI 81-102 and NI 81-107 impose different prohibitions and exceptions on different types of Funds with respect to Inter-Fund Trades.
13. An exception from the inter-fund trading prohibition in subsection 4.2(1) of NI 81-102 currently exists in subsection 4.3(1) of NI 81-102, which permits the NI 81-102 Funds to inter-fund trade listed equity securities with the Pooled Funds. The NI 81-102 Funds are unable to rely on the exception in subsection 4.3(1) of NI 81-102 to inter-fund trade debt securities because debt securities are typically not subject to public quotations as required by subsection 4.3(1) of NI 81-102. The NI 81-102 Funds are further unable to rely on the exception in subsection 4.3(2) to inter-fund trade debt securities with the Pooled Funds because that exception only applies where funds on both sides of the inter-fund trade are investment funds governed by NI 81-107.
14. The Filer has submitted that effecting Inter-Fund Trades amongst the Funds allows the Filer to properly manage the Funds and has the effect of reducing transaction costs for the Funds due to reduced commission costs. Inter-Fund Trades can also reduce market impact costs and increase the speed of execution of trading, all of which will be to the benefit of the Funds.
15. The Filer has determined that it would be in the best interests of the Funds to receive the Inter-Fund Trading Relief because subjecting the Funds to a consistent set of rules governing the execution of Inter-Fund Trades will result in:
  - (a) cost and timing efficiencies in respect of the execution of Inter-Fund Trades; and
  - (b) simplified and more efficient monitoring thereof, for the Filer in connection with the execution of Inter-Fund Trades.
16. Each Inter-Fund Trade will be consistent with the investment objective of the relevant Fund.
17. At the time of an Inter-Fund Trade, the Filer will have policies and procedures in place to enable the applicable Funds to engage in Inter-Fund Trades.
18. The manager of each NI 81-102 Fund has established an independent review committee (**IRC**) in respect of each existing NI 81-102 Fund and will establish an IRC in respect of any future NI 81-102 Fund, as required by NI 81-107.
19. The manager of each Pooled Fund will establish an IRC in respect of each Pooled Fund to review and provide its approval for any proposed Inter-Fund Trades between a Pooled Fund and another Fund.
20. Each Pooled Fund and each IRC of a Pooled Fund will comply with the following provisions of NI 81-107 as if the Pooled Fund was a reporting issuer: (a) composition of the IRC as set out in section 3.7 and (b) the standard of care set out in section 3.9. The IRC of the Pooled Funds will not approve an Inter-Fund Trade involving a Pooled Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.
21. Inter-Fund Trades involving an NI 81-102 Fund will be referred to the IRC of the NI 81-102 Fund under subsection 5.2(1) of NI 81-107 and the manager and the IRC of the NI 81-102 Fund will comply with section 5.4 of NI 81-107 in respect of any standing instructions the IRC provides in connection with the Inter-Fund Trade. The IRC of the NI 81-102 Funds will not approve an Inter-Fund Trade involving an NI 81-102 Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.
22. The Filer cannot rely on the exemption from the trading prohibition and the investment counsel prohibition in subsection 6.1(4) of NI 81-107 because each party to the transaction would not be an investment fund that is a reporting issuer and the Inter-Fund Trade would not occur at the "*current market price of the security*" which, in the case of Exchange-Traded Securities, includes the Closing Sale Price but not the Last Sale Price.

23. The Filer considers that it would be in the best interests of the Funds if an Inter-Fund Trade could be made at the Last Sale Price prior to the execution of the trade, in lieu of the Closing Sale Price, as this will result in the trade being done at the price which is closest to the price at the time the decision to make the trade is made.
24. When the Filer engages in an Inter-Fund Trade, the Filer will follow the following procedures:
  - (a) the portfolio manager of the Filer will request approval of the Inter-Fund Trade from the chief compliance officer of the Filer, or his or her designated alternate;
  - (b) upon receipt of the required approval, the portfolio manager of the Filer will deliver the trading instructions to a trader on a trading desk of the Filer;
  - (c) upon receipt of the trade instructions and the required approval for the Inter-Fund Trade, the trader on the trading desk, regardless of whether either Fund is a reporting issuer, will execute the trade in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that, for Exchange-Traded Securities, the Inter-Fund Trade may be executed at the Last Sale Price of the security in lieu of the Closing Sale Price;
  - (d) the policies applicable to the trading desk of the Filer must require that all orders are to be executed on a timely basis; and
  - (e) upon execution of the trade, the trader on the trading desk will advise the portfolio manager of the price at which the Inter-Fund Trade occurred.
25. If the IRC of an NI 81-102 Fund becomes aware of an instance where the Filer did not comply with (a) the terms of this decision or (b) a condition imposed by the Legislation or the IRC in its approval, the IRC of the NI 81-102 Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction under the laws of which the Fund is organized.
26. The Filer has determined that it will be in the best interests of the Funds to obtain the Exemption Sought.
27. Absent the Exemption Sought, neither the Funds nor the Filer on their behalf, will be permitted to engage in Inter-Fund Trades.

**Decision**

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

1. The decision of the Decision Makers under the Legislation is that:
  - (a) the Subsection 4.2(1) Relief is granted in respect of the Inter-Fund Trade of debt securities provided that, whether or not the Fund is a reporting issuer, the following conditions are satisfied:
    - (i) the Inter-Fund Trade is consistent with the investment objective of each of the Funds involved in the trade;
    - (ii) the IRC of each Fund involved in the trade has approved the Inter-Fund Trade in accordance with the terms of section 5.2 of NI 81-107; and
    - (iii) the transaction complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107; and
  - (b) the Inter-Fund Trading Relief is granted provided that, whether or not the Fund is a reporting issuer, the following conditions are satisfied:
    - (i) the Inter-Fund Trade is consistent with the investment objective of each Fund;
    - (ii) the Inter-Fund Trade has been referred by the Filer, as manager of each Fund, to the IRC of that Fund in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Fund have complied with section 5.4 of NI 81-107 in respect of any standing instructions the IRC has provided in connection with the Inter-Fund Trade;

**Decisions, Orders and Rulings**

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- (iii) the IRC of each Fund has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of subsection 5.2(2) of NI 81-107; and
- (iv) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that for purposes of paragraph (e) of subsection 6.1(2) of NI 81-107 in respect of Exchange-Traded Securities, the Last Sale Price may be used in lieu of the Closing Sale Price.

“David Linder, QC”  
Executive Director

## 2.1.9 Franklin Templeton Investments Corp.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from certain specified derivatives and custodial requirements to permit mutual funds to enter into swap transactions that are cleared through a clearing corporation – relief required because of new U.S. and European requirements to clear over-the-counter derivatives including swaps – decision treats cleared swaps similar to other cleared derivatives – National Instrument 81-102 Investment Funds.

### Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.7(1) and (4), 6.8(1), 19.1.

June 5, 2015

**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  
FRANKLIN TEMPLETON INVESTMENTS CORP.  
(the Filer)**

**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds (NI 81-102)*, exempting each Existing FTIC Fund (as defined below) and all current and future mutual funds managed by the Filer that enter into Swaps (as defined below) in the future (each, a **Future FTIC Fund** and, together with the Existing FTIC Funds, each, a **FTIC Fund** and, collectively, the **FTIC Funds**):

- (i) from the requirement in subsection 2.7(1) of NI 81-102 that a mutual fund must not purchase an option or a debt-like security or enter into a swap or a forward contract unless, at the time of the transaction, the option, debt-like security, swap or contract has a designated rating or the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;
- (ii) from the limitation in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and
- (iii) from the requirement in subsection 6.1(1) of NI 81-102 to hold all portfolio assets of an investment fund under the custodianship of one custodian in order to permit each FTIC Fund to deposit cash and portfolio assets directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) as margin,

in each case, with respect to cleared Swaps (the **Requested Relief**).

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

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

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

### Interpretation

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

**CFTC** means the U.S. Commodity Futures Trading Commission

**Clearing Corporation** means any clearing organization registered with the CFTC or central counterparty authorized by ESMA, as the case may be, that, in either case, is also permitted to operate in the Jurisdiction or the Other Jurisdiction, as the case may be, where the FTIC Fund is located

**Dodd-Frank** means the Dodd-Frank Wall Street Reform and Consumer Protection Act

**EMIR** means the European Market Infrastructure Regulation

**ESMA** means the European Securities and Markets Authority

**European Economic Area** means all of the European Union countries and also Iceland, Liechtenstein and Norway

**Existing FTIC Funds** means each mutual fund managed by Franklin that is relying on the Previous Relief on the date of this decision

**Franklin** means the global Franklin Templeton group of companies, including the Filer, Franklin Mutual Advisers, LLC, Templeton Global Advisors Limited, Franklin Advisers, Inc., Franklin Templeton Institutional, LLC and their affiliates

**Futures Commission Merchant** means any futures commission merchant that is registered with the CFTC and/or clearing member for purposes of EMIR, as applicable, and is a member of a Clearing Corporation

**OTC** means over-the-counter

**Swaps** means the swaps that are, or will become, subject to a clearing determination or a clearing obligation issued by the CFTC or ESMA, as the case may be, including fixed-to-floating interest rate swaps, basis swaps, forward rate agreements in U.S. dollars, the Euro, Pounds Sterling or the Japanese Yen, overnight index swaps in U.S. dollars, the Euro and Pounds Sterling and untranchcd credit default swaps on certain North American indices (CDX.NA.IG and CDX.NA.HY) and European indices (iTraxx Europe, iTraxx Europe Crossover and iTraxx Europe HiVol) at various tenors

**U.S. Person** has the meaning attributed thereto by the CFTC

### Representations

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

#### ***The Filer and the FTIC Funds***

1. The Filer is, or will be, the investment fund manager of each FTIC Fund. The Filer is registered as an investment fund manager, portfolio manager, mutual fund dealer and exempt market dealer in the Province of Ontario. The Filer is also registered as a portfolio manager, mutual fund dealer and exempt market dealer in all other Canadian provinces and the Yukon Territory and as an investment fund manager in the Provinces of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia and Québec. The head office of the Filer is in Toronto, Ontario.
2. Either the Filer or one of the Franklin companies, each of which is an affiliate of the Filer, is, or will be, the investment advisor or the sub-advisor to the FTIC Funds.
3. Each FTIC Fund is, or will be, a mutual fund created either under the laws of the Province of Ontario or Alberta or under the laws of Canada and is, or will be, subject to the provisions of NI 81-102.
4. Neither the Filer nor the FTIC Funds are, or will be, in default of securities legislation in any Jurisdiction.

5. The securities of each FTIC Fund are, or will be, qualified for distribution pursuant to a prospectus that was, or will be, prepared and filed in accordance with the securities legislation of the Jurisdictions. Accordingly, each FTIC Fund is, or will be, a reporting issuer or the equivalent in each Jurisdiction.

#### ***The Previous Cleared Swaps Relief***

6. In a decision document dated June 7, 2013, the FTIC Funds were granted relief from the requirements in subsections 2.7(1), 2.7(4) and 6.1(1) to permit the FTIC Funds to enter into cleared swaps that are, or will be, subject to a clearing determination issued by the CFTC (the "**Previous Relief**"). The Previous Relief, in accordance with its terms, terminates on June 7, 2015.
7. The Filer is seeking the Requested Relief in this new decision to extend the term of the Previous Relief and to vary the Previous Relief by permitting the FTIC Funds to also enter into cleared swaps that become subject to a clearing obligation under EMIR.

#### ***Cleared Swaps***

8. The investment objective and investment strategies of each FTIC Fund permit, or will permit, the FTIC Fund to enter into derivative transactions, including Swaps. Each of the investment advisory teams for the Existing FTIC Funds consider Swaps to be an important investment tool that is available to it to properly manage each FTIC Fund's portfolio.
9. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a Clearing Corporation. Generally, where one party to a Swap is a U.S. Person, that Swap must be cleared.
10. EMIR will also require that certain OTC derivatives be cleared through a central counterparty authorized to provide clearing services for purposes of EMIR. Generally, where one party to a Swap is a financial counterparty or a non-financial counterparty whose OTC derivative trading activity exceeds a certain threshold, in each case established in a state that is a participant in the European Economic Area, that Swap will be required to be cleared. As at the date of this decision, no clearing obligation has been issued under EMIR; the first clearing directive is expected to be issued in the third quarter of 2015 and will be phased-in based on the category of both parties to the trade.
11. In order to benefit from both the pricing benefits and reduced trading costs that Franklin is often able to achieve through its trade execution practices for its managed investments funds and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, Franklin wishes to enter into cleared Swaps on behalf of the FTIC Funds.
12. In the absence of the Requested Relief, Franklin will need to structure the Swaps entered into by the FTIC Funds so as to avoid the clearing requirements of the CFTC and under EMIR, as applicable. The Filer respectfully submits that this would not be in the best interests of the FTIC Funds and their investors for a number of reasons, as set out below.
13. The Filer strongly believes that it is in the best interests of the FTIC Funds and their investors to continue to execute OTC derivatives with global counterparties, including U.S. and European swap dealers.
14. In its role as a fiduciary for the FTIC Funds, the Filer has determined that central clearing represents the best choice for the investors in the FTIC Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.
15. Franklin currently uses the same trade execution practices for all of its managed funds, including the FTIC Funds. An example of these trade execution practices is block trading, where large number of securities are purchased or sold or large derivative trades are entered into on behalf of a number of investment funds advised by Franklin. These practices include the use of cleared Swaps. If the FTIC Funds are unable to employ these trade execution practices, then Franklin will have to create separate trade execution practices only for the FTIC Funds and will have to execute trades for the FTIC Funds on a separate basis. This will increase the operational risk for the FTIC Funds, as separate execution procedures will need to be established and followed only for the FTIC Funds. In addition, the FTIC Funds will no longer be able to enjoy the possible price benefits and reduction in trading costs that Franklin may be able to achieve through a common practice for its family of investment funds. In Franklin's opinion, best execution and maximum certainty can best be achieved through common trade execution practices, which, in the case of OTC derivatives, involve the execution of Swaps on a cleared basis.
16. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the FTIC Funds. The Filer respectfully submits that the FTIC Funds

should be encouraged to comply with the robust clearing requirements established by the CFTC and under EMIR by granting them the Requested Relief.

17. The Requested Relief is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, the Requested Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.
18. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Requested Relief.

**Decision**

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted provided that when any rules applicable to customer clearing of OTC derivatives enter into force, the Clearing Corporation is permitted to offer customer clearing of OTC derivatives in the Jurisdiction or the Other Jurisdiction, as the case may be, where the FTIC Fund is located and provided further that, in respect of the deposit of cash and portfolio assets as margin:

- (a) in Canada,
  - (i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and
  - (ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the FTIC Fund as at the time of deposit; and
- (b) outside of Canada,
  - (i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;
  - (ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of \$50 million; and
  - (iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the FTIC Fund as at the time of deposit.

This decision will terminate on the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives.

“Darren McKall”  
Manager, Investment Funds and Structured Products  
Ontario Securities Commission



## 2.1.10 Mackie Research Capital Corporation and Jordan Capital Markets Inc.

### Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) – relief from certain filing requirements of NI 33-109 in connection with a bulk transfer of business locations and registered and non-registered individuals pursuant to an amalgamation in accordance with section 3.4 of Companion Policy 33-109CP to NI 33-109.

### Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.

National Instrument 33-109 Registration Information and Companion Policy 33-109CP.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

June 16, 2015

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  
MACKIE RESEARCH CAPITAL CORPORATION  
(MRCC)

AND

JORDAN CAPITAL MARKETS INC.  
(JCMI) (the Filers)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the requirements contained in sections 2.2, 2.3, 2.5, 3.2 and 4.2 of National Instrument 33-109 *Registration Information* (**NI 33-109**) pursuant to section 7.1 of NI 33-109 to allow the bulk transfer of dealing representatives, permitted individuals and business locations from JCMI to MRCC (the **Bulk Transfer**), on or about June 19, 2015 (the **Transfer Date**) in accordance with section 3.4 of the Companion Policy to NI 33-109 (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 Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Saskatchewan, the Northwest Territories and Yukon.

### Interpretation

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

## Representations

The decision is based on the following facts represented by the Filers:

### MRCC

1. MRCC is a corporation amalgamated under the *Business Corporations Act* (Ontario) with its registered and head office at 199 Bay Street, Suite 4500, Commerce Court West, Toronto, Ontario M5L 1G2.
2. MRCC is a wholly-owned subsidiary of Mackie Research Financial Corporation (**MRFC**).
3. MRCC is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and is approved by IIROC to carry on business in the categories of securities, options and managed accounts.
4. MRCC is registered as an investment dealer and investment fund manager under the securities legislation of each of the Provinces of Canada as well as the Northwest Territories and Yukon and is registered as a derivatives dealer under the securities legislation of the Province of Québec.
5. MRCC is in compliance with the dealer member rules of IIROC and is not in default of the securities legislation in any of the jurisdictions in which it is registered as an investment dealer, investment fund manager and derivatives dealer.

### JCMI

6. JCMI is a corporation incorporated under the *Canada Business Corporations Act* with its head office at Suite 1920, 1075 West Georgia Street, Vancouver, British Columbia V6E 3C9.
7. JCMI is a wholly-owned subsidiary of MRCC.
8. JCMI is a dealer member of IIROC and is approved by IIROC to carry on business in the categories of securities, options and managed accounts.
9. JCMI is registered as an investment dealer under the securities legislation of each of the Provinces of Alberta, British Columbia, Manitoba, Nova Scotia, Ontario and Saskatchewan as well as the Northwest Territories and Yukon.
10. JCMI is in compliance with the dealer member rules of IIROC and is not in default of the securities legislation in any of the jurisdictions in which it is registered as an investment dealer.

### The Transfer of Assets

11. Subject to the necessary approvals, the Filers intend to resolve to dissolve JCMI on the Transfer Date, and in connection therewith, transfer all of the assets of JCMI to its sole shareholder, MRCC.
12. On April 30, 2015, IIROC issued a letter approving MRCC's acquisition of JCMI and the bulk transfer of client accounts from JCMI to MRCC.
13. MRCC's registration will encompass the registration categories, IIROC's approval categories and jurisdictions of both JCMI and MRCC immediately prior to the Transfer Date.
14. Subject to regulatory approvals, effective on the Transfer Date, all of the accounts of the dealing representatives will be transferred from JCMI to MRCC.
15. On the Transfer Date, all JCMI dealing representatives and permitted individuals will be transferred to MRCC on NRD (the **Transferred Individuals**) in addition to the affected business locations.
16. On the Transfer Date, the dealing representatives transferred to MRCC will carry on the same registerable activities as they conducted with JCMI.
17. Effective on the Transfer Date, MRCC will carry on the same business as the Filers and all of the registerable activities of the Filers will be carried out by MRCC. Subject to obtaining the Exemption Sought, no disruption in the services provided by the Filers to their clients will result further to the transfer of JCMI assets to MRCC.

## Decisions, Orders and Rulings

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18. Given the number of Transferred Individuals in connection with the asset transfer, it would be unduly time consuming and difficult to transfer the registration of each of the Transferred Individuals on an individual basis through NRD in accordance with NI 33-109 if the Exemption Sought is not granted.
19. The Bulk Transfer will ensure that the transfer of the affected individuals and business locations occur effective as of the same date, the Transfer Date, in order to ensure that there is no interruption in registration and service to clients.
20. The Exemption Sought complies with the requirements of, and the reasons for, a bulk transfer as set out in section 3.4 of the Companion Policy to NI 33-109 and Appendix C thereto.
21. It would not be prejudicial to the public interest to grant the Exemption Sought.
22. Pursuant to section 14.11 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, a notice has been sent to all clients of the dealing representatives advising them of their right to close their account. This notice was sent more than 30 days in advance of the Transfer Date.

### 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.

“Marriane Bridge”  
Deputy Director, Compliance and Registrant Regulation  
Ontario Securities Commission

2.1.11 1832 Asset Management L.P. et al.

**Headnote**

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganization – Approval required because mergers do not meet the criteria for pre-approval – Funds have differing investment objectives and mergers conducted on a taxable basis – Securityholders provided with timely and adequate disclosure regarding the mergers.

**Applicable Legislative Provisions**

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 19.1.

June 2, 2015

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  
1832 ASSET MANAGEMENT L.P.  
(the “Manager”)

AND

IN THE MATTER OF  
DYNAMIC REAL RETURN BOND FUND,  
DYNAMIC AURION CANADIAN EQUITY CLASS,  
DMP CANADIAN DIVIDEND CLASS,  
DMP CANADIAN VALUE CLASS,  
DMP POWER CANADIAN GROWTH CLASS,  
DMP GLOBAL VALUE CLASS,  
DYNAMICEDGE 2020 CLASS PORTFOLIO,  
DYNAMICEDGE 2020 PORTFOLIO,  
DYNAMICEDGE 2025 CLASS PORTFOLIO,  
DYNAMICEDGE 2025 PORTFOLIO,  
DYNAMICEDGE 2030 CLASS PORTFOLIO,  
DYNAMICEDGE 2030 PORTFOLIO

(collectively, the “Terminating Funds”, and together with the Manager on behalf of the Terminating Funds, the “Filers”)

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application (the “**Application**”) from the Filers for a decision (the “**Requested Approval**”) under the securities legislation of the Jurisdiction (the “**Legislation**”) approving the proposed mergers of the Terminating Funds with the Continuing Funds (as defined below) (the “**Proposed Mergers**”) pursuant to clause 5.5(1)(b) of National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”).

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

- (a) the Ontario Securities Commission is the principal regulator (“**Principal Regulator**”) for the Application, and
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the “**Jurisdictions**”).

**Interpretation**

Unless otherwise defined herein, terms defined in National Instrument 14-101 – *Definitions* and National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”) have the same meaning in this decision. In addition, the following terms have the following meanings:

- BNS** means The Bank of Nova Scotia
- Continuing Funds** means each of Dynamic Advantage Bond Fund, Dynamic Aurion Tactical Balanced Class, DMP Value Balanced Class, DMP Power Global Growth Class, DynamicEdge Conservative Class Portfolio, DynamicEdge Balanced Class Portfolio, DynamicEdge Balanced Portfolio, DynamicEdge Balanced Growth Class Portfolio and DynamicEdge Balanced Growth Portfolio
- Funds** means the Continuing Funds and the Terminating Funds
- IRC** means the Independent Review Committee of the Funds
- Target Date Funds** means each of DynamicEdge 2020 Class Portfolio, DynamicEdge 2020 Portfolio, DynamicEdge 2025 Class Portfolio, DynamicEdge 2025 Portfolio, DynamicEdge 2030 Class Portfolio and DynamicEdge 2030 Portfolio
- Tax Act** means the *Income Tax Act* (Canada)

**Representations**

1. The Manager is an Ontario limited partnership, which is wholly-owned indirectly by BNS. The general partner of the Manager is 1832 Asset Management G.P. Inc., an Ontario corporation wholly-owned directly by BNS with its head office in Ontario.
2. The Manager is registered as: (i) a portfolio manager in all of the provinces of Canada and in Northwest Territories and Yukon; (ii) an exempt market dealer in all of the provinces of Canada (except Prince Edward Island and Saskatchewan); (iii) an investment fund manager in Ontario, Quebec, Newfoundland and Labrador and Northwest Territories; and (iv) a commodity trading manager in Ontario.
3. Each of the Funds is either a mutual fund trust or a class of a mutual fund corporation established or incorporated under the laws of Ontario or the laws of Canada and is a reporting issuer under the applicable securities legislation of each Jurisdiction.
4. The securities of each Fund are qualified for distribution in the Jurisdictions pursuant to a simplified prospectus and annual information form prepared and filed in accordance with the securities legislation of the Jurisdictions.
5. Each Fund is subject to the requirements of NI 81-102. The securities of each Fund are issuable and redeemable each business day.
6. Neither the Manager nor any Fund is in default of securities legislation in any Jurisdiction.
7. This Application is being made in connection with the following Proposed Mergers:

<b>TERMINATING FUND</b>	<b>CONTINUING FUND</b>
Dynamic Real Return Bond Fund	Dynamic Advantage Bond Fund
Dynamic Aurion Canadian Equity Class	Dynamic Aurion Tactical Balanced Class
DMP Canadian Dividend Class	DMP Value Balanced Class
DMP Canadian Value Class	
DMP Power Canadian Growth Class	
DMP Global Value Class	DMP Power Global Growth Class
DynamicEdge 2020 Class Portfolio	DynamicEdge Conservative Class Portfolio
DynamicEdge 2020 Portfolio	
DynamicEdge 2025 Class Portfolio	DynamicEdge Balanced Class Portfolio

TERMINATING FUND	CONTINUING FUND
DynamicEdge 2025 Portfolio	DynamicEdge Balanced Portfolio
DynamicEdge 2030 Class Portfolio	DynamicEdge Balanced Growth Class Portfolio
DynamicEdge 2030 Portfolio	DynamicEdge Balanced Growth Portfolio

8. In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, a press release announcing the Proposed Mergers and a related material change report were filed on SEDAR on March 13, 2015. Amendments to the Funds’ simplified prospectus and annual information form and to the Terminating Funds’ Fund Facts were filed on SEDAR on March 23, 2015.
9. Pursuant to NI 81-107, the IRC has reviewed the Proposed Mergers on behalf of the Funds and has advised the Manager that in the IRC’s opinion, having reviewed each of the Proposed Mergers as a potential conflict of interest, each of the Proposed Mergers achieves a fair and reasonable result for each of the Funds.
10. Regulatory approval of the Proposed Mergers is required because the Proposed Mergers do not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:

(a) The Proposed Mergers between:

- (i) Dynamic Aurion Canadian Equity Class and Dynamic Aurion Tactical Balanced Class;
- (ii) DMP Canadian Dividend Class and DMP Value Balanced Class;
- (iii) DMP Canadian Value Class and DMP Value Balanced Class;
- (iv) DMP Power Canadian Growth Class and DMP Value Balanced Class;
- (v) DynamicEdge 2020 Class Portfolio and DynamicEdge Conservative Class Portfolio;
- (vi) DynamicEdge 2025 Class Portfolio and DynamicEdge Balanced Class Portfolio;
- (vii) DynamicEdge 2030 Class Portfolio and DynamicEdge Balanced Growth Class Portfolio;
- (viii) DynamicEdge 2020 Portfolio and DynamicEdge Conservative Class Portfolio;
- (ix) DynamicEdge 2025 Portfolio and DynamicEdge Balanced Portfolio;
- (x) DynamicEdge 2030 Portfolio and DynamicEdge Balanced Growth Portfolio; and
- (xi) Dynamic Real Return Bond Fund and Dynamic Advantage Bond Fund

do not meet the requirements of clause 5.6(1)(a)(ii) of NI 81-102, as the investment objectives of each Terminating Fund may not be considered by a reasonable person to be substantially similar to the investment objectives of the Continuing Fund into which it will be merged.

(b) Contrary to clause 5.6(1)(b) of NI 81-102, the Proposed Mergers between:

- (i) Dynamic Real Return Bond Fund and Dynamic Advantage Bond Fund;
- (ii) DynamicEdge 2020 Portfolio and DynamicEdge Conservative Class Portfolio;
- (iii) DynamicEdge 2025 Portfolio and DynamicEdge Balanced Portfolio; and
- (iv) DynamicEdge 2030 Portfolio and DynamicEdge Balanced Growth Portfolio

will not be effected in reliance on the “qualifying exchange” or tax-deferred transaction provisions of the Income Tax Act. The Proposed Mergers referred to in items (b)(i), (iii) and (iv) are proposed to proceed as taxable mergers as there would be a deemed tax year-end for the Continuing Funds if such Proposed Mergers were undertaken on a tax-deferred basis pursuant to the “qualifying exchange” or tax-deferred transaction provisions of the Income Tax Act. Where a deemed tax year-end is triggered, such Continuing Funds would be required to make a distribution and any unused tax losses would expire. As a result, the

Manager believes that it is in the best interests of such Terminating Funds and such Continuing Funds for such Proposed Mergers to be carried out on a taxable basis in order to avoid any adverse tax consequences to such Continuing Funds and their securityholders. With respect to the Proposed Merger referred to in item (b)(ii), there are currently no provisions under the Tax Act to allow for a tax-deferred merger between a mutual fund trust (DynamicEdge 2020 Portfolio) and a class of a mutual fund corporation (DynamicEdge Conservative Class Portfolio).

11. The Proposed Merger between DMP Global Value Class and DMP Power Global Growth Class does not meet the requirements of section 5.6(1) of NI 81-102 as the investment strategies of these Funds may not be considered by a reasonable person to be substantially similar.
12. Except as noted above, the Proposed Mergers will otherwise comply with all other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.
13. The Manager has determined that the Proposed Mergers do not result in a material change for any of the Continuing Funds.
14. The investment portfolio and other assets of each Terminating Fund that will become assets of the corresponding Continuing Fund are acceptable to the portfolio advisor of the applicable Continuing Fund and are consistent with the investment objectives of the Continuing Fund. To the extent that a particular security may be unsuitable or undesirable for the Continuing Fund, that security will be sold prior to the Proposed Merger.
15. A Continuing Fund will be able to promptly invest any significant amounts of cash that the Continuing Fund receives from the Terminating Fund.
16. Investors of the Terminating Funds will be asked to approve the Proposed Mergers at special meetings of investors scheduled to be held on or about June 2, 2015. If approved by investors of the Terminating Funds, the Proposed Mergers are expected to become effective on or about June 19, 2015 (the "**Merger Date**").
17. It is proposed that the following steps will be carried out to effect the Proposed Merger of each Terminating Fund that is a mutual fund trust:
  - (a) Immediately following the close of business on the Merger Date, the Terminating Fund will transfer all of its net assets (after providing for the payment of its liabilities) to the applicable Continuing Fund with which the Terminating Fund is merging.
  - (b) In exchange, the Terminating Fund will receive securities of the relevant series of the applicable Continuing Fund, the aggregate value of which is equal to the aggregate net asset value (the "**NAV**") of the assets of the Terminating Fund transferred to such Continuing Fund, in each case calculated as of the close of business on the Merger Date.
  - (c) Immediately thereafter, the Terminating Fund will cause all of its securities to be redeemed in exchange for securities of the Continuing Fund. This will result in each securityholder of the Terminating Fund receiving securities of the applicable series of the Continuing Fund with a value equal to the NAV of the securities of the relevant series of the Terminating Fund that were held by such securityholder.
18. It is proposed that the following steps will be carried out to effect the Proposed Merger of each Terminating Fund that is a class of a mutual fund corporation:
  - (a) Immediately following the close of business on the Merger Date, each outstanding share of the Terminating Fund will be exchanged for shares of the equivalent series of the Continuing Fund based on the relative NAVs of the shares of each series being exchanged.
  - (b) The assets and liabilities of the applicable mutual fund corporation attributable to the Terminating Fund will be reallocated to the Continuing Fund. The mutual fund corporation will not dispose of any of its property as a result of the Proposed Merger.
19. On May 7, 2015, a management information circular and proxy in connection with the Proposed Mergers was both filed on SEDAR and mailed to investors of record of the Terminating Funds as at April 14, 2015. Each such investor will also be mailed the Fund Facts of the applicable Continuing Funds. The circular highlights the differences in investment objectives and investment structures (i.e. trust or corporation) between each of the Terminating Funds and its applicable Continuing Fund. Other information contained in the circular includes a summary of the IRC determination, a comparison of the management expense ratios and performance, of each Terminating Fund and the applicable

Continuing Fund, as well as disclosure as to whether each Proposed Merger will be effected on a taxable basis. Accordingly, investors of the Terminating Funds will have an opportunity to consider this information prior to voting on the Proposed Mergers at the special meetings.

20. The Manager believes that the Proposed Mergers will be beneficial to securityholders of the Terminating Funds for the following reasons:
- (a) the Continuing Funds have larger portfolios and, with the exception of the Continuing Funds into which the Target Date Funds will be merged, have similar or broader investment objectives than the corresponding Terminating Funds, and therefore have the potential to offer improved portfolio diversification and liquidity to securityholders of the Terminating Funds;
  - (b) each Continuing Fund into which a Target Date Fund will be merged (i) utilizes a similar “fund of funds” structure that is utilized by the corresponding Target Date Fund and (ii) has a virtually identical equity / fixed income allocation as the current allocation of the corresponding Target Date Fund;
  - (c) as each Terminating Fund is smaller than each applicable Continuing Fund, securityholders of a Terminating Fund should benefit from increased economies of scale as securityholders of the applicable Continuing Fund; and
  - (d) in the case of the Merger involving DynamicEdge 2020 Portfolio, securityholders of that Terminating Fund will become securityholders of DynamicEdge Conservative Class Portfolio, a class of Dynamic Global Fund Corporation, which will provide such securityholders with the opportunity to change mutual fund investments within Dynamic Global Fund Corporation while deferring the realization of any capital gains on their investments.
21. No sales charges, redemption fees or other fees or commissions will be payable by securityholders in connection with the Proposed Mergers. The costs and expenses specifically associated with the Proposed Mergers will be borne by the Manager.
22. The investors in the Terminating Funds will, in each case, receive the same series of securities of the Continuing Funds as such investors hold in the Terminating Funds.
23. The management fees for the relevant series of a Continuing Fund are, in each case, the same or lower than those of the applicable Terminating Fund.
24. Investors of the Terminating Funds will continue to have the right to redeem securities of the Terminating Funds up to the close of business on the business day immediately before the effective date of the Proposed Mergers.
25. As soon as reasonably possible following the date of the Proposed Mergers, the Terminating Funds will be wound up.
26. While the investment objective of each of the Terminating Funds is not entirely the same as the corresponding Continuing Fund with which it is proposed to be merged, the investment objectives of the Terminating Funds and Continuing Funds are, in each case, nevertheless complementary.
27. Investors of each Terminating Fund are expected to benefit from the increased scale and operational efficiencies of the applicable Continuing Fund, enjoying the same or lower management fees.

**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 Approval is granted.

“Vera Nunes”  
Manager, Investment Funds and Structured Products Branch  
Ontario Securities Commission



2.2 Orders

2.2.1 Shoreline Energy Corp. – ss. 127(7), 127(8)

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

**AND**

**IN THE MATTER OF  
SHORELINE ENERGY CORP.**

**ORDER  
(Subsections 127(7) and 127(8))**

**WHEREAS:**

1. Shoreline Energy Corp. (the “Reporting Issuer”) is a reporting issuer in Ontario;
2. The Reporting Issuer failed to file the following continuous disclosure materials as required by Ontario securities law (the “Default”):
  - (a) interim financial statements for the three-month period ended March 31, 2015;
  - (b) management’s discussion and analysis relating to the interim financial statements for the three-month period ended March 31, 2015; and
  - (c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*.
3. On May 28, 2015, the Corporate Finance Branch (the “CFB”) of the Ontario Securities Commission (the “Commission”) issued a Temporary Cease Trade Order (the “TCTO”) pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), ordering that, effective immediately, all trading in the securities of the Reporting Issuer, whether direct or indirect, cease for a period of 15 days from the date of the TCTO;
4. On May 28, 2015, the CFB issued a Notice of Temporary Order and Hearing (the “Notice”);
5. The Notice gave written notice that, if the Default continues, a hearing will be held pursuant to section 127 of the Act to consider whether an order should be made under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of the Reporting Issuer, whether direct or indirect, cease permanently or for such period as is specified in the order by reason of the continued Default;

6. A hearing, in writing, was held on June 9, 2015 to consider extending the TCTO on the consent of the Reporting Issuer and staff (“Staff”) of the Commission;
7. By Authorization Order made April 21, 2015, pursuant to subsection 3.5(3) of the Act, each of Howard I. Wetston, Monica Kowal, James D. Carnwath, Mary G. Condon, Edward P. Kerwin, Alan J. Lenczner, Timothy Moseley, and Christopher Portner, acting alone, is authorized to make orders under section 127 of the Act; and
8. The Commission is of the opinion that it is in the public interest to make this order.

**IT IS ORDERED that:**

1. The TCTO be extended pursuant to subsections 127(7) and 127(8) of the Act until July 3, 2015; and
2. The hearing in this matter be adjourned to June 29, 2015, at 10:00 a.m, or as soon as possible after that time.

**DATED** at Toronto, Ontario this 9th day of June, 2015.

“Christopher Portner”

**2.2.2 Xinergy Ltd. and Jon E. Nix – s. 144(1)**

**Headnote**

Section 144 – application for variation of cease trade order – issuer cease traded due to failure to file certain continuous disclosure documents required by Ontario securities law – applicant has applied for a variation of the cease trade order to permit the conversion of non-voting shares of issuer to voting common shares of the issuer – articles of issuer permit the conversion of non-voting shares to voting shares at election of holder at any time without payment of additional consideration – rights attached to non-voting shares substantially identical to voting shares – notification of conversion provided to issuer – partial revocation granted solely to permit conversion.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, c. S.5, AS AMENDED  
(THE “ACT”)**

**AND**

**IN THE MATTER OF  
XINERGY LTD. AND JON E. NIX  
(THE “APPLICANT”)**

**ORDER  
(Section 144(1) of the Act)**

**WHEREAS** the securities of Xinergy Ltd. (“**Xinergy**”) are subject to a temporary cease trade order issued by the Director on April 8, 2015 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order issued by the Director on April 20, 2015 pursuant to paragraph 2 of subsection 127(1) of the Act (the “**Cease Trade Order**”), directing that all trading in securities of Xinergy, whether direct or indirect, cease until further order by the Director;

**AND WHEREAS** a cease trade order with respect to Xinergy’s securities was also issued by The Manitoba Securities Commission (“**MSC**”) on April 9, 2014 and the British Columbia Securities Commission (“**BCSC**”) on April 14, 2015 (the “**Additional Cease Trade Orders**”);

**AND WHEREAS** Jon E. Nix (the “**Applicant**”), a shareholder of Xinergy, has made an application to the Commission pursuant to section 144(1) of the Act to vary the Cease Trade Order (the “**Application**”) solely to permit the Conversion (as defined below);

**AND WHEREAS** the Applicant has represented to the Commission that:

1. Xinergy is a reporting issuer under the securities legislation of the provinces of Ontario, British Columbia, Manitoba and Alberta.

2. The Cease Trade Order and the Additional Cease Trade Orders were issued due to the failure of Xinergy to file its financial statements, management’s discussion and analysis, annual information form and certifications of the foregoing filings for the year ended December 31, 2014.
3. The Voting Shares (as defined below) were previously listed for trading on the Toronto Stock Exchange (the “**TSX**”). On April 7, 2015, trading in the Voting Shares on the TSX was temporarily suspended by Investment Industry Regulatory Organization of Canada and the TSX commenced a delisting review in respect of the Voting Shares. On April 13, 2015, the TSX announced that it had determined to delist the Voting Shares as of the close of business on May 12, 2015 for Xinergy’s failure to meet the continued listing requirements of the TSX and that the Voting Shares would remain suspended from trading.
4. On April 6, 2015, Xinergy issued a news release announcing, among other things, that Xinergy and twenty-five of its subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Western District of Virginia, Roanoke Division (the “**US Bankruptcy Court**”).
5. The Applicant is the registered holder and beneficial owner of: (i) 4,592,563 voting common shares in the capital of Xinergy (“**Voting Shares**”) representing, to the best of the Applicant’s knowledge, approximately 7.88% of the issued and outstanding Voting Shares; and (ii) 7,467,541 non-voting common shares in the capital of Xinergy (“**Non-Voting Shares**”), representing, to the best of the Applicant’s knowledge, 100% of the issued and outstanding Non-Voting Shares of Xinergy.
6. Pursuant to the articles of Xinergy (the “**Articles**”), at the election of the holder of any Non-Voting Shares, such Non-Voting Shares may be converted into Voting Shares, at any time, and without the payment of additional consideration by such holder, on the basis of one Voting Share for one Non-Voting Share. If all of the Non-Voting Shares held by the Applicant were converted, the Applicant would hold, to the best of the Applicant’s knowledge, approximately 18.3% of the issued and outstanding Voting Shares.
7. The Articles provide that each Voting Share carries the right to one vote at a meeting of the shareholders of Xinergy and that the Non-Voting Shares do not carry any voting rights except as required by law. Other than the foregoing, the rights attached to the Voting Shares and Non-Voting Shares are substantially identical, including that holders of Non-Voting Shares: (i) are entitled to receive dividends if and when declared, provided the same benefit per share is conferred

on the holders of Voting Shares; and (ii) in the event of liquidation, dissolution or winding up of Xinergy, share equally in the assets of Xinergy as are distributable to the holders of Voting Shares.

8. On April 16, 2015, the Applicant provided notice to Xinergy of his election to convert all of his Non-Voting Shares into Voting Shares in accordance with the Articles (the “**Conversion**”) and submitted a requisition pursuant to Section 105 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) requisitioning the directors of Xinergy (the “**Directors**”) to call a meeting of shareholders of Xinergy for the purpose of, among other things, the removal from office of certain Directors and the appointment to the board of directors of Xinergy of additional individuals identified by the Applicant (the “**Requisitioned Meeting**”).
9. On April 17, 2015, Xinergy’s legal counsel advised the Applicant that, as a result of the Cease Trade Order and Additional Cease Trade Orders, Xinergy would not effect the Conversion and would not issue the Applicant the Voting Shares issuable to the Applicant in accordance with the Articles.
10. On May 7, 2015, legal counsel to Xinergy delivered correspondence to the Applicant’s legal counsel advising, among other things, that Xinergy did not intend to call the Requisitioned Meeting.
11. Pursuant to subsection 105(4) of the OBCA, the Applicant is entitled to call the Requisitioned Meeting. The Requisitioned Meeting was called by the Applicant and is expected to be held on June 19, 2015. The record date for the Requisitioned Meeting is May 20, 2015.
12. The purpose of the Conversion is to ensure that the Applicant may exercise all voting rights that will attach to the Voting Shares at the Requisitioned Meeting or at any other proceeding where the holders of Voting Shares are entitled to vote such shares.
13. The Applicant has complied with all applicable insider filing requirements and all early warning reporting requirements pursuant to National Instrument 55-104 *Insider Reporting Requirements and Exemptions*, National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issuers* and the Act.
14. Pursuant to an order dated May 8, 2015, the US Bankruptcy Court has ordered, among other things, that certain transfers of Voting Shares and Non-Voting Shares shall be restricted in order to preserve Xinergy’s ability to utilize net operating loss carryforwards and certain other tax attributes for U.S. federal income tax purposes (the

“**Trading Limitation Order**”). As the Applicant is the beneficial owner of the Non-Voting Shares that are the subject of the proposed Conversion and will be the beneficial owner of the Voting Shares issued in connection with the Conversion, the Conversion will not breach the Trading Limitation Order.

15. The Applicant has provided notification to Xinergy of the filing of this Application. A copy of this application has also been filed with the US Bankruptcy Court.
16. The Conversion will be exempt from the prospectus requirement pursuant to subsection 2.42(1) of National Instrument 45-106 *Prospectus and Registration Exemptions*.

**AND UPON** the Director being satisfied that it is not prejudicial to the public interest to vary the Cease Trade Order under section 144(1) of the Act;

**IT IS ORDERED** that, pursuant to section 144(1) of the Act, the Cease Trade Order is hereby partially revoked solely to permit the Conversion provided that the Cease Trade Order shall otherwise remain in effect, unamended, except as expressly provided in this order.

**DATED** this 19th day of May, 2015.

“Naizam Kanji”  
Director,  
Office of Mergers & Acquisitions

2.2.3 Welcome Place Inc. et al. – s. 127

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

AND

IN THE MATTER OF  
WELCOME PLACE INC.,  
DANIEL MAXSOOD also known as MUHAMMAD M. KHAN,  
TAO ZHANG, and TALAT ASHRAF

ORDER  
(Section 127)

**WHEREAS:**

1. on July 2, 2013, the Ontario Securities Commission (the “Commission”) issued a temporary order (the “Temporary Order”), pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), ordering that:
  - a. all trading in any securities by Welcome Place Inc. (“Welcome Place”), Daniel Maxsood also known as Muhammad M. Khan (“Maxsood”), Tao Zhang (“Zhang”), and Talat Ashraf (“Ashraf”) (collectively, the “Respondents”) shall cease;
  - b. the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and
  - c. the Temporary Order shall expire on the 15th day after its making unless extended by the Commission;
2. on July 2, 2013, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on July 12, 2013 at 11:30 a.m.;
3. on July 12, 2013, the Commission held a Hearing at which counsel for Welcome Place and Maxsood attended and no one attended on behalf of Zhang or Ashraf, although properly served. Upon reviewing the evidence, hearing submissions from Staff and counsel for Welcome Place and Maxsood, and upon being advised that Welcome Place and Maxsood consented to the extension of the Temporary Order to January 31, 2014, the Commission ordered:
  - a. pursuant to subsections 127(7) and (8) of the Act, the Temporary Order is extended to January 31, 2014, and specifically that:
    - i. all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;
    - ii. the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and
    - iii. this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission; and
  - b. that the Hearing is adjourned to Monday, January 27, 2014 at 10:00 a.m.;
4. on January 27, 2014, the Commission held a Hearing with respect to the extension of the Temporary Cease Trade Order, and Staff appeared and made submissions. No one appeared for the Respondents, but a written consent to the extension of the Temporary Order was filed and considered by the Commission. The Commission ordered pursuant to subsections 127(7) and (8) of the Act that the Temporary Order is extended until the final disposition of the proceeding resulting from Staff’s investigation in this matter, including, if appropriate, any final determination with respect to sanctions and costs, or further Order of the Commission, and specifically that:
  - a. all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;
  - b. the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

- c. this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission;
5. on December 18, 2014, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act, providing that a hearing would be held at the Commission on February 2, 2015. The Notice of Hearing was accompanied by a Statement of Allegations dated December 18, 2014, issued by Staff with respect to the Respondents;
6. on December 19, 2014, the Respondents were served with the Notice of Hearing and Statement of Allegations;
7. on February 2, 2015, a first appearance was held before the Commission at which Staff appeared and counsel appeared and confirmed his attendance on behalf of each of the Respondents. The Commission determined that the parties should return for a second attendance after disclosure was provided to the Respondents, and ordered that the hearing of this matter was adjourned and shall continue on May 27, 2015 at 11:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties;
8. on May 27, 2015, a second appearance was held before the Commission at which Staff appeared in person and counsel participated by telephone, confirming his attendance on behalf of each of the Respondents. The Panel heard submissions from Staff indicating that disclosure of Staff's documents and Staff's witness list had been made, and Staff requested dates for similar disclosure by the Respondents. The Panel heard submissions from counsel for the Respondents with respect to these requests, and the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** that:

1. the Respondents will make disclosure to Staff of their witness lists and summaries, and indicate any intent to call an expert by June 22, 2015; and
2. the hearing of this matter is adjourned and shall continue on July 22, 2015 at 11:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties.

**DATED** at Toronto this 4th day of June, 2015.

"Mary G. Condon"

"Timothy Moseley"

2.2.4 Future Solar Developments Inc. et al. – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC., CENITH ENERGY CORPORATION,  
CENITH AIR INC., ANGEL IMMIGRATION INC. and XUNDONG QIN also known as SAM QIN

TEMPORARY ORDER  
(Subsections 127(1) and 127(8))

**WHEREAS:**

1. on February 17, 2015, the Ontario Securities Commission (the “Commission”) issued a temporary cease trade order (the “Temporary Order”) pursuant to subsection 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering the following:
  - (a) pursuant to paragraph 2 of subsection 127(1) of the Act, Future Solar Developments Inc. (“FSD”), Cenith Energy Corporation (“Cenith Energy”), Cenith Air Inc. (“Cenith Air”), Angel Immigration Inc. (“Angel Immigration”) (together the “Corporate Respondents”) and Xundong Qin (also known as Sam Qin) (“Qin”) (together with the Corporate Respondents, the “Respondents”) cease trading in all securities;
  - (b) pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the securities of FSD shall cease; and
  - (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to any of the Respondents;
2. the Commission ordered that pursuant to subsection 127(6) of the Act, the Temporary Order shall expire on the fifteenth day after its making unless extended by order of the Commission;
3. on February 19, 2015, the Commission issued a Notice of Hearing (the “Notice of Hearing”) to consider the extension of the Temporary Order, to be held on March 2, 2015 at 11:00 a.m.;
4. Staff of the Commission (“Staff”) served the Respondents with copies of the Temporary Order, the Notice of Hearing and Staff’s supporting materials as evidenced by Affidavit of Service filed with the Commission;
5. the Commission held a hearing on March 2, 2015 and counsel for Staff and Qin, on behalf of himself and behalf of the Corporate Respondents, attended the hearing;
6. the Commission ordered that pursuant to subsections 127(1) and 127(8) of the Act, the Temporary is extended until June 12, 2015 and that the hearing of the matter is adjourned until June 8, 2015 at 3:00 p.m.;
7. the Commission held a hearing on June 8, 2015, and counsel for Staff and counsel for the Respondents attended the hearing;
8. counsel for the Respondents did not oppose an extension of the Temporary Order for a period of three months;
9. the Panel considered the submissions of Staff and the Respondents and the Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED** that:

1. pursuant to subsections 127(1) and 127(8) of the Act, the Temporary Order is extended until September 11, 2015, or until further order of the Commission; and
2. the hearing of this matter is adjourned until September 9, 2015, 2015, at 10:00 a.m. or on such other date and time as provided by the Office of the Secretary and agreed to by the parties.

**DATED** at Toronto this 8th day of June, 2015.

“Mary Condon”

2.2.5 Future Solar Developments Inc. et al. – ss. 127,  
127.1

**FOR IMMEDIATE RELEASE  
June 11, 2015**

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

**AND**

**IN THE MATTER OF  
FUTURE SOLAR DEVELOPMENTS INC.,  
CENITH ENERGY CORPORATION, CENITH AIR INC.,  
ANGEL IMMIGRATION INC. and  
XUNDONG QIN also known as SAM QIN**

**ORDER  
(Sections 127 and 127.1 of the Securities Act)**

**WHEREAS**

1. on March 26, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on March 26, 2015, to consider whether it is in the public interest to make certain orders against Future Solar Developments Inc. ("FSD"), Cenith Energy Corporation ("Cenith Energy"), Cenith Air Inc. ("Cenith Air"), Angel Immigration Inc. ("Angel Immigration") (together, the "Corporate Respondents") and Xundong Qin, also known as Sam Qin ("Qin") (together with the Corporate Respondents, the "Respondents");
2. the Notice of Hearing set April 15, 2015 as the hearing date in this matter;
3. on April 15, 2015, Staff and counsel for the Respondents appeared and made submissions;
4. the Commission ordered that the matter be adjourned to a confidential pre-hearing conference on June 8, 2015 at 3:00 p.m.;
5. on June 8, 2015, the Commission held a confidential pre-hearing conference and counsel for Staff and counsel for the Respondents attended the hearing;
6. the Panel considered the submissions of Staff and the Respondents and the Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED** that:

1. the Second Appearance in this matter be held on September 9, 2015 at 10:00 a.m. or on such other date and time as provided by the Office of the Secretary and agreed to by the parties; and
2. Staff shall provide to the Respondents, no later than five (5) days before the Second Appearance, their witness lists and indicate any intent to call an expert witness, including the name of the expert witness and the issue on which the expert will be giving evidence.

**DATED** at Toronto this 8th day of June, 2015.

"Mary Condon"

**2.2.6 First Trust Tactical Bond Index ETF – s. 1.1**

**Headnote**

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

**Rules Cited**

Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

**IN THE MATTER OF  
ONTARIO SECURITIES COMMISSION RULE 48-501 –  
TRADING DURING DISTRIBUTIONS, FORMAL BIDS  
AND SHARE EXCHANGE TRANSACTIONS  
(Rule)**

**AND**

**IN THE MATTER OF  
FIRST TRUST TACTICAL BOND INDEX ETF  
(the Fund)**

**DESIGNATION ORDER  
(Section 1.1)**

**WHEREAS** the Fund is or will be listed on the Toronto Stock Exchange;

**AND WHEREAS** under the Universal Market Integrity Rules (UMIR), the Fund is considered an Exempt Exchange-traded Fund that is not subject to prohibitions related to trading during certain securities transactions;

**AND WHEREAS** the definition of “exchange-traded fund” in the Rule is substantially similar to the definition of Exempt Exchange-traded Fund in UMIR, and the purpose of the Rule and UMIR are substantially similar;

**THE DIRECTOR HEREBY DESIGNATES** the Fund as an exchange-traded fund for the purposes of the Rule.

**DATED** June 9, 2015

“Tracey Stern”  
Market Regulation

**2.2.7 Telus Corporation – s. 104(2)(c)**

**Headnote**

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 1,733,000 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and has not, for a minimum of 30 days prior to the date of the application seeking the requested relief, purchased common shares of the Issuer in anticipation or contemplation of a sale of common shares to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from the issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer will not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer to re-establish its holdings of common shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

**AND**

**IN THE MATTER OF  
TELUS CORPORATION**

**ORDER  
(Clause 104(2)(c))**

**UPON** the application (the “**Application**”) of TELUS Corporation (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the “**Act**”) exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and sections 97 to 98.7, inclusive, of the



Act (the “**Issuer Bid Requirements**”) in respect of the proposed purchases by the Issuer of up to 1,733,000 (the “**Subject Shares**”) of its Common Shares (the “**Common Shares**”) in one or more trades with Canadian Imperial Bank of Commerce (the “**Selling Shareholder**”);

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 11, 22, 23, 24, 25 and 28 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (British Columbia).
2. The Issuer maintains its registered office at Floor 5, 3777 Kingsway, Burnaby, British Columbia and its executive office at Floor 8, 555 Robson, Vancouver, British Columbia.
3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange (the “**TSX**”) and the New York Stock Exchange (the “**NYSE**”) under the symbols “T” and “TU”, respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The authorized share capital of the Issuer consists of 4,000,000,000 shares, divided into: (i) 2,000,000,000 Common Shares without par value; (ii) 1,000,000,000 First Preferred Shares without par value; and (iii) 1,000,000,000 Second Preferred Shares without par value. As at May 29, 2015, 604,723,165 Common Shares, no First Preferred Shares and no Second Preferred Shares were issued and outstanding.
5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario. The trades contemplated by this application will be executed and settled in the Province of Ontario.
6. The Selling Shareholder does not directly or indirectly own more than 5% of the issued and outstanding Common Shares.
7. The Selling Shareholder is the beneficial owner of at least 1,733,000 Common Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.
8. The Selling Shareholder is at arm’s length to the Issuer and is not an “insider” of the Issuer or an “associate” of an “insider” of the Issuer, or an “associate” or “affiliate” of the Issuer, as such terms are defined in the Act. The Selling

Shareholder is an “accredited investor” within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

9. Pursuant to a “Notice of Intention to Make a Normal Course Issuer Bid” filed with the TSX as of September 28, 2014 (the “**Notice**”), the Issuer is permitted to make normal course issuer bid (the “**Normal Course Issuer Bid**”) purchases for up to 16,000,000 Common Shares, representing 2.58% of the Issuer’s public float of Common Shares as of the date specified in the Notice, subject to a maximum aggregate purchase price consideration of \$500.0 million. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX, the NYSE or alternative Canadian trading platforms, or such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the “**TSX NCIB Rules**”), including, private agreements under an issuer bid exemption order issued by a securities regulatory authority (each, an “**Off-Exchange Block Purchase**”).
10. On September 30, 2014, the Issuer entered into an automatic repurchase plan (the “**ARP**”) with a broker providing for automatic purchases of Common Shares to be conducted by the broker on the TSX or alternative Canadian trading platforms within pre-determined parameters as part of the Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its shares during internal blackout periods, including regularly scheduled quarterly blackout periods. Under the ARP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases under the ARP will be determined by the designated broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the broker and the Issuer. The ARP was approved by the TSX and is in compliance with the TSX NCIB Rules, applicable securities law and this Order and was implemented on October 1, 2014. The Issuer will instruct the broker not to conduct a Block Purchase (defined below) in accordance with the TSX NCIB Rules during the calendar week in which the Issuer completes a Proposed Purchase (defined below). No Subject Shares will be acquired under the ARP or otherwise during the Issuer’s blackout periods.
11. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an “**Agreement**”) pursuant to which the Issuer will agree to acquire some or all

- of the Subject Shares from the Selling Shareholder by one or more purchases each occurring before September 30, 2015 (each such purchase, a “**Proposed Purchase**”) for a purchase price (each, a “**Purchase Price**”) in respect of such Proposed Purchase) that will be negotiated at arm’s length between the Issuer and the Selling Shareholder. The Purchase Price, in each case, will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price on the TSX for the Common Shares at the time of each Proposed Purchase.
12. The Subject Shares acquired under each Proposed Purchase will constitute a “block” as that term is defined in section 628 of the TSX NCIB Rules.
13. The purchase of the Subject Shares by the Issuer pursuant to each Agreement will constitute an “issuer bid” for purposes of the Act to which the Issuer Bid Requirements would apply.
14. Because the Purchase Price, in each case, will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase, each Proposed Purchase cannot be made through the TSX trading system and, therefore, will not occur “through the facilities” of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.
15. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares through the facilities of the TSX as a “block purchase” (a “**Block Purchase**”) in accordance with the block purchase exception in section 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.
16. The sale of any of the Subject Shares to the Issuer will not be a “distribution” (as defined in the Act).
17. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.
18. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and the exemption from the Issuer Bid Requirements available pursuant to subsection 101.2(1) of the Act, and the Issuer is of the view that this is an appropriate use of the Issuer’s funds on hand.
19. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer’s security holders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.
20. To the best of the Issuer’s knowledge, as of May 29, 2015, the “public float” (calculated in accordance with the TSX NCIB Rules) for the Common Shares represented more than 99.81% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.
21. The Common Shares are “highly liquid securities” within the meaning of section 1.1 of OSC Rule 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.
22. Other than the Purchase Price, no fee or other consideration will be paid in connection with the Proposed Purchases.
23. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Common Shares. Between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.
24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Canadian Equity Derivative Trading Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any “material change” or any “material fact” (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.
26. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 5,333,333 Common Shares as of the date of this Order.
27. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases during designated blackout periods administered in accordance with the Issuer's corporate policies.
28. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after May 2, 2015, being the date that was 30 days prior to the date of the application of the Issuer seeking this Order, in anticipation or contemplation of a sale of Common Shares to the Issuer.
29. The Commission granted the Issuer two previous orders on December 12, 2014 (the "**December Order**") and on March 9, 2015 (the "**March Order**"), each pursuant to clause 104(2)(c) of the Act exempting the Issuer from the Issuer Bid Requirements in connection with Off-Exchange Block Purchases by the Issuer of up to 1,200,000 Common Shares in the December Order and up to 2,400,000 Common Shares in the March Order, in each case in one or more trades from an arm's length selling shareholder. As at May 29, 2015, an aggregate of 7,611,500 Common Shares have been acquired by the Issuer pursuant to the Normal Course Issuer Bid, including 1,200,000 Common Shares under the December Order and 2,400,000 Common Shares under the March Order.
30. Assuming completion of the purchase of the maximum number of Subject Shares, being 1,733,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,333,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 33.33% of the maximum of 16,000,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

**IT IS ORDERED** pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

- a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;
- b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules or another Off Exchange Block Purchase during the calendar week in which it completes each Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;
- c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in paragraph 629(I)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;
- d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Normal Course Issuer Bid and in accordance with the Notice and the TSX NCIB Rules, and as applicable, subject to condition (i) below;
- e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;
- f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Canadian Equity Derivative Trading Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

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

- g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) following the completion of each such Proposed Purchase;
- h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;
- i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 5,333,333 Common Shares; and
- j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases.

**DATED** at Toronto, Ontario this 12th day of June 2015.

“Tim Moseley”  
Commissioner  
Ontario Securities Commission

“Edward P. Kerwin”  
Commissioner  
Ontario Securities Commission

## 2.2.8 Red Eagle Mining Corporation

### Headnote

Relief from the requirements otherwise applicable to the Filer as a reporting issuer who is not a venture issuer – Filer is cross listed on the TSX Venture Exchange and the Bolsa de Comercio de Santiago, Venture marketplace of the Santiago Stock Exchange – filing obligations of both exchanges are identical – listing on venture marketplace of the Santiago Stock Exchange is available only as a secondary listing to entities listed on the TSX Venture Exchange – relief granted subject to conditions, including that the Filer complies with the requirements of Canadian securities legislation applicable to a venture issuer.

### Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements, s. 19.1.  
National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.  
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 5.1.  
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.  
National Instrument 52-110 Audit Committees, s. 8.1.  
National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1.  
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, s. 9.1.

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

**AND**

**IN THE MATTER OF  
RED EAGLE MINING CORPORATION**

**ORDER**

**WHEREAS** the Ontario Securities Commission (the "**Commission**") has received an application from the Red Eagle Mining Corporation (the "**Filer**") for a decision under the Ontario securities legislation for an exemption from:

- (i) the requirements otherwise applicable to the Filer as a reporting issuer who is not a venture issuer in each of the following instruments, including the forms thereof (collectively, the "**Instruments**"):
  - a. National Instrument 41-101 *General Prospectus Requirements*;
  - b. National Instrument 51-102 *Continuous Disclosure Obligations*;
  - c. National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;
  - d. National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*;
  - e. National Instrument 52-110 *Audit Committees*; and
  - f. National Instrument 58-101 *Disclosure of Corporate Governance Practices*(the "**Disclosure Relief**");
- (ii) the formal valuation requirements under sections 4.3 and 5.4 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") (the "**Valuation Relief**"); and
- (iii) the minority approval requirements under section 5.6 of MI 61-101 (the "**Minority Approval Relief**", and together with the Disclosure Relief and the Valuation Relief, the "**Exemption Sought**")

Securities legislation imposes obligations for all reporting issuers. There are different obligations applicable to reporting issuers who are venture issuers and to those that are non-venture issuers. The Exemption Sought, if granted, would permit the Filer to comply with the obligations applicable to venture issuers notwithstanding that the Filer does not meet the criteria in the definition of "venture issuer".

**AND WHEREAS** the Filer has represented to the Commission that:

1. The Filer is incorporated under the laws of British Columbia and its head office is located in Vancouver, British Columbia.
2. The Filer's common shares (the "**Shares**") are listed on the TSX Venture Exchange (the "**Exchange**") and the OTCQX market. The Filer is a reporting issuer in British Columbia, Ontario and Alberta.
3. The Filer's 100% owned material property, the Santa Rosa Property (the "**Project**"), is located in the Republic of Colombia.
6. In certain of the Instruments, the definition of "venture issuer" excludes, a reporting issuer, who at the applicable time, has any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada or the United States of America other than the Alternative Investment Market of the London Stock Exchange of the PLUS markets operating by PLUS Markets Group plc. (the "**Venture Issuer Definition**").
8. The Filer has obtained, effective April 27, 2015, a secondary listing on the Bolsa de Comercio de Santiago, Venture marketplace of the Santiago Stock Exchange (the "**Santiago Venture Market**"). As the Santiago Venture Market is a marketplace and hence a "marketplace outside of Canada", the Filer does not, subsequent to April 27, 2015, meet the criteria in the Venture Issuer Definition.
9. The Filer obtained a secondary listing on the Santiago Venture Market in order to facilitate direct trading and investment in the Filer's securities by investors in the Republic of Colombia and other countries in South America to, among other reasons, enhance investor community awareness of the Filer and the development of the Project, thereby increasing its investor base and trading in its securities.
10. The Santiago Venture Market is a venture capital market for small and early stage companies in the mining sector. A listing on the Santiago Venture Market is available only as a secondary listing to entities listed on the TSXV. Pursuant to the Santiago Venture Market listing requirements (the "**Listing Requirements**") and pursuant to the agreement entered into between the Santiago Venture Market and the TSXV, securities which are listed on the Santiago Venture Market must also be listed on the TSXV. The filing obligations of the TSXV and the Santiago Venture Market are identical. The Santiago Venture Market defers to the TSXV policy manual in respect of any filing obligations. There are no additional filing obligations with Chilean regulators and no additional ongoing filing obligations with the Santiago Venture Market arising from the listing on the Santiago Venture Market.

**AND UPON** consideration the application and the recommendation of staff of the Commission;

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

**IT IS ORDERED** that the Exemption Sought is granted provided that:

1. the Filer complies with the conditions and requirements of Canadian securities legislation (as defined in National Instrument 14-101 *Definitions*) applicable to a venture issuer;
2. the representation listed in paragraph 10, including for greater certainty, that the filing obligations of the TSXV and the Santiago Venture Market are identical, continue to be true;
3. the Filer has Shares listed on the TSXV;
4. the Filer does not have any securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States of America other than the Santiago Venture Market, the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc;
5. in the event an exemption under Canadian securities legislation applies to a requirement in the Instruments applicable to the Filer, and a condition to the exemption requires the issuer to be a venture issuer, the Filer may invoke the benefit of that exemption if the Filer meets the conditions required by the exemption except for the condition that the Filer be a venture issuer;
6. in the event an exemption under Canadian securities legislation applies to a requirement applicable to the Filer as a reporting issuer who is not a venture issuer in the Instruments, and a condition to the exemption requires the issuer to not be a venture issuer, the Filer does not invoke the benefit of the exemption; and

7. in addition to the foregoing, the Minority Approval Relief is granted provided that, the Filer would be exempt from the minority approval requirements in section 5.6 of MI 61-101, but for the fact that it does not meet the requirements of subparagraph 5.7(1)(b)(i) of MI 61-101.

**DATED** this 16th day of June, 2015.

“Kathryn Daniels”  
Deputy Director, Corporate Finance  
Ontario Securities Commission

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
GAR Limited	9-June-15	22-June-15		
IMRIS Inc.	9-June-15	22-June-15		
Liquid Nutrition Group Inc.	12-June-15	24-June-15		
Northland Resources SE	9-June-15	22-June-15		
MagIndustries Corp.	2-June-15	15-June-15	15-June-15	
Shoreline Energy Corp.	28-May-15	8-June-15*		

\* Shoreline Energy Corp. Temporary order was extended by the Commission on June 9, 2015 to July 3, 2015

### 4.2.1 Temporary, Permanent & Rescinding Management 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
Loyalist Group Limited	08-May-15	20-May-15	20-May-15	12-June-15	
Tawsho Mining Inc.	4-May-15	15-May-15	15-May-15	10-June-15	

### 4.2.2 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
Jourdan Resources Inc.	12-May-15	25-May-15	25-May-15		
Pacific Coal Resources Ltd.	08-May-15	20-May-15	20-May-15		
San Gold Corporation	5-June-15	17-June-15			
Viking Gold Exploration Inc.	12-May-15	25-May-15	25-May-15		

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## Chapter 6

# Request for Comments

### 6.1.1 CSA Notice and Request for Comment – Mandating a Summary Disclosure Document for Exchange-Traded Mutual Funds and Its Delivery – Proposed Amendments to NI 41-101 General Prospectus Requirements and to Companion Policy 41-101CP to NI 41-101 General Prospectus Requirements and Related Consequential Amendments



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

#### CSA NOTICE AND REQUEST FOR COMMENT

#### MANDATING A SUMMARY DISCLOSURE DOCUMENT FOR EXCHANGE-TRADED MUTUAL FUNDS AND ITS DELIVERY

#### PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

AND TO

#### COMPANION POLICY 41-101CP TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

AND

#### RELATED CONSEQUENTIAL AMENDMENTS

June 18, 2015

#### Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for a comment period of 90 days proposed amendments to National Instrument 41-101 *General Prospectus Requirements* (the Rule), Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements* (the Companion Policy) and related consequential amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* and Companion Policy 81-106CP to National Instrument 81-106 *Investment Fund Continuous Disclosure* (the Consequential Amendments). New Form 41-101F4 *Information Required in an ETF Facts Document* (Form 41-101F4) is part of the Rule. We refer to the proposed amendments to the Rule, the proposed changes to the Companion Policy and the Consequential Amendments together as the Proposed Amendments.

The Proposed Amendments are part of Stage 3 of the CSA's implementation of the point of sale disclosure project (the POS Project).

The Proposed Amendments will require mutual funds in continuous distribution, the securities of which are listed and traded on an exchange or an alternative trading system (ETFs), to produce and file a summary disclosure document called "ETF Facts", which must be made available on the ETF's or the ETF manager's website. The Proposed Amendments also introduce a new delivery regime which will require dealers that receive an order to purchase ETF securities to deliver an ETF Facts to investors within two days of the purchase. Delivery of the prospectus will not be required, but there will be a requirement for the prospectus to be made available to investors upon request, at no cost.

We think the introduction of the ETF Facts will help provide investors with access to key information about an ETF, in language they can easily understand. Delivery of the ETF Facts to investors will also help improve the consistency with which disclosure is provided to investors of ETFs, and help create a more consistent disclosure framework between conventional mutual funds and ETFs. Implementation of this initiative is also responsive to comments received throughout the course of the POS Project, from both industry and investor stakeholders, regarding the need to ensure greater consistency in terms of the disclosure regime for conventional mutual funds and ETFs, which are generally both sold to retail investors.

The text of the Proposed Amendments follows this Notice and is available on the websites of members of the CSA.

We expect the Proposed Amendments to be adopted in each jurisdiction of Canada. Some jurisdictions may need to seek legislative amendments, which will need to be enacted prior to implementing the Proposed Amendments.<sup>1</sup>

## **Background**

CSA Staff Notice 81-319 *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds*<sup>2</sup> outlined the CSA's decision to implement the POS Project in three stages.

With the publication of final amendments on December 11, 2014, the POS Project for conventional mutual funds is now complete. Since July 2011, every mutual fund has been required to prepare a fund facts document<sup>3</sup> (Fund Facts) for each class and series. Since June 2014, every dealer has been required to deliver the Fund Facts instead of the prospectus in connection with the purchase of mutual fund securities. On May 30, 2016, dealers will be required to deliver the Fund Facts at or before the point of sale.

As part of final stage of the POS Project, two concurrent workstreams are under way:

1. ETF summary disclosure document and a new delivery model – The Proposed Amendments will require the filing of an ETF Facts and delivery of the ETF Facts within two days of an investor purchasing securities of an ETF; and
2. CSA risk classification methodology – The CSA is currently developing a CSA risk classification methodology to be applied in determining a fund's investment risk level on the scale in the Fund Facts and, now, the ETF Facts. *CSA Notice 81-324 and Request for Comment on Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts* was published for comment on December 12, 2013. A status update<sup>4</sup> was published on January 29, 2015.

## **The ETF Distribution Model**

The Proposed Amendments recognize the differences in the distribution model for ETFs and conventional mutual funds. In particular, unlike mutual funds, individual investors seeking to purchase an ETF generally cannot subscribe directly for ETF securities. Instead, they must purchase ETF securities over an exchange. In addition, unlike conventional mutual funds where each purchase results in a distribution, in the case of ETFs, a purchase results in a distribution only when it is a trade in securities of the ETF that have not been previously issued (the Creation Units).

Since the prospectus delivery requirement under securities legislation is triggered by a distribution, prospectus delivery would generally only apply to an investor's purchase if the order is filled with Creation Units. Creation Units are issued by ETFs to dealers that are authorized to purchase newly issued securities directly from the ETF. The dealers, in turn, re-sell these Creation Units on an exchange.<sup>5</sup>

The first re-sale of a Creation Unit on an exchange or another marketplace in Canada will generally constitute a distribution. If, however, the ETF investor's purchase order is filled through a secondary market trade of previously issued existing ETF securities, the prospectus delivery requirement would not apply. This means that investors who purchase ETF securities that are trading in the secondary market may not be entitled to receive a prospectus under securities legislation unless they specifically request it.

## **Exemptive Relief and the Delivery of an ETF Summary Disclosure Document**

To deal with issues arising from the ETF distribution model, in Fall 2013, the CSA granted exemptive relief (the Exemptive Relief) to ETF managers and a group of dealers from the existing prospectus delivery requirements under securities legislation in order to permit the delivery of a summary disclosure document (Summary Document) in place of the prospectus.<sup>6</sup>

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<sup>1</sup> In Ontario, legislative amendments have been passed and are awaiting proclamation upon the effective date of the Proposed Amendments.

<sup>2</sup> Published on June 18, 2010.

<sup>3</sup> See Form 81-101F3 *Contents of Fund Facts Document*.

<sup>4</sup> CSA Staff Notice 81-325 *Status Report on Consultation under CSA Notice 81-324 and Request for Comment on Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts*.

<sup>5</sup> This initial re-sale from a "creation unit" on an exchange would be considered a trade in the securities of an issuer that have not been previously issued and a purchase and re-sale by the dealer in the course of or incidental to a distribution.

<sup>6</sup> *In the Matter of BMO Nesbitt Burns Inc. and BMO Investorline Inc.* (July 19, 2013); *In the Matter of CIBC World Markets Inc. and CIBC Investor Services Inc.* (July 19, 2013); *In the Matter of ITG Canada Corp.* (November 18, 2014); *In the Matter of National Bank Financial Inc. and National Bank Direct Brokerage Inc.* (July 19, 2013); *In the Matter of RBC Dominion Securities Inc. and RBC Direct Investing Inc.* (July 19, 2013); *In the Matter of Scotia Capital Inc. and DWM Securities Inc.* (July 19, 2013); *In the Matter of TD Securities Inc. and TD*

The Exemptive Relief requires dealers that are parties to the relief to deliver to investors a Summary Document within two days of the investor buying an ETF, whether or not the investor's purchase order is filled with Creation Units.<sup>7</sup> This delivery obligation applies to dealers acting as agents of the purchaser on the "buy" side of the transaction, rather than to dealers acting in a distribution on the "sell" side of the transaction, as currently required under securities legislation.

The Proposed Amendments, along with related legislative amendments, codify the concepts of the Exemptive Relief, to make it applicable to all dealers who act as agent of the purchaser of an ETF security.

### Substance and Purpose

Consistent with the principles of the POS Project, we think the Proposed Amendments will provide investors with the opportunity to make more informed investment decisions, by giving investors access to key information about an ETF, in language they can easily understand.<sup>8</sup> Furthermore, investors in conventional mutual funds and ETFs will be treated more equally with respect to the disclosure available in connection with a purchase of securities.

The proposed ETF Facts has been tested with investors and the content of the ETF Facts is informed by the results of the testing. The ETF Facts will allow investors to review key information about the potential benefits, risks and costs of investing in an ETF in an accessible format. It also highlights for investors where they can find further information about an ETF. We encourage advisors and investors to use ETF Facts as a tool in their conversations.

As was the case with the Exemptive Relief, the Proposed Amendments recognize the differences in the current ETF distribution model. In particular, as outlined above:

- not all ETF purchases are distributions;
- the dealer on the "sell" side of an ETF trade may not be able to readily discern whether a particular ETF trade is a distribution;
- there may be different dealers on the "sell" side and "buy" side of an ETF trade;
- the dealer on the "sell" side of an ETF trade that is a distribution cannot readily identify the purchaser over the exchange; and
- the dealer on the "buy" side of an ETF trade that is a distribution is not subject to the delivery obligation if it acts solely for the purchaser.

### Summary of the Proposed Amendments

#### *Application*

The Proposed Amendments apply only to ETFs.

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*Waterhouse Canada Inc.* (July 19, 2013); *In the Matter of Timber Hill Canada Co.* (November 5, 2014); *In the Matter of Blackrock Asset Management Canada Limited et. al.* (July 19, 2013); *In the Matter of BMO Asset Management Inc. et. al.* (July 19, 2013); *In the Matter of First Asset Investment Management Inc. et. al.* (July 19, 2013); *In the Matter of FT Portfolios Canada Co. et. al.* (July 19, 2013); *In the Matter of Horizons ETFs Management (Canada) Inc. and AlphaPro Management Inc. et. al.* (July 19, 2013); *In the Matter of Invesco Canada Ltd. et. al.* (July 19, 2013); *In the Matter of Purpose Investments Inc. et. al.* (August 6, 2013); *In the Matter of Questrade Wealth Management Inc. et. al.* (January 23, 2015); *In the Matter of RBC Global Asset Management Inc. et. al.* (July 19, 2013); and *In the Matter of Vanguard Investments Canada Inc. et. al.* (July 19, 2013).

<sup>7</sup> Similar to delivery of the Fund Facts, delivery would only be required in instances where the investor has not previously received the latest Summary Document of the ETF.

<sup>8</sup> This is consistent with the International Organization of Securities Commission (IOSCO) Principles on Point of Sale Disclosure published in February 2011. See, for example: Principles on Point of Sale Disclosure, Final Report, Technical Committee of the IOSCO, February 2011; G20 High-level principles on Financial consumer protection, Organization for Economic Co-operation and Development (OECD), October 2011; and Regulation of Retail Structured Products, Consultation Report, IOSCO, April 2013.

Principle 2 of the IOSCO Principles on Point of Sale Disclosure specifies: "key information should be delivered, or made available, for free, to an investor before the point of sale, so that the investor has the opportunity to consider the information and make an informed decision about whether to invest."

### **ETF Facts**

The creation of a summary disclosure document that highlights key information that is important for investors to consider when they purchase an investment product has been a central component of the POS Project. As was the case for the Fund Facts, the ETF Facts is a critical element of the new delivery regime that is being proposed for ETFs.

The starting point for the development of the ETF Facts was the Fund Facts, which was the result of extensive research, consultation and testing. Like the Fund Facts, the ETF Facts is required to be in plain language, no more than two pages double-sided and highlights key information that is important to investors, including risks, past performance, and the costs of investing in an ETF.

Although ETFs are substantially similar to conventional mutual funds, they are different in one significant aspect. Individual investors cannot subscribe for ETF securities directly from the fund. Instead, ETF securities are bought and sold over an exchange like stocks. Therefore, we have included additional content in the ETF Facts that speaks to trading and pricing characteristics of ETFs. For example, we have proposed the inclusion of information related to market price, bid-ask spread, as well as premium/discount of market price to net asset value. We have also proposed the inclusion of content that explains some of the pricing issues to consider when trading ETFs.

The form requirements for the ETF Facts are set out in the Proposed Amendments as Form 41-101F4. A separate ETF Facts is required for each class or series of securities of an ETF. For illustrative purposes, a sample ETF Facts is set out as Annex A to this Notice.

The CSA is developing a CSA risk classification methodology for use in the Fund Facts and the ETF Facts. Once implemented, it is anticipated that the “risk rating” currently proposed in the ETF Facts will be determined according to the CSA risk classification methodology

Please see Annex B to this Notice which sets out some specific issues for comment relating to the specific content of the ETF Facts.

### **Testing of the ETF Facts**

The CSA tested the proposed ETF Facts with investors during Summer/Fall 2014 using Allen Research Corporation of Toronto, Ontario.

The research was conducted in two phases: (1) qualitative research conducted through 28 one-on-one in-depth interviews and (2) quantitative research conducted through an online questionnaire with 533 retail investors, including 348 ETF investors. The ETF Facts was tested both in English and French.

The testing showed that investors generally find the ETF Facts contains important information, and that it is expressed in easy-to-read language. Other key findings included:

- investors generally considered the ETF Facts to be a useful document and were committed to using it as a major component of their decision-making process for ETF investing;
- investors generally understood the terms “currency”, “exchange”, “average daily volume” and “total value” in the “Trading information” section;
- investors generally did not understand that ETFs have both a market price and a “NAV”;
- investors found it hard to understand the concepts “bid-ask spread” and “premium and discount” in the “Trading ETFs” section and asked for examples;
- investors did not understand “CUSIP” in the “Trading information” section; and
- investors wanted to know about the trailing commission even if the trailing commission is zero.

The results of this testing helped to inform the content of the proposed ETF Facts form requirements in the Proposed Amendments. The following changes to the proposed ETF Facts were made in response to the testing results:

- the “Trading ETFs” section is replaced with the “How ETFs are priced” section, which describes the concepts of “market price” versus “NAV” with respect to pricing of ETFs;

- in the “How ETFs are priced” section, the concepts of “bid-ask spread” and “premium and discount” are discussed in the context of how ETFs are priced;
- metrics for “market price”, “NAV”, “average bid-ask spread” and “average premium/discount to NAV” are added to illustrate each of these concepts under a new “Pricing information” section;
- CUSIP is now identified as “for dealer use only” and moved out of the “Trading Information” section; and
- an explanation of “trailing commission” is added, which is consistent with the Fund Facts.

The final report, “*CSA Point of Sale Disclosure Project: ETF Facts Document Testing*,” is available on the websites of the Ontario Securities Commission and the Autorité des marchés financiers at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and [www.lautorite.qc.ca](http://www.lautorite.qc.ca), respectively. Copies are also available from any CSA member.

### **Filing Requirements**

Consistent with the Exemptive Relief, the ETF Facts must be filed concurrently with the ETF’s prospectus. The certificate page for the ETF, which verifies the disclosure in the prospectus, applies to the ETF Facts just as it applies to all documents incorporated by reference into the prospectus.

If a material change to the ETF relates to a matter that requires a change to the disclosure in the ETF Facts, an amendment to the ETF Facts must be filed. If ETF managers want to update information in the ETF Facts at their discretion, they may choose to amend the ETF Facts at any time. In all instances, an amendment to an ETF Facts must be accompanied by an amendment to the ETF’s prospectus. In cases where the ETF prospectus would not have any changes, it would be sufficient to simply file an updated certificate page.

Any ETF Facts filed after the date of the prospectus is intended to supersede the ETF Facts previously filed. Once filed, the ETF Facts must be posted to the ETF’s or the ETF manager’s website.

### **Delivery of the ETF Facts Instead of the Prospectus**

The Proposed Amendments require delivery of the most recently filed ETF Facts to a purchaser within two days of purchase of ETF securities, pursuant to the proposed delivery requirement. The proposed delivery requirement shifts the current prospectus delivery obligation under securities legislation from the dealer acting as underwriter in an ETF distribution (the “sell” side of an ETF transaction) to the dealer when acting as agent of the purchaser of an ETF security (the “buy” side of an ETF transaction). The proposed delivery requirement also provides a carve-out from the existing prospectus delivery requirement for ETF securities.

Under the Exemptive Relief, a Summary Document is being delivered to investors that are clients of dealers that account for approximately 80% of all ETF assets under management held by retail investors in Canada today.<sup>9</sup> Implementation of the Proposed Amendments means that all investors, including those that are not clients of dealers that are parties to the Exemptive Relief, would receive an ETF Facts within two days of purchase.

Consistent with securities legislation in some jurisdictions today, the Proposed Amendments do not require delivery of the ETF Facts if the purchaser has already received the most recently filed ETF Facts.

The Proposed Amendments will restrict the documents that may be combined with the ETF Facts on delivery.

We have not made any changes to an ETF’s obligation to file its prospectus. There will be a requirement to provide investors with a copy of the prospectus upon request, at no cost.

The delivery requirement in the Proposed Amendments is drafted to reflect current differences in the legislative authority of members of the CSA. While drafting may differ among the members of the CSA, each jurisdiction will achieve the same outcome of requiring delivery of the ETF Facts to ETF investors within 2 days of purchase. Prior to implementing the Proposed Amendments, legislative amendments may be sought and enacted in some jurisdictions to achieve a harmonized provision.

The method for delivery of the ETF Facts is expected to be consistent with the method for delivery of a prospectus under securities legislation. For example, it could be in person, by mail, by fax, electronically or by other means. Access will not equal delivery, nor will a referral to the website on which the ETF Facts is posted.

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<sup>9</sup> Source: Investor Economics.

### Investor Rights

#### Right for failure to deliver the ETF Facts

If the investor does not receive the ETF Facts, the investor has a right to seek damages or to rescind the purchase. The rights of the investor for failure of delivery of the ETF Facts will be enacted by legislative amendments and will be consistent with the rights under securities legislation today for failure to deliver the prospectus within two days of purchasing securities of an ETF.

#### Right for withdrawal of purchase

The Proposed Amendments do not extend the current right of withdrawal of purchase to investors of ETF securities. Currently, under securities legislation, investors have a right for withdrawal of purchase within two business days after receiving the prospectus. This right only applies in respect of a distribution for which prospectus delivery is required. As indicated, not all ETF purchases are distributions. Only purchase orders filled with Creation Units trigger a prospectus delivery requirement and would therefore also be subject to a withdrawal right. As a result, this right does not today apply to all ETF investors, nor is there a way for an ETF investor today to know whether they have received Creation Units and are therefore eligible for a withdrawal right.

In some jurisdictions, investors have a right of rescission with delivery of the trade confirmation for the purchase of mutual fund securities, including ETF securities.<sup>10</sup> This right remains unchanged under the Proposed Amendments.

Please see Annex B to this Notice which sets out specific issues for comment relating to this approach.

#### Right for misrepresentation

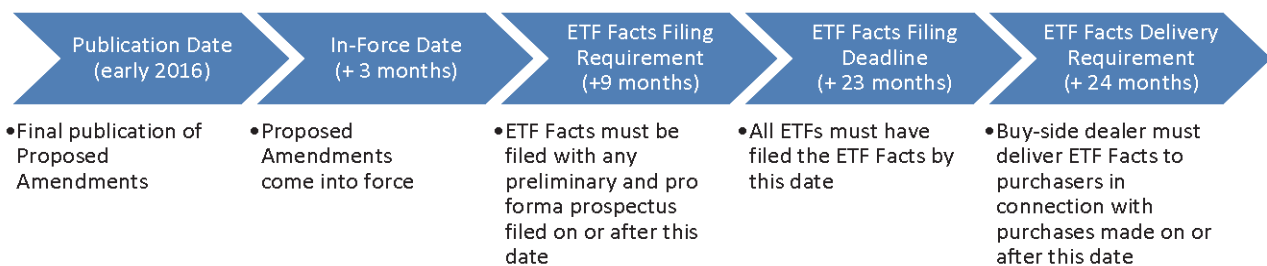
The ETF Facts is incorporated by reference into the prospectus. This means that the existing statutory rights of investors that apply for misrepresentations in a prospectus will also apply to misrepresentations in the ETF Facts. Furthermore, as most ETF purchases occur on the secondary market, investors may also have a right of action for civil liability for secondary market disclosure.

#### Transition

The Proposed Amendments have two transition periods. The first relates to the requirement for ETF managers to file and make available an ETF Facts for each class or series of securities of the ETF (the ETF Facts Filing Requirement). The second relates to the requirement for dealers to deliver an ETF Facts in connection with a purchase of an ETF security (the ETF Facts Delivery Requirement).

Subject to the nature of comments received, as well as the rule approval process, we anticipate publishing final rules aimed at implementing the Proposed Amendments in early 2016 (the Publication Date). We anticipate the Proposed Amendments will be proclaimed into force three months after the Publication Date (the In-Force Date).

The proposed transition period timeline in the Proposed Amendments is illustrated below:



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<sup>10</sup> See for example section 137 of the *Securities Act* (Ontario). In Ontario, this right only applies in respect of purchases that are less than \$50,000. An investor that exercises this right is entitled to receive the lesser of their original investment amount and the net asset value of the shares/units at the time of exercise. The investor would also be entitled to receive all costs incurred in connection with their purchase.



### **ETF Facts Filing Requirement**

We are proposing the ETF Facts Filing Requirement would take effect 9 months after the Publication Date (the ETF Facts Effective Date) of the Proposed Amendments in final form. This means that ETF managers will have 6 months from the In-Force Date to make any changes to compliance and operational systems that are necessary to produce the ETF Facts.

As of the ETF Facts Effective Date, an ETF that files a preliminary or pro forma prospectus must concurrently file an ETF Facts for each class or series of securities of the ETF offered under the prospectus and post the ETF Facts to the ETF's or ETF manager's website. Until such time, ETF managers that are subject to the Exemptive Relief will continue to prepare and file the Summary Document.

In order to fully implement the Proposed Amendments within a reasonable time period, we propose that an ETF manager must, if it has not already done so, file an ETF Facts for each class or series of securities of the ETF within 14 months of the ETF Facts Effective Date. Based on the prospectus renewal cycle for ETFs, we anticipate that it would take approximately 13 months for ETF Facts to be filed for all ETFs. This final deadline date, however, will ensure that ETF Facts for all ETFs will be available prior to implementation of the ETF Facts Delivery Requirement.

### **ETF Facts Delivery Requirement**

We are proposing the ETF Facts Delivery Requirement would take effect 24 months after the Publication Date (the Delivery Effective Date).

This means that dealers that are subject to Exemptive Relief will be required to deliver either the most recently filed ETF Facts, or until the initial ETF Facts is filed, the most recently filed Summary Document. The sunset provisions of the Exemptive Relief will generally expire by the end of the transition period for the Proposed Amendments. We do not anticipate that there will be any significant issues related to the transition from the delivery of the Summary Document to delivery of the ETF Facts.

Dealers that are not subject to the Exemptive Relief will have 21 months from the In-Force Date to make any changes to compliance and operational systems that are necessary to effect ETF Facts delivery.

Please see Annex B to this Notice which sets out some specific issues for comment relating to the two transition periods.

### ***Anticipated Costs and Benefits***

Similar to the delivery of Fund Facts for mutual funds, we think delivery of the ETF Facts, as set out in the Proposed Amendments, would benefit both investors and market participants by helping address the "information asymmetry" that exists between participants in the ETF industry and investors. Unlike industry participants, investors often do not have key information about an ETF and may not know where to find the information. We also know that many investors do not use the information in the prospectus because they have trouble finding and understanding the information they need. The CSA designed the ETF Facts to make it easier for investors to find and use key information, which should help bridge this information gap.

The earlier publications related to the POS Project outlined some of the anticipated costs and benefits of implementation of the point of sale disclosure regime for mutual funds. We consider the costs and benefits set out in prior publications to still be valid and we consider them to be equally applicable to ETFs.<sup>11</sup> You can find these documents on the websites of members of the CSA.

Overall, we continue to believe that the potential benefits of the changes to the disclosure regime for ETFs as contemplated by the Proposed Amendments are proportionate to the costs of making them.

### ***Benefits***

As stated throughout the POS Project, the benefits of a more effective disclosure regime can be subtle and difficult to measure. It is difficult to quantify the value of investors having the opportunity to make more informed investment decisions. Research suggests that certain behavioral biases of investors may impact the effectiveness of policy initiatives that are designed to encourage better choices about financial products. However, research on investor preferences for mutual fund information, including our own testing of the Fund Facts and ETF Facts, indicates investors prefer a concise summary of the information that they can use to make a decision. The Proposed Amendments would also improve the consistency with which disclosure is provided to investors of ETFs and help create a more consistent disclosure framework between conventional mutual funds and ETFs.

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<sup>11</sup> The costs and benefits of pre-sale delivery are not applicable as the Proposed Amendments only contemplate delivery of the ETF Facts within two days of purchase of ETF securities.

Some anticipated benefits of delivery of the ETF Facts include:

- less risk of investors buying inappropriate products;
- investors being in a position to better understand, discuss, and compare one ETF to another, particularly the costs of investing in the ETFs;
- greater transparency in areas such as charges and commissions, which may enhance the overall efficiency of the market; and
- investors becoming better informed overall, which reinforces investor confidence in ETFs.

### **Costs**

We think the costs of a new disclosure regime for ETFs fall into two main categories: the one-time costs of change in moving to the new regime and the ongoing costs of maintaining the new system, in comparison with the cost of the existing regime.

We anticipate that costs to industry stakeholders will fall into the following general categories:

- preparation of the ETF Facts;
- reprogramming and updating information delivery systems;
- regulatory filings; and
- compliance and staff costs in overseeing and maintaining the delivery regime.

As all ETF managers already prepare and file a Summary Document pursuant to the Exemptive Relief, we think the costs to prepare the ETF Facts will be incremental in nature and the costs for regulatory filings of the ETF Facts will be more or less the same.

For the dealers that already deliver a Summary Document to ETF investors under the Exemptive Relief, we think delivery systems are already in place and the compliance and staff costs in overseeing and maintaining the delivery regime should be more or less the same.

For the dealers that are not parties to the Exemptive Relief, we think there will be one-time costs to reprogram and update information delivery systems and ongoing costs relating to compliance and staff to oversee and maintain the delivery regime. However, there are a number of third party service providers that have expertise in creating automated programs and applications for delivery of disclosure documents. To the extent that affected dealers already have systems in place to accommodate post-sale delivery of the Fund Facts, it may also be possible for those dealers to leverage those existing systems to implement delivery of the ETF Facts. For these dealers, we request specific data on the anticipated costs of delivering the ETF Facts.

Please see Annex B to this Notice which sets out some specific issues for comment relating to the anticipated costs and benefits of the Proposed Amendments.

### **Local Matters**

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

Some jurisdictions may require amendments to local securities legislation, in order to implement the Proposed Amendments. If statutory amendments are necessary in a jurisdiction, these changes will be initiated and published by the local provincial or territorial government.

### **Unpublished Materials**

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

## **Request for Comments**

We welcome your comments on the Proposed Amendments. To allow for sufficient review, we are providing you with 90 days to comment. In addition to any general comments you may have, we also invite responses to the specific questions for comment identified in Annex B to this Notice.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Please submit your comments in writing on or before September 16, 2015. If you are not sending your comments by email, please send a CD containing your submissions (in Microsoft Word format).

### **Where to Send Your Comments**

Address your submission to all of the CSA as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission (New Brunswick)  
Office of the Superintendent of Securities, Prince Edward Island  
Nova Scotia Securities Commission  
Office of the Superintendent of Securities, Newfoundland and Labrador  
Office of the Superintendent of Securities, Northwest Territories  
Office of the Yukon Superintendent of Securities  
Office of the Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA members.

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
Fax: 416-593-2318  
comments@osc.gov.on.ca

M<sup>e</sup> Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
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C.P. 246, tour de la Bourse  
Montréal (Québec) H4Z 1G3  
Fax : 514-864-6381  
consultation-en-cours@lautorite.qc.ca

### **Contents of Annexes**

The text of the Amendments is contained in the following annexes to this Notice and is available on the websites of members of the CSA:

- Annex A – Sample ETF Facts Template
- Annex B – Issues for Comment
- Annex C – Proposed Amendments to National Instrument 41-101 *General Prospectus Requirements*
- Annex D – Proposed Changes to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*
- Annex E – Proposed Amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure*

## Request for Comments

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Annex F – Proposed Changes to Companion Policy 81-106CP to National Instrument 81-106 *Investment Fund Continuous Disclosure*

Annex G – Local Information

### Questions

Please refer your questions to any of the following:

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**ANNEX A**

**SAMPLE ETF FACTS TEMPLATE**

[The template follows on separately numbered pages.]

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

**Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.**

### Quick facts

Date ETF started	March 31, 20XX
Total value on June 1, 20XX	\$220.18 million
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly
Dividend Reinvestment Plan (DRIP)	Yes

### Trading information

(12 months ending June 1, 20XX)

Ticker symbol	XYZ
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Number of days traded	249 out of 251 trading days

### Pricing information

(12 months ending June 1, 20XX)

Market price	\$9.50-\$13.75
Net asset value (NAV)	\$9.52-\$13.79
Average bid-ask spread	0.07%
Average premium/discount to NAV	+/- 0.05%

### What does the ETF invest in?

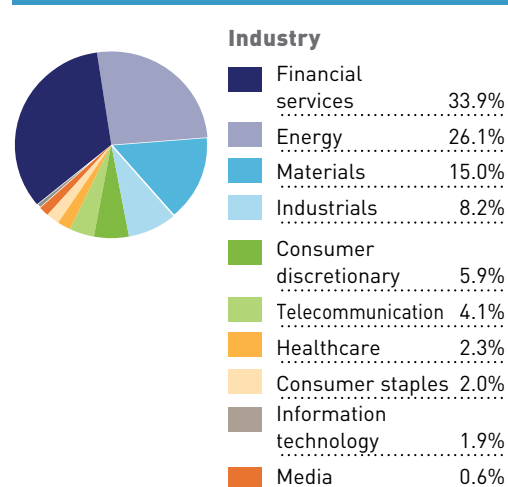
This ETF invests in the same companies and in the same proportions as the S&P/TSX 60 Index. The S&P/TSX 60 Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the Toronto Stock Exchange (TSX), as determined by S&P Dow Jones Indices.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the S&P/TSX 60 Index.

#### Top 10 investments (June 1, 20XX)

1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
<b>Total percentage of top 10 investments</b>	<b>42.0%</b>
<b>Total number of investments</b>	<b>60</b>

#### Investment mix (June 1, 20XX)



### How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

### Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

### No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.

## How has the ETF performed?

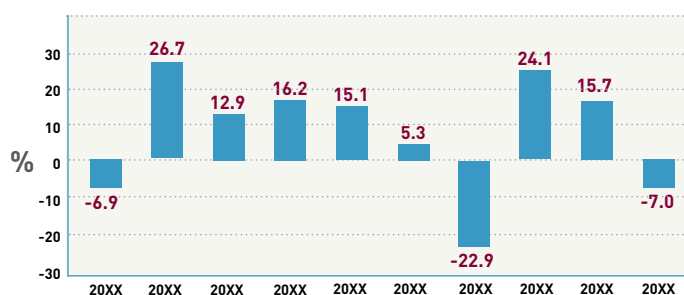
This section tells you how units of the ETF have performed over the past 10 years.

Returns<sup>1</sup> are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the S&P/TSX 60 Index.

### Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



### Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
<b>Best return</b>	32.6%	Apr. 30, 20XX	Your investment would rise to \$1,326.
<b>Worst return</b>	-24.7%	Nov. 30, 20XX	Your investment would drop to \$753.

### Average return

The annual compounded return of the ETF was 6.8% over the past 10 years. A \$1,000 investment in the ETF 10 years ago would now be worth \$1,930.

## How ETFs are priced

ETFs are unique because they hold a basket of investments, like mutual funds, but trade on exchanges like stocks. For this reason, they have two sets of prices: market price and net asset value (NAV).

### Market price

- You buy and sell ETFs at the market price. The market price can change throughout the trading day. Factors like supply, demand and changes in the value of the ETF's investments can affect the market price.
- You can get price quotes any time during the trading day. Quotes have two parts: **bid** and **ask**.
- The bid is the highest price a buyer is willing to pay if you want to sell your units. The ask is the lowest price a seller will accept if you want to buy units. The difference between the two is called the "**bid-ask spread**".
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.


### Net asset value (NAV)

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of the ETF's investments.
- NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.
- If the market price is lower than the NAV, the ETF is trading at a **discount**. If the market price is higher than the NAV, the ETF is trading at a **premium**. If you sell an ETF at a discount, you may be getting less than its investments are worth. If you buy an ETF at a premium, you may be paying more than its investments are worth.

## Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

 Don't buy this ETF if you need a steady source of income from your investment.

## A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

<sup>1</sup> Returns are calculated using the ETF's net asset value (NAV).

## How much does it cost?

This section shows the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses – including any trailing commissions – can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

### 1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF.

### 2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
<b>Management expense ratio (MER)</b>	
This is the total of the ETF's management fee and operating expenses. XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
<b>Trading expense ratio (TER)</b>	
These are the ETF's trading costs.	0.01%
<b>ETF expenses</b>	<b>0.21%</b>

### Trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

This ETF doesn't have a trailing commission.

## What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

### For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

XYZ ETFs  
456 Asset Allocation St.  
Toronto, ON M1A 2B3

**Phone:** 416.555.5555  
**Toll-free:** 1.800.555.5555  
**Email:** [investing@xyzetfs.com](mailto:investing@xyzetfs.com)  
**Website:** [www.xyzetfs.com](http://www.xyzetfs.com)



## ANNEX B

### ISSUES FOR COMMENT

#### Content of the ETF Facts

1. The ETF Facts is substantially similar to the Fund Facts, except for additional information related to trading and pricing (e.g., average daily volume, number of days traded, market price range, net asset value range, average bid-ask spread and average premium/discount to NAV). We seek specific feedback on these proposed elements of the ETF Facts. In particular, please comment on the disclosure instructions for these elements as outlined in Form 41-101F4. For example, should the range of market prices exclude odd lot trades? In terms of the calculation of the average bid-ask spread, should trading days that do not have a minimum number of quotes be excluded from the calculation? We also seek feedback on whether there are alternative methods or alternative metrics that can be used to convey this information in a more meaningful way for investors.
2. The “How ETFs are priced” section of the ETF Facts is intended to provide ETF investors with some additional information on the factors that influence trading prices and to explain the difference between market price and NAV. This section has been modified in response to investor testing, which showed that investors valued this type of information but were not necessarily aware of how to use it in practice. We seek feedback on whether there is an alternative form of presentation of this information that may better assist investors.
3. Please comment on whether there are other disclosure items/topics that should be added to reflect the differences between ETFs and conventional mutual funds.

#### Anticipated Costs of Delivery of the ETF Facts

4. We seek feedback on the anticipated costs of delivery of ETF Facts for those dealers who do not have Exemptive Relief and are not currently delivering ETF Facts; specifically, the anticipated one-time infrastructure costs and ongoing costs.

#### Transition Period

5. We seek feedback from dealers on the appropriate transition period for ETF Facts delivery under the Proposed Amendments. We are specifically interested in feedback from dealers who are not subject to the Exemptive Relief. Please comment on the feasibility of implementing the delivery requirement under the Proposed Amendments within 21 months of the date the Proposed Amendments come into force. In responding, please comment on the impact a 21 month transition period might have in terms of cost, systems implications, and potential changes to current sales practices.
6. We seek feedback from ETF managers on the appropriate transition period to file the initial ETF Facts. We currently contemplate that 6 months after the date the Proposed Amendments come into force, ETF managers will be required to file an initial ETF Facts concurrently with a preliminary or pro forma prospectus for their ETFs. Please comment on the feasibility of making the changes to compliance and operational systems that are necessary to produce the ETF Facts, instead of the summary disclosure document pursuant to the Exemptive Relief, within this timeline.
7. We seek feedback from ETF managers and dealers on whether they prefer a single switch-over date for filing the initial ETF Facts rather than following the prospectus renewal cycle as currently contemplated. The CSA implemented a single switch-over date for the Stage 2 Fund Facts, and recognize that there are challenges in doing so, especially for ETF managers, from a business planning and business cycle perspective. If a single switch-over date is preferred, are there specific months or specific periods of the year that should be avoided in terms of selecting a specific switch-over date? Please explain.

#### Right for Withdrawal of Purchase

8. Currently, under securities legislation, investors have a right for withdrawal of purchase within two business days after receiving the prospectus. This right only applies in respect of a distribution for which prospectus delivery is required. In the case of ETFs, today only purchases filled with Creation Units trigger a prospectus delivery requirement and are therefore subject to a withdrawal right.

## Request for Comments

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Consistent with the approach taken in the Exemptive Relief, the Proposed Amendments do not extend the right of withdrawal of purchase to investors for the delivery of the ETF Facts. In some jurisdictions, investors will continue to have a right of rescission with delivery of the trade confirmation.<sup>1</sup>

We seek feedback on this proposed approach. Specifically, please highlight if any practical impediments exist to introducing a right of withdrawal for purchases made in the secondary market in connection with delivery of the ETF Facts, should we decide to pursue this.

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<sup>1</sup> See footnote 10.

ANNEX C

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS

1. ***National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.***
2. ***Section 1.1 is amended by adding the following definitions:***

“ETF” means an exchange-traded mutual fund;

“ETF facts document” means a completed Form 41-101F4;

“exchange-traded mutual fund” means a mutual fund in continuous distribution, the securities of which are

  - (a) listed on an exchange, and
  - (b) trading on an exchange or an alternative trading system;

“Form 41-101F4” means Form 41-101F4 *Information Required in an ETF Facts Document* of this Instrument;
3. ***Subsection 1.2(6) is amended by replacing “and Form 41-101F3” with “, Form 41-101F3 and Form 41-101F4”.***
4. ***Subsection 2.1(1) is replaced with the following:***
  - (1) Subject to subsection (2), this Instrument applies to a prospectus filed under securities legislation, a distribution of securities subject to the prospectus requirement and a purchase of securities of an ETF.
5. ***The Instrument is amended by adding the following Parts:***
  - (a) **PART 3B: ETF Facts Document Requirements**
    - 3B.1 Application**

This Part applies only to an ETF.
    - 3B.2 Plain language and presentation**
      - (1) An ETF facts document must be prepared using plain language and be in a format that assists in readability and comprehension.
      - (2) An ETF facts document must
        - (a) be prepared for each class and each series of securities of an ETF in accordance with Form 41-101F4,
        - (b) present the items listed in the Part I section of Form 41-101F4 and the items listed in the Part II section of Form 41-101F4 in the order stipulated in those parts,
        - (c) use the headings and sub-headings stipulated in Form 41-101F4,
        - (d) contain only the information that is specifically required or permitted to be in Form 41-101F4,
        - (e) not incorporate any information by reference, and
        - (f) not exceed four pages in length.
    - 3B.3 Preparation in the required form**

Despite provisions in securities legislation relating to the presentation of the content of a prospectus, an ETF facts document for an ETF must be prepared in accordance with this Instrument.

**3B.4 Websites**

- (1) If an ETF or the ETF's family has a website, the ETF must post to at least one of those websites an ETF facts document filed under this Part as soon as practicable and, in any event, within 10 days after the date that the document is filed.
- (2) An ETF facts document posted to the website referred to in subsection (1) must
  - (a) be displayed in a manner that would be considered prominent to a reasonable person; and
  - (b) not be combined with another ETF facts document.
- (3) Subsection (1) does not apply if the ETF facts document is posted to a website of the manager of the ETF in the manner required under subsection (2).

**(b) PART 3C: Delivery of ETF Facts Documents for Investment Funds**

**3C.1 Application**

This Part applies only to an ETF.

**3C.2 Obligation to deliver ETF facts documents**

- (1) The obligation to deliver or send a prospectus under securities legislation does not apply in respect of an ETF.
- (2) A dealer acting as agent for a purchaser who receives an order for the purchase of a security of an ETF must, unless the dealer has previously done so, deliver or send to the purchaser the most recently filed ETF facts document for the applicable class or series of securities of the ETF not later than midnight on the second business day after entering into the purchase of the security.
- (3) In Ontario, an ETF facts document is a disclosure document prescribed under subsection 71(1.1) of the *Securities Act* (Ontario).

- |   |
|---|
| <p>(4) In Ontario, a security of an ETF is an investment fund security prescribed for the purposes of subsections 71(1.2) and (1.3) of the <i>Securities Act</i> (Ontario).</p> |
|---|

<p><i>Note: In Ontario, subsections 71(1.2) and (1.3) of the Securities Act (Ontario) come into force on proclamation.</i></p>
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**3C.3 Combinations of ETF Facts Documents for Delivery Purposes**

- (1) An ETF facts document delivered or sent under section 3C.2 must not be combined with any other materials or documents including, for greater certainty, another ETF facts document, except one or more of the following:
  - (a) a general front cover pertaining to the package of combined materials and documents;
  - (b) a trade confirmation which discloses the purchase of securities of the ETF;
  - (c) an ETF facts document of another ETF if that ETF facts document is also being delivered or sent under section 3C.2;
  - (d) the prospectus of the ETF;
  - (e) any material or document incorporated by reference into the prospectus;
  - (f) an account application document;
  - (g) a registered tax plan application or related document.

- (2) If a trade confirmation referred to in subsection (1)(b) is combined with an ETF facts document, any other disclosure documents required to be delivered or sent to satisfy a regulatory requirement for purchases listed in the trade confirmation may be combined with the ETF facts document.
- (3) If an ETF facts document is combined with any of the materials or documents referred to in subsection (1), a table of contents specifying all documents must be combined with the ETF facts document, unless the only other documents combined with the ETF facts document are the general front cover permitted under paragraph (1)(a) or the trade confirmation permitted under paragraph (1)(b).
- (4) If one or more ETF facts documents are combined with any of the materials or documents referred to in subsection (1), only the general front cover permitted under paragraph (1)(a), the table of contents required under subsection (3) and the trade confirmation permitted under paragraph (1)(b) may be placed in front of those ETF facts documents.

### **3C.4 Combinations of ETF Facts Documents for Filing Purposes**

For the purposes of sections 6.2, 9.1 and 9.2, an ETF facts document may be combined with another ETF facts document in a prospectus.

*Note: Implementation of this initiative is dependent on each jurisdiction enacting the necessary legislative changes. Since the legislative model adopted may vary from jurisdiction to jurisdiction, the following provisions that have been set out in this textbox have been included for illustrative purposes and may need to be varied depending on any legislative changes that are adopted. For example, in Ontario, these provisions are not necessary because it is expected that equivalent legislative amendments will be proclaimed contemporaneously with the coming-into-force of this initiative.*

### **3C.5 Time of receipt**

- (1) For the purpose of this Part, where the latest ETF facts document referred to in subsection 3C.2(2) is sent by prepaid mail, it shall be deemed conclusively to have been received in the ordinary course of mail by the person or company to whom it was addressed.
- (2) Subsection (1) does not apply in Ontario.

*[Note: In Ontario, the same time of receipt is reflected in an amendment to s. 71(4) of the Securities Act (Ontario) that comes into force on proclamation.]*

### **3C.6 Dealer as agent**

- (1) For the purpose of this Part, a dealer acts as agent of the purchaser if the dealer is acting solely as agent of the purchaser with respect to the purchase and sale in question and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase and sale.
- (2) Subsection (1) does not apply in Ontario.

*[Note: In Ontario, the same agency rule is reflected in an amendment to s. 71(7) of the Securities Act (Ontario) in legislative amendments that comes into force on proclamation.]*

### **3C.7 Purchaser's right of action for failure to deliver or send**

- (1) A purchaser has a right of action if an ETF facts document is not delivered or sent as required by subsection 3C.2(2), as the purchaser would otherwise have when a prospectus is not delivered or sent as required under securities legislation and, for that purpose, an ETF facts document is a prescribed document under the statutory right of action.
- (2) In Alberta, instead of subsection (1), section 206 of the *Securities Act* (Alberta) applies.
- (3) In Manitoba, instead of subsection (1), section 141.2 of the *Securities Act* (Manitoba) applies and the ETF facts document is a prescribed document for the purposes of section 141.2.
- (4) In Ontario, instead of subsection (1), section 133 of the *Securities Act* (Ontario) applies.

*[Note: In Ontario, the right of action is reflected in paragraph 2.1 of s. 133 of the Securities Act (Ontario) which comes into force on proclamation.*

*In Quebec, legislative changes are under consideration.]*

6. **Section 5.2 is amended by replacing “or the amendment to the prospectus” with “**, the amendment to the prospectus or the amendment to the ETF facts document”.
7. **Section 6.1 is amended by adding the following subsection:**
  - (4) An amendment to an ETF facts document must be prepared in accordance with Form 41-101F4 without any further identification, and dated as of the date the ETF facts document is being amended.
8. **Section 6.2 is amended by deleting “and” at the end of paragraph (c), by replacing “.” at the end of paragraph (d) with “, and” and by adding the following paragraph:**
  - (e) in the case of an ETF, if the amendment relates to information in the ETF facts document,
    - (i) file an amendment to the ETF facts document, and
    - (ii) deliver to the regulator a copy of the ETF facts document, blacklined to show changes, including text deletions, from the latest ETF facts document previously filed.
9. **The Instrument is amended by adding the following section:**
  - 6.2.1 **Required documents for filing an amendment to an ETF Facts** – An ETF that files an amendment to an ETF facts document must, unless section 6.2 applies,
    - (a) file an amendment to the corresponding prospectus, certified in accordance with Part 5,
    - (b) deliver to the regulator a copy of the ETF facts document, blacklined to show changes, including text deletions, from the latest ETF facts document previously filed, and
    - (c) file or deliver any other supporting documents required under this Instrument or other securities legislation, unless the documents originally filed or delivered are correct as of the date the amendment is filed.
10. **Section 9.1 is amended:**
  - (a) **in paragraph (1)(a) by adding the following subparagraph:**
    - (iv.2) if the issuer is an ETF, in addition to the documents filed under subparagraph (iv), an ETF facts document for each class or series of securities of the ETF;
  - (b) **by replacing subparagraph (1)(b)(i) with the following:**
    - (i) Blackline Copy of the Prospectus – in the case of a pro forma prospectus, a copy of the pro forma prospectus blacklined to show changes from the latest prospectus filed;
    - (i.1) Blackline Copy of the ETF Facts Document – in the case of a pro forma prospectus for an ETF, a copy of the pro forma ETF facts document for each class or series of securities of the ETF blacklined to show changes from the latest ETF facts document previously filed;
11. **Section 9.2 is amended:**
  - (a) **by replacing “9.1(a)(ii)” with “9.1(1)(a)(ii)” in subparagraph (a)(ii),**
  - (b) **by replacing subparagraph (a)(iv) with the following:**
    - (iv) Investment Fund Documents – a copy of any document described under subparagraph 9.1(1)(a)(iv), (iv.1) or (iv.2) that has not previously been filed;

(c) **by replacing “9.1(a)(v) or 9.1(a)(vi)” with “9.1(1)(a)(v) or (vi)” in clause (a)(v)(B),**

(d) **by replacing subparagraph (b)(i) with the following:**

- (i) Blackline Copy of the Prospectus – a copy of the final long form prospectus blacklined to show changes from the preliminary or pro forma long form prospectus;
- (i.1) Blackline Copy of the ETF Facts Document – in the case of a final long form prospectus for an ETF, a copy of the ETF facts document for each class or series of securities of the ETF blacklined to show changes and the text of deletions from the preliminary or *pro forma* ETF facts document; and

**12. The Instrument is amended by adding the following section:**

**15.3 Documents to be delivered or sent upon request** – (1) An ETF must deliver or send to any person or company that requests the prospectus of the ETF or any of the documents incorporated by reference into the prospectus, a copy of the prospectus or requested document.

(2) An ETF must deliver or send all documents requested under this section within three business days of receipt of the request and free of charge.

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

(a) **by replacing item 1.15 under “Documents Incorporated by Reference” with the following:**

For an investment fund in continuous distribution, state in substantially the following words:

“Additional information about the fund is available in the following documents:

- the most recently filed ETF Facts for each class or series of securities of the ETF; *[insert if applicable]*
- the most recently filed annual financial statements;
- any interim financial reports filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the “Documents Incorporated by Reference” section for further details.”

(b) **by adding the following item:**

**12.2 Investment Risk Classification Methodology**

For an ETF,

- (a) briefly describe the methodology used by the manager for the purpose of identifying the investment risk level of the ETF as required by Item 4(2)(a) in Part I of Form 41-101F4;
- (b) state how frequently the investment risk level of the ETF is reviewed; and
- (c) disclose that the methodology that the manager uses to identify the investment risk level of the ETF is available on request, at no cost, by calling [toll-free/collect call telephone number] or by writing to [address].

**INSTRUCTIONS:**

*Include a brief description of the formulas, methods or criteria used by the manager of the ETF in identifying the investment risk level of the ETF.*

*Note: The CSA is currently working on the development of a CSA mutual fund risk classification methodology. Once that work is complete, we anticipate including an instruction to Form 41-101F2 regarding the use of the CSA mutual fund risk classification methodology.*

(c) **by replacing the first paragraph in item 36.2 under “Mutual Funds” with the following:**

If the investment fund is a mutual fund, other than an ETF, under the heading “Purchasers’ Statutory Rights of Withdrawal and Rescission” include a statement in substantially the following form:

(d) **by adding the following item:**

**36.2.1 Exchange-traded Mutual Funds**

If the investment fund is an ETF, under the heading “Purchasers’ Statutory Rights of Rescission” include a statement in substantially the following form:

Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable]] provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages]] if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province [or territory].

The purchaser should refer to the applicable provisions of the securities legislation of the province [or territory] for the particulars of these rights or should consult with a legal adviser.

(e) **by replacing item 37.1 under “Mandatory Incorporation by Reference” with the following:**

**37.1 Mandatory Incorporation by Reference**

If the investment fund is in continuous distribution, incorporate by reference the following documents in the prospectus, by means of the following statement in substantially the following words under the heading “Documents Incorporated by Reference”:

“Additional information about the fund is available in the following documents:

1. The most recently filed ETF Facts for each class or series of securities of the ETF, filed either concurrently with or after the date of the prospectus. *[insert if applicable]*
2. The most recently filed comparative annual financial statements of the investment fund, together with the accompanying report of the auditor.
3. Any interim financial reports of the investment fund filed after those annual financial statements.
4. The most recently filed annual management report of fund performance of the investment fund.
5. Any interim management report of fund performance of the investment fund filed after that annual management report of fund performance.

These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.

[If applicable] These documents are available on the [investment fund’s/investment fund family’s] Internet site at [insert investment fund’s Internet site address], or by contacting the [investment fund/investment fund family] at [insert investment fund’s /investment fund family’s email address].

These documents and other information about the fund are available on the Internet at [www.sedar.com](http://www.sedar.com).”



**14. The Instrument is amended by adding the following Form:**

**Form 41-101F4 – Information Required in an ETF Facts Document**

**General Instructions:**

**General**

- (1) *This Form describes the disclosure required in an ETF facts document for an ETF. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are in italic type.*
- (2) *Terms defined in National Instrument 41-101 General Prospectus Requirements, National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices or National Instrument 81-106 Investment Fund Continuous Disclosure and used in this Form have the meanings that they have in those national instruments.*
- (3) *An ETF facts document must state the required information concisely and in plain language.*
- (4) *Respond as simply and directly as is reasonably possible. Include only the information necessary for a reasonable investor to understand the fundamental and particular characteristics of the ETF.*
- (5) *National Instrument 41-101 General Prospectus Requirements requires the ETF facts document to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format or template to achieve these goals. However, ETFs must use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.*
- (6) *This Form does not mandate the use of a specific font size or style but the text must be of a size and style that is legible. Where the ETF facts document is made available online, information must be presented in a way that enables it to be printed in a readable format.*
- (7) *An ETF facts document can be produced in colour or in black and white, and in portrait or landscape orientation.*
- (8) *Except as permitted by subsection (9), an ETF facts document must contain only the information that is specifically mandated or permitted by this Form. In addition, each Item must be presented in the order and under the heading or sub-heading stipulated in this Form.*
- (9) *An ETF facts document may contain a brief explanation of a material change or a proposed fundamental change. The disclosure may be included in a textbox before Item 2 of Part I or in the most relevant section of the ETF facts document. If necessary, the ETF may provide a cross-reference to a more detailed explanation at the end of the ETF facts document.*
- (10) *An ETF facts document must not contain design elements (e.g., graphics, photos, artwork) that detract from the information disclosed in the document.*

**Contents of an ETF Facts Document**

- (11) *An ETF facts document must disclose information about only one class or series of securities of an ETF. ETFs that have more than one class or series of securities that are referable to the same portfolio of assets must prepare a separate ETF facts document for each class or series.*
- (12) *The ETF facts document must be prepared on letter-size paper and must consist of two Parts: Part I and Part II.*
- (13) *The ETF facts document must begin with the responses to the Items in Part I of this Form.*
- (14) *Part I must be followed by the responses to the Items in Part II of this Form.*
- (15) *Each of Part I and Part II must not exceed one page in length, unless the required information in any section causes the disclosure to exceed this limit. Where this is the case, an ETF facts document must not exceed a total of four pages in length.*

- (16) *For a class or series of securities of the ETF denominated in a currency other than the Canadian dollar, identify the other currency under the heading “Quick Facts” and provide the dollar amounts in the other currency, where applicable, under the headings “How has the ETF performed?” and “How much does it cost?”.*
- (17) *For items that must be as at a date within 60 days before the date of the ETF facts document or over a period ending within 60 days before the date of the ETF facts document, the same date within 60 days before the date of the ETF facts document must be used and disclosed in the ETF facts document.*
- (18) *An ETF must not attach or bind other documents to an ETF facts document, except those documents permitted under Part 3C of National Instrument 41-101 General Prospectus Requirements.*

**Consolidation of ETF Facts Document into a Multiple ETF Facts Document**

- (19) *ETF facts documents must not be consolidated with each other to form a multiple ETF facts document, except as permitted by Part 3C of National Instrument 41-101 General Prospectus Requirements. When a multiple ETF facts document is permitted under the Instrument, an ETF must provide information about each of the ETFs described in the document on a fund-by-fund or catalogue basis and must set out for each ETF separately the information required by this Form. Each ETF facts document must start on a new page and may not share a page with another ETF facts document.*

**Multi-Class ETFs**

- 20. *As provided in National Instrument 81-102 Investment Funds, each section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio of assets is considered to be a separate investment fund. Those principles are applicable to this Form.*

**Part I – Information about the ETF**

**Item 1 – Introduction**

Include at the top of the first page a heading consisting of:

- (a) the title “ETF Facts”;
- (b) the name of the manager of the ETF;
- (c) the name of the ETF to which the ETF facts document pertains;
- (d) if the ETF has more than one class or series of securities, the name of the class or series described in the ETF facts document;
- (e) specify the ticker symbol(s) for the class or series of securities of the ETF;
- (f) the date of the document;
- (g) if the final prospectus of the ETF includes textbox disclosure on the cover page, provide substantially similar textbox disclosure on the ETF facts document;
- (h) a brief introduction to the document using wording substantially similar to the following:

This document contains key information you should know about [insert name of the ETF]. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact [insert name of the manager of the ETF] at [insert if applicable the toll-free number and email address of the manager of the ETF] or visit [insert the website of the ETF, the ETF’s family or the manager of the ETF] [as applicable]; and

- (i) state in bold type using wording substantially similar to the following:

**Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.**

**INSTRUCTIONS:**

(1) *The date for an ETF facts document that is filed with a preliminary prospectus or final prospectus must be the date of the preliminary prospectus or final prospectus, respectively. The date for an ETF facts document that is filed with a pro forma prospectus must be the date of the anticipated final prospectus. The date for an amended ETF facts document must be the date on which it is filed.*

(2) *If the investment objectives of the ETF are to track a multiple (positive or negative) of the daily performance of a specified underlying index or benchmark, provide textbox disclosure in bold type using wording substantially similar to the following:*

This ETF is highly speculative. It uses leverage, which magnifies gains and losses. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

(3) *If the investment objectives of the ETF are to track the inverse performance of a specified underlying index or benchmark, provide textbox disclosure in bold type using wording substantially similar to the following:*

This ETF is highly speculative. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.

(4) *If the ETF is a commodity pool, and (2) or (3) do not apply, provide textbox disclosure in bold type using wording substantially similar to the following:*

This ETF is a commodity pool and is highly speculative and involves a high degree of risk. You should carefully consider whether your financial condition permits you to participate in this investment. You may lose a substantial portion or even all of the money you place in the commodity pool.

**Item 2 – Quick Facts, Trading Information and Pricing Information**

(1) Under the heading "Quick Facts", include disclosure in the form of the following table:

<b>Date ETF started</b> (see instruction 1)
<b>Total value on [date]</b> (see instruction 2)
<b>Management expense ratio (MER)</b> (see instruction 3)
<b>Fund manager</b> (see instruction 4)
<b>Portfolio manager</b> (see instruction 5)
<b>Distributions</b> (see instruction 6)
<b>Dividend Reinvestment Plan (DRIP)</b> (see instruction 7)

- (2) Under the heading “Trading Information (12 months ending [date])”, include disclosure in the form of the following table:

<b>Ticker symbol</b> (see instruction 8)
<b>Exchange</b> (see instruction 9)
<b>Currency</b> (see instruction 10)
<b>Average daily volume</b> (see instruction 11)
<b>Number of days traded</b> (see instruction 12)

- (3) Under the heading “Pricing Information (12 months ending [date])”, include disclosure in the form of the following table:

<b>Market price</b> (see instruction 13)
<b>Net asset value (NAV)</b> (see instruction 14)
<b>Average bid-ask spread</b> (see instruction 15)
<b>Average premium/discount to NAV</b> (see instruction 16)

- (4) At the option of the ETF, include the Committee on Uniform Securities Identification Procedures (CUSIP) number for the class or series of securities of the ETF at the bottom of the first page by stating:

For dealer use only: CUSIP [insert CUSIP number]

**INSTRUCTIONS:**

- (1) *Use the date that the securities of the class or series of the ETF described in the ETF facts document first became available to the public.*
- (2) *Specify the net asset value of the ETF as at a date within 60 days before the date of the ETF facts document. The amount disclosed must take into consideration all classes or series that are referable to the same portfolio of assets. For a newly established ETF, state that this information is not available because it is a new ETF.*
- (3) *Use the management expense ratio (MER) disclosed in the most recently filed management report of fund performance for the ETF. The MER must be net of fee waivers or absorptions and, despite subsection 15.1(2) of National Instrument 81-106 Investment Fund Continuous Disclosure, need not include any additional disclosure about the waivers or absorptions. For a newly established ETF that has not yet filed a management report of fund performance, state that the MER is not available because it is a new ETF.*
- (4) *Specify the name of the fund manager of the ETF.*
- (5) *Specify the name of the portfolio manager of the ETF. The ETF may also name the specific individual(s) responsible for portfolio selection and if applicable, the name of the sub-advisor(s).*
- (6) *Include disclosure under this element of the “Quick Facts” only if distributions are a fundamental feature of the ETF. Disclose the expected frequency and timing of distributions. If there is a targeted amount for distributions, the ETF may include this information.*
- (7) *Indicate whether the class or series of securities of the ETF are eligible for a dividend reinvestment plan.*

- (8) Specify the ticker symbol(s) for the class or series of securities of the ETF.
- (9) Specify the exchange(s) on which the class or series of securities of the ETF are listed.
- (10) Specify the currency that the class or series of securities of the ETF is denominated.
- (11) Show the consolidated (all trading venues) average daily trading volume of the class or series of securities of the ETF over a 12 month period ending within 60 days before the date of the ETF facts document. Include non-trading (zero volume) days in the average daily trading volume calculation. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.
- (12) Show the number of days the class or series of securities of the ETF has traded out of the total number of available trading days over a 12 month period ending within 60 days before the date of the ETF facts document. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.
- (13) Show the range for the market price of the class or series of securities of the ETF by specifying the highest and lowest prices at which the class or series of securities of the ETF have traded on all trading venues over a 12 month period ending within 60 days before the date of the ETF facts document. The dollar amounts shown under this Item may be rounded to two decimal places. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.
- (14) Show the range for the net asset value per share or unit of the class or series of securities of the ETF by specifying the highest and lowest net asset value per share or unit of the class or series of securities of the ETF over a 12 month period ending within 60 days of the date of the ETF facts document. The dollar amounts shown under this Item may be rounded to two decimal places. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.
- (15) Show the daily average bid-ask spread based on the national best bid and offer (NBBO) for the class or series of securities of the ETF over a 12 month period ending within 60 days before the date of the ETF facts document. Daily bid-ask spreads must be calculated by taking the average of the quoted spreads based on NBBO for each day the primary market or exchange for the class or series of securities of the ETF is open for trading over a 12 month period ending within 60 days of the date of the ETF facts document. Each quoted spread must be calculated by taking the difference between the national best bid and best ask price, expressed as a percentage of the midpoint of those prices. The percentages shown under this Item may be rounded to two decimal places. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.
- (16) Show the average premium/discount to NAV for the class or series of securities of the ETF over a 12 month period ending within 60 days before the date of the ETF facts document. To calculate the average premium/discount to NAV, calculate and record daily the absolute value of the percentage difference between (i) the last NBBO midpoint price quoted before the NAV per share or unit of the class or series of securities of the ETF is calculated and (ii) the NAV per share or unit of the class or series of securities of the ETF. The average of all daily absolute premium/discount to NAV must then be calculated for the 12 month period ending within 60 days before the date of the ETF facts document. The average premium/discount to NAV must be shown with a "+/-" sign preceding it. The percentages shown under this Item may be rounded to two decimal places. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.

**Item 3 – Investments of the ETF**

- (1) Briefly set out under the heading "What does the ETF invest in?" a description of the fundamental nature of the ETF, or the fundamental features of the ETF that distinguish it from other ETFs.
- (2) For an ETF that replicates an index,

- (a) disclose the name or names of the permitted index or permitted indices on which the investments of the index ETF are based, and
  - (b) briefly describe the nature of that permitted index or those permitted indices.
- (3) For an ETF that uses derivatives, state using wording substantially similar to the following:
- It uses derivatives, such as options, futures and swaps, to get exposure to the [index/benchmark] without investing directly in the securities that make up the [index/benchmark].
- (4) Include an introduction to the information provided in response to subsection (5) and subsection (6) using wording similar to the following:
- The charts below give you a snapshot of the ETF's investments on [insert date]. The ETF's investments will change.
- (5) Unless the ETF is a newly established ETF, include under the sub-heading "Top 10 investments [date]", a table disclosing the following:
- (a) the top 10 positions held by the ETF, each expressed as a percentage of the net asset value of the ETF;
  - (b) the percentage of net asset value of the ETF represented by the top 10 positions; and
  - (c) the total number of positions held by the ETF.
- (6) Unless the ETF is a newly established ETF, under the sub-heading "Investment mix [date]" include at least one, and up to two, charts or tables that illustrate the investment mix of the ETF's investment portfolio.
- (7) For a newly established ETF, state the following under the sub-headings "Top 10 investments [date]" and "Investment mix [date]":

This information is not available because this ETF is new.

**INSTRUCTIONS:**

- (1) *Include in the information under "What does this ETF invest in?" a description of what the ETF primarily invests in, or intends to primarily invest in, or that its name implies that it will primarily invest in, such as*
  - (a) *particular types of issuers, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;*
  - (b) *particular geographic locations or industry segments; or*
  - (c) *portfolio assets other than securities.*
- (2) *Include a particular investment strategy only if it is an essential aspect of the ETF, as evidenced by the name of the ETF or the manner in which the ETF is marketed.*
- (3) *If an ETF's stated objective is to invest primarily in Canadian securities, specify the maximum exposure to investments in foreign markets.*
- (4) *The information under "Top 10 investments" and "Investment mix" is intended to give a snapshot of the composition of the ETF's investment portfolio. The information required to be disclosed under these sub-headings must be as at a date within 60 days before the date of the ETF facts document. The date shown must be the same as the one used in Item 2 for the total value of the ETF.*
- (5) *If the ETF owns more than one class of securities of an issuer, those classes should be aggregated for the purposes of this Item, however, debt and equity securities of an issuer must not be aggregated.*
- (6) *Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.*

- (7) *Treat cash and cash equivalents as one separate discrete category.*
- (8) *In determining its holdings for purposes of the disclosure required by this Item, an ETF must, for each long position in a derivative that is held by the ETF for purposes other than hedging and for each index participation unit held by the ETF, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.*
- (9) *If an ETF invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of one other mutual fund, list the 10 largest holdings of the other mutual fund and show the percentage of the other mutual fund's net asset value represented by the top 10 positions. If the ETF is not able to disclose this information as at a date within 60 days before the date of the ETF facts document, the ETF must include this information as disclosed by the other mutual fund in the other mutual fund's most recently filed ETF facts document or fund facts document, or its most recently filed management report of fund performance, whichever is most recent.*
- (10) *Indicate whether any of the ETF's top 10 positions are short positions.*
- (11) *Each investment mix chart or table must show a breakdown of the ETF's investment portfolio into appropriate subgroups and the percentage of the aggregate net asset value of the ETF constituted by each subgroup. The names of the subgroups are not prescribed and can include security type, industry segment or geographic location. The ETF should use the most appropriate categories given the nature of the ETF. The choices made must be consistent with disclosure provided under "Summary of Investment Portfolio" in the ETF's management report of fund performance.*
- (12) *In presenting the investment mix of the ETF, consider the most effective way of conveying the information to investors. All tables or charts must be clear and legible.*
- (13) *For new ETFs where the information required to be disclosed under "Top 10 investments" and "Investment mix" is not available, include the required sub-headings and provide a brief statement explaining why the required information is not available.*

**Item 4 – Risks**

- (1) Under the heading "How risky is it?", state the following:

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility".

In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

- (2) Under the sub-heading "Risk rating",
  - (a) using the investment risk classification methodology adopted by the manager of the ETF, identify the ETF's investment risk level on the following risk scale:

Low	Low to medium	Medium	Medium to high	High
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- (b) unless the ETF is a newly established ETF, include an introduction to the risk scale which states the following:

[Insert name of the manager of the ETF] has rated the volatility of this ETF as [insert investment risk level identified in paragraph (a) in bold type].

This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

- (c) for a newly established ETF, include an introduction to the risk scale which states the following:

[Insert name of the manager of the ETF] has rated the volatility of this ETF as [insert investment risk level identified in paragraph (a) in bold type].

Because this is a new ETF, the risk rating is only an estimate by [insert name of the manager of the ETF]. Generally, the rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

- (d) following the risk scale, state using wording substantially similar to the following:

For more information about the risk rating and specific risks that can affect the ETF's returns, see the [insert cross-reference to the appropriate section of the ETF's final prospectus] section of the ETF's prospectus.

**INSTRUCTIONS:**

*Based upon the investment risk classification methodology adopted by the manager of the ETF, identify where the ETF fits on the continuum of investment risk levels by showing the full investment risk scale and highlighting the applicable category on the scale. Consideration should be given to ensure that the highlighted investment risk rating is easily identifiable.*

*Note: The CSA is currently working on the development of a CSA mutual fund risk classification methodology. Once that work is complete, we anticipate including an instruction to Form 41-101F4 regarding the use of the CSA mutual fund risk classification methodology.*

**Item 5 – Guarantee**

- (1) If the ETF does not have any guarantee or insurance, under the sub-heading “No guarantees”, state using wording substantially similar to the following:

ETFs do not have any guarantees. You may not get back the amount of money you invest.

- (2) If the ETF has an insurance or guarantee feature protecting all or some of the principal amount of an investment in the ETF, under the sub-heading “Guarantees”:

- (a) identify the person or company providing the guarantee or insurance; and
- (b) provide a brief description of the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance.

**Item 6 – Past Performance**

- (1) Unless the ETF is a newly established ETF, under the heading “How has the ETF performed?”, include an introduction using wording substantially similar to the following:

This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed over the past [insert number of calendar years shown in the bar chart required under paragraph (3)(a)] years. Returns [add a footnote stating: Returns are calculated using the ETF's net asset value (NAV).] are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the [index/benchmark].

- (2) For a newly established ETF, under the heading “How has the ETF performed?”, include an introduction using the following wording:

This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed, with returns calculated using the ETF's net asset value (NAV). However, this information is not available because the ETF is new.



- (3) Under the sub-heading “Year-by-year returns”,
- (a) for an ETF that has completed at least one calendar year:
- (i) provide a bar chart that shows the annual total return of the ETF, in chronological order with the most recent year on the right of the bar chart, for the lesser of:
1. each of the 10 most recently completed calendar years, and
  2. each of the completed calendar years in which the ETF has been in existence and which the ETF was a reporting issuer; and
- (ii) include an introduction to the bar chart using wording substantially similar to the following:
- This chart shows how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF performed in each of the past [insert number of calendar years shown in the bar chart required under paragraph (a)]. The ETF dropped in value in [for the particular years shown in the bar chart required under paragraph (a), insert the number of years in which the value of the ETF dropped] of the [insert number of calendar years shown in the bar chart required in paragraph (a)] years. The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.
- (b) for an ETF that has not yet completed a calendar year, state the following:
- This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed in past calendar years. However, this information is not available because the ETF has not yet completed a calendar year.
- (c) for a newly established ETF, state the following:
- This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed in past calendar years. However, this information is not available because the ETF is new.

- (4) Under the sub-heading “Best and worst 3-month returns”,
- (a) for an ETF that has completed at least one calendar year:
- (i) provide information for the period covered in the bar chart required under paragraph (3)(a) in the form of the following table:

	<b>Return</b>	<b>3 months ending</b>	<b>If you invested \$1,000 at the beginning of the period</b>
Best return	(see instruction 7)	(see instruction 9)	Your investment would [rise/drop] to (see instruction 11).
Worst return	(see instruction 8)	(see instruction 10)	Your investment would [rise/drop] to (see instruction 12).

- (ii) include an introduction to the table using wording substantially similar to the following:
- This table shows the best and worst returns for the [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF in a 3-month period over the past [insert number of calendar years shown in the bar chart required under paragraph (3)(a)]. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

- (b) for an ETF that has not yet completed a calendar year, state the following:

This section shows the best and worst returns for the [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF in a 3-month period. However, this information is not available because the ETF has not yet completed a calendar year.

- (c) for a newly established ETF, state the following:

This section shows the best and worst returns for the [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF in a 3-month period. However, this information is not available because the ETF is new.

- (5) Under the sub-heading “Average return”, show the following:

- (a) for an ETF that has completed at least 12 consecutive months:

- (i) the final value of a hypothetical \$1,000 investment in the ETF as at the end of the period that ends within 60 days before the date of the ETF facts document and consists of the lesser of:

(A) 10 years, or

(B) the time since inception of the ETF; and

- (ii) the annual compounded rate of return that equates the hypothetical \$1,000 investment to the final value.

- (b) for an ETF that has not yet completed 12 consecutive months, state the following:

This section shows the value and annual compounded rate of return of a hypothetical \$1,000 investment in [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF. However, this information is not available because the ETF has not yet completed 12 consecutive months.

- (c) for a newly established ETF, state the following:

This section shows the value and annual compounded rate of return of a hypothetical \$1,000 investment in [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF. However, this information is not available because the ETF is new.

**INSTRUCTIONS:**

- (1) *In responding to the requirements of this Item, an ETF must comply with the relevant sections of Part 15 of National Instrument 81-102 Investment Funds as if those sections applied to an ETF facts document.*
- (2) *Use a linear scale for each axis of the bar chart required by this Item.*
- (3) *The x-axis and y-axis for the bar chart required by this Item must intersect at zero.*
- (4) *An ETF that distributes different classes or series of securities that are referable to the same portfolio of assets must show performance data related only to the specific class or series of securities being described in the ETF facts document.*
- (5) *The dollar amounts shown under this Item may be rounded up to the nearest dollar.*
- (6) *The percentage amounts shown under this Item may be rounded to one decimal place.*
- (7) *Show the best rolling 3-month return as at the end of the period that ends within 60 days before the date of the ETF facts document.*

- (8) *Show the worst rolling 3-month return as at the end of the period that ends within 60 days before the date of the ETF facts document.*
- (9) *Insert the end date for the best 3-month return period.*
- (10) *Insert the end date for the worst 3-month return period.*
- (11) *Insert the final value that would equate with a hypothetical \$1,000 investment for the best 3-month return period shown in the table.*
- (12) *Insert the final value that would equate with a hypothetical \$1,000 investment for the worst 3-month return period shown in the table.*

### **Item 7 – Pricing**

Under the sub-heading “How ETFs are priced”, state the following:

ETFs are unique because they hold a basket of investments, like mutual funds, but trade on exchanges like stocks. For this reason, ETFs have two sets of prices: market price and net asset value (NAV).

#### **Market Price** [*in bold type*]

- You buy and sell ETFs at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of the ETF’s investments can affect the market price.
- You can get price quotes any time during the trading day. Quotes have two parts: bid and ask.
- The bid is the highest price a buyer is willing to pay if you want to sell your units. The ask is the lowest price a seller will accept if you want to buy units. The difference between the two is called the “bid-ask spread”.
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

#### **Net Asset Value (NAV)** [*in bold type*]

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of the ETF’s investments.
- NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.
- If the market price is lower than the NAV, the ETF is trading at a discount. If the market price is higher than the NAV, the ETF is trading at a premium. If you sell an ETF at a discount, you may be getting less than its investments are worth. If you buy an ETF at a premium, you may be paying more than its investments are worth.

### **Item 8 – Suitability**

Provide a brief statement of the suitability of the ETF for particular investors under the heading “Who is this ETF for?”. Describe the characteristics of the investor for whom the ETF may or may not be an appropriate investment, and the portfolios for which the ETF is and is not suited.

#### **INSTRUCTION:**

- (1) *If the ETF is particularly unsuitable for certain types of investors or for certain types of investment portfolios, emphasize this aspect of the ETF. Disclose both the types of investors who should not invest in the ETF, with regard to investments on both a short- and long-term basis, and the types of portfolios that should not invest in the ETF. If the ETF is particularly suitable for investors who have particular investment objectives, this can also be disclosed.*

- (2) *If there is textbox disclosure on the cover page pursuant to Item 1(g) of Part I of this form, the brief statement of the suitability of the ETF in Item 8 of this form must be consistent with any suitability disclosure in the textbox.*

**Item 9 – Impact of Income Taxes on Investor Returns**

Under the heading “A word about tax”, provide a brief explanation of the income tax consequences for investors using wording similar to the following:

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan such as a Registered Retirement Savings Plan, or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

**Part II – Costs, Rights and Other Information**

**Item 1 – Costs of Buying, Owning and Selling the ETF**

*1.1 – Introduction*

Under the heading “How much does it cost?”, state the following:

This section shows the fees and expenses you could pay to buy, own and sell [name of the class/series of securities described in the ETF facts document] [units/shares] of the ETF. Fees and expenses – including trailing commissions – can vary among ETFs. Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

*1.2 – Brokerage commissions*

Under the sub-heading “Brokerage commissions”, provide a brief statement using wording substantially similar to the following:

You may have to pay a commission when you buy and sell [shares/units] of the ETF.

*1.3 – ETF expenses*

- (1) Under the sub-heading “ETF expenses” include an introduction using wording similar to the following:

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

- (2) Unless the ETF has not yet filed a management report of fund performance, provide information about the expenses of the ETF in the form of the following table:

	<b>Annual rate (as a % of the ETF's value)</b>
<p><b>Management expense ratio (MER)</b></p> <p>This is the total of the ETF's management fee and operating expenses.</p> <p>(If the ETF pays a trailing commission, state the following: “This is the total of the ETF's management fee (which includes the trailing commission) and operating expenses.”)</p> <p>(see instruction 1)</p>	<p>(see instruction 2)</p>

	Annual rate (as a % of the ETF's value)
<b>Trading expense ratio (TER)</b> These are the ETF's trading costs.	(see instruction 3)
<b>ETF expenses</b>	(see instruction 4)

- (3) Unless the ETF has not yet filed a management report of fund performance, above the table required under subsection (2), include a statement using wording similar to the following:

As of [see instruction 5], the ETF's expenses were [insert amount included in table required under subsection (2)]% of its value. This equals \$[see instruction 6] for every \$1,000 invested.

- (4) For an ETF that has not yet filed a management report of fund performance, state the following:

The ETF's expenses are made up of the management fee, operating expenses and trading costs. The [class'/series'/ETF's] annual management fee is [see instruction 7]% of the [class'/series'/ETF's] value. As this [class/series/ETF] is new, operating expenses and trading costs are not yet available.

- (5) If the ETF pays an incentive fee that is determined by the performance of the ETF, provide a brief statement disclosing the amount of the fee and the circumstances in which the ETF will pay it.

- (6) Under the sub-heading "Trailing commission", include a description using wording substantially similar to the following:

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

- (7) If the manager of the ETF or another member of the ETF's organization does not pay trailing commissions, include a description using wording substantially similar to the following:

This ETF doesn't have a trailing commission.

- (8) If the manager of the ETF or another member of the ETF's organization pays trailing commissions, disclose the range of the rates of the trailing commission after providing a description using wording substantially similar to the following:

[Insert name of the manager of the ETF] pays the trailing commission to your representative's firm. It is paid from the ETF's management fee and is based on the value of your investment.

- (9) If the manager of the ETF or another member of the ETF's organization pays trailing commissions for the class or series of securities of the ETF described in the ETF facts document but does not pay trailing commissions for another class or series of securities of the same ETF, state using wording substantially similar to the following:

This ETF also offers a [class/series] of [shares/units] that does not have a trailing commission. Ask your representative for details.

**INSTRUCTIONS:**

- (1) *If any fees or expenses otherwise payable by the ETF were waived or otherwise absorbed by a member of the organization of the ETF, despite subsection 15.1(2) of National Instrument 81-106 Investment Fund Continuous Disclosure, only include a statement in substantially the following words:*

*[Insert name of the manager of the ETF] waived some of the ETF's expenses. If it had not done so, the MER would have been higher.*

- (2) *Use the same MER that is disclosed in Item 2 of Part I of this Form. If applicable, include a reference to any fixed administration fees in the management expense ratio description required in the table under Item 1.3(2).*

- (3) *Use the trading expense ratio disclosed in the most recently filed management report of fund performance for the ETF.*

- (4) *The amount included for ETF expenses is the amount arrived at by adding the MER and the trading expense ratio. Use a bold font or other formatting to indicate that ETF expenses is the total of all ongoing expenses set out in the chart and is not a separate expense charged to the ETF.*
- (5) *Insert the date of the most recently filed management report of fund performance.*
- (6) *Insert the equivalent dollar amount of the ongoing expenses of the ETF for each \$1,000 investment.*
- (7) *The percentage disclosed for the management fee must correspond to the percentage shown in the fee table in the final prospectus.*
- (8) *For an ETF that is required to include the disclosure under subsection (4), in the description of the items that make up ETF fees, include a reference to any fixed administrative fees, if applicable. Also disclose the amount of the fixed administration fee in the same manner as required for the management fee. The percentage disclosed for the fixed administration fee must correspond to the percentage shown in the fee table in the final prospectus.*
- (9) *In disclosing the range of rates of trailing commissions, show both the percentage amount and the equivalent dollar amount for each \$1,000 investment.*

**1.4 – Other Fees**

- (1) If applicable, provide the sub-heading “Other Fees”.
- (2) Provide information about the amount of fees payable by an investor when they buy, hold, sell or switch units or shares of the ETF, substantially in the form of the following table:

Fee	What you pay
Redemption Fee	[Insert name of the manager of the ETF] may charge you up to [see instruction 1]% of the value of your [units/shares] you redeem or exchange directly from [insert name of the manager of the ETF].  (see instruction 1)
Other fees [specify type]	[specify amount]  (see instructions 2 and 3)

**INSTRUCTIONS:**

- (1) *The percentage disclosed for the redemption fee must correspond to the percentage shown in the final prospectus.*
- (2) *Under this Item, it is necessary to include only those fees that apply to the particular class or series of securities of the ETF. Examples include management fees and administration fees payable directly by investors. This also includes any requirement for an investor to participate in a fee-based arrangement with their dealer in order to be eligible to purchase the particular class or series of securities of the ETF. If there are no other fees associated with buying, holding, selling or switching units or shares of the ETF, replace the table with a statement to that effect.*
- (3) *Provide a brief description of each fee disclosing the amount to be paid as a percentage (or, if applicable, a fixed dollar amount) and state who charges the fee. If the amount of the fee varies so that specific disclosure of the amount of the fee cannot be disclosed include, where possible, the highest possible rate or range for that fee.*

**Item 2 – Statement of Rights**

Under the heading “What if I change my mind?”, state using wording substantially similar to the following:

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

**Item 3 – More Information about the ETF**

- (1) Under the heading “For more information”, state using wording substantially similar to the following:

Contact [insert name of the manager of the ETF] or your representative for a copy of the ETF’s prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF’s legal documents.

- (2) State the name, address and toll-free telephone number of the manager of the ETF. If applicable, also state the e-mail address and website of the manager of the ETF.

**15. Transition**

- (1) An ETF must, on or before [23 months from date of final publication of this Instrument], file a completed Form 41-101F4 *Information Required in an ETF Facts Document* for each class or series of securities of the ETF that, on that date, are the subject of disclosure under a prospectus.

- (2) The date of an ETF facts document filed under subsection (1) must be the date on which it was filed.

**16. Effective date**

- (1) Subject to subsection (2), this Instrument comes into force on [●] [Note: 90 days after final publication of this Instrument].

- (2) The provisions of this Instrument listed in column 1 of the following table come into force on the date set out in column 2 of the table:

<b>Column 1: Provisions of this Instrument</b>	<b>Column 2: Date</b>
5(a), 6-14	[9 months after date of final publication of this Instrument]
5(b)	[24 months after date of final publication of this Instrument]

ANNEX D

PROPOSED CHANGES TO COMPANION POLICY 41-101 CP  
TO NATIONAL INSTRUMENT 41-101 GENERAL PROSPECTUS REQUIREMENTS

1. *The changes to Companion Policy 41-101CP To National Instrument 41-101 General Prospectus Requirements are set out in this Annex.*

2. *Section 2.10 is replaced by the following:*

**2.10 Lapse Date**

An amendment to a prospectus, even if it amends and restates the prospectus, does not change the lapse date under section 17.2 of the Instrument or other securities legislation. An amendment to an ETF facts document also does not change the lapse date for a prospectus of an ETF.

3. *Subsection 3.10(3) is changed by replacing the second paragraph with the following:*

Similarly, if an issuer wishes to add a new class of securities to a prospectus before the distribution under that prospectus is completed, the issuer must file a preliminary prospectus for that class of securities and an amended and restated prospectus and obtain receipts for both the preliminary prospectus and the amended prospectus. Alternatively the issuer may file a separate preliminary prospectus and prospectus for the new class of securities. We interpret this requirement to also apply to mutual funds. If a mutual fund adds a new class or series of securities to a prospectus that is referable to a new separate portfolio of assets, a preliminary prospectus and preliminary ETF facts document must be filed. However, if the new class or series of securities is referable to an existing portfolio of assets, the new class or series may be added by way of amendment to the prospectus. In this case, a preliminary ETF facts document for the new class or series must still be filed.

4. *The Companion Policy is changed by adding the following after Part 5:*

**PART 5A: ETF Facts Documents for ETFs**

**5A.1 General Purpose**

- (1) The Instrument requires that the ETF facts document be in plain language, be no longer than four pages in length, and highlight key information important to investors, including performance, risk and cost. The ETF facts document is incorporated by reference into the prospectus. A sample ETF facts document is set out in Appendix B to this Policy. The sample is provided for illustrative purposes only.
- (2) The Instrument and Form 41-101F4 set out detailed requirements on the content and format of an ETF facts document, while allowing some flexibility to accommodate different kinds of ETFs. The Instrument requires an ETF facts document to include only information that is specifically mandated or permitted by the required Form 41-101F4 and to use the headings and sub-headings stipulated in the Instrument and Form 41-101F4. The requirements are designed to ensure that the information in an ETF facts document of an ETF is clear, concise, understandable and easily comparable with information in the ETF facts documents of other ETFs.
- (3) The CSA generally consider volatility to be a suitable basis for determining the investment risk rating of an ETF. For this reason, Form 41-101F4 prescribes specific disclosure in the ETF facts document explaining how volatility can be used as a measure to gauge the risk of an investment. If the disclosure is not compatible with the specific investment risk classification methodology that is used by the manager of the ETF, the CSA will consider applications for relief from Item 4 in Part I of Form 41-101F4. In making the application, the manager must demonstrate the suitability of using an alternative measure in determining the investment risk rating of its ETF. The application must also provide sample disclosure in place of the prescribed disclosure that would assist investors in understanding the investment risk rating of the ETF.
- (4) The CSA encourages the use and distribution of the ETF facts document as a key part of the sales process in helping to inform investors about ETFs they are considering for investment.

**5A.2 Plain Language and Presentation**

- (1) Section 3B.2 of the Instrument requires that an ETF facts document be written in plain language. Issuers should apply the plain language principles set out in section 4.1 when they prepare an ETF facts document.



- (2) Section 3B.2 of the Instrument requires that an ETF facts document be presented in a format that assists in readability and comprehension. The Instrument and Form 41-101F4 also set out certain aspects of an ETF facts document that must be presented in a required format, requiring some information to be presented in the form of tables, charts or diagrams. Within these requirements, ETFs have flexibility in the format used for ETF facts documents.

The formatting of documents can contribute substantially to the ease with which the document can be read and understood.

- (3) To help write the ETF facts document in plain language, the Flesch-Kincaid methodology can be used to assess the readability of an ETF facts document. The Flesch-Kincaid grade level scale is a methodology that rates the readability of a text to a corresponding grade level and can be determined by the use of Flesch-Kincaid tests built into commonly used word processing programs. The CSA will generally consider a grade level of 6.0 or less on the Flesch-Kincaid grade level scale to indicate that an ETF facts document is written in plain language. For French-language documents, ETF companies may wish to consider using other appropriate readability tools.

### 5A.3 Filing

- (1) Subparagraph 9.1(1)(a)(iv.2) of the Instrument requires that an ETF facts document for each class and series of the securities of an ETF be filed concurrently with the prospectus.
- (2) The most recently filed ETF facts document for an ETF is incorporated by reference into the prospectus under section 15.2 of the Instrument, with the result that any ETF facts document filed under the Instrument after the date of receipt for the prospectus supersedes the ETF facts document previously filed.
- (3) Any amendment to an ETF facts document must be in the form of an amended and restated ETF facts document. Accordingly, the commercial copy of an amended and restated ETF facts document can only be created by reprinting the entire document.
- (4) An amendment to the ETF facts document should be filed when there is a material change to the ETF that requires a change to the disclosure in the ETF facts document. This is consistent with the requirement in paragraph 11.2(1)(d) of National Instrument 81-106 *Investment Fund Continuous Disclosure*. We would not generally consider changes to the top 10 investments, investment mix or year-by-year returns of the ETF to be material changes. We would generally consider changes to the ETF's investment objective or risk level to be material changes under securities legislation.
- (5) Subsection 6.2(e) of the Instrument requires an amendment to a prospectus to be filed whenever an amendment to an ETF facts document is filed. If the substance of the amendment to the ETF facts document would not require a change to the text of the prospectus, the amendment to the prospectus would consist only of the certificate page referring to the ETF to which the amendment to the ETF facts document pertains.
- (6) General Instruction (9) of Form 41-101F4 permits an ETF to disclose a material change and proposed fundamental change, such as a proposed merger, in an amended and restated ETF facts document. We would permit flexibility in selecting the appropriate section of the amended and restated ETF facts document to describe the material change or proposed fundamental change. However, we also expect that the variable sections of the ETF facts document, such as the Top 10 investments and investment mix, to be updated within 60 days before the date of the ETF facts document. In addition, if an ETF completes a calendar year or files a management report of fund performance prior to the filing of the amended and restated ETF facts document, we expect the ETF facts document to reflect the updated information.

### 5A.4 Website

Section 3B.4 of the Instrument requires an ETF to post its ETF facts document to the website of the ETF, the ETF's family or the manager of the ETF, as applicable. An ETF facts document should remain on the website at least until the next ETF facts document for the ETF is posted. Only a final ETF facts document filed under this Instrument should be posted to a website. A preliminary or pro forma ETF facts document, for example, should not be posted. An ETF facts document must be displayed in an easily visible and accessible location on the website. It should also be presented in a format that is convenient for both reading online and printing on paper.

**5A.5 Delivery**

- (1) The Instrument contemplates delivery to all investors of an ETF facts document in accordance with the requirements in securities legislation. It does not require the delivery of the prospectus, or any other documents incorporated by reference into the prospectus, unless requested. ETFs or dealers may also provide purchasers with any of the other disclosure documents incorporated by reference into the prospectus.
- (2) For delivery of the ETF facts document, subsection 3C.3(1) of the Instrument permits an ETF facts document to be combined with certain other materials or documents. With the exception of a general front cover, a table of contents or a trade confirmation, subsection 3C.3(4) requires the ETF facts document to be located as the first item in the package of documents or materials.
- (3) Nothing in the Instrument prevents an ETF facts document from being prepared in other languages, provided that these documents are delivered or sent in addition to any disclosure document filed and required to be delivered in accordance with the Instrument. We would consider such documents to be sales communications.
- (4) The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with the prospectus. This type of material may, therefore, be delivered with, but cannot be included within, or attached to, the prospectus. The Instrument does not permit the binding of educational and non-educational material with the ETF facts document. The intention of the Instrument is not to unreasonably encumber the ETF facts document with additional documents..

**5. *The Companion Policy is changed by adding the following as Appendix B – Sample ETF Facts Document after Appendix A – Financial Statement Disclosure Requirements for Significant Acquisitions:***

*[The Sample ETF Facts Document follows on separately numbered pages.]*

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

**Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.**

### Quick facts

Date ETF started	March 31, 20XX
Total value on June 1, 20XX	\$220.18 million
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly
Dividend Reinvestment Plan (DRIP)	Yes

### Trading information

(12 months ending June 1, 20XX)

Ticker symbol	XYZ
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Number of days traded	249 out of 251 trading days

### Pricing information

(12 months ending June 1, 20XX)

Market price	\$9.50-\$13.75
Net asset value (NAV)	\$9.52-\$13.79
Average bid-ask spread	0.07%
Average premium/discount to NAV	+/- 0.05%

### What does the ETF invest in?

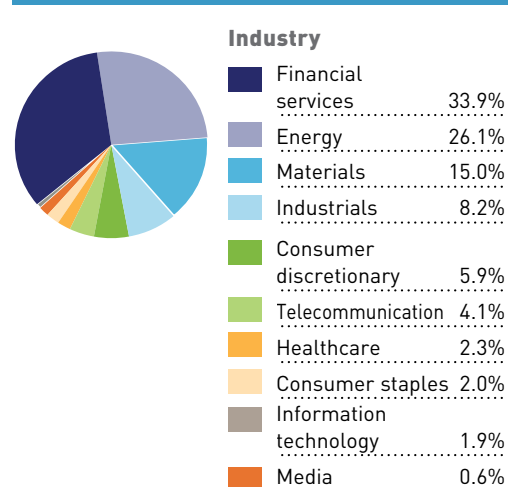
This ETF invests in the same companies and in the same proportions as the S&P/TSX 60 Index. The S&P/TSX 60 Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the Toronto Stock Exchange (TSX), as determined by S&P Dow Jones Indices.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the S&P/TSX 60 Index.

#### Top 10 investments (June 1, 20XX)

1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
<b>Total percentage of top 10 investments</b>	<b>42.0%</b>
<b>Total number of investments</b>	<b>60</b>

#### Investment mix (June 1, 20XX)



### How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

### Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

### No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.

## How has the ETF performed?

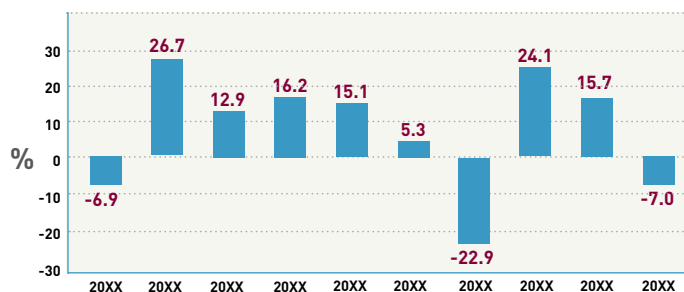
This section tells you how units of the ETF have performed over the past 10 years.

Returns<sup>1</sup> are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the S&P/TSX 60 Index.

### Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



### Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
<b>Best return</b>	32.6%	Apr. 30, 20XX	Your investment would rise to \$1,326.
<b>Worst return</b>	-24.7%	Nov. 30, 20XX	Your investment would drop to \$753.

### Average return

The annual compounded return of the ETF was 6.8% over the past 10 years. A \$1,000 investment in the ETF 10 years ago would now be worth \$1,930.

## How ETFs are priced

ETFs are unique because they hold a basket of investments, like mutual funds, but trade on exchanges like stocks. For this reason, they have two sets of prices: market price and net asset value (NAV).

### Market price

- You buy and sell ETFs at the market price. The market price can change throughout the trading day. Factors like supply, demand and changes in the value of the ETF's investments can affect the market price.
- You can get price quotes any time during the trading day. Quotes have two parts: **bid** and **ask**.
- The bid is the highest price a buyer is willing to pay if you want to sell your units. The ask is the lowest price a seller will accept if you want to buy units. The difference between the two is called the "**bid-ask spread**".
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

### Net asset value (NAV)

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of the ETF's investments.
- NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.
- If the market price is lower than the NAV, the ETF is trading at a **discount**. If the market price is higher than the NAV, the ETF is trading at a **premium**. If you sell an ETF at a discount, you may be getting less than its investments are worth. If you buy an ETF at a premium, you may be paying more than its investments are worth.

## Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

Don't buy this ETF if you need a steady source of income from your investment.

### A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

<sup>1</sup> Returns are calculated using the ETF's net asset value (NAV).

## How much does it cost?

This section shows the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses – including any trailing commissions – can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

### 1. Brokerage commissions

You may have to pay a commission when you buy and sell units of the ETF.

### 2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals \$2.10 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
<b>Management expense ratio (MER)</b>	
This is the total of the ETF's management fee and operating expenses. XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
<b>Trading expense ratio (TER)</b>	
These are the ETF's trading costs.	0.01%
<b>ETF expenses</b>	<b>0.21%</b>

### Trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

This ETF doesn't have a trailing commission.

## What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

### For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

XYZ ETFs  
456 Asset Allocation St.  
Toronto, ON M1A 2B3

**Phone:** 416.555.5555  
**Toll-free:** 1.800.555.5555  
**Email:** [investing@xyzetfs.com](mailto:investing@xyzetfs.com)  
**Website:** [www.xyzetfs.com](http://www.xyzetfs.com)

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6. *These changes become effective on [•].*

ANNEX E

PROPOSED AMENDMENTS TO  
NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. *National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Section 11.2 is amended by replacing paragraph (1)(d) with the following:*
  - (d) file an amendment to its prospectus, simplified prospectus, fund facts document or ETF facts document that discloses the material change in accordance with the requirements of securities legislation..
3. *This Instrument comes into force on [•].*



ANNEX F

PROPOSED CHANGES TO  
COMPANION POLICY 81-106 CP  
TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. *Companion Policy 81-106CP to National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.*
2. *Subsection 10.1(1) is amended by replacing it with the following:*
  - 10.1 **Calculation of Management Expense Ratio**
    - (1) Part 15 of the Instrument sets out the method to be used by an investment fund to calculate its management expense ratio (MER). The requirements apply in all circumstances in which an investment fund circulates and discloses an MER. This includes disclosure in a sales communication, a prospectus, a fund facts document, an ETF facts document, an annual information form, financial statements, a management report of fund performance or a report to securityholders..
3. *These changes become effective on [•].*

ANNEX G

ONTARIO RULE-MAKING AUTHORITY

AUTHORITY FOR THE PROPOSED AMENDMENTS

The following provisions of the *Securities Act* (Ontario) (the **Act**) provide the Commission with authority to adopt the Proposed Amendments:

**Subparagraph 143(1)2(i)** of the Act authorizes the Commission to make rules prescribing the standards of practice and business conduct of registrants in dealing with their customers and clients and prospective customers and clients.

**Paragraph 143(1)7** of the Act authorizes the Commission to make rules prescribing requirements in respect of the disclosure or furnishing of information to the public or the Commission by registrants or providing for exemptions from or varying the requirements under this Act in respect of the disclosure or furnishing of information to the public or the Commission by registrants.

**Paragraph 143(1)31** of the Act authorizes the Commission to make rules regulating investment funds and the distribution and trading of the securities of investment funds, including

- making rules varying Part XV (Prospectuses – Distribution) or Part XVIII (Continuous Disclosure) by prescribing additional disclosure requirements in respect of investment funds and requiring or permitting the use of particular forms or types of additional offering or other documents in connection with the funds (**subparagraph (i)**); and
- making rules prescribing procedures applicable to investment funds, registrants and any other person or company in respect of sales and redemptions of investment fund securities (**subparagraph (xi)**).

**Paragraph 143(1)49** of the Act authorizes the Commission to make rules permitting or requiring, or varying this Act to permit or require, methods of filing or delivery, to or by the Commission, issuers, registrants, security holders or others, of documents, information, notices, books, records, things, reports, orders, authorizations or other communications required under or governed by Ontario securities law.

**Paragraph 143(1)53** of the Act authorizes the Commission to make rules providing for exemptions from or varying the requirements of section 71.

**Paragraph 143(1)54.1** of the Act authorizes the Commission to prescribe investment fund securities that are trading on an exchange or an alternative trading system for the purpose of subsection 71(1.2), prescribing the disclosure document that is required in respect of prescribed investment fund securities under subsection 71(1.3), prescribing the time and manner for sending or delivering the disclosure document, and prescribing the circumstances in which a purchase is not binding on a purchaser for the purpose of subsection 71(2.1).

Each of these provisions received Royal Assent on July 24, 2014 as part of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* and comes into force on proclamation. The power to make rules authorized by passed but not proclaimed provisions is provided by subsection 10(1) of the *Legislation Act* (Ontario).

6.1.2 CSA Notice and Request for Comment – Proposed Amendments to the Companion Policy to NI 23-101 Trading Rules: Application of the Order Protection Rule to Marketplaces Imposing Systematic Order Processing Delays



Canadian Securities  
Administrators

Autorités canadiennes  
en valeurs mobilières

## CSA Notice and Request for Comment

### Proposed Amendments to the Companion Policy to National Instrument 23-101 *Trading Rules*: Application of the Order Protection Rule to Marketplaces Imposing Systematic Order Processing Delays

June 12, 2015

#### Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for comment proposed amendments to the Companion Policy to National Instrument 23-101 *Trading Rules* (NI 23-101).

The text of the Proposed Amendments is outlined in Annexes A and B of this notice and is also available on websites of CSA jurisdictions, including:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)  
[www.albertasecurities.com](http://www.albertasecurities.com)  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)  
[www.gov.ns.ca/nssc](http://www.gov.ns.ca/nssc)  
[www.fcnb.ca](http://www.fcnb.ca)  
[www.osc.gov.on.ca](http://www.osc.gov.on.ca)  
[www.fcaa.gov.sk.ca](http://www.fcaa.gov.sk.ca)  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

We have worked closely with staff of the Investment Industry Regulatory Organization of Canada (IIROC) in developing the Proposed Amendments, and we thank them for their participation and for sharing their knowledge and expertise. IIROC will be re-publishing amendments to the Universal Market Integrity Rules (UMIR) to reflect and support the Proposed Amendments.

#### Background

This notice requests comments on proposed amendments (the Proposed Amendments) to the Companion Policy to National Instrument 23-101 *Trading Rules* (23-101 CP). The Proposed Amendments provide an interpretation related to the application of the Order Protection Rule (OPR) with respect to marketplaces that impose a systematic order processing delay on orders received by the marketplace (including a market or facility operated by the marketplace). These order processing delays are commonly referred to as “speed bumps”. If a marketplace operates more than one market or facility and imposes a processing delay on orders entered on some, but not all of them, the Proposed Amendments would only apply to the market or facility on which the delay is imposed.

The Proposed Amendments follow the CSA OPR proposal published on May 15, 2014<sup>1</sup> (the 2014 Proposal). In response to that notice, we received many comments on the market share threshold approach and heard a number of concerns about the potential impact of that approach. These comments were useful in our analysis of order processing delays and the impact of locked and crossed markets in an environment where there are both marketplaces displaying protected orders, and marketplaces displaying unprotected orders. Further, the comments received have caused us to re-examine all possible options and our approach as it relates to market share thresholds and the other elements of the 2014 Proposal. However, it is our view that because of commercial developments and their potential impact on the market, it is critical to address the implementation of order processing delays and how they intersect with OPR. As a result, we are publishing the Proposed Amendments for comment for 60 days.

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<sup>1</sup> Published at: [http://www.osc.gov.on.ca/en/SecuritiesLaw\\_csa\\_20140515\\_23-101\\_rfc-pro-amd.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20140515_23-101_rfc-pro-amd.htm)

## Request for Comments

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If the Proposed Amendments are adopted, we would also recommend implementing a necessary amendment to section 6.5 of NI 23-101 regarding locked and crossed markets that was published as part of the 2014 Proposal. This is discussed under “Locked and Crossed Markets” below.

We acknowledge that upon implementation of changes to the trading policies of Alpha Exchange<sup>2</sup>, and prior to the finalization of the amendment to section 6.5 of NI 23-101 noted above, Alpha will be displaying orders which will, due to terms and conditions imposed by the Ontario Securities Commission (OSC), not be considered protected orders for purposes of OPR. As a result, the OSC will not consider orders entered on other marketplaces that lock or cross orders displayed on Alpha as “intentional”<sup>3</sup>.

### Substance and purpose

The purpose of the Proposed Amendments is to address the introduction of order processing delays by marketplaces, and how such delays impact the application of OPR.

### Summary of the Proposed Amendments

The amendments being proposed to 23-101 CP would introduce OPR-related guidance to Part 1.1 of the Companion Policy which would reflect our view that where a marketplace has implemented a systematic order processing delay, none of the orders on that marketplace are considered to be “protected orders”.

### Annexes

- A. Background and description of the Proposed Amendments; and
- B. Companion Policy 23-101CP, blacklined to show the proposed changes to the current 23-101CP.

### Deadline for Comments

Please submit your comments to the Proposed Amendments, in writing, on or before August 17, 2015. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

### Where to Send Your Comments

Address your submission to all of the CSA as follows:

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority (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  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon  
Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary  
Ontario Securities Commission  
20 Queen Street West  
22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
Fax: 416-593-2318  
[comments@osc.gov.on.ca](mailto:comments@osc.gov.on.ca)

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<sup>2</sup> Changes to the Trading Policies of Alpha Exchange Inc. were approved by the Ontario Securities Commission on April 16, 2015, subject to terms and conditions. Details can be found at: [http://www.osc.gov.on.ca/en/Marketplaces\\_alpha-exchange\\_20150421\\_noa-proposed-changes.htm](http://www.osc.gov.on.ca/en/Marketplaces_alpha-exchange_20150421_noa-proposed-changes.htm)

<sup>3</sup> Section 6.5 of NI 23-101 prohibits the intentional locking or crossing of a protected order.

## Request for Comments

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M<sup>e</sup> Anne-Marie Beaudoin  
Corporate Secretary  
Autorité des marchés financiers  
800, square Victoria, 22e étage  
C.P. 246, tour de la Bourse  
Montréal, Québec H4Z 1G3  
Fax : 514-864-6381  
[consultation-en-cours@lautorite.gc.ca](mailto:consultation-en-cours@lautorite.gc.ca)

### Comments Received will be Publicly Available

Please note that we cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. In this context, you should be aware that some information which is personal to you, such as your e-mail and address, may appear on certain CSA websites. It is important that you state on whose behalf you are making the submission.

All comments will be posted on the Ontario Securities Commission website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca) and on the Autorité des marchés financiers website at [www.lautorite.gc.ca](http://www.lautorite.gc.ca).

### Questions

Please refer your questions to any of the following:

Tracey Stern  
Manager, Market Regulation  
Ontario Securities Commission  
416-593-8167

Kent Bailey  
Trading Specialist, Market Regulation  
Ontario Securities Commission  
416-595-8908

Timothy Baikie  
Senior Legal Counsel, Market Regulation  
Ontario Securities Commission  
416-593-8136

Serge Boisvert  
Senior Policy Advisor  
Direction des bourses et des OAR  
Autorité des marchés financiers  
514-395-0337 ext. 4358

Roland Geiling  
Derivatives Product Analyst  
Direction des bourses et des OAR  
Autorité des marchés financiers  
514-395-0337 ext. 4323

Michael Brady  
Senior Legal Counsel  
British Columbia Securities Commission  
604-899-6561

Lynn Tsutsumi  
Director, Market Regulation  
Alberta Securities Commission  
403-297-4281

ANNEX A

BACKGROUND AND DESCRIPTION OF THE PROPOSED AMENDMENTS

I. BACKGROUND

(a) OPR

National Instrument 23-101 *Trading Rules* (NI 23-101) contains OPR, which is a requirement designed to ensure that all immediately accessible, visible, better-priced limit orders are executed before inferior-priced limit orders and are not traded through. It is an obligation owed to the market as a whole and it cannot be waived. OPR is intended to foster the integrity of the market and to instill confidence on the part of all types of investors so that they contribute to price discovery through the entry of visible limit orders.

OPR was finalized in November 2009 and implemented in February 2011. Prior to implementation, existing trade-through requirements were an obligation of dealers, however OPR moved the onus for trade-through compliance from dealers to marketplaces. However, it also gave marketplace participants the option to assume the obligations under the rule and most marketplace participants choose to do so through the use of a directed-action order (DAO).

Where a marketplace participant chooses to assume the OPR obligations through the use of a DAO, the marketplace participant must establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs, subject to certain exceptions<sup>4</sup>.

(b) *Immediately executable orders*

In examining the principles underpinning the rule, we note that OPR is intended to apply where a marketplace offers immediate and automatic execution against displayed volume. The definition of “trade-through” refers to orders on a marketplace that provides automated functionality, which is defined in the rule as providing the ability to “immediately” execute orders against displayed volume. Historically, the term “immediately” has not been defined, and we continue to believe this is appropriate given the speed at which technology continues to evolve. However, we note that as it relates to the application of OPR, it is our expectation that execution against displayed orders would be immediate, subject to natural market or network latencies such as those that occur due to differences in technology or geographical location of marketplace systems.

(c) *The introduction of “speed bumps”*

Recently, marketplaces have proposed and are introducing functionality that delays the entry of orders into the trading engine and as a result would, for a period of time, prevent the execution of orders submitted to execute against displayed volume. While order execution is delayed by these “speed bumps”, liquidity-providing orders may ultimately be filled, changed or cancelled. This raises the question of whether a marketplace imposing an order processing delay is providing automated functionality, and if not, whether OPR protection should apply to displayed orders on that marketplace. We also question whether for purposes of compliance with OPR, it is reasonable to expect market participants to route to execute against a best-priced order displayed on a marketplace where, due to latency that is intentionally introduced (and regardless of the amount of latency), liquidity may no longer exist. A number of similar comments were received during the public comment process related to the marketplace proposals noted above.

In our view, where there are order processing delays systematically built into the functionality of a marketplace, it is not reasonable to require marketplace participants to route orders to that marketplace for OPR compliance. The impact of the “speed bump” and the possible delay in execution could negatively impact execution quality and fill rates if liquidity providing orders disappear while the order routed to execute with displayed volume is delayed by the operation of the “speed bump”. We believe it should be the choice of a dealer and /or their client to determine whether to route orders to such marketplaces. This approach is consistent with the policy underpinnings of the OPR framework and is not an endorsement or criticism of low latency trading or systematic order processing delays.

There may be certain situations where, based on the type of order or class of market participant sending the order, only some of the orders routed to a marketplace are subject to an order processing delay. In these circumstances, some orders might be able to immediately execute against displayed volume, while others would not. In this circumstance, where a marketplace applies different treatment to liquidity-removing orders (deliberately adding latency to only some orders), applying different OPR protection would add significant complexity and execution uncertainty. We do not believe it is appropriate to introduce uncertainty into the concept of “protected order” and as a result it is our view that once a marketplace has introduced an order processing delay, it is no longer providing the functionality contemplated by OPR.

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<sup>4</sup> For example, exceptions exist for flickering quotes, marketplace systems issues and calculated price orders.

We note that going forward, there may be further models proposed by marketplaces which would introduce different or novel functionality that may not ultimately result in the “immediate” execution of an order against displayed volume. We will consider the application of OPR in the context of the definition of automated functionality for any such proposals.

## II. DESCRIPTION OF THE PROPOSED AMENDMENTS

### (a) *OPR Proposed Amendments*

As noted above, OPR was specifically designed to protect displayed orders that are immediately executable. In our view, if there is not a reasonable expectation of an immediate execution against displayed orders, then it follows that OPR should not apply to those orders.

As a result, we are proposing the following OPR-related guidance to be added to Part 1.1 of the 23-101CP, as section 1.1.2.1.

“With respect to the application of sections 6.1 and 6.4, it is our view that where a marketplace has implemented an intentional systematic delay in order processing, whether for all orders or certain orders only, that results in the inability of an order entered on that marketplace to immediately execute against displayed volume, that marketplace does not provide “automated functionality” as defined in the Instrument. As a result, none of the orders on that marketplace are considered to be “protected orders”.”

If a marketplace operates more than one market or facility and it implements an intentional systematic delay in order processing on one or more of them, only the market or facility with an order processing delay is considered not to provide automated functionality.

For greater certainty, an order processing delay that is imposed solely to comply with securities legislation is not considered a “systematic” delay.

**Question 1: What are your views on whether OPR should apply to marketplaces that impose an order processing delay? If OPR should apply to marketplaces that impose an order processing delay, should it apply to some or all of them? What factors should be considered in determining whether OPR should apply to marketplaces that impose an order processing delay?**

**Question 2: In an environment where not all displayed orders on visible marketplaces are protected under OPR because marketplaces impose an order processing delay, what are your views with respect to the outcomes for protected and unprotected visible marketplaces and for trading on those marketplaces?<sup>5</sup> In responding, please consider the impacts on:**

- (a) various market participants including retail and institutional investors, and liquidity providers;
- (b) liquidity on both protected and unprotected visible marketplaces;
- (c) price discovery;
- (d) complexities and changes you anticipate from participating in both protected and unprotected visible marketplaces, including costs and effort; and
- (e) the provision and use of consolidated data.

**Question 3: A key objective of OPR is to recognize and support the role of retail participation in the market. If the Proposed Amendments are finalized, what changes if any, do you expect will be required for dealers handling retail order flow? What changes if any, do you expect in terms of outcomes for retail clients?**

### (b) *Implications of the Proposed Amendments*

The result of this interpretation is that there will be some marketplaces that display orders that would not be protected from trade-through under OPR. This result raises complexities similar to those articulated both in the 2014 Proposal, as well as the comments received in response to that proposal. The specific complexities include:

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<sup>5</sup> For purposes of this Notice, a “protected” marketplace is considered to be a marketplace which displays protected orders as defined in OPR, while an “unprotected” marketplace is one which does not display protected orders.

- Implications for “best bid price” and “best ask price” under the Universal Market Integrity Rules (UMIR)
- Implications related to locked and crossed markets<sup>6</sup>
- Best execution obligations and disclosure
- Implications related to consolidated data

(i) *Best Bid Price and Best Ask Price*

On May 15, 2014, IIROC published for comment proposed amendments to UMIR<sup>7</sup> that would align UMIR with the CSA 2014 Proposal. Among other aspects, the proposed amendments would amend the definitions of “best bid price” and “best ask price” to reference orders displayed on a “protected marketplace”<sup>8</sup>. IIROC is re-proposing these amendments to ensure consistency with the approach taken by the CSA and provide flexibility going forward.

(ii) *Locked and Crossed Markets*

Given that there will be some marketplaces displaying orders which would be unprotected and could be traded-through, it is also necessary to consider the implications related to provisions which prohibit the intentional locking or crossing of markets. As indicated in the 2014 Proposal, we continue to be of the view that the provisions preventing intentional locks and crosses of markets are appropriate to foster investor confidence and market efficiency. However, without changing the locked and crossed markets provisions, marketplace participants would be forced to access marketplaces that introduce order processing delays, solely to prevent locked and crossed markets, despite not being required to for OPR purposes.

Consequently, if the Proposed Amendments are adopted, we intend to also recommend the implementation of the amendment to section 6.5 of NI 23-101 contained in the 2014 Proposal, which would limit the prohibition on intentionally locking and crossing markets to protected orders. For reference, we proposed<sup>9</sup> that the section read:

**6.5 Locked or Crossed Orders** - A marketplace participant or a marketplace that routes or reprices orders must not intentionally enter a displayed order on a marketplace that is subject to section 7.1 of NI 21-101, at a price that

- (a) in the case of an order to purchase, is the same as or higher than the best protected offer;  
or
- (b) in the case of an order to sell, is the same as or lower than the best protected bid.

This change would not preclude marketplace participants from entering orders on marketplaces displaying protected orders that would lock or cross unprotected orders displayed on other marketplaces. Although this would result in an increase in the instances of locked and crossed markets, we think that the outcome represents a reasonable balance between important policy objectives of the prohibition and the goal of addressing issues associated with order processing delays imposed by marketplaces.

(iii) *Best Execution and Markets with Order Processing Delays*

In the context of best execution relating to orders on marketplaces imposing order processing delays, dealers should consider information from all appropriate marketplaces in developing their policies and procedures (including marketplaces with order processing delays). In accordance with existing best execution requirements, dealers should consider whether to access visible marketplaces that impose an order processing delay, and evaluate whether taking steps to access such marketplaces is appropriate. We would expect that the policies and procedures of marketplace participants will describe how decisions are made regarding whether to route to, or avoid such marketplaces, and these decisions should be regularly and vigorously reviewed. No specific changes to the rules or policies are being proposed in relation to this issue at this time.

(iv) *The Information Processor and Consolidated Data*

We recognize that the Proposed Amendments would result in certain marketplaces displaying orders which are not protected. This would require a change in the information that is disseminated by the information processor. We will work with the information processor to ensure that, if the Proposed Amendments are adopted, the information processor would produce

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<sup>6</sup> Section 6.5 of NI 23-101 prohibits the intentional entry of an order which would either lock or cross a protected order.

<sup>7</sup> Published at: [http://www.iiroc.ca/Documents/2014/3f942064-7077-4e57-963b-41ec79373cd0\\_en.pdf](http://www.iiroc.ca/Documents/2014/3f942064-7077-4e57-963b-41ec79373cd0_en.pdf)

<sup>8</sup> As defined in NI 23-101.

<sup>9</sup> See the amending instrument that was published as part of the 2014 Proposal.



replicated feeds for the Canadian Best Bid and Best Offer (CBBO), Consolidated Depth of Book (CDB) and Consolidated Last Sale (CLS) products. One feed would consolidate all of the marketplaces displaying protected orders and one would consolidate the information from all marketplaces that display orders, including those that impose order processing delays. Marketplace participants could choose to use either but would be expected to document that choice for any compliance requests or regulatory requirements.

**Question 4: Are there implications that have not been addressed above that should be considered? How do you suggest they be addressed?**

**ANNEX B**

This Annex shows, by way of blackline, changes to Companion Policy 23-101 CP *Trading Rules*, that are being published for comment.

**Companion Policy 23-101 CP to National Instrument 23-101 *Trading Rules***

**Table of Contents**

<b><u>PART</u></b>	<b><u>TITLE</u></b>
PART 1.1	DEFINITIONS
1.1.2.1	<u>Application to marketplaces implementing intentional systematic order processing delays</u>

Companion Policy 23-101 CP to National Instrument 23-101 *Trading Rules*

**PART 1.1 DEFINITIONS**

**1.1.2.1 Application to marketplaces implementing intentional systematic order processing delays** – With respect to the application of sections 6.1 and 6.4, it is our view that where a marketplace has implemented an intentional systematic delay in order processing, whether for all orders or certain orders only, that results in the inability of an order entered on that marketplace to immediately execute against displayed volume, that marketplace does not provide “automated functionality” as defined in the Instrument. As a result, none of the orders on that marketplace are considered to be “protected orders”.

If a marketplace operates more than one market or facility and it implements an intentional systematic delay in order processing one or more of them, only the market or facility with a processing delay is considered not to provide automated functionality.

For greater certainty, an order processing delay that is imposed solely to comply with securities legislation is not considered a “systematic” delay.

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.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](http://www.sedi.ca)).



## Chapter 8

# Notice of Exempt Financings

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### REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

There are no Reports of Exempt Distribution on Forms 45-106F1 or 45-501F1 (Reports) in this Bulletin.

Reports filed on or after February 19, 2014 must be filed electronically.

As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours.

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

AltaLink, L.P.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 11, 2015  
NP 11-202 Receipt dated June 11, 2015

**Offering Price and Description:**

\$2,000,000,000.00 - Medium-Term Notes (secured)

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
Casgrain & Company Limited  
CIBC World Markets Inc.  
National Bank Financial Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
TD Securities Inc.

**Promoter(s):**

-

**Project #2363130**

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**Issuer Name:**

Automotive Properties Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated June 9, 2015  
NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

\$ \* - \* Units  
Price: \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
Canaccord Genuity Corp.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
GMP Securities L.P.  
National Bank Financial Inc.  
Raymond James Ltd.  
Desjardins Securities Inc.

**Promoter(s):**

893353 Alberta Inc.

**Project #2362392**

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**Issuer Name:**

Brookfield Infrastructure Partners L.P.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 12, 2015  
NP 11-202 Receipt dated June 12, 2015

**Offering Price and Description:**

US\$3,000,000,000.00 - Limited Partnership Units and  
Class A Preferred Limited Partnership Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2363300**

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**Issuer Name:**

Canadian Overseas Petroleum Limited  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 9, 2015  
NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Minimum Offering: \$4,000,050.00 - 44,445,000 Units  
Maximum Offering: \$\* - \* Units  
Price: \$0.09 per Unit

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
Dundee Securities Ltd.

**Promoter(s):**

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**Project #2362510**

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**Issuer Name:**

Canoe Canadian Asset Allocation Class  
Canoe Canadian Monthly Income Class  
Canoe Equity Class  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Simplified Prospectuses dated June 9, 2015  
NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

Series F6 Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Canoe Financial Corp.

**Project #2362875**

**Issuer Name:**

Clearwater Seafoods Incorporated  
Principal Regulator - Nova Scotia

**Type and Date:**

Preliminary Short Form Prospectus dated June 15, 2015  
NP 11-202 Receipt dated

**Offering Price and Description:**

\$40,008,500.00 - 3,266,000 Common Shares  
Price: \$12.25 per Common Share

**Underwriter(s) or Distributor(s):**

Cormark Securities Inc.  
Beacon Securities Limited  
Scotia Capital Inc.

**Promoter(s):**

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**Project #2362508**

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**Issuer Name:**

Crius Energy Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 10, 2015  
NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

C\$40,120,000.00 - 5,900,000 Units  
C\$6.80 per Unit

**Underwriter(s) or Distributor(s):**

Cormark Securities Inc.  
Scotia Capital Inc.  
RBC Dominion Securities Inc.  
Desjardins Securities Inc.  
Mackie Research Capital Corporation

**Promoter(s):**

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**Project #2361628**

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**Issuer Name:**

Eagle Credit Card Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 11, 2015  
NP 11-202 Receipt dated June 11, 2015

**Offering Price and Description:**

Up to \$1,000,000,000 of Credit Card Receivables-Backed  
Notes

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
Desjardins Securities Inc.  
National Bank Financial Inc.  
Scotia Capital Inc.  
TD Securities Inc.

**Promoter(s):**

President's Choice Bank

**Project #2363007**

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**Issuer Name:**

Epoch Global Equity Fund  
Epoch International Equity Fund  
Epoch U.S. Large-Cap Value Fund  
TD Balanced Income Fund  
TD Canadian Bond Fund  
TD Canadian Equity Fund  
TD Canadian Value Fund  
TD Dividend Growth Fund  
TD Dividend Income Fund  
TD Emerging Markets Fund  
TD Emerging Markets Low Volatility Fund  
TD Energy Fund  
TD Global Bond Fund  
TD Global Low Volatility Fund  
TD Global Risk Managed Equity Class  
TD Global Risk Managed Equity Fund  
TD Health Sciences Fund  
TD High Yield Bond Fund  
TD Income Advantage Portfolio  
TD International Growth Fund  
TD Monthly Income Fund  
TD Mortgage Fund  
TD Precious Metals Fund  
TD Real Return Bond Fund  
TD Resource Fund  
TD Retirement Balanced Portfolio  
TD Retirement Conservative Portfolio  
TD Risk Management Pool  
TD Science & Technology Fund  
TD Short Term Bond Fund  
TD Tactical Monthly Income Fund  
TD Tactical Pool  
TD Target Return Balanced Fund  
TD Target Return Conservative Fund  
TD U.S. Blue Chip Equity Fund  
TD U.S. Equity Portfolio  
TD U.S. Mid-Cap Growth Fund  
TD U.S. Monthly Income Fund  
TD U.S. Monthly Income Fund - C\$  
TD U.S. Quantitative Equity Fund  
TD U.S. Risk Managed Equity Class  
TD U.S. Risk Managed Equity Fund  
TD Ultra Short Term Bond Fund  
TD US\$ Retirement Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectuses dated June 11, 2015  
NP 11-202 Receipt dated June 12, 2015

**Offering Price and Description:**

Advisor Series, Investor Series, Premium Series, Private  
Series, D-Series, O-Series, K-Series, PS-Series, F-Series,  
Premium F-Series, Private-EM Series, H-Series, T-Series,  
S-Series and W-Series

**Underwriter(s) or Distributor(s):**

TD Waterhouse Canada Inc.  
TD Investment Services Inc. (for Investor Series units)  
TD Investment Services Inc. (for Investor Series and e-  
Series units)  
TD Investment Services Inc. (for Investor Series units)  
TD Investment Services Inc. (for Investor Series and e-  
Series Units)  
TD Waterhouse Canada Inc.

TD Waterhouse Canada Inc. (W-Series and WT-Series only)

TD Investment Services Inc. (for Investor Series)  
TD Investment Services Inc. (for Investor Series and Premium Series units)

**Promoter(s):**

TD Asset Management Inc.

**Project #2363093**

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**Issuer Name:**

InnVest Real Estate Investment Trust

Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 9, 2015

NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

\$500,000,000.00

Units

Debt Securities

Warrants

Subscription Receipts

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2362502**

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**Issuer Name:**

PHX Energy Services Corp.

Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 15, 2015

NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

\$30,475,000 .00 - 5,300,000 Common Shares

Price: \$5.75 per Common Share

**Underwriter(s) or Distributor(s):**

Peters & Co. Limited

Scotia Capital Inc.

AltaCorp Capital Inc.

**Promoter(s):**

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**Project #2362520**

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**Issuer Name:**

PIMCO Balanced Income Fund (Canada)

PIMCO Investment Grade Credit Fund (Canada)

Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectuses dated June 11, 2015

NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

Series A, Series F, Series I, Series M, Series O, Series A(US\$, Hedged), Series F(US\$, Hedged), Series I(US\$, Hedged), Series M(US\$, Hedged) and Series O(US\$, Hedged) Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

PIMCO Canada Corp.

**Project #2363543**

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**Issuer Name:**

Sama Resources Inc./Ressources Sama Inc.

Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 8, 2015

NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Minimum Offering: \$2,000,000 - \* Common Shares

Maximum Offering: \$5,000,000 - \* Common Shares

Price: \$\* per Offered Share

**Underwriter(s) or Distributor(s):**

Paradigm Capital Inc.

Richardson GMP Limited

**Promoter(s):**

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**Project #2362210**

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**Issuer Name:**

Spin Master Corp.

Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form PREP Prospectus dated June 12, 2015

NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

C\$ \* - \* Subordinate Voting Shares

Price: C\$ \* per Subordinate Voting Share

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

TD Securities Inc.

**Promoter(s):**

Marathon Investment Holdings Ltd.

Trumbanick Investments Ltd.

Varadi Bee Corp.

**Project #2363668**

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**Issuer Name:**

Synodon Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 11, 2015  
NP 11-202 Receipt dated June 11, 2015

**Offering Price and Description:**

\$4,217,352.00 - OFFERING OF 84,347,033 RIGHTS TO  
SUBSCRIBE FOR UP TO 84,347,033 COMMON SHARES  
PRICE: \$0.05 PER COMMON SHARE

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #2363098

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**Issuer Name:**

Tahoe Resources Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated June 15, 2015  
NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

\$ \* - \* Common Shares  
Price: \$ \* per Common Share

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
BMO Nesbitt Burns Inc.

**Promoter(s):**

-

Project #2363853

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**Issuer Name:**

TD Risk Reduction Pool - US\$  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated June 11, 2015  
NP 11-202 Receipt dated June 11, 2015

**Offering Price and Description:**

O-Series Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

TD Asset Management Inc.  
Project #2363042

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**Issuer Name:**

TransAlta Renewables Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 10, 2015  
NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

\$1,000,000,000.00

Common Shares  
Preferred Shares  
Warrants  
Subscription Receipts  
Debt Securities

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Transalta Corporation  
Project #2362785

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**Issuer Name:**

A2 Acquisition Corp.  
Principal Regulator - Alberta

**Type and Date:**

Final CPC Prospectus dated June 8, 2015  
NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

\$500,000.00 - 5,000,000 common shares

Price: \$0.10 per common share

**Underwriter(s) or Distributor(s):**

Richardson GMP Limited

**Promoter(s):**

Gino L. DeMichele  
Project #2343812

---

**Issuer Name:**

AGF Canadian Resources Class\*  
(Mutual Fund Series, Series F and Series O Securities)  
AGF Emerging Markets Balanced Fund  
(Mutual Fund Series, Series F, Series O and Series Q Securities)  
AGF Global Sustainable Growth Equity Fund (formerly, AGF Clean Environment Equity Fund)  
(Mutual Fund Series, Series F and Series O Securities)  
AGF Global Bond Fund (formerly, AGF Global Aggregate Bond Fund)  
(Mutual Fund Series, Series F, Series O and Series Q Securities)  
AGF Global Resources Class\*  
(Mutual Fund Series, Series F, Series O and Series Q Securities)  
AGF Traditional Balanced Fund  
(Mutual Fund Series, Series D, Series F, Series O, Series T and Series V Securities)  
AGF World Balanced Fund  
(Mutual Fund Series, Series F, Series O, Series T and Series V Securities)

\* Class of AGF All World Tax Advantage Group Limited  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated May 20, 2015 to the Simplified Prospectuses and Annual Information Form dated April 17, 2015

NP 11-202 Receipt dated June 11, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

AGF Investments Inc.

**Project #2319602**

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**Issuer Name:**

Dundee Global Resource Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 31, 2015 to the Simplified Prospectus and Annual Information Form dated April 13, 2015

NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Series A, D and F shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Goodman & Company, Investment Counsel Inc.

**Project #2302131**

**Issuer Name:**

First Asset 1-5 Year Laddered Government Strip Bond Index ETF

First Asset All Canada Bond Barbell Index ETF

First Asset Canadian Convertible Bond ETF

First Asset Corporate Bond Barbell Index ETF

First Asset Government Bond Barbell Index ETF

First Asset Provincial Bond Index ETF

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 10, 2015

NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

Common units and Advisor Class units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2346243**

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**Issuer Name:**

First Trust Tactical Bond Index ETF

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 11, 2015

NP 11-202 Receipt dated June 12, 2015

**Offering Price and Description:**

Exchange traded securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

FT Portfolios Canada Co.

**Project #2345898**

---

**Issuer Name:**

Franklin Bissett Canadian Short Term Bond Fund (Series A, F, M and O units)

Franklin Bissett Monthly Income and Growth Fund (Series A, F, I, M, O and T units)

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated June 5, 2015 to the Simplified Prospectuses and Annual Information Form dated May 28, 2015

NP 11-202 Receipt dated June 11, 2015

**Offering Price and Description:**

Series M and T units

**Underwriter(s) or Distributor(s):**

FRANKLIN TEMPLETON INVESTMENTS CORP.

FTC INVESTOR SERVICES INC.

Franklin Templeton Investments Corp.

Bissett Investment Management, a division of Franklin Templeton Investments Corp.

Franklin Templeton Investments Corp.

**Promoter(s):**

Franklin Templeton Investments Corp.

**Project #2335235**

**Issuer Name:**

HSBC Global Corporate Bond Fund  
HSBC Global Equity Volatility Focused Fund  
Principal Regulator - British Columbia

**Type and Date:**

Final Simplified Prospectuses dated June 8, 2015  
NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Investor Series, Advisor Series, Premium Series, Manager Series and Institutional Series units

**Underwriter(s) or Distributor(s):**

HSBC Investment Funds (Canada) Inc.

**Promoter(s):**

HSBC Global Asset Management (Canada) Limited  
Project #2319271

**Issuer Name:**

Mandalay Resources Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated June 12, 2015  
NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

\$18,400,000.00 - 20,000,000 Common Shares  
Price: \$0.92 per Offered Share

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.

**Promoter(s):**

-

Project #2359995

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**Issuer Name:**

iShares Alternatives Completion Portfolio Builder Fund  
iShares Conservative Core Portfolio Builder Fund  
iShares Global Completion Portfolio Builder Fund  
iShares Growth Core Portfolio Builder Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 29, 2015 to the Long Form  
Prospectus dated November 20, 2014  
NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Exchange traded fund securities @ net asset value

**Underwriter(s) or Distributor(s):**

Blackrock Asset Management Canada Limited

**Promoter(s):**

-

Project #2268699

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**Issuer Name:**

iShares Gold Bullion ETF  
iShares Silver Bullion ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 29, 2015 to the Long Form  
Prospectus dated October 27, 2014  
NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Exchange traded fund securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #2261881

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**Issuer Name:**

(CORRECTED COPY)

RECEIPT

(Units of the following Series Regular Front End Load, Regular F, High Net Worth Front End Load, High Net Worth F, Ultra High Net Worth Front End Load and Institutional Front End Load, Deferred Load and Low Load) of:

NexGen Canadian Cash Fund

NexGen Canadian Bond Fund

NexGen Corporate Bond Fund

NexGen Canadian Diversified Income Registered Fund

NexGen Turtle Canadian Balanced Registered Fund

NexGen Intrinsic Balanced Registered Fund

NexGen Canadian Dividend Registered Fund

NexGen Intrinsic Growth Registered Fund

NexGen U.S. Dividend Plus Registered Fund

NexGen U.S. Growth Registered Fund

NexGen Global Equity Registered Fund

(Units of the following series Regular Front End Load, Regular F and Institutional Front End

Load and Deferred Load and Low Load series) of:

NexGen Canadian Preferred Share Registered Fund

(Shares of the Series) of:

NexGen Canadian Cash Tax Managed Fund

(Shares of the Series of Return of Capital 40 Class and Dividend Tax Credit 40 Class) of:

NexGen Canadian Bond Tax Managed Fund

(Shares of the Series of Capital Gains Class, Return of Capital 40 Class, Dividend Tax Credit 40

Class and Compound Growth Class) of:

NexGen Corporate Bond Tax Managed Fund

NexGen Turtle Canadian Balanced Tax Managed Fund

NexGen Intrinsic Growth Tax Managed Fund

NexGen U.S. Dividend Plus Tax Managed Fund

NexGen U.S. Growth Tax Managed Fund

NexGen Global Equity Tax Managed Fund

(Shares of the Series of Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class

and Compound Growth Class\*) of:

NexGen Canadian Bond Tax Managed Fund

NexGen Canadian Diversified Income Tax Managed Fund

NexGen Intrinsic Balanced Tax Managed Fund

NexGen Canadian Dividend Tax Managed Fund

(Shares of the Preferred Series of Capital Gains Class, Return of Capital Class, Dividend Tax

Credit Class and Compound Growth Class\*) of:

NexGen Canadian Preferred Share Tax Managed Fund

of  
NexGen Investment Corporation

\*Canadian Patent Pending

Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated June 5, 2015

NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

Units of the following series: Regular Front End Load, Regular F, High Net Worth Front End Load, High Net Worth F, Ultra High Net Worth Front End Load and Institutional Front End Load, Deferred Load and Low Load @ Net Asset Value

Shares of the Series of: Capital Gains Class, Return of Capital 40 Class, Dividend Tax Credit 40 Class and Compound Growth Class, Return of Capital Class, Dividend Tax Credit Class @ Net Asset Value

**Underwriter(s) or Distributor(s):**

NEXGEN FINANCIAL LIMITED PARTNERSHIP

NexGen Financial Limited Partnership

**Promoter(s):**

NEXGEN FINANCIAL LIMITED PARTNERSHIP

**Project #2339212**

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**Issuer Name:**

Revelstoke Equity Inc.

Principal Regulator - Ontario

**Type and Date:**

Final CPC Prospectus dated June 10, 2015

NP 11-202 Receipt dated June 15, 2015

**Offering Price and Description:**

MINIMUM OFFERING: \$400,000.00 - 2,000,000 COMMON SHARES

MAXIMUM OFFERING: \$800,000.00 - (4,000,000

COMMON SHARES

Price: \$0.20 per Common Share

**Underwriter(s) or Distributor(s):**

HAMPTON SECURITIES LIMITED

**Promoter(s):**

CRAIG LEON

**Project #2349029**

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**Issuer Name:**

Sentry Canadian Income Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Canadian Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Diversified Equity Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Diversified Equity Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Diversified Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Global Growth and Income Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Global Growth and Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Global Mid Cap Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Growth and Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Infrastructure Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)

Sentry Small/Mid Cap Income Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Small/Mid Cap Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry U.S. Growth and Income Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry U.S. Growth and Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Canadian Resource Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Energy Growth and Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Precious Metals Growth Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Precious Metals Growth Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry REIT Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry REIT Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Alternative Asset Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Conservative Balanced Income Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Conservative Balanced Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Global Balanced Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Income Advantage Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry U.S. Balanced Income Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Canadian Bond Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Enhanced Corporate Bond Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Enhanced Corporate Bond Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Money Market Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Money Market Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Tactical Bond Class\* (Series A, Series P, Series F, Series PF, Series O and Series I securities)

securities)  
Sentry Tactical Bond Fund (Series A, Series P, Series F, Series PF, Series O and Series I securities)  
Sentry Growth Portfolio\* (Series A, Series P, Series F, Series PF, Series O, Series I, Series T4, Series T6, Series FT4 and Series FT6 securities)  
Sentry Growth and Income Portfolio\* (Series A, Series P, Series F, Series PF, Series O, Series I, Series T4, Series T6, Series FT4 and Series FT6 securities)  
Sentry Income Portfolio\* (Series A, Series P, Series F, Series PF, Series O, Series I, Series T5, Series T7, Series FT5 and Series FT7 securities)  
Sentry Conservative Income Portfolio\* (Series A, Series P, Series F, Series PF, Series O, Series I, Series T5, Series T7, Series FT5 and Series FT7 securities)

\* A class of shares of Sentry Corporate Class Ltd.  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated June 8, 2015  
NP 11-202 Receipt dated June 9, 2015

**Offering Price and Description:**

Series A, Series P, Series F, Series PF, Series O, Series I, Series T4, Series T6, Series FT4 and Series FT6 securities

**Underwriter(s) or Distributor(s):**

Sentry Investments Inc.

**Promoter(s):**

SENTRY INVESTMENTS INC.

**Project #2336151**

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**Issuer Name:**

Tourmaline Oil Corp.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 12, 2015  
NP 11-202 Receipt dated June 12, 2015

**Offering Price and Description:**

\$167,875,000.00  
4,250,000 Common Shares  
Price: \$39.50 per Common Share

**Underwriter(s) or Distributor(s):**

Peters & Co. Limited  
Firstenergy Capital Corp.  
Scotia Capital Inc.  
CIBC World Markets Inc.  
National Bank Financial Inc.  
TD Securities Inc.  
RBC Dominion Securities Inc.  
Raymond James Ltd.

**Promoter(s):**

-

**Project #2360347**

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**Issuer Name:**

Vogogo Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 10, 2015  
NP 11-202 Receipt dated June 10, 2015

**Offering Price and Description:**

\$10,890,000.00 - 4,840,000 Common Shares  
Price: \$2.25 per Common Share

**Underwriter(s) or Distributor(s):**

Salman Partners Inc.  
Clarus Securities Inc.  
Beacon Securities Limited

**Promoter(s):**

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**Project #2356348**

---

**Issuer Name:**

Artemis Floating & Variable Rate Preferred Fund  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated December 19, 2014

Withdrawn on June 10, 2015

**Offering Price and Description:**

Maximum: \$ \* - \* Class A Units and \* Class U Units  
Price: \$25.00 per Class A Unit and US\$25.00 per Class U Unit

**Underwriter(s) or Distributor(s):**

TD Securities Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
CIBC World Markets Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
Canaccord Genuity Corp.  
GMP Securities L.P.  
Raymond James Ltd.  
Desjardins Securities Inc.  
Industrial Alliance Securities Inc.  
Laurentian Bank Securities Inc.  
Manulife Securities Incorporated  
Dundee Securities Ltd.  
Mackie Research Capital Corporation  
Rothenberg Capital Management Inc.  
Sherbrooke Street Capital (SSC) Inc.

**Promoter(s):**

Artemis Investment Management Limited

**Project #2295171**

**Issuer Name:**

Telesta Therapeutics Inc.  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated March 20, 2015  
Withdrawn on June 12, 2015

**Offering Price and Description:**

\$50,000,000  
Debt Securities  
Common Shares  
Preferred Shares  
Warrants  
Subscription Receipts  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2321908**

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**Issuer Name:**

Argex Titanium Inc.  
Principal Jurisdiction - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 1, 2015  
Withdrawn on June 10, 2015

**Offering Price and Description:**

\$\* - \* Units  
Price: \$0.37 per Unit

**Underwriter(s) or Distributor(s):**

GMP Securities Inc.  
Euro Pacific Canada Inc.  
Cormark Securities Inc.  
Desjardins Securities Inc.

**Promoter(s):**

-

**Project #2359368**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Cambridge Associates Limited, LLC	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	June 10, 2015
Consent to Suspension (Pending Surrender)	Twenty-First Century Investments Inc.	Exempt Market Dealer	June 11, 2015
Consent to Suspension (Pending Surrender)	Corpfinance International Limited	Exempt Market Dealer	June 11, 2015
Consent to Suspension (Pending Surrender)	FSX Securities Canada, Inc.	Portfolio Manager	June 15, 2015
Change in Registration Category	Matco Financial Inc.	From: Portfolio Manager and Mutual Fund Dealer To: Portfolio Manager, Mutual Fund Dealer and Investment Fund Manager	June 15, 2015

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## Chapter 13

# SROs, Marketplaces, Clearing Agencies and Trade Repositories

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### 13.1 SROs

#### 13.1.1 IIROC – Proposed Amendments to UMIR Respecting Unprotected Transparent Marketplaces and the Order Protection Rule

##### **PROPOSED AMENDMENTS RESPECTING UNPROTECTED TRANSPARENT MARKETPLACES AND THE ORDER PROTECTION RULE**

IIROC is publishing for public comment proposed amendments to the Universal Market Integrity Rules (UMIR). The proposed amendments would align to proposed amendments by the Canadian Securities Administrators regarding the interpretation of “protected order” and would accommodate the terms and conditions under which the Ontario Securities Commission has approved amendments to Alpha Exchange Inc.’s trading policies to include a systematic order processing delay. Among other things, the proposed UMIR amendments would revise the definition of “protected marketplace” and allow a Participant or Access Person to take account only of displayed orders on protected marketplaces when determining compliance with UMIR requirements that make reference to “best ask price”, “best bid price” or “better price”. A copy of the IIROC Notice including the proposed amendments is published on our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). The comment period ends on July 13, 2015.

**13.1.2 MFDA – Proposed Amendments to MFDA Rule 5.3.2 (Content of Account Statement) – OSC Staff Notice of Request for Comment**

**OSC STAFF NOTICE OF REQUEST FOR COMMENT**

**MUTUAL FUNDS DEALERS ASSOCIATION OF CANADA (MFDA)**

**PROPOSED AMENDMENTS TO MFDA RULE 5.3.2 (CONTENT OF ACCOUNT STATEMENT)**

The MFDA is publishing for public comment proposed amendments to MFDA Rule 5.3.2 (Content of Account Statement). The proposed amendments would require Members to disclose to clients, on the account statement, that they are Members of, and regulated by, the MFDA. The intent of the proposed amendments is to promote client awareness of the regulatory oversight exercised by the MFDA with respect to MFDA Members and their Approved Persons. The proposed amendments would also complement required account statement disclosure respecting MFDA Investor Protection Corporation (“IPC”) coverage.

A copy of the MFDA Notice including the amended documents is also published on our website at <http://www.osc.gov.on.ca>. The comment period ends on September 16, 2015.

**13.1.3 MFDA – Proposed Amendments to MFDA Rule 1.2 (Individual Qualifications) – OSC Staff Notice of Request for Comment**

**OSC STAFF NOTICE OF REQUEST FOR COMMENT**

**MUTUAL FUNDS DEALERS ASSOCIATION OF CANADA (MFDA)**

**PROPOSED AMENDMENTS TO MFDA RULE 1.2 (INDIVIDUAL QUALIFICATIONS)**

The MFDA is publishing for public comment proposed amendments to MFDA Rule 1.2 (Individual Qualifications). The intent of the proposed amendments is to conform requirements under MFDA Rules to similar requirements under securities legislation; and to clarify the application and scope of existing obligations under MFDA Rules with respect to outside business activities.

A copy of the MFDA Notice including the amended documents is also published on our website at <http://www.osc.gov.on.ca>. The comment period ends on September 16, 2015.

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# Index

<b>1415409 Ontario Inc.</b>		<b>DMP Canadian Dividend Class</b>	
Notice from the Office of the Secretary .....	5453	Decision .....	5486
<b>1832 Asset Management L.P.</b>		<b>DMP Canadian Value Class</b>	
Decision .....	5486	Decision .....	5486
<b>AgriMarine Holdings Inc.</b>		<b>DMP Global Value Class</b>	
Decision – s. 1(10)(a)(ii) .....	5471	Decision .....	5486
<b>Angel Immigration Inc.</b>		<b>DMP Power Canadian Growth Class</b>	
Notice from the Office of the Secretary .....	5452	Decision .....	5486
Temporary Order – ss. 127(1), 127(8) .....	5496	<b>Dynamic Aurion Canadian Equity Class</b>	
Order – ss. 127, 127.1 .....	5497	Decision .....	5486
<b>Ashraf, Talat</b>		<b>Dynamic Real Return Bond Fund</b>	
Notice from the Office of the Secretary .....	5451	Decision .....	5486
Order – s. 127 .....	5494	<b>DynamicEdge 2020 Class Portfolio</b>	
<b>Cambridge Associates Limited, LLC</b>		Decision .....	5486
New Registration .....	5663	<b>DynamicEdge 2020 Portfolio</b>	
<b>Canoe Financial LP</b>		Decision .....	5486
Decision .....	5474	<b>DynamicEdge 2025 Class Portfolio</b>	
<b>Cenith Air Inc.</b>		Decision .....	5486
Notice from the Office of the Secretary .....	5452	<b>DynamicEdge 2025 Portfolio</b>	
Temporary Order – ss. 127(1), 127(8) .....	5496	Decision .....	5486
Order – ss. 127, 127.1 .....	5497	<b>DynamicEdge 2030 Class Portfolio</b>	
<b>Cenith Energy Corporation</b>		Decision .....	5486
Notice from the Office of the Secretary .....	5452	<b>DynamicEdge 2030 Portfolio</b>	
Temporary Order – ss. 127(1), 127(8) .....	5496	Decision .....	5486
Order – ss. 127, 127.1 .....	5497	<b>Fidelity Investments Canada ULC</b>	
<b>Companion Policy 41-101CP General Prospectus Requirements</b>		Decision .....	5461
Request for Comments .....	5509	<b>First Trust Tactical Bond Index ETF</b>	
<b>Companion Policy 81-106CP Investment Fund Continuous Disclosure</b>		Designation Order – s. 1.1 .....	5498
Request for Comments .....	5509	<b>Franklin Templeton Investments Corp.</b>	
<b>Companion Policy NI 23-101CP Trading Rules</b>		Decision .....	5479
Request for Comments .....	5551	<b>FSX Securities Canada, Inc.</b>	
<b>Corpfinance International Limited</b>		Consent to Suspension (Pending Surrender) .....	5663
Consent to Suspension (Pending Surrender) .....	5663	<b>Future Solar Developments Inc.</b>	
<b>Dave, Ametra</b>		Notice from the Office of the Secretary .....	5452
Notice from the Office of the Secretary .....	5453	Temporary Order – ss. 127(1), 127(8) .....	5496
<b>Dave, Chandramattie</b>		Order – ss. 127, 127.1 .....	5497
Notice from the Office of the Secretary .....	5453	<b>GAR Limited</b>	
<b>Dave, Ravindra</b>		Cease Trading Order .....	5507
Notice from the Office of the Secretary .....	5453		

<b>I.G. Investment Management, Ltd.</b>		<b>MFDA</b>	
Decision .....	5464	SROs – Proposed Amendments to MFDA Rule 5.3.2 (Content of Account Statement) – OSC Staff Notice of Request for Comment .....	5666
<b>IIROC</b>		SROs– Proposed Amendments to MFDA Rule 1.2 (Individual Qualifications) – OSC Staff Notice of Request for Comment .....	5667
SROs – Proposed Amendments to UMIR Respecting Unprotected Transparent Marketplaces and the Order Protection Rule .....	5665	<b>NI 41-101 General Prospectus Requirements</b>	
<b>IMRIS Inc.</b>		Request for Comments.....	5509
Cease Trading Order .....	5507	<b>NI 81-106 Investment Fund Continuous Disclosure</b>	
<b>Invesco Canada Ltd.</b>		Request for Comments.....	5509
Decision .....	5455	<b>Nix, Jon E.</b>	
<b>Investors Canadian Money Market Class</b>		Order – s. 144(1) .....	5492
Decision .....	5464	<b>Northland Resources SE</b>	
<b>Investors Managed Yield Class</b>		Cease Trading Order.....	5507
Decision .....	5464	<b>Office of the Superintendent of Financial Institutions</b>	
<b>iProfile Money Market Pool</b>		Notice of Ministerial Approval .....	5449
Decision .....	5464	<b>Ontario Securities Commission</b>	
<b>Jordan Capital Markets Inc.</b>		Notice of Ministerial Approval .....	5449
Decision .....	5483	<b>OSC Notice 11-772 – Notice of Statement of Priorities for Financial Year to End March 31, 2016</b>	
<b>Jourdan Resources Inc.</b>		Notice .....	5434
Cease Trading Order .....	5507	<b>Pacific Coal Resources Ltd.</b>	
<b>Khan, Muhammad M.</b>		Cease Trading Order.....	5507
Notice from the Office of the Secretary .....	5451	<b>Purpose Investments Inc.</b>	
Order – s. 127 .....	5494	Decision.....	5472
<b>Letter of Arrangement between the Office of the Superintendent of Financial Institutions and the Ontario Securities Commission</b>		<b>Qin, Sam</b>	
Notice of Ministerial Approval.....	5449	Notice from the Office of the Secretary.....	5452
<b>Liquid Nutrition Group Inc.</b>		Temporary Order – ss. 127(1), 127(8).....	5496
Cease Trading Order .....	5507	Order – ss. 127, 127.1.....	5497
<b>Loyalist Group Limited</b>		<b>Qin, Xundong</b>	
Cease Trading Order .....	5507	Notice from the Office of the Secretary.....	5452
<b>Mackie Research Capital Corporation</b>		Temporary Order – ss. 127(1), 127(8).....	5496
Decision .....	5483	Order – ss. 127, 127.1.....	5497
<b>MagIndustries Corp.</b>		<b>Red Eagle Mining Corporation</b>	
Cease Trading Order .....	5507	Order .....	5503
<b>Matco Financial Inc.</b>		<b>San Gold Corporation</b>	
Change in Registration Category .....	5663	Cease Trading Order.....	5507
<b>Mawer Global Bond Fund</b>		<b>Shoreline Energy Corp.</b>	
Decision .....	5458	Cease Trading Order.....	5507
<b>Mawer Investment Management Ltd.</b>		<b>Shoreline Energy Corp.</b>	
Decision .....	5458	Notice of Temporary Order and Hearing – s. 127(9) .....	5431
<b>Maxsood, Daniel</b>		Notice of Hearing – ss. 127(7), 127(8).....	5450
Notice from the Office of the Secretary .....	5451	Notice from the Office of the Secretary.....	5451
Order – s. 127 .....	5494	Order – ss. 127(7), 127(8).....	5491

<b>Slate U.S. Opportunity (No. 3) Realty Trust</b>	
Decision .....	5469
<b>Statement of Priorities for Financial Year to End March 31, 2016</b>	
Notice .....	5434
<b>Tawsho Mining Inc.</b>	
Cease Trading Order .....	5507
<b>Telus Corporation</b>	
Order – s. 104(2)(c) .....	5498
<b>Title One Closing Inc.</b>	
Notice from the Office of the Secretary .....	5453
<b>Trimark North American Endeavour Class</b>	
Decision .....	5455
<b>Twenty-First Century Investments Inc.</b>	
Consent to Suspension (Pending Surrender).....	5663
<b>Viking Gold Exploration Inc.</b>	
Cease Trading Order .....	5507
<b>Welcome Place Inc.</b>	
Notice from the Office of the Secretary .....	5451
Order – s. 127 .....	5494
<b>Xinergy Ltd.</b>	
Order – s. 144(1).....	5492
<b>Zhang, Tao</b>	
Notice from the Office of the Secretary .....	5451
Order – s. 127 .....	5494

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