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CSA Staff Notice 31-344
OBSI Joint Regulators Committee Annual Report for 2015

April 7, 2016

Introduction

This notice is being published jointly by the Canadian Securities Administrators (CSA), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) to serve as the second Annual Report of the Joint Regulators Committee (JRC) of the Ombudsman for Banking Services and Investments (OBSI).

Members of the JRC are representatives from the CSA (in 2015, CSA designated representatives were from British Columbia, Alberta, Ontario and Québec[1]), and the two self-regulatory organizations (SROs), IIROC and MFDA. The JRC meets regularly with OBSI to discuss governance and operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

The purpose of this report is to provide an overview of the JRC and to highlight the major activities conducted by the JRC in 2015.

Background to Establishment of the JRC

In December 2013, OBSI announced changes to its terms of reference[2] and to its processes following substantial governance reforms.

In 2014, amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the Amendments) came into force requiring all registered dealers and advisers, outside of Québec, to use OBSI as the common service provider for dispute resolution services. In Québec, the Autorité des marchés financiers (AMF) provides a mediation service to those clients of all registered dealers and advisers who reside in Québec. The Québec regime remains unchanged and firms registered in Québec have to inform clients residing in Québec of the availability of the AMF mediation service.

After August 1, 2014 all registered dealers and registered advisers, outside of Québec, including portfolio managers, exempt market dealers and scholarship plan dealers, had to make OBSI available to their clients as their dispute resolution provider.

Memorandum of Understanding / Amendments: In conjunction with the passing of the Amendments, the CSA and OBSI signed a Memorandum of Understanding (MOU), which provides an oversight framework for the CSA members and OBSI to cooperate and communicate constructively.

Effective December 1, 2015, the MOU was amended to add Québec as a signatory, thereby joining all other CSA members. The amended MOU also clarifies certain provisions, including those relating to information sharing and the requirement for independent evaluation of OBSI.[3] In particular, the amendments: (1) clarify that the restriction on sharing of information in the MOU does not apply in respect of information sharing relating to systemic issues, thereby giving effect to the understanding that

1 The Autorité des marchés financiers became a member of the JRC as of December 1, 2015.

2 See: https://www.obsi.ca/download/fm/318 (English version) or https://www.obsi.ca/download/fm/319 (French version).

3 To review the MOU, please see: https://www.osc.gov.on.ca/documents/en/Securities-Category3/mou_20151202_31-103_oversight-obsi.pdf (English version) or http://www.lautorite.qc.ca/files/pdf/reglementation/valeurs-mobilieres/0-ententes-vm/2015dec01-mou-csa-osbi-fr.pdf (French version).

OBSI will share information about individual complaints when it relates to systemic issues; and (2) require an independent evaluation of OBSI's operations and practices to commence within two years of the amendments to National Instrument 31-103 coming into force (that is, commencement by May 1, 2016).

JRC Mandate: The CSA jurisdictions and OBSI agreed with the SROs to form the OBSI JRC with a mandate to:

- facilitate a holistic approach to information sharing and monitor the dispute resolution process with an overall view to promoting investor protection and confidence in the external dispute resolution system;
- support fairness, accessibility and effectiveness of the dispute resolution process;
- facilitate regular communication and consultation among JRC members and OBSI.

Overview of JRC Activities in 2015

In 2015, the second year of the establishment of the JRC, four meetings were held: in February, May, August and December. The meetings provided the JRC with an opportunity to be updated by OBSI on specific matters, as contemplated by the MOU.

There was a change in OBSI's CEO in 2015. Douglas Melville, the Ombudsman and CEO of OBSI, left his position at the end of May. The Board of Directors selected Sarah Bradley as the new Ombudsman and CEO, effective September 14, 2015. The Board Chair kept the JRC apprised of the process in place to ensure a smooth transition of executive level positions, and that OBSI's effectiveness was not adversely affected by a delayed transition.

The following matters were considered and advanced by the JRC:

1. **Form of quarterly reporting by OBSI to JRC and Operational Issues**: The JRC and OBSI established an enhanced standardized form of quarterly reporting to contribute to the monitoring of complaint trends and patterns, with more granular levels of information now being provided.

One of the data points reported is the length of time it takes OBSI to conclude complaints. OBSI reported that its process enhancements resulted in meeting the 180-day timeline standard set by its Board of Directors (80% of case files closed within 180 days). In addition, in 2015, the backlog that had built up from an increase in OBSI's caseload, arising from the 2008 market conditions, was cleared. Other data points reported include the amounts recommended by OBSI and the actual amounts paid by firms.

2. **Compensation refusals**: The JRC reviewed the compensation refusals published by OBSI. While OBSI recommendations are not binding, the JRC expects firms to act in good faith when participating in OBSI processes. The JRC will continue to monitor compensation refusal cases and consider patterns and issues they raise.

3. **Systemic issues protocol**: Given the removal of the investigation of systemic issues from the OBSI Terms of Reference, the MOU provides for reporting by the Chair of OBSI's Board of Directors about issues that appear likely to have significant regulatory implications, including issues that appear to affect multiple clients. In 2015 the JRC finalized with OBSI a protocol to define potential systemic issues and to set out a regulatory approach to address these issues when reported by OBSI.

4. **Transitioning of new members to OBSI**: The JRC monitored the completion of the transitioning of new members to OBSI.

5. **Independent evaluation of OBSI**: The MOU requires that an independent review of OBSI's operations and practices on the investment side of OBSI's mandate commence within two years of the Amendments (by May 1, 2016). Following the issuance of a Request for Proposal in October 2015 and an evaluation of the candidates, OBSI's Board of Directors appointed Deborah Battell of Headway Consulting to be their evaluator. The appointment of her team was approved by the CSA in consultation with the JRC.

Consultations with stakeholders in the early part of 2016 will form part of the independent evaluation.

JRC Meeting with OBSI Board of Directors

As required by the MOU, an annual meeting of the JRC with OBSI's Board of Directors was held on September 29, 2015. The meeting included discussions of operating and governance issues and the effectiveness of OBSI's processes.

OBSI Annual Report

For additional information on OBSI, readers may wish to review OBSI's Annual Report for its fiscal year 2015, available at: https://www.obsi.ca/en/download/fm/502 (English version) or https://www.obsi.ca/en/download/fm/501 (French version).

Comments

Readers are invited to share their comments on any matter relating to the JRC's oversight of OBSI. Please send your comments to: ContactJRC-CMOR@acvm-csa.ca.

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1.1.2 CSA Staff Notice 45-308 (Revised) – Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 45-308 (Revised)
Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions

First Published April 26, 2012, revised June 25, 2015 and April 7, 2016

April 7, 2016

Purpose

Staff of the Canadian Securities Administrators (**CSA** or **we**) have prepared this revised Staff Notice (this **Notice**) to assist issuers, underwriters and their advisors in preparing and filing the new harmonized report of exempt distribution (the **New Report**) introduced by amendments to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) and related changes to Companion Policy 45-106 *Prospectus Exemptions* published on April 7, 2016 (the **amendments**). The amendments, including the New Report, will come into force on June 30, 2016, provided all necessary ministerial approvals are obtained.

This Notice replaces a prior version of this notice issued on June 25, 2015.

This Notice includes the following documents to assist issuers, underwriters and their advisors to prepare for the transition to, and changes introduced by, the New Report:

- Annex 1 – Tips for Completing and Filing the New Report
- Annex 2 – Checklist of New Information Requirements
- Annex 3 – Frequently Asked Questions
- Annex 4 – Transition to the New Report

We may from time to time reissue this Notice to reflect additional questions or concerns raised about the completion and filing of the New Report.

Background

Issuers and underwriters who rely on certain prospectus exemptions to distribute securities are required to file a report of exempt distribution within the prescribed timeframe. Currently, in all CSA jurisdictions except British Columbia, the form of report is Form 45-106F1 *Report of Exempt Distribution* (**F1**). In British Columbia, the form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution* (**F6**, and together with the F1, **Current Reports**).

The amendments will apply in all CSA jurisdictions and will replace the Current Reports with the New Report for both investment fund issuers and non-investment fund issuers that distribute securities under certain prospectus exemptions.

Annexes to Notice

Annex 1 – Tips for Completing and Filing the New Report

Annex 2 – Checklist of New Information Requirements

Annex 3 – Frequently Asked Questions

Annex 4 – Transition to the New Report

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Please refer your questions to any of the following:

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ANNEX 1

TIPS FOR COMPLETING AND FILING THE NEW REPORT

The following are tips to assist issuers, underwriters and advisors in completing and filing the New Report.

1. File the report on time

Issuers must file the report in each jurisdiction of Canada where the distribution occurred. The deadline for filing the report is generally 10 days after the distribution. If an issuer is filing a report for distributions occurring on multiple dates, such distributions must occur within a 10-day period and the issuer must file the report no later than 10 days after the first distribution date.

Investment fund issuers relying on certain prospectus exemptions have the option of filing the report on an annual basis, within 30 days of the end of the calendar year. This option is only available for investment fund issuers distributing securities in reliance on the following prospectus exemptions in NI 45-106:

- section 2.3 [*Accredited investor*][1]
- section 2.10 [*Minimum amount investment*]
- section 2.19 [*Additional investment in investment funds*]

2. Pay the required fees

Issuers must pay the applicable fee in each jurisdiction of Canada in which the report is filed. In order to determine the applicable fee in a particular jurisdiction of Canada, consult the securities legislation of that jurisdiction.

Filing fees payable in a particular jurisdiction are not affected by identifying all purchasers in a single report.

3. Include a complete list of purchasers in the report

Issuers must ensure that Item 7(f) and Schedule 1 include all purchasers that participated in the distribution.

If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, the issuer is required to provide information in the report about purchasers resident in that jurisdiction of Canada only. See Question 12 in Annex 3 for further guidance on issuers located outside of Canada.

If an issuer makes a distribution in more than one jurisdiction of Canada, the issuer may complete a single report identifying all purchasers, and file that report in each jurisdiction of Canada in which the distribution occurs.

4. Ensure the information provided in the report and schedules is consistent

Issuers should verify that the information included in the report and schedules is accurate and consistent. In particular, issuers should verify the following:

- The information provided in Item 7 about the distribution date, number and type of securities distributed, total dollar amount of securities distributed, number of purchasers in each jurisdiction and prospectus exemptions relied on, must reconcile with the information provided in Schedule 1.
- The identities of persons compensated provided in Item 8 must reconcile with the information provided in Schedule 1 about the persons compensated for each purchaser.
- The information about directors, executive officers and promoters provided in Item 9 must reconcile with the information provided in Schedule 2.

[1] This option is also available for investment fund issuers distributing securities in reliance on section 73.3 of the *Securities Act* (Ontario) [*Accredited investor*].

5. Correctly identify the total number of purchasers

The table in Item 7(f) requires the total number of unique purchasers to which the issuer distributed securities. To determine the total number of unique purchasers, the issuer should count each purchaser only once, regardless of whether the issuer distributed different types of securities to that purchaser, on different dates, and/or relied on multiple prospectus exemptions for such distributions.

6. Ensure the purchase price of the securities distributed is correct

If an issuer is relying on the prospectus exemption in section 2.10 [*Minimum amount investment*] of NI 45-106 for distributions to a purchaser, the purchase price paid by that purchaser must be at least $150,000 (among other conditions), and the purchase price provided in Item 7 and Schedule 1 must be at least that minimum amount. An issuer is not permitted to distribute securities under this prospectus exemption to a purchaser that is an individual, or to multiple purchasers acting in concert or as a "syndicate" in order to pool separate purchases and reach the $150,000 minimum.

7. Ensure that a valid prospectus exemption is available

Not all prospectus exemptions are available in all jurisdictions. An issuer should ensure that a valid prospectus exemption is reported in Item 7(f) and Schedule 1 for each purchaser.

This may require the issuer to report in Item 7(f) and Schedule 1 multiple prospectus exemptions relied on for the same distribution in circumstances where the distribution occurred in more than one jurisdiction and the same prospectus exemption is not available in each of those jurisdictions.

8. Disclose all compensation paid in connection with the distribution

An issuer must complete Item 8 for each person to whom the issuer directly provides, or will provide, any compensation in connection with the distribution. Compensation includes cash commissions, securities-based compensation, gifts, discounts or other compensation of a similar nature, paid in connection with a distribution of securities, regardless of the term used to describe the payment. For example, we consider a brokerage fee or finance fee to be compensation in connection with a distribution.

Compensation does not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

Item 8 does not require details about internal allocation arrangements with the directors, officers or employees of an entity compensated by the issuer.

9. Date and certify the report

Item 10 of the report must include the date and the signature of the person certifying the report. The party certifying the report must be a director or officer of the issuer or underwriter. If the issuer or underwriter is not a company, an individual who performs functions similar to that of a director or officer (as determined by the issuer or underwriter) may certify the report.

For example, if the issuer is a trust, the report may be certified by the issuer's trustee. If the issuer is an investment fund, a director or officer of the investment fund manager (or, if the investment fund manager is not a company, an individual who performs similar functions) may certify the report if the director or officer has been authorized to do so by the investment fund.

A filing agent completing the report on an issuer's behalf may not certify or sign the report but must provide their contact details in Item 11.

ANNEX 2

CHECKLIST OF NEW INFORMATION REQUIREMENTS

The new information requirements introduced by the New Report are listed in the checklist below. The checklist is designed to assist filers in gathering the required information to complete the New Report.

All issuers	☐ Most recent previous legal name (if issuer's name has changed in last 12 months) ☐ Website of issuer (if issuer has one) and underwriter (if underwriter has one and is not a registrant) ☐ Legal entity identifier (if issuer has one) ☐ Firm NRD number for underwriter ☐ CUSIP numbers of securities distributed (if applicable) ☐ Details about the distribution (number of purchasers and total amount raised) by jurisdiction and prospectus exemption relied on ☐ List of (and if required to be filed with or delivered to the Ontario Securities Commission, electronic copies of) all offering materials required to be filed with or delivered to the securities regulatory authority or regulator for distributions in Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia ☐ NRD number of registrant compensated (if applicable) ☐ Whether person compensated facilitated distribution through funding portal or internet-based portal ☐ Description of terms of any deferred compensation ☐ Relationship of person compensated to issuer or investment fund manager (connected with issuer or investment fund manager/insider/director or officer/employee/none of the above) **Schedule 1 (non-public)** ☐ Email address of purchaser (if provided by purchaser) ☐ Specific prospectus exemption relied on to distribute securities to each purchaser ☐ Identification of whether purchaser is a registrant or insider ☐ Name of person compensated for the distribution for each purchaser

Non-investment fund issuers	☐ NAICS industry code ☐ Stage of operations for issuers in mining industry (exploration/development/production) ☐ Areas of asset holdings for issuers involved in investment activities (mortgages/real estate/commercial/business debt/consumer debt/private companies) ☐ Number of employees (within a range) ☐ SEDAR profile number (if issuer has one) If issuer does not have a SEDAR profile number: ☐ Date of formation ☐ Financial year-end ☐ Jurisdictions of Canada where reporting ☐ CUSIP number (if issuer has one) ☐ Name of exchanges where publicly listed ☐ Size of assets (within a range)
Investment fund issuers	☐ NRD number of investment fund manager ☐ Website of investment fund manager (if investment fund manager does not have a firm NRD number and has a website) ☐ Type of investment fund (money market/equity/fixed income/balanced/alternative strategies/other) ☐ Date of formation ☐ Financial year-end ☐ Jurisdictions of Canada where reporting ☐ CUSIP number (if issuer has one) ☐ Name of exchanges where publicly listed ☐ Net asset value (within a range) and date of calculation ☐ Net proceeds by jurisdiction
Issuers that are not any of the following: • **investment fund issuers** • **reporting issuers and their wholly owned subsidiaries** • **foreign public issuers and their wholly owned subsidiaries** • **issuers distributing eligible foreign securities only to permitted clients**	☐ Names, titles and locations of directors, executives officers and promoters ☐ If a promoter is not an individual, this information is also required for the directors and executive officers of the promoter **Schedule 2 (non-public)** ☐ Business email address and telephone number of issuer's CEO ☐ Residential addresses of directors, executives officers, promoters and control persons that are individuals ☐ If a promoter or control person is not an individual, this information is required for the directors and executive officers of the promoter and control person ☐ If control person is not an individual: ☐ Organization or company name ☐ Province or country of business location

ANNEX 3

FREQUENTLY ASKED QUESTIONS

Filing the report

1. An issuer whose head office is in Alberta distributes securities to a purchaser resident in Saskatchewan. Where is the issuer required to file the report?

The issuer must file a report with the Alberta Securities Commission and with the Financial and Consumer Affairs Authority of Saskatchewan.

The issuer must file a report in each jurisdiction where the distribution occurred. To determine if a distribution has occurred in one or more jurisdictions of Canada, consult applicable securities legislation, securities directions and case law.

For example:

- In Alberta, an issuer should consult Alberta Securities Commission Policy 45-601 *Distributions Outside Alberta*.
- In British Columbia, an issuer should consult BC Interpretation Note 72-702 *Distribution of Securities to Persons Outside British Columbia*.
- In New Brunswick, an issuer should consult Companion Policy to Local Rule 72-501 *Distributions of Securities to Persons Outside New Brunswick.*
- In Québec, an issuer should consult *Avis du personnel de l'Autorité des marchés financiers – Règlement 45-106 sur les dispenses de prospectus et d'inscription: Questions fréquemment posées.*

In all cases, a distribution occurs when a distribution is made to a purchaser resident in that jurisdiction. In most cases, a distribution includes a distribution made by an issuer whose head office is in that jurisdiction (or, in the case of an investment fund, an investment fund whose manager's head office is in that jurisdiction), to purchasers resident outside that jurisdiction. A distribution may also occur in a jurisdiction of Canada if the issuer has a significant connection to that jurisdiction.

If an issuer is uncertain as to whether a distribution has occurred in a jurisdiction of Canada, the issuer should file the report in that jurisdiction.

2. How does an issuer file a report for a distribution to purchasers in every CSA jurisdiction?

Issuers are required to file the report electronically in all CSA jurisdictions, except certain foreign issuers when filing on SEDAR. The British Columbia Securities Commission (**BCSC**) is developing a web-based filing system on eServices to accommodate the structured data format of the report. Issuers filing in British Columbia and Ontario will file the report with the BCSC and Ontario Securities Commission (**OSC**) by completing an electronic form on the BCSC's eServices and the OSC's Electronic Filing Portal, respectively.

In all CSA jurisdictions other than British Columbia and Ontario, issuers, except certain foreign issuers, must file the report on SEDAR in accordance with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*. Both the BCSC's eServices and the OSC's Electronic Filing Portal will generate an electronic copy of the completed report, which issuers can then file on SEDAR, if required.

Schedule 1 and Schedule 2 of the report must be filed in .xlsx format using the Excel templates developed by the CSA. The Excel templates are available on the website of each CSA member and at the links below.

- Schedule 1 template[2]
- Schedule 2 template[3]

3. The issuer distributed securities from June 28, 2016 to July 1, 2016. Should the issuer file the Current Report or the New Report?

Issuers must file the New Report for distributions that occur on or after June 30, 2016. However, if an issuer completes distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

In this example, the issuer may choose to file either the Current Report or the New Report. The issuer must file the report by July 8, 2016 (10 days after the first distribution date for which the report is being filed).

To provide further clarity on the report that should be filed, please see the examples in Table 1 in Annex 4.

4. Is there a transition period available for investment fund issuers that file reports annually?

Yes, there is a transition period which allows an investment fund issuer filing annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Investment funds that file annually are no longer required to file annual reports within 30 days of their financial year-end. Beginning on June 30, 2016, all investment fund issuers filing annually must file within 30 days after the end of the calendar year. This means that all investment funds filing annually will be required to file by January 30, 2017 for distributions that occur before January 1, 2017 (that have not been previously reported).

To provide further clarity on the transition period, please see the examples in Table 2 in Annex 4.

Names and identifiers

5. What information should be provided for individuals under family name, first given name and secondary given names in the report?[4]

Family name refers to the individual's last name or surname.

First given name refers to the first name of an individual, used to identify the person from other members of a family, all of whom usually share the same family name.

Secondary given names, often referred to as middle names, refer to all given names of an individual, other than their first given name and family name.

The ordering of family and given names can vary among cultures. Indicate the 'family name', 'first given name' and 'secondary given names' in the appropriate field in the report regardless of the order in which they may be given or traditionally used.

Do not include aliases, nicknames, preferred names, initials or short forms of full names in the name fields of the report.

6. What is a legal entity identifier (LEI)? Does an issuer need to obtain an LEI to complete Item 3 of the report?

An LEI is a globally recognized 20-character alphanumeric code used to identify entities that enter into financial transactions. If an issuer already has an LEI, it must provide the LEI in Item 3. If an issuer does not have an LEI, it is not necessary to obtain one to complete the report.

[2] http://www.securities-administrators.ca/uploadedFiles/Schedule_1_Form_45-106F1_En.xlsx

[3] http://www.securities-administrators.ca/uploadedFiles/Schedule_2_Form_45-106F1_En.xlsx

[4] Names of individuals are required to be provided in Item 8(a), Items 9(a) and (b), Item 10, Item 11, Schedule 1 and Schedule 2.

7. How does an issuer determine its North American Industry Classification Standard (NAICS) code?

NAICS was developed to classify the domestic activities of businesses within North America, and also covers a wide range of industries that exist outside of North America.

If the issuer has already identified a NAICS code for its business, it should use that code. For example, Canadian businesses that file tax returns with the Canada Revenue Agency should use the same NAICS code that they report on those forms.

An issuer that has not already identified a NAICS code should use Statistics Canada's NAICS search tool[5] to find its NAICS code. An alternative is the US Census Bureau's NAICS search tool.[6]

The online search tools listed above allow an issuer to enter keywords that describe its business, and generate a list of primary business activities containing that keyword and the corresponding NAICS codes. Issuers for which more than one NAICS code may apply should choose the one that most closely describes the issuer's primary business activity. Alternatively, an issuer may browse a list of NAICS market sectors to find the more detailed industry level descriptions and the appropriate 6-digit code that closely matches the issuer's primary business activity.

Below are some examples:

Description of Issuer	Keywords searched	Possible NAICS Codes to consider
ABC-ABS Inc. is structured as a special purpose financial vehicle organized for the securitization of pools of receivables and the issuance of marketable fixed-income securities (asset-backed securities)	"special purpose vehicle" or "securitization"	526981 - Securitization vehicles
ABC Minerals operates as a mining and metals company worldwide. It produces copper, nickel, gold, zinc, platinum-group elements and pyrite.	"zinc" or "copper" or "nickel" or "gold"	212233 - Copper-zinc ore mining 212232 - Nickel-copper ore mining 212220 - Gold and silver ore mining
ABC LP is a private equity fund that invests in a portfolio of private companies. The fund will typically acquire a controlling or substantial minority interest in a portfolio of companies.	"investment firm" or "portfolio companies"	526989 - All other miscellaneous funds and financial vehicles 523920 - Portfolio management

Issuer information

8. The issuer filing the report was formed in 2002 by the completion of a plan of arrangement. Does Item 5(e) of the report require the date(s) of incorporation of the companies that completed the plan of arrangement, or the date of the completion of the plan of arrangement?

In this example, the issuer is not required to provide the incorporation dates of any predecessor entities in Item 5(e), only the date that the issuer was formed by the completion of the plan of arrangement in 2002.

9. How does an issuer determine the number of its employees for Item 5(b) of the report?

Employees are individuals that are employed directly by the issuer and on the issuer's payroll, including full and part-time employees.

[5] http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=118464

[6] http://www.census.gov/eos/www/naics/index.html

Investment fund issuer information

10. What do the different investment fund types in Item 6(b) of the report refer to?

In Item 6(b), an investment fund issuer must select the investment fund type that most accurately describes the issuer based on the following:

- Money Market – An investment fund that invests in cash, cash equivalents and/or short term debt securities, such as government bonds and treasury bills.
- Equity – An investment fund that invests primarily in equity securities of other issuers.
- Fixed Income – An investment fund that invests primarily in fixed income (debt) securities.
- Balanced – An investment fund that invests primarily in a balanced combination of fixed income and equity securities.
- Alternative Strategies – An investment fund that primarily adopts alternative investment strategies, such as short selling, leverage or the use of derivatives, or that invests primarily in alternative asset classes, such as real estate or commodities.
- Other – An investment fund that cannot be classified under one of the above investment fund types. Include a short description of the type of investment fund in the box provided.

11. When would an investment fund issuer be considered to be primarily invested in other investment funds under Item 6(b) of the report?

An investment fund is generally considered a 'fund of funds' if a majority of its assets are invested in other funds, under normal market conditions. One factor to consider in determining whether an investment fund issuer is a 'fund of funds' is whether its investment objectives specifically state this as a strategy.

Distribution details

12. What does "located outside of Canada" mean in Item 7 of the report?

The onus is on an issuer and its counsel to determine where the issuer is located for the purposes of determining where a distribution has occurred, including whether an issuer is located in a jurisdiction of Canada.

The determination is based on the facts and circumstances of each particular distribution. The issuer should consider the following factors:

- where the issuer's mind and management are primarily located, which may be determined by the location of the issuer's head office or the residences of the issuer's key officers and directors,
- where the issuer's operations are conducted,
- where the issuer administers its business,
- whether any acts in furtherance of a distribution have occurred in a jurisdiction, including active advertisements or solicitations, negotiations, underwriting activities or investor relations activities, and
- where the issuer is incorporated or organized.

The above are examples of the types of factors that an issuer should consider in determining whether it is making a distribution from a jurisdiction, but it is not an exhaustive list.

13. What dates should be provided as the distribution date under Item 7(b) of the report?

If the report is being filed for securities distributed only on a single distribution date, provide this distribution date in Item 7(b) as both the start date and end date. For example, if the report is being filed for securities distributed only on July 1, 2016, provide July 1, 2016 as both the start date and end date.

If the report is being filed for securities distributed on more than one distribution date, in Item 7(b) provide the date of the earliest distribution as the start date and provide the date of the last distribution as the end date. A single report can be filed for distributions occurring on multiple dates only if such distributions occur within a 10-day period and the report is filed no later than 10 days after the first distribution date (other than investment funds that file reports on an annual basis).

For example:

- If the report is being filed for securities distributed on July 1, July 4, July 5 and July 7, 2016, in Item 7(b) provide July 1, 2016 as the start date and July 7, 2016 as the end date.
- If the report is being filed for an investment fund issuer that files annually and has distributed securities on a continuous basis from January 1, 2017 to December 31, 2017, in Item 7(b) provide January 1, 2017 as the start date and December 31, 2017 as the end date.

14. The type of security distributed by the issuer is not on the list of security codes in Instruction 12 of the report. What security code should the issuer provide in Item 7(d) of the report?

The list of security codes in Instruction 12 of the report captures most types of securities distributed by issuers filing reports in Canada. If the security being distributed is not listed, enter "OTH" (for other) as the security code in Item 7(d) and include a description of the security in the box provided. Examples are provided below.

Security code			CUSIP number (if applicable)	Description of security
N	O	T	555555555	6.26% medium term notes
C	E	R	555555556	Commercial mortgage pass-through certificates
U	B	S		Units comprised of one common share and one-half of one non-transferrable share purchase warrant
O	T	H		Syndicated mortgage interest
O	T	H		Global depository receipt

15. How does an issuer determine the number of unique purchasers for Item 7(f) of the report?

For the total number of unique purchasers, each purchaser should only be counted once, regardless of whether the issuer distributed different types of securities to that purchaser, distributed securities on different dates to that purchaser and/or relied on multiple prospectus exemptions for such distributions.

As an example, an issuer located in Alberta distributes (at $10/debenture, $10/common share):

- 100 debentures to Purchaser A in Alberta in reliance on the accredited investor prospectus exemption
- 100 common shares to Purchaser A in Alberta in reliance on the offering memorandum prospectus exemption
- 100 common shares to Purchaser B in Alberta in reliance on the accredited investor prospectus exemption
- 100 common shares to Purchaser C in Ontario in reliance on the family, friends and business associates prospectus exemption
- 100 debentures to Purchaser D in France in reliance on the accredited investor prospectus exemption

In this example, there are a total of 4 unique purchasers.

The table in Item 7(f) requires a separate line item for: (i) each jurisdiction where a purchaser resides, (ii) each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and (iii) each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction. The table should be completed as follows:

Province or country	Exemption relied on	Number of purchasers	Total amount (Canadian $)
Alberta	Accredited investor (NI 45-106 s.2.3)	2	2,000
Alberta	Offering memorandum (NI 45-106 s.2.9(2.1))	1	1,000
Ontario	Family, friends and business associates (NI 45-106 s.2.5)	1	1,000
France	Accredited investor (NI 45-106 s.2.3)	1	1,000
Total dollar amount of securities distributed			5,000
Total number of unique purchasers[2]		4	

In Schedule 1, create a separate entry for each distribution date, security type and exemption relied on for the distribution to each purchaser. In the example above, this means there must be two separate entries for Purchaser A in Schedule 1: one entry for the distribution of 100 debentures in reliance on the accredited investor prospectus exemption, and a second entry for the distribution of 100 common shares in reliance on the offering memorandum prospectus exemption.

16. Are marketing materials required to be listed under Item 7(h) of the report?

Yes, if the securities legislation of Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia requires marketing materials to be filed with or delivered to the securities regulatory authority or regulator in connection with the distribution under the exemption relied on.

Item 7(h) requires issuers to list and provide certain details about offering materials that are required under the exemption relied on to be filed with or delivered to the securities regulatory authority or regulator in connection with the distribution in these jurisdictions. This is a reporting requirement only; the report does not impose any new requirement to deliver or file offering materials.

If marketing materials are required to be filed or delivered under the prospectus exemption relied on for the distribution, the issuer must list such materials in Item 7(h). For example, if an issuer makes a distribution to purchasers in Ontario in reliance on the offering memorandum exemption under section 2.9 of NI 45-106, the issuer must list marketing materials that are required to be incorporated or deemed to be incorporated by reference into the offering memorandum.

In Ontario only, if the offering materials listed in Item 7(h) are required to be filed with or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the report on the OSC's Electronic Filing Portal (if not previously filed with or delivered to the OSC).

Compensation information

17. How does an issuer report compensation paid to two dealers in connection with the distribution?

Item 8 of the report must be completed separately for each dealer to whom the issuer provides compensation in connection with the distribution.

In section f(3) of Schedule 1, the issuer must indicate which of the two dealers received compensation in connection with the distribution to each purchaser by indicating the firm NRD number of the dealer, or the dealer's full legal name if not a registered firm. The firm NRD number or name must be consistent with the information provided in Item 8. If neither of the two dealers received compensation in connection with the distribution to a particular purchaser, then section f(3) of Schedule 1 should be left blank for that purchaser.

As noted in the instructions to Item 8(d), the report does not require disclosure of details about internal allocation arrangements with the directors, officers or employees of entities compensated by the issuer.

18. The issuer entered into a referral arrangement pursuant to which it pays an ongoing annual referral fee to a third party for so long as the purchaser holds the securities distributed. Is the issuer required to disclose the ongoing referral fee in the report? Is the issuer required to do so each year for so long as it pays the referral fee?

If the referral fee is paid in connection with a distribution, the issuer must report the referral fee in Item 8(d) of the report, by checking the box that indicates a person is receiving deferred compensation in connection with the distribution and describing the terms of the referral arrangement in the box provided.

The issuer is not required to report the referral fee every year. If no distributions were made in a particular year that give rise to referral fees being paid, then the referral fee is not required to be reported that year.

19. What do the terms "funding portal" and "internet-based portal" refer to in Item 8(a) of the report?

These terms generally refer to an intermediary that provides an online platform for issuers to offer and sell securities to investors. These include funding portals as defined under Multilateral Instrument 45-108 *Crowdfunding*.

Purchaser information

20. The issuer sold shares to a purchaser that instructed that the shares be registered in the name of its investment adviser. What name is the issuer required to disclose in Schedule 1 of the report?

All references to a purchaser in the report are to the beneficial owner of the securities (with the exception of fully managed accounts described below). In this example, the issuer should provide the name of the beneficial owner as the purchaser in Schedule 1. The investment adviser in this example is the registered, not the beneficial, owner.

Similarly, if a trust or personal holding corporation purchases securities from an issuer, the trust or corporation is the beneficial owner. The names of the trust beneficiaries or shareholders of the holding corporation are not required.

Beneficial owner information is not required in Schedule 1 where a trust company, trust corporation, or registered adviser is deemed to be purchasing the securities as principal on behalf of a fully managed account and the issuer is relying on the exemption described in paragraph (p) or (q) of the definition of "accredited investor" in section 1.1 of NI 45-106 to issue the securities. In that case, only the name of the trust company, trust corporation or registered adviser should be provided in Schedule 1.

21. The issuer does not have a purchaser's email address. What is the issuer required to disclose in section c(7) of Schedule 1 of the report?

If the purchaser has not provided an email address to the issuer, or the purchaser does not have an email address, the issuer may leave section c(7) of Schedule 1 blank for that purchaser.

ANNEX 4

TRANSITION TO THE NEW REPORT

This Annex provides further guidance on the report that should be filed as of June 30, 2016, when the amendments come into force.

Issuers other than investment funds filing annually

All issuers, other than investment fund issuers filing reports annually, must use the New Report for distributions that occur on or after June 30, 2016, when the amendments come into force. If an issuer completes a distribution before June 30, 2016, and the deadline to file the report occurs after June 30, 2016, the issuer must file the Current Report. If an issuer completes multiple distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

Please see the examples in Table 1 below for further clarity on the report that should be filed.

TABLE 1: FILING THE NEW REPORT

	Distribution period covered by report	Filing deadline[7]	Report required
Issuer 1	June 20, 2016 to June 29, 2016	June 30, 2016	Current Report
Issuer 2	June 21, 2016 to June 30, 2016	July 1, 2016	Current Report or New Report
Issuer 3	June 27, 2016	July 7, 2016	Current Report
Issuer 4	June 28, 2016 to July 1, 2016	July 8, 2016	Current Report or New Report
Issuer 5	June 30, 2016 to July 8, 2016	July 10, 2016[8]	New Report
Issuer 6	July 4, 2016	July 14, 2016	New Report
Issuer 7	July 5, 2016 to July 14, 2016	July 15, 2016	New Report

Investment fund issuers that file annually

Investment funds relying on certain prospectus exemptions may file reports of exempt distribution annually, within 30 days after the end of the calendar year. We have provided a transition period to allow investment fund issuers that file annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Please see the examples in Table 2 for further clarity on the report that should be filed.

7 The report must be filed no later than 10 days after the first distribution in the report.

8 If the filing deadline falls on a Saturday, Sunday or another day when the CSA member with which the report being filed is closed, the deadline is the next day on which the CSA member is open.

TABLE 2: TRANSITION PERIOD FOR INVESTMENT FUND ISSUERS THAT REPORT ANNUALLY							
	Financial year-end	2016		2017		2018	
		Filing deadline	Report required	Filing deadline	Report required	Filing deadline	Report required
Investment Fund Issuer 1	Dec 31	Jan 30, 2016	Current Report - For distributions completed between Jan 1, 2015 and Dec 31, 2015	Jan 30, 2017	Current Report or New Report - For distributions completed between Jan 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 2	Apr 30	May 30, 2016	Current Report - For distributions completed between May 1, 2015 and Apr 30, 2016	Jan 30, 2017	Current Report or New Report - For distributions completed between May 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 3	May 31	Jun 30, 2016	Current Report - For distributions completed between Jun 1, 2015 and May 31, 2016	Jan 30, 2017	Current Report or New Report - For distributions completed between Jun 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 4	Jun 30	N/A	N/A	Jan 30, 2017	Current Report or New Report - For distributions completed between Jul, 1 2015 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 5	Sept 30	N/A	N/A	Jan 30, 2017	Current Report or New Report - For distributions completed between Oct 1, 2015 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017

1.1.3 CSA Staff Notice 33-317 – Next Steps in the CSA's Work to Enhance the Obligations of Advisers, Dealers and Representatives Toward Their Clients

CSA Staff Notice 33-317
Next Steps in the CSA's Work to Enhance the Obligations of Advisers, Dealers and Representatives Toward Their Clients

March 31, 2016

The Canadian Securities Administrators (the **CSA**, **us** or **we**) are providing advance notice of the upcoming publication of CSA Consultation Paper 33-404 – *Proposals to Enhance the Obligations of Advisers, Dealers, and Representatives Toward Their Clients* (the **Consultation Paper**) [1]. The Consultation Paper, anticipated to be published toward the end of April 2016, will seek comment on proposed regulatory action aimed at strengthening the obligations that advisers, dealers and representatives (**registrants**) owe to their clients.

The Consultation Paper is the result of continuing CSA work, including consultations and research on the relationship between clients and registrants. It follows the publication on December 17, 2013, of CSA Staff Notice 33-316 – *Status Report on Consultation under CSA Consultation Paper 33-403*: *The Standard of Conduct for Advisers and Dealers: Exploring the Appropriateness of Introducing a Statutory Best Interest Duty When Advice is Provided to Retail Clients* (**CSA Staff Notice 33-316**). CSA Staff Notice 33-316 provided a status report on the best interest consultation initiative and identified key themes that emerged from the initial CSA consultation paper on the appropriateness of introducing a statutory best interest standard, which was published on October 25, 2012[2].

The Consultation Paper is the next step in the CSA's work toward improving the relationship between clients and registrants. It follows the comments received on the initial consultation paper, the key themes we summarized in CSA Staff Notice 33-316, and builds on our consultations and research work.

Regulatory action is required to better align the interests of registrants to the interests of their clients, to improve outcomes for clients, and to clarify the nature of the client-registrant relationship for clients. It is in this context that the CSA will be launching an important consultation on specific proposals to enhance the obligations of registrants towards their clients, and we invite stakeholders to be aware of this upcoming publication.

The comment period will run for a period of 120 days. We encourage commenters to provide comments on the full range of issues identified in the Consultation Paper.

Questions

If you have any comments or questions, please contact any of the CSA staff listed below.

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[1] This Notice is being published in all provinces and territories except Saskatchewan. The Financial and Consumer Affairs Authority of Saskatchewan will advise of their approach in this matter after the provincial election in Saskatchewan.

[2] CSA Consultation Paper 33-403 – *The Standard of Conduct for Advisers and Dealers: Exploring the Appropriateness of Introducing a Statutory Best Interest Duty When Advice is Provided to Retail Clients* and CSA Staff Notice 33-316 are available on the websites of the members of the CSA.

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 MM Café Franchise Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
DCL HEALTHCARE PROPERTIES INC.,
CULTURALITE MEDIA INC.,
CAFÉ ENTERPRISE TORONTO INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LTD.,
MARIANNE GODWIN, DAVE GARNET CRAIG,
FRANK DELUCA, ELAINE CONCEPCION and
HAIYAN (HELEN) GAO JORDAN

NOTICE OF HEARING
(Sections 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, 17th Floor, in the City of Toronto, commencing on April 21, 2016 at 9:00 a.m., or as soon thereafter as the hearing can be held.

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders:

(i) that trading in securities of each of MM Café Franchise Inc. ("MMCF"), DCL Healthcare Properties Inc. ("DCL"), Culturalite Media Inc. ("Culturalite") and Café Enterprise Toronto Inc. ("CET"), whether direct or indirect, cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

(ii) that trading in any securities or derivatives by MMCF, DCL, Culturalite, CET, Techocan International Co. Ltd. ("Techocan"), 1727350 Ontario Ltd. ("1727350"), Marianne Godwin ("Godwin"), Dave Garnet Craig ("Craig"), Frank DeLuca ("DeLuca"), Elaine Concepcion ("Concepcion") and Haiyan (Helen) Gao Jordan ("Jordan") (collectively, the "Respondents") cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

(iii) that the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(iv) that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

(v) that each of the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

(vi) that each of Godwin, Craig, DeLuca, Concepcion and Jordan (collectively, the "Individual Respondents") resign one or more positions that they hold as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

(vii) that each of the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager permanently or for such other period as is specified by the Commission, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

(viii) that each of the Respondents be prohibited from becoming or acting as a registrant, an investment fund manager or a promoter permanently or for such other period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(ix) that each of the Respondents pay an administrative penalty of not more than $1 million for each failure by the respective Respondent to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

(x) that each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

(xi) that the Respondents pay the costs of the investigation and the hearing, pursuant to section 127.1 of the Act; and

(xii) such other order as the Commission considers appropriate in the public interest.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 23, 2016, and such further allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by a representative at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place stated above, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding;

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

DATED at Toronto this 23rd day of March, 2016.

"Josée Turcotte"
Secretary to the Commission

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
DCL HEALTHCARE PROPERTIES INC.,
CULTURALITE MEDIA INC.,
CAFÉ ENTERPRISE TORONTO INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LTD.,
MARIANNE GODWIN, DAVE GARNET CRAIG,
FRANK DELUCA, ELAINE CONCEPCION and
HAIYAN (HELEN) GAO JORDAN

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

Overview

1. This is a case of unregistered trading, illegal distributions and fraud.

The Corporate Respondents

2. MM Café Franchise Inc. ("MMCF") was incorporated on September 6, 2011 as a Canadian corporation. It has a registered corporate address in Ontario. MMCF has never been registered with the Commission in any capacity.

3. DCL Healthcare Properties Inc. ("DCL") was originally incorporated in Ontario on January 20, 2012 as DCL Stouffville Medical Centre Ltd. and then changed its name to DCL on November 15, 2012. DCL has never been registered with the Commission in any capacity.

4. Culturalite Media Inc. ("Culturalite") was incorporated in Ontario on June 29, 2011. Culturalite has never been registered with the Commission in any capacity.

5. Café Enterprise Toronto Inc. ("CET") was incorporated in Ontario on August 2, 2012. CET has never been registered with the Commission in any capacity.

6. Techocan International Co. Ltd. ("Techocan") was incorporated in Ontario on August 31, 1998. Techocan has never been registered with the Commission in any capacity.

7. 1727350 Ontario Ltd. ("1727350") was incorporated in Ontario on February 26, 2007. 1727350 has never been registered with the Commission in any capacity.

The Individual Respondents

8. Marianne Godwin ("Godwin") was an Ontario resident and the Chief Executive Officer ("CEO") and a director of MMCF. Godwin has never been registered with the Commission in any capacity.

9. Dave Garnet Craig ("Craig") was an Ontario resident and the Chief Development Officer ("CDO") and a director of MMCF. Craig has never been registered with the Commission in any capacity.

10. Frank DeLuca ("DeLuca") was an Ontario resident and the President, CEO and a director of DCL. DeLuca has never been registered with the Commission in any capacity.

11. Elaine Concepcion ("Concepcion") was an Ontario resident and the founder, CEO and a director of Culturalite. Concepcion has never been registered with the Commission in any capacity.

12. Haiyan (Helen) Gao Jordan ("Jordan") was an Ontario resident and: (i) the President and directing mind of CET until November 2014; (ii) the President and directing mind of Techocan; and (iii) a director of 1727350. Jordan was

registered with the Commission as a dealing representative for a scholarship plan dealer from March 7, 2011 to September 16, 2011.

Scope of Activity

13. Between July 2011 and December 2014 (the "Material Time"), MMCF, DCL, Culturalite, CET and their respective principals used Jordan to solicit and sell shares of their respective companies to investors in Ontario and China. Jordan solicited investors by using the lure of an Ontario immigration program, representing to investors that they could qualify to obtain permanent resident status in Canada through the Opportunities Ontario Provincial Nominee Program (the "OPNP") if they invested in any of MMCF, DCL, Culturalite or CET. Jordan raised a total of approximately $12 million in investor funds for MMCF, DCL, Culturalite and CET.

MMCF

Unregistered Trading And Illegal Distribution By Jordan

14. In 2011, Godwin and Craig incorporated MMCF for the purpose of franchising coffee shops that used the Marilyn Monroe name.

15. During the Material Time, MMCF offered shares to investors. The shares offered by MMCF are securities as defined in subsection 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

16. Commencing in or about July 2011, Jordan, directly, and indirectly through the use of agents, solicited investors in China and Ontario to invest in MMCF. She met with and provided potential investors with promotional materials about MMCF, made representations about MMCF and offered investors the opportunity to purchase MMCF shares. Information about investing in MMCF was also posted on the webpage of Jordan's company, Techocan.

17. Jordan enticed investors to purchase MMCF shares by making representations that their investment in MMCF could be used to qualify for permanent resident status in Canada under the OPNP. During the Material Time, applications were submitted by at least seven investors to the OPNP. All of the MMCF investors' applications were rejected under the OPNP.

18. Jordan provided investors with subscription agreements for MMCF shares and then submitted the executed subscription agreements to MMCF on behalf of the investors.

19. Jordan accepted funds from investors for the purchase of MMCF shares in her personal bank account, which she then transferred to MMCF. Investor funds were also deposited directly into Techocan's bank account and then transferred to MMCF. Jordan also accepted cheques from investors on behalf of MMCF.

20. As a result of this activity, Jordan and MMCF raised approximately $5.1 million from 21 investors who purchased MMCF shares during the Material Time.

21. Jordan, Techocan and 1727350 received consulting fees and shares of MMCF from MMCF for soliciting investors.

22. The trades in MMCF's securities were "distributions" as defined in subsection 1(1) of the Act as the securities had not been previously issued.

23. By engaging in the conduct described above, Jordan engaged in the business of trading securities of MMCF without being registered, contrary to subsection 25(1) of the Act and traded in securities for which a preliminary prospectus or prospectus was not filed with the Commission and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act.

Unregistered Trading and Illegal Distribution By Godwin, Craig and MMCF

24. Godwin, Craig and MMCF engaged in the business of trading securities of MMCF by:

    a. meeting with and making presentations to potential investors;

    b. creating promotional materials about MMCF that were provided to potential investors;

    c. accepting and signing the subscription agreements submitted by investors as principals of MMCF;

d. controlling and being the signatories on MMCF's bank accounts which received investor funds for the purchase of MMCF shares; and

e. engaging and compensating Jordan, Techocan and 1727350 to solicit investors and sell shares of MMCF.

25. By engaging in the conduct described above, Godwin, Craig and MMCF engaged in the business of trading securities of MMCF without being registered, contrary to subsection 25(1) of the Act and traded in securities without filing a preliminary prospectus or prospectus and obtaining a receipt from the Director, and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act.

Fraudulent Conduct By Godwin, Craig and MMCF

26. Godwin, Craig and MMCF engaged in a course of conduct related to securities, commencing with the solicitation of investors, that they knew, or reasonably ought to have known, perpetrated a fraud on investors.

27. In October 2011, Godwin and Craig executed a license agreement on behalf of MMCF with Authentic Brands Group ("ABG"), in which MMCF was required to pay ABG USD 1 million per year to use the Marilyn Monroe name. The term of the license agreement was 20 years.

28. The promotional materials that were provided to investors omitted the fact that MMCF was required to pay USD 1 million per year to ABG pursuant to the license agreement. Instead, materials provided to investors only referred to one USD 1 million payment to ABG and investors were advised that this amount was settled in full on October 20, 2011. The fact that MMCF had to pay ABG USD 1 million a year was an important fact that investors should have known. By concealing this fact, Godwin and Craig dishonestly placed investors' pecuniary interests at risk.

29. Godwin and Craig represented to investors that their funds would be used to develop a franchise system and a model café. Contrary to this representation, a significant amount of investor funds were used for the personal benefit of Godwin and Craig, including:

a. payment of $70,000 to Godwin for a share buy-back of MMCF shares;

b. payment of $70,000 to Craig for a share buy-back of MMCF shares;

c. cash advances;

d. a one-time payment of $45,000 to each of Godwin and Craig;

e. life insurance for Godwin, which named Godwin's children as the beneficiaries, rather than the corporation;

f. food and beverages;

g. taxis; and

h. personal travel.

30. No investor funds have been returned by MMCF and there is no money remaining in the MMCF bank accounts.

DCL

Unregistered Trading and Illegal Distribution By Jordan

31. During the Material Time, DCL offered shares to investors. The shares offered by DCL are securities as defined in subsection 1(1) of the Act.

32. Jordan, directly, and indirectly through the use of agents, solicited investors in China and Ontario to purchase DCL shares. She met with and provided potential investors promotional materials about DCL, made representations about DCL and offered investors the opportunity to purchase DCL shares. Jordan also provided investors with subscription agreements and then submitted executed subscription agreements to DCL on behalf of investors.

33. Jordan enticed investors to purchase DCL shares by making representations that their investment in DCL could be used to qualify for permanent resident status in Canada under the OPNP. During the Material Time, applications were made by at least 12 investors to the OPNP.

34. As a result of this activity, Jordan and DCL raised $2.6 million from 16 investors who purchased DCL shares during the Material Time.

35. Jordan and Techocan received consulting fees and/or other payments from DCL for soliciting investors to purchase DCL shares.

36. The trades in DCL's securities described above were "distributions" as defined in subsection 1(1) of the Act as the securities had not been previously issued.

37. By engaging in the conduct described above, Jordan engaged in the business of trading securities of DCL without being registered, contrary to subsection 25(1) of the Act and traded in securities for which a preliminary prospectus or prospectus was not filed with the Commission and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act.

Unregistered Trading and Illegal Distribution By DeLuca and DCL

38. DeLuca and DCL engaged in the business of trading securities of DCL by:

    a. meeting with and making presentations to potential investors;

    b. creating promotional materials about DCL that were provided to potential investors;

    c. accepting and signing the subscription agreements as President of DCL;

    d. controlling and being one of the signatories on DCL's bank accounts which received investor funds; and

    e. engaging and compensating Jordan and Techocan to solicit investors and sell shares of DCL.

39. All of the DCL investors' immigration applications were rejected under the OPNP. As a result, to date, twelve of the DCL investors requested a return of their investor funds. To date, DCL and DeLuca have refunded 6 investors, returning approximately $900,000. DCL and DeLuca have failed to refund 10 other investors, 6 of whom have requested a return of their money. Approximately $1.7 million is owed to these investors.

40. By engaging in the conduct described above, DeLuca and DCL engaged in the business of trading securities of DCL without being registered, contrary to subsection 25(1) of the Act and traded in securities without filing a preliminary prospectus or prospectus and obtaining a receipt from the Director, and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act. DeLuca and DCL failed to make exempt distribution filings with the Commission as required by Part 6 of National Instrument 45-106 – Prospectus and Registration Exemptions ("NI 45-106").

Culturalite

Unregistered Trading and Illegal Distribution By Jordan

41. During the Material Time, Culturalite offered shares to investors. The shares offered by Culturalite are securities as defined in subsection 1(1) of the Act.

42. Jordan solicited investors in China to invest in Culturalite. She met with and provided potential investors with promotional materials about Culturalite, made representations about Culturalite and offered investors the opportunity to purchase Culturalite shares. Jordan also provided potential investors with subscription agreements and then submitted the executed subscription agreements to Culturalite on behalf of investors.

43. Jordan enticed investors to purchase Culturalite shares by making representations that their investment in Culturalite could be used to qualify for permanent resident status in Canada under the OPNP. During the Material Time, Culturalite investors submitted applications to the OPNP. All of the Culturalite investors' immigration applications were rejected under the OPNP.

44. Jordan was one of the signatories on the Culturalite bank account which received investor funds for the purchase of Culturalite shares.

45. As a result of this activity, Jordan and Culturalite raised approximately $1.3 million from investors who purchased Culturalite shares during the Material Time.

46. Jordan received a salary from Culturalite as Chief Revenue Officer. Her sole responsibility was to solicit investors to purchase Culturalite shares. Techocan also received compensation from Culturalite for soliciting investors to purchase Culturalite shares.

47. No investor funds have been returned by Culturalite. There is no money remaining in the Culturalite bank account.

48. The trades in Culturalite's securities described above were "distributions" as defined in subsection 1(1) of the Act as the securities had not been previously issued.

49. By engaging in the conduct described above, Jordan engaged in the business of trading securities of Culturalite without being registered, contrary to subsection 25(1) of the Act and traded in securities for which a preliminary prospectus or prospectus was not filed with the Commission and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act.

Unregistered Trading and Illegal Distribution By Concepcion and Culturalite

50. Concepcion and Culturalite engaged in the business of trading securities of Culturalite by:

    a. meeting with and making presentations to potential investors;

    b. creating promotional materials about Culturalite that were provided to potential investors;

    c. accepting and signing the subscription agreements as the CEO of Culturalite;

    d. controlling and being one of the signatories on Culturalite's bank account which received investor funds; and

    e. engaging and compensating Jordan and Techocan to solicit investors and sell shares of Culturalite.

51. By engaging in the conduct described above, Concepcion and Culturalite engaged in the business of trading securities of Culturalite without being registered, contrary to subsection 25(1) of the Act and traded in securities without filing a preliminary prospectus or prospectus and obtaining a receipt from the Director, and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act. Concepcion and Culturalite failed to make exempt distribution filings with the Commission as required by NI 45-106.

CET

Unregistered Trading by Jordan and CET

52. During the Material Time, CET offered shares to investors. The shares offered by CET are securities as defined in subsection 1(1) of the Act.

53. Jordan solicited investors to purchase CET shares. She met with and provided potential investors with promotional materials about CET, made representations about CET and offered investors the opportunity to purchase CET shares. Jordan also prepared and provided investors with subscription agreements which she then executed as the directing mind of CET. Information about investing in CET was also posted on Techocan's website.

54. Jordan enticed investors to purchase CET shares by making representations that their investment in CET could be used to qualify for permanent resident status in Canada under the OPNP. During the Material Time, two investors submitted applications to the OPNP. One of the applications has been rejected under the OPNP and the other is still pending.

55. Jordan was one of the signatories on the CET bank account which received investor funds. Jordan also received investor funds in her personal bank account, which she then transferred to CET.

56. As a result of this activity, Jordan and CET raised approximately $3 million from two investors who purchased CET shares during the Material Time.

57. Jordan received a salary from CET for soliciting investors to purchase CET shares. Techocan received consulting fees from CET for soliciting investors to purchase CET shares.

Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

58. The Respondents breached Ontario securities law in the following ways:

a. During the Material Time, MMCF, DCL, Culturalite, CET, Godwin, Craig, DeLuca, Concepcion and Jordan traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered, contrary to subsection 25(1) of the Act;

b. During the Material Time, the trading of MMCF, DCL and Culturalite securities as set out above constituted distributions of MMCF, DCL and Culturalite securities by MMCF, DCL, Culturalite, Godwin, Craig, DeLuca, Concepcion and Jordan in circumstances where no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director and for which exemptions were not properly relied upon, contrary to subsection 53(1) of the Act;

c. During the Material Time, Godwin, Craig and MMCF engaged in or participated in acts, practices or courses of conduct relating to securities of MMCF that they knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(1)(b) of the Act; and

d. During the Material Time, each of the individual respondents who were directors and/or officers of the corporate respondents authorized, permitted, or acquiesced in the corporate respondents' non-compliance with Ontario securities law and as a result is deemed to also have not complied with Ontario securities law pursuant to section 129.2 of the Act.

59. The conduct described above was also contrary to the public interest as the Respondents' conduct was contrary to the fundamental purposes and principles of the Act as set out in subsections 1.1 and 2.1 of the Act, namely by engaging in unfair, improper and fraudulent practices which harmed investors in each of the companies and by impugning the integrity of the capital markets.

60. MMCF, DCL, Culturalite, CET, Godwin, Craig, DeLuca, Concepcion and Jordan harmed investors and negatively affected the reputation and integrity of Ontario's capital markets by engaging in the business of trading in securities without being registered to do so.

61. MMCF, DCL, Culturalite, Godwin, Craig, DeLuca, Concepcion and Jordan harmed investors and negatively affected the reputation and integrity of Ontario's capital markets by failing to file a preliminary prospectus or prospectus for the distribution of MMCF, DCL and Culturalite shares and by failing to properly rely on any exemptions.

62. Godwin, Craig, DeLuca, Concepcion and Jordan failed to understand that the investments made in each of MMCF, DCL, Culturalite and CET did not meet the minimum threshold to qualify for nomination under the OPNP and were "immigration-linked investment schemes" prohibited by the applicable Immigration and Refugee Protection Regulations.

63. Godwin, Craig and MMCF harmed investors and impugned the integrity of the Ontario capital markets by omitting to tell investors important facts about their investment and using investor funds for their personal benefit.

64. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto this 23rd day of March, 2016.

1.3.2 Steven J. Martel et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
STEVEN J. MARTEL,
MARTEL GROUP OF COMPANIES INC.,
8446997 CANADA INC.,
MAN CAMP MASTER LIMITED PARTNERSHIP,
MAN CAMP LIMITED PARTNERSHIP #1,
MAN CAMP LIMITED PARTNERSHIP #2,
MAN CAMP LIMITED PARTNERSHIP #3 and
MAN CAMP LIMITED PARTNERSHIP #4

NOTICE OF HEARING
(Sections 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, 17th Floor, in the City of Toronto, commencing on April 15, 2016 at 10:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders against Man Camp Master Limited Partnership, Man Camp Limited Partnership #1, Man Camp Limited Partnership #2, Man Camp Limited Partnership #3, Man Camp Limited Partnership #4 (collectively, the "MCLPs"), Martel Group of Companies Inc. ("MGC"), 8446997 Canada Inc. ("8446997"), and Steven J Martel ("Martel") (collectively, the "Respondents"):

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, that trading in any securities or derivatives by the Respondents cease permanently or for such period as is specified by the Commission;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, that the Respondents be reprimanded;

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act that Martel resigns one or more positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Martel be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager, permanently or for such period as is specified by the Commission;

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act that Martel be prohibited from becoming or acting as a registrant, as an investment fund manager, or as a promoter, permanently or for such period as is specified by the Commission;

(h) pursuant to paragraph 9 of subsection 127(1) of the Act, that each of the Respondents pay an administrative penalty of not more than $1 million for each failure by the respective Respondent to comply with Ontario securities law;

(i) pursuant to paragraph 10 of subsection 127(1) of the Act, that each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law;

(j) pursuant to section 127.1 of the Act, that the Respondents pay the costs of the investigation and the hearing; and

(k) such other order as the Commission considers appropriate in the public interest.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated March 29, 2016, and such further allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by a representative at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place stated above, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding;

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plus tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

DATED at Toronto, this 29th day of March, 2016.

"Josée Turcotte"
Secretary to the Commission

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

AND

IN THE MATTER OF
STEVEN J. MARTEL,
MARTEL GROUP OF COMPANIES INC.,
8446997 CANADA INC.,
MAN CAMP MASTER LIMITED PARTNERSHIP,
MAN CAMP LIMITED PARTNERSHIP #1,
MAN CAMP LIMITED PARTNERSHIP #2,
MAN CAMP LIMITED PARTNERSHIP #3 and
MAN CAMP LIMITED PARTNERSHIP #4

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

A. Overview

1. During the period from September 2012 to March 2013 (the "Material Time"), Man Camp Master Limited Partnership ("MCMLP"), Man Camp Limited Partnership #1 ("MCLP1"), Man Camp Limited Partnership #2 ("MCLP2"), Man Camp Limited Partnership #3 ("MCLP3") and Man Camp Limited Partnership #4 ("MCLP4") (together the "MCLPs"), Steven J. Martel ("Martel"), Martel Group of Companies Inc. ("MGC") and 8446997 Canada Inc. ("8446997"), (together, the "Respondents"): (i) engaged in the business of trading in securities without being registered contrary to subsection 25(1) of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), (ii) illegally distributed securities contrary to subsection 53(1) of the Act, and (iii) engaged in conduct contrary to the public interest.

2. The Respondents raised a total of approximately US$10 million from the sale of units of the MCLPs to approximately 90 investors resident in Canada who were solicited to invest in the development and construction of temporary workforce housing (the "Man Camp") and a waste water treatment facility located in North Dakota.

3. The Respondents raised an additional approximately US$3 million from approximately 30 investors resident in Canada through promissory notes executed by Martel, who were solicited to invest in the Man Camp as well as other projects operated by MGC.

4. Further, the Respondents made false or misleading statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship or omitted information necessary to prevent the statement from being false or misleading in the circumstances it was made, contrary to subsection 44(2) of the Act.

B. The Respondents

5. During the Material Time, Martel was a resident of Ottawa, Ontario and an officer and/or director and directing mind of 8446997, MGC and the MCLPs. During the Material Time, Martel operated a real estate coaching seminar business through MGC. He has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.

6. MGC was incorporated in Ontario in February 2009 with a registered address in Ottawa, Ontario. Martel is the sole officer and director of MGC. During the Material Time, MGC was not a reporting issuer in Ontario, did not file a preliminary prospectus and prospectus, and did not file any reports of exempt distribution with the Commission. Further, MGC has never been registered with the Commission in any capacity.

7. 8446997 was incorporated in Canada in February 2013 with a registered address in Ottawa, Ontario. 8446997 is the general partner of the MCLPs and Martel is the sole director of 8446997. During the Material Time, 8446997 was not a reporting issuer in Ontario, did not file a preliminary prospectus and prospectus, and did not file any reports of exempt distribution with the Commission. Further, 8446997 has never been registered with the Commission in any capacity.

8. The MCLPs were formed in March 2013 and have a registered address in Ottawa, Ontario. During the Material Time, the MCLPs were not reporting issuers, did not file a preliminary prospectus and prospectus, and did not file any reports

of exempt distribution with the Commission. During the Material Time, the MCLPs were not registered with the Commission in any capacity.

C. Unregistered Trading and Illegal Distribution

(a) Investment Contracts for Units in the Man Camp Limited Partnerships

9. Beginning in September 2012, Martel and MGC solicited Canadian residents to advance investment monies for the purpose of developing and constructing the Man Camp and a waste water treatment facility in North Dakota (the "Phase One Investors"). As a result of solicitations to Phase One Investors, a total of approximately US$6.7 million from 59 investors was raised.

10. Beginning in November 2012, Martel and MGC solicited Canadian residents to advance investment monies for the purpose of developing and constructing the Man Camp in North Dakota (the "Phase Two Investors"). As a result of solicitations to Phase Two Investors, a total of approximately US$3.3 million from an additional 29 investors was raised.

11. The individuals solicited by Martel and MGC to invest in the Man Camp and related projects were members of the public and were sourced from a contact database generated from the real estate coaching seminar business operated through MGC.

12. Martel and MGC engaged in the solicitation of investors on behalf of the MCLPs prior to their formation, which included disseminating promotional materials regarding the investment on offer, describing the nature of the investment offer and the purported profits to be earned by entering into the investment. Investors were provided with several agreements relating to the investment, including a Memorandum of Understanding ("MOU"), an Agreement of Partnership, and a Subscription Agreement.

13. Beginning in October 2012, investors entered into an MOU and an Agreement of Partnership with respect to their investment in the Man Camp and related projects. The MOU and Agreement of Partnership were issued by MGC and executed by Martel in advance of the proposed creation of the MCLPs to hold the investments and carry out the development and construction of the Man Camp and related projects. The MOU stipulated that the advance of funds by investors "shall create rights" for investors in the proposed MCLPs, which would entitle each investor to a certain number of units in an MCLP.

14. The Agreement of Partnership specified that investors would begin receiving returns on their investment in April 2013 and that thereafter quarterly returns would be provided. Starting in month 23 of the project, investors would receive 20 percent of their capital once a year for five years. MGC provided a personal guarantee on the investment monies until the creation of the proposed MCLPs. Between March 2013 and November 2013, Phase One and Phase Two Investors received return payments totaling US$649,461. Approximately US$419,000 of the money used for these return payments was sourced from funds received from the Promissory Note Investors (defined below).

15. After the formation of the MCLPs in March 2013, the distribution of the units of the MCLPs occurred through Subscription Agreements provided to investors entered into by 8446997 and executed by Martel. The MOU, Agreement of Partnership, and Subscription Agreement are "securities", as defined in subsection 1(1) of the Act.

16. Investor monies were accepted and deposited, directly or indirectly, into accounts associated with or related to the Respondents. The investor monies were then disbursed at the direction of Martel for use in the development and construction of the Man Camp and related projects. As a result of solicitations to Phase One and Phase Two Investors, the Respondents raised a total of approximately US$10 million from 88 investors.

(b) Investment Contracts with Steve Martel

17. Beginning in February 2013, Martel solicited Canadian residents to advance monies for the purpose of developing and constructing the Man Camp and for the acquisition of apartment complexes in Phoenix, Arizona. In return for their investment, investors were issued a secured promissory note executed by Martel promising monthly interest payments at a rate of 15 percent per year. During the Material Time, approximately US$3 million was raised from 33 investors through the secured promissory notes (the "Promissory Note Investors").

18. The individuals solicited were members of the public and were sourced from the contact database generated through MGC. Martel and MGC engaged in the solicitation of investors by disseminating promotional materials regarding the investment on offer, describing the nature of the investment offer and the interest to be earned by entering into the investment. The promissory notes are "securities", as defined in subsection 1(1) of the Act.

19. At the direction of Martel, money from the Promissory Note Investors was accepted by MGC and deposited into the trust account of a law firm located in Ottawa, Ontario. The monies were then disbursed at the direction of Martel for use in the development and construction of the Man Camp, other projects operated by MGC, and repayments to investors. During the period April 2013 and October 2013, the Promissory Note Investors received return payments totalling US$261,293. Approximately US$89,594 of the money used for these return payments was sourced from funds received from the Promissory Note Investors themselves.

20. By engaging in the conduct described above, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities and participated in acts, solicitations, conduct or negotiations directly or indirectly in furtherance of the sale or disposition of securities not previously issued for valuable consideration, in circumstances where there were no exemptions available to the Respondents under the Act, contrary to sections 25 and 53 of the Act and/or contrary to the public interest.

D. Representations Prohibited

21. During the Material Time, Martel made repeated representations in materials disseminated to investors and potential investors concerning investments he made personally in the Man Camp and related projects:

    (a) In or around September 2012, Martel represented that he had personally invested approximately $1.3 million in the Man Camp and related projects; and

    (b) In or around October 2012, Martel provided investors with an Agreement of Partnership representing that Martel had personally invested US$555,000 into the Man Camp and related projects.

22. With respect to Martel's purported investment of US$555,000 in the Man Camp and related projects, Martel obtained US$500,000 in August 2012 by entering into a private loan arrangement. This money was used as the down payment to purchase the lease for the land that was intended for construction of the Man Camp.

23. In late September 2012, the private loan was repaid with 10 percent interest for a total payment of US$550,000. The source for the funds used to repay the private loan entered into by Martel was money raised from Phase One Investors.

24. During the time these representations were made, Martel did not have any significant personal funds invested in the Man Camp or related projects.

25. By engaging in the conduct described above, the Respondents made false or misleading statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship or omitted information necessary to prevent the statement from being false or misleading in the circumstances it was made, contrary to subsection 44(2) of the Act.

E. Further Conduct Contrary to the Public Interest

26. In addition, the Respondents engaged in conduct that was intended to circumvent the requirements and principles of Ontario securities law. The MCLPs were formed after the receipt of investor funds and were specifically structured to have a maximum of 50 beneficial security holders in each MCLP in order to meet the requirements of the private issuer exemption. In fact, the Respondents accepted investments from 88 persons or companies.

27. Further, Martel directly and expressly instructed investors who did not qualify as accredited investors to indicate that they were a "close personal friend" or "close business associate" in order to qualify investors under the private issuer exemption. In fact, many of these investors did not qualify as a "close personal friend" or "close business associate" in the circumstances.

28. By reason of the foregoing, the Respondents engaged in unfair and improper conduct such that it is in the public interest to make orders under section 127 of the Act.

F. Breaches of Ontario Securities Law and/or Conduct Contrary to the Public Interest

29. The specific allegations advanced by Staff are:

    (a) During the Material Time, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities without being registered, in circumstances where there were no exemptions available to the Respondents under the Act, contrary to subsection 25(1) of the Act;

(b) During the Material Time, the trading of securities as set out above constituted a distribution of securities by the Respondents in circumstances where no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director, and where there were no exemptions available to the Respondents under the Act, contrary to subsection 53(1) of the Act;

(c) During the Material Time, Martel made statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading relationship and the statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act; and

(d) During the Material Time, Martel, as an officer or director of 8446997, MGC and the MCLPs, authorized, permitted or acquiesced in the non-compliance of 8446997, MGC and the MCLPs with Ontario securities law and as a result is deemed to also have not complied with Ontario securities law pursuant to section 129.2 of the Act.

30. The conduct described above was contrary to the fundamental purposes and principles of the Act found in subsections 1.1 and 2.1 of the Act. The Respondents engaged in unfair and improper practices, which harmed investors who invested in the MCLPs and with Martel, and by impugning the integrity of Ontario's capital markets.

31. By reason of the foregoing, the Respondents violated the principles and requirements of Ontario securities law such that it is in the public interest to make orders under section 127 of the Act.

32. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, March 29, 2016

1.5 Notices from the Office of the Secretary

1.5.1 MM Café Franchise Inc. et al.

FOR IMMEDIATE RELEASE
March 30, 2016

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
DCL HEALTHCARE PROPERTIES INC.,
CULTURALITE MEDIA INC.,
CAFÉ ENTERPRISE TORONTO INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LTD., MARIANNE GODWIN,
DAVE GARNET CRAIG, FRANK DELUCA,
ELAINE CONCEPCION and
HAIYAN (HELEN) GAO JORDAN

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 23, 2016 setting the matter down to be heard on April 21, 2016 at 9:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 23, 2016 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 23, 2016 are available at www.osc.gov.on.ca.

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)

1.5.2 Steven J. Martel et al.

FOR IMMEDIATE RELEASE
March 31, 2016

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

AND

IN THE MATTER OF
STEVEN J. MARTEL,
MARTEL GROUP OF COMPANIES INC.,
8446997 CANADA INC.,
MAN CAMP MASTER LIMITED PARTNERSHIP,
MAN CAMP LIMITED PARTNERSHIP #1,
MAN CAMP LIMITED PARTNERSHIP #2,
MAN CAMP LIMITED PARTNERSHIP #3 and
MAN CAMP LIMITED PARTNERSHIP #4

TORONTO – The Office of the Secretary issued a Notice of Hearing on March 29, 2016 setting the matter down to be heard on April 15, 2016 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 29, 2016 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 29, 2016 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.3 7997698 Canada Inc. et al.

FOR IMMEDIATE RELEASE
April 5, 2016

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

AND

IN THE MATTER OF
7997698 CANADA INC.,
carrying on business as
INTERNATIONAL LEGAL AND ACCOUNTING SERVICES INC., WORLD INCUBATION CENTRE, or WIC (ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG

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

1. the dates for the hearing on the merits scheduled to commence on April 4, 2016 and continue on April 11, 2016 are vacated; and

2. the hearing on the merits shall commence on April 12, 2016 at 10:00 a.m. and continue on April 13, 14, 15, 25, 26, 27, 28, 29 and May 2, 2016 beginning each day at 10:00 a.m., or on such further date and time as agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated April 4, 2016 is available at www.osc.gov.on.ca.

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 Petro One Energy Corp. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

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

March 30, 2016

Petro One Energy Corp.
1300-1111 West Georgia Street
Vancouver, BC
V6E 4M3

Dear Sirs/Mesdames:

Re: Petro One Energy Corp. (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (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.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.2 Mackenzie Financial Corporation and Mackenzie Core Plus Global Fixed Income ETF

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 exchange traded 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 Investment Funds, ss. 2.1(1), 19.1.

March 21, 2016

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(the Filer)

AND

IN THE MATTER OF
MACKENZIE CORE PLUS GLOBAL FIXED INCOME ETF
(the ETF)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the ETF for a decision under the securities legislation of the Jurisdiction of the principal regulator (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 ETF to invest up to:

(a) 20% of its 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) (**S&P**) or its DRO affiliate (as defined in NI 81-102), or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

(b) 35% of its net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those securities 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 S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.

(such evidences of indebtedness are collectively referred to as **Foreign Government Securities**).

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, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon (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.

Representations

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

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

2. The Filer is registered as an investment fund manager, portfolio manager, exempt market dealer and commodity trading manager in Ontario.

The Filer is also registered as a portfolio manager and exempt market dealer in all other Canadian provinces and territories and as an investment fund manager in Newfoundland and Labrador and Québec.

3. The Filer will be the manager, trustee and portfolio manager of the ETF.

4. The ETF will be an open-ended mutual fund trust established under the laws of Ontario.

5. The ETF may issue more than one series of units. The ETF may initially offer Series E units and Series R units.

6. Series E units of the ETF will be offered by a long form prospectus filed in all of the provinces and territories in Canada and, accordingly, the ETF will be a reporting issuer in each of the provinces and territories of Canada. A preliminary prospectus was filed for the Series E units of the ETF via SEDAR in all the provinces and territories on January 25, 2016 (the "**Prospectus**").

7. Series R units of the ETF will be offered only on a private placement basis pursuant to available prospectus exemptions, including the accredited investor exemption, under securities laws.

8. The Filer is not in default of securities legislation in any jurisdiction of Canada.

9. The investment objective of the ETF is expected to be substantially as follows: "Mackenzie Core Plus Global Fixed Income ETF seeks to provide a steady flow of income with an emphasis on capital preservation by investing primarily in investment-grade fixed-income securities denominated in Canadian or foreign currencies that are issued by companies or governments."

10. To achieve its investment objective, the ETF invests primarily in fixed-income securities of companies or governments of any size, anywhere in the world. The ETF may invest up to 25% of its net assets, taken at market value at the time of purchase, in fixed-income securities of issuers rated below investment grade, as long as the overall weighted average credit rating of its investments is "A-" or higher as established by Standard & Poor's Corporation (or an equivalent rating from another designated credit rating organization).

11. As part of its investment strategies, the portfolio manager would like to invest a portion of the ETF's assets in Foreign Government Securities. Depending on market conditions, the ETF's portfolio manager seeks the discretion to gain exposure to any one issuer of Foreign Government Securities in excess of the Concentration Restrictions.

12. Section 2.1(1) of NI 81-102 prohibits the ETF from purchasing a security of an issuer, other than a "government security" as defined in NI 81-102, if, immediately after the purchase, more than 10% of the net asset value of the ETF would be invested in securities of the issuer.

13. The Foreign Government Securities do not meet the definition of "government securities" as such term is defined in NI 81-102.

14. 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 S&P 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 securities 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 S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.

15. The Prospectus for the ETF will disclose the risks associated with concentration of assets of the ETF in securities of a limited number of issuers.

16. The ETF seeks the Requested Relief to enhance its ability to pursue and achieve its investment objective.

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:

1. paragraphs (a) and (b) of the Requested Relief cannot be combined for any one issuer;

2. any security that may be purchased under the Requested Relief is traded on a mature and liquid market;

3. the acquisition of the securities purchased pursuant to this Decision is consistent with the fundamental investment objective of the ETF;

4. the Prospectus of the ETF discloses the additional risks associated with the concentration of net asset value of the ETF in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the ETF has so invested and the risks, including foreign exchange risks, of investing in the country in which the issuer is located; and

5. the Prospectus of the ETF will include 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.

"Darren McKall"
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.3 Suncor Energy Ventures Holding Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer deemed to be no longer a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 153.

Citation: Re Suncor Energy Ventures Holding Corporation, 2016 ABASC 73

March 30, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
SUNCOR ENERGY VENTURES HOLDING CORPORATION
(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**) 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 Alberta Securities Commission is the principal regulator for this application; and

(b) this 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. Canadian Oil Sands Limited (**COS**) was formed on 31 December 2010 from the amalgamation of Canadian Oil Sands Limited and 1506633 Alberta Ltd.

2. On 5 October 2015, Suncor Energy Inc. (**Suncor**) made an offer as amended (the **Offer**), to purchase all of the issued and outstanding common shares of COS. Pursuant to the Offer, Suncor ultimately acquired approximately 84% of the issued and outstanding common shares of COS.

3. On 21 March 2016, pursuant to an amalgamation agreement, among other things:

   (a) COS amalgamated with 1950456 Alberta Ltd., an indirect wholly-owned subsidiary of Suncor to create the Filer (the **Amalgamation**);

   (b) each outstanding common share of COS not already owned by Suncor was automatically converted into .28 of a Suncor common share; and

   (c) each common share of COS owned by Suncor was automatically converted into one common share of the Filer.

4. As a result of the Amalgamation and related steps, all of the Filer's common shares are now held by Suncor (indirectly through Suncor's direct wholly-owned subsidiary Suncor Energy Ventures Corporation (**Holdco**)). It is anticipated that the Filer will amalgamate with Holdco, and as a result such amalgamated company will be a direct, wholly-owned subsidiary of Suncor.

5. The Filer is organized pursuant to the *Business Corporations Act* (Alberta). The Filer is a reporting issuer in the Jurisdictions.

6. The Filer's head office is located in Calgary, Alberta.

7. The common shares of COS, which traded on the Toronto Stock Exchange, were delisted effective at the close of markets on 23 March 2016.

8. The ticker symbol "COSWF" for the common shares of COS on the OTC grey market has been eliminated.

9. The Filer currently has the following debt securities outstanding:

   (a) issued by indenture dated 1 April 1997 between COS, the Bank of New York Mellon and Canadian Oil Sands Limited Partnership #1 (the **Parties**), as amended by supplemental indentures dated 2 January 2003 and 31 December 2010, US$75 million aggregate principal amount of 8.2% notes due 2027 (the **8.2% Notes**) (of which US$1,050,000 were subsequently repurchased and cancelled);

   (b) issued by indenture dated 24 August 2001 between the Parties, as amended by supplemental indentures dated 20 December 2002 and 31 December 2010, US$250 million aggregate principal amount of 7.9% notes due 2021 (the **7.9% Notes**);

   (c) issued by indenture dated 11 May 2009 between the Parties, as amended and restated 31 December 2010, US$500 million aggregate principal amount of 7.75% notes due 2019 (the **7.75% Notes**); and

   (d) issued by indenture dated 29 March 2012 between the Parties, US$300 million aggregate principal amount of 6.0% notes due 2042 (the **6.0% Notes**), and US$400 million aggregate principal amount of 4.5% notes due 2022 (the **4.5% Notes**; and collectively with the 8.2% Notes, the 7.9% Notes, the 7.75% Notes and the 6.0% Notes, the **Senior Notes**).

10. Other than its common shares which are held by Suncor as described above, the Filer's only other outstanding securities are the Senior Notes.

11. The aggregate principal amount of Senior Notes currently outstanding is US$1,523,950,000. The Senior Notes are not convertible or exchangeable into any other voting or equity securities.

12. The Filer is not required by the terms of the Senior Notes to be a reporting issuer in the Jurisdictions or to otherwise complete any public reporting.

13. To the best of the Filer's knowledge and belief, the Senior Notes were sold solely in the United States, and on a private placement basis to "qualified institutional buyers" under U.S. federal securities law. The Senior Notes are not listed on

any exchange or marketplace, and to the best of the Filer's knowledge and belief have never been listed on any exchange or marketplace. They are not registered under U.S. federal securities law, and are subject to transfer restrictions as set out in each applicable indenture.

14. The Filer is required to provide the trustee under each indenture (each, a **Trustee**) with annual audited financial statements (**Annuals**) within 120 days after the end of each fiscal year, and unaudited financial statements (**Interims**) within 60 days after the end of each of the first three fiscal quarters of each year. Upon request by a holder of Senior Notes, and provided such holder has given satisfactory evidence respecting their ownership of the Senior Notes and made such request within a reasonable time period following the provision of the Annuals or Interims to the Trustee, the Filer will provide or cause the Trustee to provide, within a reasonable time period, the Annuals or Interims that have been so requested to such holder.

15. COS made diligent enquiry (the **Investigation**) though D.F. King Canada, a division of CST Investor Services Inc., to ascertain the beneficial ownership of the Senior Notes. As of 4 February 2016 and 16 February 2016 to the best of the Filer's knowledge and belief and based on the Investigation, the Senior Notes were held by approximately 543 beneficial holders:

    (a) approximately 28 of which were located in Canada, holding approximately 1.64% of the principal amount of the Senior Notes (ten were identified as being residents of Ontario, four of Québec, eleven of Alberta, two of British Columbia and one of Manitoba);

    (b) approximately 407 of which were located in the United States, holding approximately 77.98% of the principal amount of the Senior Notes; and

    (c) approximately 108 of which were located outside of both Canada and the United States, and held approximately 20.38% of the principal amount of the Senior Notes.

16. In its take-over bid circular dated 5 October 2015 in connection with the Offer, Suncor disclosed that if permitted by applicable law, subsequent to the successful completion of the Offer and any compulsory acquisition or subsequent acquisition transaction, Suncor intended to cause COS to cease to be a reporting issuer under applicable Canadian securities laws.

17. In its management proxy circular dated 19 February 2016 that was mailed to holders of its common shares in connection with the meeting in respect of the Amalgamation, COS disclosed that subsequent to the Amalgamation it expected that an application would be made to have COS cease to be a reporting issuer in all provinces of Canada.

18. On 22 February 2016 in a press release regarding the Amalgamation, COS again disclosed its intention to make an application to cease to be a reporting issuer in all provinces of Canada.

19. The Filer is not eligible to use the simplified procedure in CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because its outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by more than 51 securityholders in total worldwide and because the Filer is a reporting issuer in British Columbia.

20. The Filer is not able to surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it has more than 50 securityholders.

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

22. The Filer is not a reporting issuer in any jurisdictions of Canada other than the Jurisdictions.

23. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer.

24. The Filer has no current intention to distribute its securities by way of a public or private offering of securities in Canada.

25. The Filer is applying for the Exemptive Relief Sought from the securities regulatory authority or regulator in each of the jurisdictions of Canada in which it is a reporting issuer.

26. The Filer, upon the grant of the Exemptive Relief Sought, will no longer be a reporting issuer in any jurisdiction of Canada.

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.

"Cheryl McGillivray"
Manager, Corporate Finance

2.1.4 TD Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to exchange-traded mutual funds for initial and continuous distribution of units – relief to permit funds' prospectus to include a modified statement of investor rights – relief to permit funds' prospectus to not include an underwriter's certificate – relief from take-over bid requirements for normal course purchases of units on the Toronto Stock Exchange – prospectus form and underwriting certificate relief granted subject to manager filing a prescribed summary document for each fund on SEDAR and other terms and conditions set out in decision document and subject to sunset clause tied to the implementation of proposed amendments to create new ETF Facts document to replace summary document.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 59(1), 71(1), 95-100, 104(2)(c), 147.
National Instrument 41-101 General Prospectus Requirements, s. 19.1.
Form 41-101F2 Information Required in an Investment Fund Prospectus, Item 36.2.

February 9, 2016

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
TD ASSET MANAGEMENT INC.
(the Filer)

AND

TD CANADIAN AGGREGATE BOND INDEX ETF,
TD INTERNATIONAL EQUITY INDEX ETF,
TD INTERNATIONAL EQUITY CAD HEDGED INDEX ETF,
TD S&P 500 INDEX ETF,
TD S&P 500 CAD HEDGED INDEX ETF and
TD S&P/TSX CAPPED COMPOSITE INDEX ETF
(the Proposed ETFs)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Proposed ETFs and such other exchange-traded mutual funds as the Filer, or an affiliate of the Filer, may establish in the future (the **Future ETFs**, and together with the Proposed ETFs, the **ETFs** and individually, an **ETF**) for a decision under the securities legislation of the principal regulator (the **Legislation**) that exempts the Filer and each ETF from:

(a) the requirement to include a certificate of an underwriter in an ETF's prospectus (the **Underwriter's Certificate Requirement**);

(b) the requirement to include in an ETF's prospectus the statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in item 36.2 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus* (the **Prospectus Form Requirement**); and

(c) the Take-over Bid Requirements (as defined below) in connection with purchases of ETF Securities (as defined below) on the TSX (as defined below).

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

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

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

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

Interpretation

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

"Affiliate Dealer" means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined herein) from time to time.

"Authorized Dealer" means a registered dealer that has entered, or intends to enter, into an agreement with the manager of an exchange-traded fund, including the Filer (an **ETF Manager**), authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more exchange-traded funds on a continuous basis from time to time.

"Designated Broker" means a registered dealer that has entered, or intends to enter, into an agreement with an ETF Manager to perform certain duties in relation to an exchange-traded fund, including posting a liquid two-way market for the trading of the exchange-traded fund's listed securities on the TSX or another marketplace.

"ETF Facts" means a prescribed disclosure document in accordance with the regulations, in respect of one or more classes or series of ETF Securities being distributed under a prospectus.

"ETF Security" means a listed security of an ETF.

"Other Dealer" means a registered dealer that acts as authorized dealer or designated broker to other exchange-traded funds that are not managed by the Filer and that has received relief under a Prospectus Delivery Decision.

"Prospectus Delivery Decision" means a decision granting relief from the Prospectus Delivery Requirement to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer dated August 24, 2015, or any subsequent decision granting similar relief to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer, and in each case, that is in effect at the relevant time.

"Prospectus Delivery Requirement" means the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the Legislation applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement.

"Summary Document" means a document, in respect of one or more classes or series of ETF Securities being distributed under a prospectus, prepared in accordance with Appendix A.

"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 the Jurisdiction.

"TSX" means the Toronto Stock Exchange or any future successor exchange to the TSX.

Representations

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

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

2. The Filer is not in default of any of its obligations under the securities legislation of any of the Jurisdictions.

3. Each ETF will be a mutual fund governed by the laws of the Province of Ontario and a reporting issuer under the laws of some or all of the Jurisdictions.

4. Each ETF will be subject to NI 81-102, subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities.

5. The Filer has applied, or will apply, to list the ETF Securities on the TSX. The Filer will not file a final prospectus for the ETFs until the TSX has conditionally approved the listing of the ETF Securities.

6. The Filer has filed, or will file, a long form prospectus in accordance with National Instrument 41-101 – *General Prospectus Requirements* on behalf of the ETFs, subject to any exemptions that have been or may be granted by the applicable securities regulatory authorities.

7. The Filer, a registered investment fund manager, exempt market dealer, commodity trading manager and portfolio manager in Ontario, will be the investment fund manager, portfolio manager and trustee of the ETFs and will be responsible for the administration of the ETFs.

8. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus. A prescribed number of ETF Securities may generally only be subscribed for or purchased directly from the ETFs by Authorized Dealers or Designated Brokers on any trading day when there is a trading session on the TSX (a **Creation Unit**). Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the TSX or another marketplace in Canada.

9. In addition to subscribing for and re-selling Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers are also generally engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market. Other Dealers may also be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer.

10. According to the Authorized Dealers and Designated Brokers, Creation Units are generally commingled with other ETF Securities purchased by the Authorized Dealers, Designated Brokers and Affiliate Dealers in the secondary market. As such, it is not practicable for the Authorized Dealers, Designated Brokers or Affiliate Dealers to determine whether a particular re-sale of ETF Securities involves Creation Units or ETF Securities purchased in the secondary market.

11. Designated Brokers perform certain other functions, which include standing in the market with a bid and ask price for ETF Securities for the purpose of maintaining liquidity for the ETF Securities.

12. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, ETF Securities generally may not be purchased directly from an ETF. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of the TSX or another marketplace in Canada. ETF Securities may be issued directly to ETF investors upon the reinvestment of distributions of income or capital gains.

13. The Authorized Dealers and Designated Brokers do not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting.

14. The Authorized Dealers and Designated Brokers are not involved in the preparation of an exchange-traded fund's prospectus and would not perform any review or any independent due diligence of the contents of such prospectus. In addition, the Authorized Dealers and Designated Brokers will not incur any marketing costs or receive any underwriting fees or commissions from exchange-traded funds or the ETF Managers in connection with the distribution of Creation Units. The Authorized Dealers and Designated Brokers generally seek to profit from their ability to create and redeem ETF Securities by engaging in arbitrage trading to capture spreads between the trading prices of ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in ETF Securities.

15. The Filer generally conducts its own marketing, advertising and promotion of the ETFs. Neither the Authorized Dealers nor the Designated Brokers will receive any fees or commissions in connection with the issuance of ETF Securities to them. The Filer may, at its discretion, charge an administration fee on the issuance of Creation Units to Authorized Dealers or Designated Brokers.

16. Unitholders have, or will have, the right to vote at a meeting of unitholders in respect of the matters prescribed by NI 81-102.

17. Although ETF Securities of the ETFs will trade on the TSX and the acquisition of ETF Securities can therefore be subject to the Take-over Bid Requirements:

    (a) it is not, or will not, be possible for one or more unitholders to exercise control or direction over an ETF as the constating documents of the ETFs will provide that there can be no changes made to the ETF which do not have the support of the Filer;

    (b) it will be difficult for purchasers of ETF Securities of an ETF to monitor compliance with Take-over Bid Requirements because the number of outstanding ETF Securities will always be in flux as a result of the ongoing issuance and redemption of ETF Securities by each ETF; and

    (c) the way in which ETF Securities of an ETF will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding ETF Securities because pricing for ETF Securities of an ETF will be dependent upon, among other things, the performance of the portfolio of the ETF as a whole.

18. The application of the Take-over Bid Requirements to the ETFs would have an adverse impact on liquidity of the ETF Securities because they could cause Designated Brokers and other large unitholders to cease trading ETF Securities once prescribed take-over bid thresholds are reached.

19. The principal regulator has advised the exchange-traded fund managers that it takes the view that the first re-sale of a Creation Unit on the TSX or another marketplace in Canada will generally constitute a distribution of Creation Units under the Legislation and that the Authorized Dealers, Designated Brokers and Affiliate Dealers are subject to the Prospectus Delivery Requirement in connection with such re-sales. Re-sales of ETF Securities in the secondary market that are not Creation Units would not ordinarily constitute a distribution of such ETF Securities.

20. Under the applicable Prospectus Delivery Decision, Authorized Dealers, Designated Brokers and Affiliate Dealers are exempt from the Prospectus Delivery Requirement in connection with the re-sale of Creation Units to investors on the TSX or another marketplace in Canada. Under the applicable Prospectus Delivery Decision, Other Dealers are also exempt from the Prospectus Delivery Requirement in connection with the re-sale of creation units of other exchange-traded funds that are not managed by the Filer.

21. Each Prospectus Delivery Decision includes a condition that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer undertakes that it will, unless it has previously done so, send or deliver to each purchaser of an ETF Security who is a customer of the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, and to whom a trade confirmation is required under the applicable securities legislation to be sent or delivered by the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer in connection with the purchase, the latest Summary Document filed in respect of the ETF Security, not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after the purchase of the ETF Security.

22. The Filer will file with the applicable Jurisdictions on the System for Electronic Document Analysis and Retrieval (**SEDAR**) a Summary Document for each class or series of ETF Securities offered by the Filer and provide or make available to the Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers, the requisite number of copies of the Summary Document for the purpose of facilitating their compliance with the applicable Prospectus Delivery Decision.

23. The Filer will file a Summary Document for each class or series of ETF Securities offered by the Filer within the timeframe necessary to allow Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers to effect delivery of the Summary Document as contemplated in the applicable Prospectus Delivery Decision.

24. The Exemption Sought from the Prospectus Form Requirement is required to reflect the relief provided in each Prospectus Delivery Decision. Accordingly, the Filer will include language in each ETF's prospectus explaining the impact on a purchaser's statutory rights as a result of the Prospectus Delivery Decision in replacement of the language prescribed by the Prospectus Form Requirement.

25. The securities regulatory authorities are developing proposed rule amendments that will require the Filer to file an ETF Facts in connection with the filing of a prospectus. If the amendments are adopted, the requirement for the Filer to file an ETF Facts will supersede the requirement for the Filer to file a Summary Document under the Exemption Sought. Since the introduction of the ETF Facts will likely be subject to a transition period, there may be a period of time where some ETFs have an ETF Facts while other ETFs have a Summary Document. If the Filer files an ETF Facts with respect to a class or series of ETF Securities, the Filer will use such ETF Facts instead of a Summary Document to satisfy its obligations under the Exemption Sought with respect to any purchase of such class or series of ETF Securities that occurs after the filing of such ETF Facts.

Decision

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

1. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted in respect of the Underwriter's Certificate Requirement and the Prospectus Form Requirement, provided that by the date a particular condition is first applicable to a Filer, and on an ongoing basis thereafter, the Filer will be in compliance with the following conditions:

   (a) The Filer files with the applicable Jurisdictions on SEDAR and displays on its website in a manner that would be considered prominent to a reasonable investor the Summary Document for each class or series of ETF Securities of an ETF.

   (b) The Filer files concurrently on SEDAR the Summary Document for each class or series of ETF Securities when filing a final prospectus for that ETF.

   (c) The Filer amends the Summary Document at the same time it files any amendments to the ETF's prospectus that affect the disclosure in the Summary Document and files the amended Summary Document with the applicable Jurisdictions on SEDAR and makes it available on its website in a manner that would be considered prominent to a reasonable investor.

   (d) The Filer provides or makes available to each Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, the number of copies of the Summary Document of each ETF Security that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer reasonably requests in support of compliance with its respective Prospectus Delivery Decision.

   (e) (i) Each ETF's prospectus, as the same may be amended from time to time, will incorporate the relevant Summary Document by reference;

   (ii) Each Proposed ETF's prospectus, pro forma prospectus or any amendment thereto will, and each Future ETF's preliminary prospectus, pro forma prospectus, prospectus or any amendment thereto will, contain the disclosure referred to in paragraph 24 above; and

   (iii) Each Proposed ETF's prospectus or pro forma prospectus will, and each Future ETF's preliminary prospectus, prospectus or pro forma prospectus will, disclose both the relief granted pursuant to the Exemption Sought and the Prospectus Delivery Decision under Item 34.1 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus*, as applicable.

   (f) The Filer obtains an executed acknowledgement from each Authorized Dealer, Designated Broker and Affiliate Dealer, and uses its best efforts to obtain an acknowledgment from each Other Dealer:

   (i) indicating such dealer's election, in connection with the re-sale of Creation Units on the TSX or another marketplace in Canada, to send or deliver the Summary Document in accordance with a Prospectus Delivery Decision or, alternatively, to comply with the Prospectus Delivery Requirement; and

   (ii) if the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer agrees to deliver the Summary Document in accordance with a Prospectus Delivery Decision:

   (A) an undertaking that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer will attach or bind one ETF's Summary Document with another ETF's Summary Document only if the documents are being sent or delivered under the Prospectus Delivery Decision at the same time to an investor purchasing ETF Securities of each such ETF; and

   (B) confirming that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer has in place written policies and procedures to ensure that it is in compliance with the conditions of the Prospectus Delivery Decision.

   (g) The Filer will keep records of which Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers have provided it with an acknowledgement under a Prospectus Delivery Decision, and which intend to rely on and comply with the Prospectus Delivery Decision or intend to comply with the Prospectus Delivery Requirement.

(h) The Filer files with its principal regulator, to the attention of the Director, Investment Funds Branch, on or before January 31st in each calendar year, a certificate signed by an ultimate designated person certifying that, to the best of the knowledge of such person, after making due inquiry, the Filer has complied with the terms and conditions of this decision during the previous calendar year.

(i) If the Filer files an ETF Facts instead of a Summary Document with respect to a class or series of ETF Securities, the latest ETF Facts filed in respect of such class or series of ETF Securities must be substituted for the Summary Document in order to satisfy the foregoing conditions with respect to any purchase of such class or series of ETF Securities that occurs after the date of the filing of such ETF Facts.

(j) Conditions (a), (b), (c) and (e)(i) above do not apply to the Exemption Sought with respect to a class or series of an ETF Security of an ETF if the Filer files an ETF Facts for such class or series of the ETF Security.

(k) Conditions (d), (e)(ii), (e)(iii), (f), (g) and (h) do not apply to an ETF with respect to the Exemption Sought after any new legislation or rule dealing with the Prospectus Delivery Decision takes effect and any applicable transition period has expired.

(l) The Exemption Sought from the Prospectus Form Requirement, as it relates to one or more of the Jurisdictions, will terminate on the latest of: (i) the coming into force of any legislation or rule dealing with the Exemption Sought from the Prospectus Form Requirement or (ii) the end date of any applicable transition period for any legislation or rule dealing with the Exemption Sought from the Prospectus Form Requirement.

2. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted in respect of the Take-over Bid Requirements.

As to the Exemption Sought from the Underwriter's Certificate Requirement and Take-over Bid Requirements:

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Garnet Fenn"
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Prospectus Form Requirement:

"Vera Nunes"
Acting Director, Investment Funds and Structured Products
Ontario Securities Commission

APPENDIX A

CONTENTS OF SUMMARY DOCUMENT

General Instructions:

1. *Items 1 to 10 represent the minimum disclosure required in a Summary Document for a fund. The inclusion of additional information is not precluded so long as the Summary Document does not exceed a total of four pages in length (two pages double-sided).*

2. *Terms defined in 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 Summary Document have the meanings that they have in those national instruments.*

3. *Information in the Summary Document must be clear and concise and presented in plain language.*

4. *The format and presentation of information in the Summary Document is not prescribed but the information must be presented in a manner that assists in readability and comprehension.*

5. *The order of the Items outlined below is not prescribed, except for Items 1 and 2, which must be presented as the first 2 items in the Summary Document.*

6. *Each reference to a fund in this Appendix A refers to an ETF as defined in the decision above.*

Item 1 – Introduction

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

(a) the title “Summary Document”;

(b) the name of the manager of the fund;

(c) the name of the fund to which the Summary Document pertains; and

(d) the date of the document.

Item 2 – Cautionary Language

Include a statement in italics in substantially the following form:

“The following is a summary of the principal features of this fund. You can find more detailed information about the fund in the prospectus. The prospectus is available on [insert name of the manager of the fund] website at [insert manager of the fund website], or by contacting [insert name of the manager of the fund] at [insert manager of the fund's email address], or by calling [insert telephone number of the manager of the fund]”.

Item 3 – Fund Details

Include the following disclosure:

(a) ticker symbol;

(b) fund identification code(s);

(c) index ticker (as applicable);

(d) exchange;

(e) currency;

(f) inception date;

(g) RSP eligibility;

(h) DRIP eligibility;

(i) expected frequency and timing of distributions, and if applicable, the targeted amount for distributions;

(j) management expense ratio, if available; and

(k) portfolio manager, when the fund is actively managed.

Item 4 – Investment Objectives

Include a description of the fundamental nature of the fund, or the fundamental features of the fund that distinguishes it from other funds.

INSTRUCTIONS:

Include a description of what the fund primarily invests in, or intends to primarily invest in, such as

(a) a description of the fund, including what the fund invests in, and if it is trying to replicate an index, the name of the index, and an overview of the nature of securities covered by the index or the purpose of the index; and

(b) the key investment strategies of the fund.

Item 5 – Investments of the Fund

1. Include a table disclosing:

(a) the top 10 positions held by the fund; and

(b) the percentage of net asset value of the fund represented by the top 10 positions.

2. Include at least one, and up to two, charts or tables that illustrate the investment mix of the fund's investment portfolio.

INSTRUCTIONS:

(a) The information required under this Item is intended to give a snapshot of the composition of the fund's investment portfolio. The information required to be disclosed under this Item must be as at a date within 60 days before the date of the Summary Document.

(b) The information required under Item 5(2) must show a breakdown of the fund's investment portfolio into appropriate subgroups and the percentage of the aggregate net asset value of the fund constituted by each subgroup. The names of the subgroups are not prescribed and can include security type, industry segment or geographic location. The fund should use the most appropriate categories given the nature of the fund. The choices made must be consistent with disclosure provided under "Summary of Investment Portfolio" in the fund's MRFP.

(c) For new funds where the information required to be disclosed under this Item is not available, provide a brief statement explaining why the required information is not available.

Item 6 – Risk

1. Include a statement in italics in substantially the following form:

"All investments involve risk. When you invest in the fund the value of your investment can go down as well as up. For a description of the specific risks of this fund, see the fund's prospectus."

2. If the cover page of the fund's prospectus contains text box risk disclosure, also include a description of those risk factors in the Summary Document.

Item 7 – Fund Expenses

1. Include an introduction using wording similar to the following:

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

2. Provide information about the expenses of the fund in the form of the following table:

	Annual rate (as a % of the fund's value)
Management expense ratio (MER) This is the total of the fund's management fee and operating expenses.	
Trading expense ratio (TER) These are the fund's trading costs.	
Fund expenses The amount included for fund expenses is the amount arrived at by adding the MER and the TER.	

3. If the information in (2) is unavailable because the fund is new including wording similar to the following:

"The fund's expenses are made up of the management fee, operating expenses and trading costs. The fund's annual management fee is [ ]% of the fund's value. Because this fund is new, its operating expenses and trading costs are not yet available."

INSTRUCTIONS:

Use a bold font or other formatting to indicate that fund expenses is the total of all ongoing expenses set out in the chart and is not a separate expense charged to the fund.

Item 8 – Trailing Commissions

1. If the manager of the fund or another member of the fund's organization pays trailing commissions, include a brief description of these commissions.

2. The description of any trailing commission must include a statement in substantially the following words:

"The trailing commission is paid out of the management fee. The trailing commission is paid for as long as you own the fund."

Item 9 – Other Fees

1. Provide information about the amount of fees payable by an investor, other than those already described or payable by designated brokers and underwriters.

2. Include a statement using wording similar to the following:

"You may pay brokerage fees to your dealer when you purchase and sell units of the fund."

INSTRUCTIONS:

(a) Examples include any redemption charges, sales charges or other fees, if any, associated with buying and selling securities of the fund.

(b) 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.

Item 10 – Statement of Rights

State in substantially the following words:

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, or*

- *other rights and remedies if this document or the fund's prospectus contains 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 11 – Past Performance

If the fund includes past performance:

1. Include an introduction using wording similar to the following:

   This section tells you how the fund has performed over the past [insert the lesser of 10 years or the number of completed calendar years] years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

   It's important to note that this doesn't tell you how the fund will perform in the future as past performance may not be repeated. Also, your actual after-tax return will depend on your personal tax situation.

2. Show the annual total return of the fund, in chronological order for the lesser of:

   (a) each of the 10 most recently completed calendar years; and

   (b) each of the completed calendar years in which the fund has been in existence and which the fund was a reporting issuer.

3. Show the

   (a) final value, of a hypothetical $1,000 investment in the fund as at the end of the period that ends within 60 days before the date of the Summary Document and consists of the lesser of:

      (i) 10 years, or

      (ii) the time since inception of the fund,

      and

   (b) the annual compounded rate of return that would equate the initial $1,000 investment to the final value.

INSTRUCTIONS:

In responding to the requirements of this Item, a fund must comply with the relevant sections of Part 15 of National Instrument 81-102 Investment Funds as if those sections applied to a Summary Document.

Item 12 – Benchmark Information

If the Summary Document includes benchmark information, ensure this information is consistent with the fund's MRFP and presented in the same format as Item 11.

2.1.5 Metals Plus Income Corp. – 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).

March 29, 2016

Stikeman Elliott
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Dear Sirs/Mesdames:

Re: Metals Plus Income Corp. (the "Applicant")

Application for a decision under the securities legislation of Ontario, Alberta, Manitoba, New Brunswick, Newfoundland and Labrador , Nova Scotia, Prince Edward Island, Quebec and Saskatchewan (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, "security holder" 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 security holders in each of the jurisdictions of Canada and fewer than 51 security holders 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 in 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.

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

2.1.6 Vanguard Investments Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the investment fund self-dealing restrictions in the Securities Act (Ontario) and National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to allow pooled funds to invest in securities of underlying funds under common management – relief subject to certain conditions.

Applicable Legislative Provisions

Securities Act (Ontario) R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(4), 113.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(a), 15.1.

March 29, 2016

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
VANGUARD INVESTMENTS CANADA INC.
(the Filer)

AND

IN THE MATTER OF
THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on its behalf and on behalf of the existing investment funds listed as Initial Top Funds in Schedule "A" (the **Initial Top Funds**) hereto, and any other investment fund which is not a reporting issuer under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), for which the Filer is, or will be, the investment fund manager (the **Future Top Funds** and, together with the Initial Top Funds, the **Top Funds**) and for which the Filer or an affiliate is, or will be, the portfolio manager, for a decision under the Legislation exempting the Top Funds and the Filer from:

(a) the restriction in the *Securities Act* (Ontario) (the **Act**) which prohibits an investment fund from knowingly making an investment in any person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial securityholder;

(b) the restriction in the Act which prohibits an investment fund from knowingly making an investment in an issuer in which any of the following has a significant interest:

  (i) any officer or director of the investment fund, its management company or distribution company or an associate of either of them, or

  (ii) any person or company who is a substantial securityholder of the investment fund, its management company or its distribution company; and

(c) the restriction in the Act which prohibits an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraphs (a) or (b) above

(collectively, the **Related Issuer Relief**); and

(d) the restrictions contained in subsection 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless the fact is disclosed to the client and the written consent of the client to the investment is obtained before the purchase

(the **Consent Relief**, and together with the Related Issuer Relief, the **Exemptions Sought**).

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

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

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

Interpretation

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

Representations

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

The Filer

1. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, a portfolio manager in Ontario, a commodity trading manager in Ontario and an exempt market dealer in each of the provinces of Canada.

3. The Filer is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation in any jurisdiction of Canada.

4. The Filer is the investment fund manager and portfolio manager of the Initial Top Funds. The Filer will be the investment fund manager of the Future Top Funds. The Filer, or an affiliate of the Filer, is or will be the portfolio manager of the Future Top Funds.

5. The Filer, or an affiliate of the Filer, is the investment fund manager and portfolio manager of the existing investment funds listed as Initial Underlying Funds in Schedule "A" (collectively, the **Initial Underlying Funds**). The Filer, or an affiliate of the Filer, is or will be the investment fund manager and portfolio manager of any other investment fund that exists or that may be established by the Filer, or an affiliate of the Filer, after the date hereof (collectively, the **Future Underlying Funds**, as further defined below, and together with the Initial Underlying Funds, the **Underlying Funds**).

6. As the Filer, or an affiliate of the Filer, is, or will be, the portfolio manager for the Top Funds and the Underlying Funds, the Filer, or an affiliate of the Filer, is, or will each be, a "responsible person" within the meaning of the applicable provisions of NI 31-103.

The Top Funds

7. Each Initial Top Fund is, and each Future Top Fund will be, a "mutual fund" for the purposes of the Legislation. Each Initial Top Fund is not in default of securities legislation in Canada.

8. Each Initial Top Fund is an open-ended, mutual fund trust established pursuant to a declaration of trust under the laws of Ontario. Each Future Top Fund will be an open-ended, mutual fund trust established pursuant to a declaration of trust under the laws of Ontario or another jurisdiction of Canada.

9. Each Initial Top Fund is not a reporting issuer under the Legislation and no Future Top Fund will be a reporting issuer in any province or territory of Canada.

10. Securities of each Top Fund will be offered for sale to "accredited investors", within the meaning of National Instrument 45-106 Prospectus Exemptions (**NI 45-106**) and section 73.3 of the Act and to other investors pursuant to other available prospectus exemptions and applicable laws.

11. Securities of some or all of the Top Funds may be suitable investment options for capital accumulation plans (**CAPs**), which are tax assisted investment or savings plans that permit their members to make investment decisions among two or more options offered within the CAP, and for certain "overflow" savings plans sponsored by plan sponsors that would not constitute CAPs (**Non-Tax Assisted Plans**) (CAPs and Non-Tax Assisted Plans, collectively, the **Plans**). Securities of each Top Fund may be distributed to Plans pursuant to the exemptions from the prospectus requirements contained in discretionary exemptive relief granted to certain record-keepers, administrators and plan sponsors of Plans and also in blanket orders adopted on October 21, 2005 by the regulators of certain provinces and territories of Canada (collectively, the **Plan Prospectus Exemptions**).

12. To achieve its investment objective, a Top Fund may invest some or all of its assets in one or more Underlying Funds (as further defined below), which investment or investments will be consistent with the Top Fund's investment objectives and strategies (each, a **Fund-on-Fund Structure**).

The Underlying Funds

13. Each Initial Underlying Fund is a "mutual fund" as defined under the Legislation. The Initial Underlying Funds are comprised of:

    (a) an exchange-traded fund, the securities of which are "index participation units" as such term is defined in NI 81-102 (**IPUs**), organized as a class of shares of a Delaware statutory trust; and

    (b) open-ended, mutual fund trusts established pursuant to a declaration of trust under the laws of Ontario or another jurisdiction of Canada, each of which is not a reporting issuer under the Legislation, the securities of which will be offered for sale to one or more Top Funds and may also be offered for sale to other "accredited investors", within the meaning of NI 45-106 and section 73.3 of the Act, and to other investors pursuant to other available prospectus exemptions and applicable laws.

14. Each Initial Underlying Fund is not in default of securities legislation in any jurisdiction of Canada.

15. Each Future Underlying Fund will be a "mutual fund" as defined under the Legislation and will be:

    (a) a mutual fund offered by simplified prospectus to which NI 81-102 applies (each, an **NI 81-102 Fund**);

    (b) an exchange-traded fund, the securities of which are IPUs, organized as a trust under the laws of Ontario, which is a reporting issuer and which is subject to NI 81-102 (each, a **Canadian ETF**);

    (c) an exchange-traded fund, the securities of which are IPUs, organized as a class of shares of a Delaware statutory trust or other similar entity domiciled in the United States (each, a **Foreign ETF**); or

    (d) an open-ended, mutual fund trust established pursuant to a declaration of trust established under the laws of Ontario or another jurisdiction of Canada, which is not a reporting issuer under the Legislation, the securities of which will be offered for sale to one or more Top Funds and may also be offered for sale to other "accredited investors", within the meaning of NI 45-106 and section 73.3 of the Act, and to other investors pursuant to other available prospectus exemptions and applicable laws

    (the Initial Underlying Funds together with the Future Underlying Funds are, collectively, the **Underlying Funds**).

Fund-on-Fund Structure

16. Each Top Fund allows investors in the Top Fund to obtain exposure to the investment portfolios of one or more Underlying Funds and their investment strategies through the Fund-on-Fund Structure. The Filer believes that investing in one or more Underlying Funds will allow a Top Fund to achieve its investment objective in an efficient and cost effective way and will not be detrimental to the interests of the other securityholders of the Underlying Funds. This is because the Fund-on-Fund Structure can provide greater diversification for a Top Fund in particular asset classes, on a more cost-efficient basis, than investing directly in the securities held by the Underlying Funds. The Fund-on-Fund

Structure will also allow investors with smaller investments to have access to a larger variety of investments than would otherwise be available.

17. The assets of the Top Funds and, except for the Foreign ETFs, the Underlying Funds will be held by a custodian that meets the qualifications set out in subsection 6.2 of NI 81-102. The assets of the Foreign ETFs will be held by a custodian that meets the qualifications set out in Section 17(f) of the *Investment Company Act of 1940*.

18. Each of the Top Funds and, except for the Foreign ETFs, the Underlying Funds will prepare annual audited financial statements and interim unaudited financial statements in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) and will otherwise comply with the requirements of NI 81-106 applicable to them. Each of the Foreign ETFs will prepare financial statements in accordance with applicable law. The holdings by a Top Fund of securities of an Underlying Fund will be disclosed in the financial statements of the Top Fund.

19. The Top Funds are, or will be, related mutual funds by virtue of the common management by the Filer. The amount invested from time to time in an Underlying Fund by a Top Fund, either alone or together with one or more other Top Funds, may exceed 20% of the outstanding voting securities of the Underlying Fund. As a result, each Top Fund could, either alone or together with one or more other Top Funds, become a substantial securityholder of an Underlying Fund.

20. An investment in an Underlying Fund by a Top Fund will be effected at an objective price. According to the Filer's policies and procedures, an objective price, for this purpose, shall be the net asset value per security (NAV) of the applicable Underlying Fund.

21. The portfolio of each Underlying Fund will consist primarily of publicly traded securities. No Underlying Fund will hold more than 10% of its net asset value in "illiquid" assets (as defined in NI 81-102).

22. Investing in the Underlying Funds will allow the Top Funds to achieve their investment objectives in a cost efficient manner and will not be detrimental to the interests of other securityholders of the Underlying Funds.

23. In addition, the Fund-on-Fund Structure may result in a Top Fund investing in an Underlying Fund in which an officer or director of the Filer has a significant interest and/or a Top Fund investing in an Underlying Fund in which a person or company who is a substantial securityholder of the Top Fund or the Filer has a significant interest.

24. In the absence of the Related Issuer Relief, each Top Fund would be precluded from purchasing and holding securities of an Underlying Fund due to the investment restrictions contained in the Legislation. Specifically, the Top Funds would be prohibited from becoming substantial securityholders of the Underlying Funds.

25. In the absence of the Consent Relief, the Top Funds may be precluded from investing in Underlying Funds unless the specific fact is disclosed to securityholders of the Top Fund and the written consent of the securityholders of the Top Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, or its affiliate, who may be considered a "responsible person" (as per section 13.5 of NI 31-103) or an associate of a responsible person, may also be a partner, officer and/or director of the applicable Underlying Fund.

26. Since the Top Funds do not offer their securities under a simplified prospectus, they are not subject to NI 81-102 and, therefore, the Top Funds are unable to rely upon the exemption codified under subsection 2.5(7) of NI 81-102.

27. The investment objectives and restrictions applicable to a Top Fund are or will be described in the offering memorandum of the Top Fund (the **Offering Memorandum**), as are the fees, compensation and expenses payable by the Top Fund and matters relating to the structure of the Top Fund, the calculation of net asset value, distributions, the powers and duties of the investment fund manager and all other matters material to the Top Fund. The Offering Memorandum also discloses, or will disclose, that in pursuing its investment objectives, a Top Fund may invest in one or more Underlying Funds as an investment strategy.

28. No Underlying Fund will be a Top Fund in a Fund-on-Fund Structure.

29. The securityholders of a Top Fund will receive, on request, a copy of the audited annual financial statements and interim unaudited financial statements of any Underlying Fund in which the Top Fund invests.

30. The Top Funds and the Underlying Funds will have matching valuation and redemption dates.

31. An investment by a Top Fund in securities of an Underlying Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund and the Underlying Fund, as applicable.

32. The Underlying Funds that are not Foreign ETFs are, or will be, subject to the restrictions in NI 81-102 with respect to investments in other mutual funds.

33. To the extent that a Top Fund is distributed pursuant to the Plan Prospectus Exemption, the Top Fund will comply with Part 2 of NI 81-102, as modified by this Decision.

Decision

The principal regulator is satisfied that the exemptive relief application 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 Exemptions Sought are granted provided that:

(a) securities of each Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirements in NI 45-106, the Act or the Plan Prospectus Exemptions;

(b) securities of a Top Fund will not be distributed to Plans under the Plan Prospectus Exemptions unless both the Top Fund and each Underlying Fund that is not a reporting issuer held by the Top Fund comply with Part 2 of NI 81-102 (as modified by this decision);

(c) the investment by a Top Fund in one or more Underlying Funds is compatible with the investment objectives of the Top Fund;

(d) no Top Fund will purchase or hold securities of an Underlying Fund unless, at the time of the purchase of securities of the Underlying Fund, the Underlying Fund holds not more than 10% of its net assets in securities of other investment funds unless the Underlying Fund:

  (i) is a “clone fund” (as defined by NI 81-102),

  (ii) purchases or holds securities of a “money market fund” (as defined by NI 81-102); or

  (iii) purchases or holds securities that are IPUs issued by an investment fund;

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

(f) no sales fees or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund;

(g) the Filer, or its affiliate, does not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the securityholders of the Underlying Fund, as the case may be, except that the Filer, or its affiliate, may arrange for the securities the Top Fund holds of the Underlying Fund to be voted by the beneficial holders of securities of the Top Fund; and

(h) the Offering Memorandum of a Top Fund will be provided to investors in a Top Fund, prior to the time of investment and will disclose:

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

  (ii) that the Filer, or an affiliate of the Filer, is the investment fund manager and portfolio manager of both the Top Fund and the Underlying Funds;

  (iii) the approximate or maximum percentage of net assets of the Top Fund that the Top Fund intends to invest in securities of the Underlying Funds;

  (iv) each officer, director or substantial securityholder of the Filer, or its affiliate, or of a Top Fund that also has a significant interest in an Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the net asset value of the Underlying Fund, and the potential conflicts of interest that may arise from such relationships;

  (v) the fees and expenses payable by the Underlying Funds that the Top Fund may invest in, including any incentive fees;

(vi) that investors are entitled to receive from the Filer, or its affiliate, on request and free of charge, a copy of the Offering Memorandum or other similar disclosure document of any Underlying Fund in which the Top Fund invests; and

(vii) that investors are entitled to receive from the Filer, or its affiliate, on request and free of charge, the annual or semi-annual financial statements relating to any Underlying Fund in which the Top Fund invests; and

(i) Condition (h) will not apply to a Top Fund where it distributes its securities pursuant to the Plan Prospectus Exemption and other conditions to that relief are complied with.

The Consent Relief

"Darren McKall"
Manager, Investment Funds & Structured Products Branch
Ontario Securities Commission

The Related Issuer Relief

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Timothy Moseley"
Commissioner
Ontario Securities Commission

SCHEDULE "A"

Initial Top Funds

Vanguard Target Retirement Income Pooled Fund
Vanguard Target Retirement 2015 Pooled Fund
Vanguard Target Retirement 2020 Pooled Fund
Vanguard Target Retirement 2025 Pooled Fund
Vanguard Target Retirement 2030 Pooled Fund
Vanguard Target Retirement 2035 Pooled Fund
Vanguard Target Retirement 2040 Pooled Fund
Vanguard Target Retirement 2045 Pooled Fund
Vanguard Target Retirement 2050 Pooled Fund
Vanguard Target Retirement 2055 Pooled Fund
Vanguard Canadian All-Cap Equity Index Pooled Fund
Vanguard U.S. All-Cap Equity Index Pooled Fund
Vanguard Developed All-Cap ex North America Equity Index Pooled Fund
Vanguard Emerging Markets All-Cap Equity Index Pooled Fund
Vanguard Canada Universe Bond Index Pooled Fund
Vanguard Global ex-Canada Fixed Income Index Pooled Fund (CAD-hedged)

Initial Underlying Funds

Vanguard FTSE Emerging Markets ETF
Vanguard Canadian All-Cap Equity Index Pooled Fund
Vanguard U.S. All-Cap Equity Index Pooled Fund
Vanguard Developed All-Cap ex North America Equity Index Pooled Fund
Vanguard Emerging Markets All-Cap Equity Index Pooled Fund
Vanguard Canada Universe Bond Index Pooled Fund
Vanguard Global ex-Canada Fixed Income Index Pooled Fund (CAD-hedged)

2.1.7 Mackenzie Financial Corporation and JVK Life & Wealth Advisory Group Inc.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the requirement in s. 3.2(2), NI 81-101 to deliver a fund facts document to investors for subsequent purchases of mutual fund securities made pursuant to model portfolios, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 3.2(2), 6.1.

March 28, 2016

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(the "Filer")

AND

IN THE MATTER OF
JVK LIFE & WEALTH ADVISORY GROUP INC.
(the "Representative Dealer")

DECISION

Background

The principal regulator ("**Principal Regulator**") in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for an exemption (the "**Exemption Sought**") from the requirement (the "**Fund Facts Delivery Requirement**") in the Legislation to send or deliver the most recently filed fund facts document (the "**Fund Facts**") in the manner as required under the Legislation in respect of purchases of securities of the Funds that are made in connection with Asset Class Changes, Permitted Range Changes and Rebalancing Trades executed with respect to a Model Portfolio (the "**Exemption Sought**") (each of the capitalized terms as defined below).

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 by the Filer in all the provinces and territories of Canada (together with Ontario, the "**Jurisdictions**") in respect of the Exemption Sought.

Interpretation

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

Representations

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

The Filer and the Representative Dealer

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario. The Filer is registered under the *Securities Act* (Ontario) as a portfolio manager, exempt market dealer and investment fund manager, and is also registered as a portfolio manager and exempt market dealer in the other provinces and territories of Canada, and as an investment fund manager in each of Quebec and Newfoundland & Labrador. The Filer is also registered under the *Commodity Futures Act* (Ontario) as a commodity trading manager.

2. The head office of the Filer is located in Toronto, Ontario.

3. The Filer is the manager of mutual funds (the "**Existing Funds**"), each of which is subject to the requirements of National Instrument 81-102 *Investment Funds* ("**NI 81-102**"). The Filer may, in the future, become the manager of additional mutual funds (the "**Future Funds**") that are subject to the requirements of NI 81-102. The Existing Funds and Future Funds are referred to, collectively, as the "**Funds**" and, individually, as a "**Fund**".

4. The Funds are, or will be, reporting issuers in one or more of the Jurisdictions. Securities of the Funds are, or will be, qualified for sale pursuant to a simplified prospectus.

5. Securities of the Funds may be purchased through the Representative Dealer and may also be purchased from other dealers ("**Dealers**") that may or may not be affiliated with the Filer.

6. Each Dealer is, or will be, registered as:

   (a) a dealer in the category of mutual fund dealer under the Legislation and, other than mutual fund dealers registered in Quebec, is also a member of the Mutual Fund Dealers Association of Canada; or

   (b) a dealer in the category of investment dealer under the Legislation and a member of the Investment Industry Regulatory Organization of Canada.

7. The Representative Dealer is registered as a mutual fund dealer and exempt market dealer in the Province of Ontario.

8. The Filer, the Representative Dealer and the Existing Funds are not in default of securities legislation in any Jurisdiction.

The Model Portfolios

9. The Filer offers a service called The Portfolio Architecture Service (the "**PAS**") to investors in the Funds. To be eligible for this service, an investor (an "**Investor**") must:

   (a) invest a minimum of $500,000 in the Funds, exclusive of any investments in Series AR securities of the Funds; and

   (b) invest at least 51% of their portfolio in Series I, O, O6 and/or one or more of the Private Wealth Series of securities of the Funds.

   The particular series to be invested in and the minimum investment amount may be changed from time to time at the discretion of the Filer.

10. For the PAS, the Filer has developed 45 model portfolios (the "**Model Portfolios**"), each of which is comprised exclusively of securities of a selection of the Funds ("**Fund Selection**"). There are Model Portfolios suitable for Investors with short, medium or long-term investment horizons and with different tolerances for risk.

11. Each Model Portfolio has its own unique allocation of equity and fixed income investments and some consist exclusively of either equity or fixed income investments (the "**Asset Classes**").

12. Exposure to the different Asset Classes in each Model Portfolio will be achieved using a recommended list of Funds, each with a specified minimum and maximum percentage permitted range (the "**Permitted Range**") to be invested in each Fund.

13. Under the PAS, an Investor meets with his or her financial Adviser (the "**Adviser**"), who is a registered representative of a Dealer. The Adviser will determine the Investor's financial circumstances, investment knowledge, investment objectives, investment time horizon and their level of risk tolerance. The Filer will then provide a Model Portfolio that the Filer considers to be suitable for the Investor based on the Investor's investment objectives, investment time horizon and risk tolerance. The Adviser reviews the proposed Model Portfolio with the Investor, and modifications may be made with respect to Fund Selection, Permitted Ranges and Asset Classes, with the Investor's approval.

14. If the Investor decides to invest in a Model Portfolio, an agreement (the "**Agreement**") is entered into between the Investor, the Dealer and the Filer that sets out, amongst other matters, the following:

    (a) **Model Portfolio** – The Investor will authorize the Filer to manage the Investor's investment on a discretionary basis with a view to ensuring that the Investor's account is managed in accordance with the agreed upon Model Portfolio based on the Fund Selection, Asset Classes and Permitted Ranges;

    (b) **Fund Selection** – (i) The Investor will authorize the Filer to use its discretion to replace a current Fund (a "**Current Fund**") in a Model Portfolio:

        (i) due to it being terminated, or for any other similar reason that no longer allows the Current Fund to participate as part of a Model Portfolio, or

        (ii) when another Fund (a "**New Fund**") is considered by the Filer to be more appropriate,

        provided that the investment objectives and strategies of the New Fund are substantially consistent with the investment objectives and strategies of the Current Fund being replaced; and

        (iii) the Investor will authorize the Filer to use its discretion to add a New Fund(s) to a Model Portfolio where there has been an Asset Class Fund Selection Change (as defined below), initiated either by the Filer or the Investor.

        For changes to the Fund Selection (**Fund Selection Changes**) described in (i), (ii) and (iii) above, the Investor is provided with 5 days' prior written notice of the change together with the Fund Facts for the New Fund(s);

    (c) **Asset Classes** – The Investor will authorize the Filer to use its discretion to change the percentage allocations of the Asset Classes within the Model Portfolio provided that the Investor is given 60 days' prior written notice of the change, together with the Fund Facts for the New Fund(s), if any. Changes to the Asset Classes may result in:

        (i) purchases and redemptions of securities of one or more Current Funds in the Model Portfolio ("**Asset Class Changes**") or

        (ii) redemptions of securities of one or more Current Funds in the Model Portfolio and purchases of securities of one or more New Funds in the Model Portfolio ("**Asset Class Fund Selection Changes**");

    (d) **Permitted Ranges** – The Investor will authorize the Filer to use its discretion to change the Permitted Ranges ("**Permitted Range Changes**") of the Model Portfolio provided that the Investor is given 60 days' prior written notice of the change; and

    (e) **Rebalancing Trades** – The Investor will authorize the Filer to rebalance holdings in the Current Funds from time to time within the Permitted Ranges (the "**Rebalancing Trades**").

15. The terms of the Agreement are such that an Investor can terminate the Agreement at any time by providing written notice to the Filer.

16. At the time the Agreement is entered into, an investment policy statement is signed by the Investor which sets out the composition of the Model Portfolio selected by the Investor, the percentage allocation of the Asset Classes, the Permitted Range to be invested in each Current Fund, the fees payable to the Dealer and the Filer as well as the rules governing the investment and management of the Model Portfolio.

17. The Filer carries out the following monitoring and oversight procedures in connection with the Investor's account:

    (a) an annual portfolio review is conducted in conjunction with the Adviser to determine whether there have been any changes in the Investor's circumstances that would warrant modifications to the Model Portfolio; and

(b) the Mackenzie Asset Allocation Team, consisting of portfolio managers, have ongoing oversight responsibilities on the composition of the Model Portfolios and make recommendations for changes where considered appropriate.

18. The Investor may make Fund Selection Changes, Asset Class Changes and Permitted Range Changes or initiate Rebalancing Trades at any time.

19. Fund Selection Changes, made by either the Filer or the Investor, will result in redemptions of securities of one or more Current Funds in the Model Portfolio and purchases of securities of one or more New Funds introduced into the Model Portfolio. Such purchases would trigger the Fund Facts Delivery Requirement for the New Fund(s) introduced into the Model Portfolio.

20. Asset Class Changes, Permitted Range Changes and Rebalancing Trades made by either the Filer or the Investor, will result in redemptions and purchases of securities of one or more Current Funds in the Model Portfolio. Such purchases would trigger the Fund Facts Delivery Requirement for the Current Fund(s) in the Model Portfolio.

The Fund Facts Delivery Requirement

21. Currently, the Fund Facts Delivery Requirement requires that a Dealer not acting as agent of the Investor, who receives an order or subscription for a security of a Fund offered in a distribution to which the Legislation applies, must, unless it has previously done so, send to the Investor the Fund Facts most recently filed either before entering into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after entering into such agreement.

22. Commencing May 30, 2016, pursuant to amendments to NI 81-101, the Fund Facts Delivery Requirement will require a Dealer not acting as agent of the Investor, unless it has previously done so, to deliver to the Investor the Fund Facts most recently filed before the Dealer accepts an instruction from the Investor for the purchase of securities of a Fund ("**Pre-Sale Delivery**").

23. Currently, the Fund Facts for the Funds in the Model Portfolio are required to be delivered to the Investor prior to the Agreement being entered into, or within two days of trades being implemented for the Model Portfolio. Commencing May 30, 2016, there will be Pre-Sale Delivery of the Fund Facts for the Funds in the Model Portfolio.

24. For Fund Selection Changes or Asset Class Fund Selection Changes resulting in one or more New Funds being added to the Model Portfolio, Dealers will be required to provide Investors with the most recently filed Fund Facts for the New Fund(s) in accordance with the Fund Facts Delivery Requirement.

25. In the absence of the Exemption Sought, the Dealers will be required to deliver the most recently filed Fund Facts in accordance with the Fund Facts Delivery Requirement in respect of purchases of securities of the Current Funds that are made in connection with Asset Class Changes, Permitted Range Changes and Rebalancing Trades executed with respect to a Model Portfolio.

Decision

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

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

(a) each Investor in a Model Portfolio is sent or delivered a notice that states:

(i) subject to paragraph (b), and except as provided for in representation 24 above, the Investor will not receive the Fund Facts for the Funds in the Model Portfolio after the date of the notice, unless the Investor specifically requests it,

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

(iii) how to access the Fund Facts for the Funds in the Model Portfolio electronically,

(iv) the Investor will not have a right of withdrawal under the Legislation for Asset Class Changes, Permitted Range Changes and Rebalancing Trades for the Funds in the Model Portfolio, but will

continue to have a right of action if there is a misrepresentation in the prospectus or any document incorporated by reference into the prospectus, and

(v) the Investor may terminate the Agreement at any time;

(b) at least annually, the Investor will be advised in writing of how they can request the most recently filed Fund Facts;

(c) the most recently filed Fund Facts is sent or delivered to the Investor if the Investor requests it;

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

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

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

(e) prior to a Dealer relying on this Decision, the Filer provides to the Dealer:

(i) a copy of this Decision,

(ii) a disclosure statement informing the Dealer of the implications of this Decision, and

(iii) a form of acknowledgement of the matters referred to in paragraph (f) below, to be signed and returned by the Dealer to the Filer; and

(f) a Dealer seeking to rely on this Decision will, prior to doing so:

(i) acknowledge receipt of a copy of this Decision providing the Exemption Sought,

(ii) consent to the Filer providing to the Principal Regulator on an annual basis the name of the Dealer so long as it relies on this Decision, and

(iii) deliver to the Filer a signed acknowledgement and agreement binding the Dealer to the foregoing.

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

2.1.8 The Westaim Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Reporting issuer seeking relief from requirement under section 3.2 of NI 52-107 to permit the issuer to voluntarily file financial statements of an investee entity prepared in accordance with U.S. GAAP – Relief granted, subject to conditions.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, s. 3.2.

March 29, 2016

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
THE WESTAIM CORPORATION
(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**) providing exemptive relief from the requirements of section 3.2 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) to permit the Filer to voluntarily file on its directory on the System for Electronic Document Analysis and Retrieval (**SEDAR**), the annual audited financial statements (the **HIIG Financial Statements**) of Houston International Insurance Group, Ltd. (**HIIG**), in each case, prepared using U.S. GAAP as opposed to IFRS (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 (the **Principal Regulator**); 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, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon (collectively, the **Passport Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and NI 52-107 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation existing under the *Business Corporations Act* (Alberta) with its head office at 70 York Street, Suite 1700, Toronto, Ontario M5J 1S9.

2. The Filer is a Canadian investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry which invests directly and indirectly through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation.

3. The Filer is a reporting issuer or equivalent in the Jurisdiction and each Passport Jurisdiction and is not an SEC issuer.

4. To the best of its knowledge, the Filer is not in default of any requirement of securities laws in any jurisdiction of Canada.

5. As of the date hereof, the Filer's investments include significant interests in HIIG and the Arena Investors group of companies.

6. HIIG is a Delaware corporation with its principal place of business being located in Houston, Texas.

7. HIIG is a foreign issuer and not a reporting issuer or equivalent or an SEC issuer.

8. On July 31, 2014, the Filer, in combination with third party investors, completed the acquisition of an indirect significant equity interest in HIIG (the **Acquisition**).

9. The Filer prepared and filed a business acquisition report (**BAR**) in respect of the Acquisition on October 8, 2014 (the **Initial BAR**). The Initial BAR contained audited consolidated balance sheets of HIIG as at December 31, 2013 and 2012 and audited consolidated statements of operations and

comprehensive income (loss), changes in stockholders' equity and cash flows for the years ended December 31, 2013 and 2012 (the **Initial BAR Audited Statements**), an unaudited interim consolidated balance sheet of HIIG as at June 30, 2014 and unaudited interim consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for the six months ended June 30, 2014 and 2013 (the **Initial BAR Unaudited Statements** and collectively with the Initial BAR Audited Statements, the **Initial BAR Statements**).

10. On January 14, 2015, the Filer, in combination with third party investors, acquired an additional indirect equity interest in HIIG (the **Additional Acquisition**).

11. The Filer prepared and filed a BAR in respect of the Additional Acquisition on March 31, 2015 (the **Subsequent BAR**). The Subsequent BAR contained audited consolidated balance sheets of HIIG as at December 31, 2014 and 2013 and audited consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity and cash flows for the years ended December 31, 2014 and 2013 (the **Subsequent BAR Audited Statements** and collectively with the Initial BAR Statements, the **BAR Statements**).

12. The Filer currently owns an indirect approximate 44.1% equity interest in HIIG.

13. The BAR Statements were prepared in accordance with U.S. GAAP and the Initial BAR Audited Statements and the Subsequent BAR Audited Statements were audited in accordance with U.S. AICPA GAAS.

14. The Filer's investment in HIIG represented approximately 43.5% of its aggregate assets as at December 31, 2015.

15. The annual financial statements of the Filer are in compliance with IFRS and are audited in accordance with Canadian GAAS.

16. IFRS 10 provides an exception to the consolidation requirements for entities that meet the definition of an investment entity and requires such an entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its financial statements. The Filer has detemined that it meets the definition of investment entity in IFRS 10, and as a result the Filer does not consolidate the results of HIIG in its financial statements.

17. At this time, in addition to the fact that security holders of HIIG have access to the HIIG Financial Statements, given that the Filer's investment in HIIG represents a material portion of the Filer's aggregate assets, the Filer considers that the HIIG Financial Statements will provide relevant information for investors in assessing the financial position and performance of the Filer. As such, the Filer is desirous of providing, for the benefit of its security holders and the investing public generally, access to the HIIG Financial Statements.

18. The Filer currently intends to accomplish the foregoing by filing, on a voluntary basis, the HIIG Financial Statements on SEDAR under the Filer's directory commencing in 2016 in respect of HIIG's financial year ended December 31, 2015 (each, a **Voluntary HIIG Filing**).

19. A Voluntary HIIG Filing is not a requirement under securities legislation.

20. Should the Filer effect a Voluntary HIIG Filing, in order to comply with NI 52-107, the HIIG Financial Statements would be required to be prepared in accordance with IFRS (rather than U.S. GAAP).

21. If HIIG were an SEC issuer, the Filer would be permitted by section 3.7 of NI 52-107 to file the HIIG Financial Statements prepared in accordance with U.S. GAAP.

22. If the HIIG Financial Statements were "acquisition statements", as defined in NI 52-107, the Filer would be permitted by section 3.11 of NI 52-107 to file the HIIG Financial Statements prepared in accordance with U.S. GAAP.

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 to the Filer provided that:

(a) the HIIG Financial Statements are prepared in accordance with U.S. GAAP and are audited in accordance with U.S. AICPA GAAS or U.S. PCAOB GAAS, respectively;

(b) the filing of the HIIG Financial Statements under the Filer's SEDAR directory is voluntary; and

(c) HIIG Financial Statements filed by the Filer in respect of any given financial year are filed on or before the filing deadline applicable to the Filer's annual financial statements under the Legislation for that financial year.

The Exemption Sought applies to HIIG Financial Statements commencing in 2016 in respect of HIIG's financial year ended December 31, 2015.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.9 Xcite Energy Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer deemed to no longer be a reporting issuer under the Legislation of the Jurisdictions – issuer's securities are traded only on a market or exchange outside of Canada – Canadian residents own less than 2% of the issuer's securities and represent less than 2% of the issuer's total number of securityholders only on a fully diluted basis.

Applicable Legislative Provisions

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

Citation: Re Xcite Energy Limited, 2016 ABASC 69

March 29, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEW BRUNSWICK,
PRINCE EDWARD ISLAND, NOVA SCOTIA,
NEWFOUNDLAND AND LABRADOR
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
XCITE ENERGY LIMITED
(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**) that the Filer be deemed to have ceased to be a reporting issuer (the **Exemptive Relief Sought**).

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

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

(b) this 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 herein.

"marketplace" has the same meaning as in National Instrument 21-101 *Marketplace Operation*.

Representations

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

1. The Filer was incorporated 5 January 2007 under the laws of the British Virgin Islands. The Filer's registered office is located in Road Town, Tortola.

2. The Filer, together with its subsidiary Xcite Energy Resources plc, is a heavy oil appraisal and development company.

3. The Filer has no operations, personnel, assets or premises in Canada. Currently the Filer's sole nexus to Canada is that one of the Filer's directors is resident in Canada (the **Canadian Director**).

4. The Filer is a reporting issuer in each of the Jurisdictions and is not in default of any of its obligations under the Legislation.

5. The Filer first became a reporting issuer in the Jurisdictions by filing a prospectus dated 7 November 2007 in connection with an offering in Canada of its ordinary shares (**Ordinary Shares**).

6. The Filer is a "designated foreign issuer" as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**) and, in its annual information circular dated 7 April 2015, made the disclosure required pursuant to section 5.2 of NI 71-102 in order to rely on Part 5 of NI 71-102.

7. As of 22 December 2015, the Filer had the following securities issued and outstanding:

   (a) 309,930,421 Ordinary Shares, which trade on the Alternative Investment Market of the London Stock Exchange plc of the United Kingdom (the **AIM**); and

   (b) 30,162,000 share options issued pursuant to the Filer's share option plan (**Share Options**) and 1,000,000 share warrants (**Share Warrants**), each exercisable by the holder into one Ordinary Share.

8. None of the Share Options were offered publicly in Canada. The Share Warrants, and the Share Options issued to the sole Canadian Director, were issued in Canada pursuant to a prospectus exemption.

9. On 16 September 2015 the Filer announced that it had applied for the voluntarily delisting of its Ordinary Shares from the TSX Venture Exchange (**TSX-V**). This delisting was accepted and became effective at close of TSX-V trading on 30 September 2015 (the **Delisting Date**).

10. Based on the Filer's diligent inquiries, as at 22 December 2015, the Filer represents that it has:

    (a) 293 residents of Canada directly or indirectly beneficially owning 2,826,074 Ordinary Shares, representing 1.2% of the issued and outstanding Ordinary Shares and 0.9% of the total number of holders of Ordinary Shares worldwide;

    (b) 1 resident of Canada directly or indirectly beneficially owning 790,000 Share Options, representing 2.62% of the issued and outstanding Share Options and 4.35% of the total number of holders of Share Options worldwide; and

    (c) 6 residents of Canada directly or indirectly beneficially owning 562,500 Share Warrants, representing 56.3% of the issued and outstanding Share Warrants and 86% of the total number of holders of Share Warrants worldwide.

11. Accordingly, based on the foregoing, as of 22 December 2015, if all the Share Options and Share Warrants were exercised, residents of Canada would not:

    (a) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the Filer worldwide; and

    (b) directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.

12. The Filer is subject to all applicable requirements of (i) the corporate laws of the British Virgin Islands; (ii) the securities laws of the United Kingdom; and (iii) the rules and reporting requirements of AIM. The Filer is not in default of any of the obligations under these requirements or any other securities or corporate legislation to which is it subject.

13. In the last twelve months, the Filer has not conducted any offering of its securities in Canada and, since the Delisting Date, has not taken any steps that indicate there is a market for its securities in Canada. The Filer does not intend to conduct any offerings of its securities in Canada

or to trade its securities on a marketplace in Canada.

14. In the eight months prior to the Delisting Date, the trading volume of the Ordinary Shares on the TSX-V accounted for less than 1% of the aggregate trading volume of the Ordinary Shares on the TSX-V and the AIM.

15. The Filer issued a news release dated 23 December 2015 advising that it applied to the Decision Makers for a decision that it is not a reporting issuer in the Jurisdictions and, if that decision is made, the Filer will no longer be a reporting issuer in any jurisdiction of Canada. The Filer has not received any response from its securityholders in response to this news release.

16. The Filer undertakes to each of the Decision Makers to concurrently deliver to its Canadian securityholders all disclosure the Filer is required, under the securities laws of the United Kingdom and the rules and reporting requirements of the AIM, to deliver to UK resident securityholders. These materials are also available on the Filer's website at www.xcite-energy.com.

17. The Filer will not be a reporting issuer in any jurisdiction of Canada immediately following the granting of the Exemptive Relief sought.

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.

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.10 Star Portfolio Corp. – 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).

March 28, 2016

Star Portfolio Corp.
1 First Canadian Place
100 King Street West, 3rd Floor Podium
P.O. Box 150
Toronto, Ontario M5X 1H3

Dear Sirs/Mesdames,

Re: Star Portfolio Corp. (the "Applicant") – Application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (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 in Canada and fewer than 51 securityholders in total in 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.

"Darren McKall"
Manager,
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.11 Redwood Asset Management Inc. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because merger does not meet the criteria for per-approval – merger not a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act – manager of continuing fund is not an affiliate of the manager of the terminating funds - securityholders provided with timely and adequate disclosure regarding the merger.

Applicable Legislative Provisions

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

March 7, 2016

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
REDWOOD ASSET MANAGEMENT INC.
(Redwood)

AND

AIP ASSET MANAGEMENT INC.
(AIP) (together the Filers)

AND

IN THE MATTER OF
REDWOOD GLOBAL MACRO CLASS
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers and the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the proposed merger (the **Merger**) of the Terminating Fund into AIP Global Macro Class (the **Continuing Fund** and together with the Terminating Fund, the **Funds** and each a **Fund**) under subsection 5.5(1)(b) of National Instrument 81-102 – *Investment Funds* (**NI 81-102**) (such approval, the **Approval Sought**).

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

(a) the Ontario Securities Commission (the **OSC**) 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 each of the other Provinces and Territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filers

1. Redwood is a corporation incorporated under the *Business Corporations Act* (Ontario) (**OBCA**) and has its head office in Toronto, Ontario.

2. Redwood is registered as an investment fund manager, portfolio manager and exempt market dealer in Ontario, as an investment fund manager and exempt market dealer in Quebec, as an investment fund manager in Newfoundland and Labrador, as an exempt market dealer in Alberta, and as an exempt market dealer in British Columbia.

3. Redwood is the investment fund manager of the Terminating Fund, and AIP is the portfolio manager of the Terminating Fund.

4. AIP is a Toronto-based asset management company formed under the laws of the Province of Ontario pursuant to articles of incorporation dated February 21, 2013.

5. The head office of AIP is located at 77 King St West, Suite 4140, Toronto, ON M5K 1E7.

6. AIP manages hedge funds and mutual funds and discretionary separately managed accounts.

7. AIP is registered in Alberta and British Columbia under the applicable legislation as a portfolio manager. AIP is also registered in Ontario under the applicable legislation as an exempt market dealer, portfolio manager and investment fund manager.

8. Neither Redwood nor AIP is in default of securities legislation in any jurisdiction of Canada.

The Funds

9. The Terminating Fund is a class of mutual fund shares of Ark Mutual Funds Ltd. (**Ark Ltd.**), a corporation formed under the OBCA by articles of incorporation dated November 2, 2007.

10. The authorized capital of Ark Ltd. consists of an unlimited number of common shares and 1,000 classes of mutual fund shares issuable in series. One common share (the **Common Share**) has been issued to Redwood. The Terminating Fund represents one of the classes of mutual fund shares of Ark Ltd. outstanding and the Common Share is the only common share of Ark Ltd. outstanding.

11. The Terminating Fund currently distributes its securities in all the Jurisdictions pursuant to a simplified prospectus, annual information form and fund facts, each dated August 18, 2015 (collectively the **Redwood Offering Documents**) and as each has been amended, and is a reporting issuer in all the Jurisdictions.

12. The Terminating Fund is subject to, among other laws and regulations, NI 81-102, National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) and National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

13. The Terminating Fund is not in default of any requirements of applicable securities legislation.

14. On January 26, 2016, AIP filed a preliminary simplified prospectus, a preliminary annual information form, and related fund facts (collectively, the **AIP Offering Documents**), for a family of mutual funds to be managed by AIP, including the Continuing Fund.

15. The Continuing Fund will be a class of mutual fund shares of a newly created mutual fund corporation, AIP Mutual Funds Corporation (**AIP Corp.**), a corporation that was incorporated under the OBCA on January 14, 2016.

16. The Continuing Fund will distribute Series A, Series F and Series I shares in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the **Distributing Jurisdictions**), pursuant to the final AIP Offering Documents. The Continuing Fund will therefore be a reporting issuer in the Distributing Jurisdictions.

17. No shareholders of the Terminating Fund currently reside in a jurisdiction other than the Distributing Jurisdictions, and the Terminating Fund is closed to new purchases of shares in Provinces and Territories other than the Distributing Jurisdictions.

18. The Continuing Fund will be subject to, among other laws and regulations, NI 81-102, NI 81-106 and NI 81-107.

The Proposed Merger

19. On November 23, 2015, Redwood and AIP entered into an agreement (the **Transaction Agreement**) pursuant to which the parties agreed that the Merger would take place, subject to approval by the securityholders of the Terminating Fund, obtaining all necessary regulatory approvals and the satisfaction of all other conditions precedent set out in the Transaction Agreement.

20. As a result, effective on or about March 18, 2016 (the **Effective Date**), and subject to receipt of all necessary regulatory and shareholder approvals and the satisfaction of all other required conditions precedent to the Transaction Agreement, the Merger will occur. Securityholders of the Terminating Fund will become securityholders of the Continuing Fund and the Terminating Fund will be wound up as soon as reasonably practicable thereafter.

21. Redwood will continue to act as manager for certain other open-end funds that are not relevant to the Merger.

22. AIP intends to manage and administer the Continuing Fund in a similar manner as the Terminating Fund. If the Merger is approved, securityholders of the Terminating Fund will still hold an investment in a corporate mutual fund that has substantially similar investment objectives and strategies, as well as other common elements, including:

    (a) Portfolio Advisor – AIP is and will be the portfolio advisor to each Fund.

    (b) Registered Plan Eligibility – The Terminating Fund is a qualified investment for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, tax-free savings accounts, registered disability savings plans and deferred profit sharing plans. Assuming AIP Corp. qualifies as a “public corporation”, which is anticipated to be the case, the Continuing Fund will be similarly qualified.

    (c) Valuation Procedures – The Continuing Fund will have similar valuation procedures as the Terminating Fund. The net asset value of each Fund is or will be calculated at the close of trading on each day that the Toronto Stock Exchange is open for trading. Net asset values per share are or will be calculated for each series of securities using the same methodologies and currencies. Assets and liabilities will be valued in a similar manner.

23. A press release announcing the Merger was issued and disseminated on December 1, 2015. A related material change report was filed under SEDAR Project No. 02427202 on December 5, 2015.

24. Amendments to the Redwood Offering Documents were also filed on SEDAR under SEDAR Project No. 2368041 in connection with the announcement of the Merger and in accordance with applicable securities requirements.

25. At a special meeting of shareholders of the Terminating Fund held on February 26, 2016 (the **Special Meeting**), the shareholders of the Terminating Fund approved the Merger. A notice of meeting and a management information circular (the **Circular**) was mailed to shareholders of the Terminating Fund on February 4, 2016 and filed on SEDAR on February 5, 2016 in accordance with the requirements of applicable securities legislation.

26. The Circular provided shareholders of the Terminating Fund with sufficient information, including a discussion regarding the tax implications of the Merger and information respecting AIP and the Continuing Fund, to permit them to make an informed decision whether to approve the Merger. In addition, the Circular included certain prospectus-level disclosure concerning the Continuing Fund, including information regarding fees, expenses, investment objectives, valuation procedures, the manager, and the portfolio advisor. The Circular also disclosed that securityholders could obtain the preliminary AIP Offering Documents that were filed upon request or on SEDAR at www.sedar.com. Also accompanying the Circular delivered to securityholders of the Terminating Fund was a copy of the preliminary fund facts document for the Continuing Fund.

27. In accordance with the provisions of NI 81-107, the Independent Review Committee of the Terminating Fund has reviewed the potential conflict of interest matters related to the Merger and, after reasonable inquiry, it concluded pursuant to deliberations on January 19, 2016 that the Merger, if implemented, will achieve a fair and reasonable result for the Terminating Fund.

28. Regulatory approval of the Merger is required because the Merger does 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 Merger is intended to be implemented between Funds that have different and unaffiliated managers. Consequently, the Merger will not meet the criteria for pre-approved reorganizations and transfers under subsection 5.6(1)(a)(i) of NI 81-102;

    (b) the Merger cannot be implemented as either a "qualifying exchange" within the meaning of section 132.2 of the *Income Tax Act (*Canada) (the **Tax Act**) or a tax-deferred transaction under section 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act. Consequently, the Merger does not meet the criteria for pre-approved reorganizations and transfers under subsection 5.6(1)(b) of NI 81-102; and

    (c) the Continuing Fund is not yet in existence and therefore does not have a current prospectus under which it may offer its shares. As the Continuing Fund is not yet in existence, the Circular therefore cannot contain the statement required under subsection 5.6(1)(f)(iii) of NI 81-102.

29. Except for the foregoing reasons, 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.

Proposed Merger Steps

30. The specific steps to implement the Merger are described below. The Merger will be completed on a taxable basis. The result of the Merger will be that investors in the Terminating Fund will cease to be shareholders in the Terminating Fund and will become shareholders in the Continuing Fund.

31. Redwood has determined that a substantial majority of the shares of the Terminating Fund are held in tax deferred registered plans, which are not generally affected by the tax consequences of the Merger.

32. The proposed Merger will be structured as follows:

    (a) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the Effective Date.

    (b) The Continuing Fund will acquire all or substantially all of the investment portfolio and the assets of the Terminating Fund in exchange for shares of the Continuing Fund having an aggregate net asset value equal to the value of the investment portfolio and assets acquired.

    (c) The Continuing Fund will not assume the Terminating Fund's liabilities and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Effective Date.

    (d) If necessary, the Terminating Fund will declare, pay and automatically reinvest a dividend of net capital gains (if any).

    (e) The shares of the Terminating Fund will be redeemed at their net asset value and paid for with shares of a corresponding series of the Continuing Fund having an equal aggregate net asset value as of the Effective Date of the Merger. Such shares will be distributed to shareholders of the Terminating Fund on a pro rata basis.

    (f) As soon as reasonably practicable after the Effective Date, the articles of Ark Ltd. will be amended in order to remove the class of shares represented by the Terminating Fund, thereby winding up the Terminating Fund.

33. If the Merger receives all required approvals, Shareholders of the Terminating Fund will receive shares of an equivalent class of the Continuing Fund, as shown opposite in the table below:

Terminating Fund	Continuing Fund
Series A shares	*Series A shares*
Series F shares	*Series F shares*
Series I shares	*Series I shares*

34. The cost of effecting the Merger (consisting primarily of proxy solicitation, printing, mailing, legal and regulatory fees) will be borne by Redwood and/or AIP. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.

35. The right of the shareholders of the Terminating Fund to redeem or switch their shares of the Terminating Fund will cease as of the close of business on the day prior to the Effective Date. Shareholders of the Terminating Fund will subsequently be able to redeem, in the ordinary course, the shares of the Continuing Fund that they will acquire upon the Merger. Shareholders of the Terminating Fund with pre-authorized contribution plans and automatic withdrawal plans will have their plans switched over to the Continuing Fund unless AIP receives notice to the contrary.

Reasons for the Merger

36. In the opinion of Redwood and AIP, the Merger will be beneficial to securityholders of the Funds for the following reasons:

    (a) the management fees of the Continuing Fund will be lower than those of the Terminating Fund.

    (b) AIP is a mutual fund manager with significant resources to grow the Continuing Fund, which growth may lead to economies of scale that may benefit securityholders of the Funds.

    (c) AIP will be managing a limited number of mutual funds, as compared to Redwood. Consequently, it is anticipated that the Continuing Fund could attract more assets as marketing efforts by AIP will be concentrated on fewer funds. The ability to attract assets in the Continuing Fund will benefit investors by ensuring that the Continuing Fund remains a viable, long-term, attractive investment vehicle for existing and potential investors.

    (d) As will be described in the preliminary AIP Offering Documents, AIP is also qualifying for distribution an additional mutual fund, AIP Canadian Enhanced Income Class. AIP Canadian Enhanced Income Class will represent a separate class of mutual fund shares of AIP Corp. One of the primary benefits of investing in corporate mutual funds is the ability to switch from one mutual fund to another mutual fund within the same corporate structure on a tax-deferred “rollover” basis without realizing a capital gain or loss on the switch as long as your securities are capital property to you. The Merger will therefore result in the Continuing Fund and AIP Canadian Enhanced Income Class, as well as any future corporate mutual fund established within AIP Corp., being part of the same mutual fund corporation. Securityholders will therefore continue to maintain investment flexibility as they will have the option to switch to another mutual fund (or mutual funds) on a tax-deferred basis.

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 Approval Sought is granted.

“Darren McKall”
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.12 Etrion Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Confidentiality – Application by an issuer for a decision that the requirement for public inspection of records not apply to certain versions of the applicant's consolidated interim financial statements and the applicant's management's discussion and analysis for the same periods that were filed on the System for Electronic Document Analysis and Retrieval (SEDAR) be held in confidence for an indefinite period, to the extent permitted by law and that the application for this decision be kept confidential and not be made public. Interim financial statements, and management's discussion and analysis contained personal information not material or necessary to understand interim financial statements or management's discussion and analysis – Issuer subsequently filed and made public on SEDAR correct, final versions of interim financial statements and management's discussion and analysis – Relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 140(1), 140(2).

March 22, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
ETRION CORPORATION
(THE FILER)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Makers) have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the requirement for public inspection of records not apply to the versions of the Filer's condensed consolidated interim financial statements for the three and six month periods ended June 30, 2015 (the Interim Statements) and the Filer's Management's Discussion and Analysis (MD&A) for the same periods that were filed on the System for Electronic Document Analysis and Retrieval (SEDAR) on August 11, 2015 (the Initial Filings) and the amended and restated version of the Interim Statements as filed on SEDAR on August 12, 2015 (the Amended Filing and together with the Initial Filings, the Filings) and that the Filings be held in confidence for an indefinite period, to the extent permitted by law (the Exemption Sought).

Furthermore, the Decision Makers have received a request from the Filer for a decision that the application for this decision be kept confidential and not be made public (the Confidentiality Relief).

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

(a) the British Columbia Securities Commission is the principal regulator for this application;

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta; 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

2 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

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

1. the Filer is a corporation continued under the *Business Corporations Act* (British Columbia) on September 10, 2009;

2. the Filer's head office is located in Geneva, Switzerland and its registered office is located in Vancouver, British Columbia;

3. the common shares of the Filer are listed on the Toronto Stock Exchange in Canada and on the NASDAQ OMX Stockholm exchange in Sweden and the Filer has corporate bonds listed on the Oslo stock exchange in Norway;

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

5. on August 11, 2015, the Filer filed the Initial Filings on SEDAR in accordance with sections 4.3 and 5.1 of National Instrument 51-102 *Continuous Disclosure Obligations*; certain personal information (the Identifying Information) was disclosed in the Initial Filings;

6. on August 12, 2015, the Filer filed the Amended Filing on SEDAR to correct certain non-material errors in the Interim Statements; the Amended Filing continued to disclose the Identifying Information;

7. on November 16, 2015, the Filer filed on SEDAR further amended financial statements and an amended MD&A for the period ended June 30, 2015 that removed the Identifying Information, but otherwise left the previous disclosure intact;

8. the individual who is the subject of the Identifying Information asserts that: (i) the Identifying Information disclosed in the Filings is intimate personal information; (ii) disclosure of the Identifying Information is an unreasonable invasion of individual privacy; and (iii) the affected individual would be unduly prejudiced by disclosure of the Identifying Information;

9. the change in the disclosure to remove the Identifying Information is not material, and the making and keeping private of the Identifying Information will not adversely affect investors or impact the decision by an investor for the purposes of making any investment decision with respect to the Filer;

10. the Filer is not in default of any securities legislation in the Jurisdictions or Alberta; and

11. the Filer acknowledges that making the Filings containing the Identifying Information private on the SEDAR website does not guarantee that the Filings are not available elsewhere in the public domain.

Decision

4 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 Exemption Sought is granted.

Furthermore, the decision of the Decision Makers is that the Confidentiality Relief is granted.

"Nigel P. Cave"
Vice Chair
British Columbia Securities Commission

2.1.13 IMAX Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the formal issuer bid requirements in connection with purchases by the issuer of up to 10% of its outstanding shares through the facilities of the NYSE under repurchase programs that the issuer may implement from time to time – the shares are not listed on any Canadian exchange and are only listed and posted for trading on the NYSE – the issuer believes that less than 2% of the shares are beneficially owned by resident Canadians – requested relief granted, subject to conditions, including that the bid is made in compliance with applicable U.S. securities laws and the rules of the NYSE, the aggregate number of shares acquired by the issuer and any joint actors within a 12 month period doesn't exceed 10% of the outstanding shares at the beginning of the 12-month period, the shares are not listed and posted for trading on an exchange in Canada, and the requested relief apply only to the acquisition of shares occurring within 36 months of the date of the decision.

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).

April 1, 2016

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
IMAX CORPORATION
(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**) exempting the Filer from the formal issuer bid requirements under the Legislation (the **Issuer Bid Requirements**) in connection with purchases by the Filer of up to 10% of the Filer's outstanding common shares (the **Shares**) made through the facilities of the New York Stock Exchange (the **NYSE**) under repurchase programs that the Filer may implement from time to time (such programs, the **Repurchase Programs**, and such exemption, the **Exemption Sought**).

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

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

(b) the Filer 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, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (each, a **Local Jurisdiction**).

Interpretation

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

Representations

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

1. The Filer is a corporation existing under the *Canada Business Corporations Act* with its head office and one of its two principal executive offices located in Mississauga, Ontario. The Filer's other principal executive office is located in New York, New York.

2. The Filer is a reporting issuer in the Jurisdiction and each Local Jurisdiction and is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

3. The Filer is also a registrant with the Securities Exchange Commission in the United States (the **SEC**) and is subject to the requirements of the *Securities Act of 1933* (United States) (the **1933 Act**) and the *Securities and Exchange Act of 1934* (United States) (the **1934 Act**).

4. The authorized capital of the Filer consists of an unlimited number of Shares and an unlimited number of non-voting special shares. As at March 3, 2016, the Filer had 69,117,686 Shares and no special shares issued and outstanding.

5. Upon the completion of its initial public offering in 1994, the Shares were concurrently listed and posted for trading on the Toronto Stock Exchange (the **TSX**) and the NASDAQ Stock Exchange (the **NASDAQ**). In 2011, the Filer delisted the Shares from the NASDAQ and instead listed and posted the Shares for trading on the NYSE. From that

point onward, until January 19, 2015, the Shares were listed and posted for trading on the TSX and the NYSE.

6. The Filer was of the view that the low trading volume of the Shares on the TSX over a sustained period no longer justified the financial and administrative costs associated with maintaining its listing of the Shares on the TSX, and on January 12, 2015, the Filer applied for a voluntary delisting of the Shares from the TSX. The delisting was effective at the close of markets on January 19, 2015.

7. The Shares are no longer listed and posted for trading on any exchange in Canada. The Shares are only listed and posted for trading on the NYSE under the symbol "IMAX".

8. As at March 3, 2016, the Filer's "public float" (as such term is defined by the TSX and the NYSE) consisted of 59,939,640 Shares, representing approximately 87% of the outstanding Shares.

9. On June 16, 2014, the Filer announced the approval by its board of directors of a Repurchase Program (the **Current Repurchase Program**). The Current Repurchase Program authorizes the Filer to repurchase for cancellation up to U.S.$150 million worth of Shares until June 30, 2017 pursuant to open market purchases or private transactions, subject to market conditions, applicable legal requirements and other relevant factors.

10. As at March 3, 2016, the Filer had repurchased a total of 1,796,655 Shares (the **Purchased Shares**) for an aggregate amount of U.S.$57,823,737.43 through the facilities of the NYSE under the Current Repurchase Program. The Purchased Shares were, and any and all Shares purchased subsequent to March 3, 2016 but prior to the date of this decision will have been, acquired in reliance upon the exemption from the Issuer Bid Requirements available pursuant to subsection 101.2(2) of the *Securities Act* (Ontario) and the equivalent provision thereof in the securities legislation of the Local Jurisdictions (such exemption, the **Other Published Markets Exemption**).

11. The Other Published Markets Exemption provides that an issuer bid that is made in the normal course on a published market, other than a designated exchange, is exempt from the Issuer bid Requirements if, among other things, the bid is for not more than 5% of the outstanding securities of a class of securities of the issuer and the aggregate number of securities acquired in reliance on the Other Published Markets Exemption by the issuer and any person or company acting jointly or in concert with the issuer within any period of 12 months does not exceed 5% of the outstanding securities of that class at the beginning of the 12-month period.

12. The Filer expects to exhaust its ability to rely on the Other Published Markets Exemption on or prior to April 28, 2016. However, as at March 3, 2016, the Filer had U.S.$92,176,262.57 remaining available to repurchase Shares under the Current Repurchase Program and the Filer wishes to be able to continue to make repurchases under the Current Repurchase Program and any Repurchase Programs that may be implemented by the Filer on the facilities of the NYSE in excess of the maximum allowable in reliance on the Other Published Markets Exemption (such repurchases, the **Proposed Bids**).

13. The Filer believes that the Proposed Bids are in the best interests of the Filer.

14. Based on information provided by the Filer's transfer agent, as at January 26, 2016:

    (a) 62,669,719 Shares (or approximately 89.933% of the issued and outstanding Shares) were registered to shareholders in the United States;

    (b) 7,021,219 Shares (or approximately 10.076% of the issued and outstanding Shares) were registered to shareholders in Canada (the **Registered Canadian Shares**);

    (c) of the Registered Canadian Shares, (i) 6,998,147 Shares were registered to The Canadian Depositary for Securities (the CDS Position), and (ii) 23,045 Shares (or approximately 0.033% of the issued and outstanding Shares) were held among fewer than 50 registered shareholders in Canada; and

    (d) of the CDS Position, (i) 5,674,019 Shares were held by American intermediaries (the **U.S. Intermediary Shares**), and (ii) 1,324,128 Shares (or approximately 1.900% of the issued and outstanding Shares) were held by Canadian intermediaries.

15. Based on the information provided by the Filer's transfer agent noted in paragraph 14, the Filer reasonably believes that:

    (a) less than 2% of the Shares are beneficially owned by more than 50 shareholders resident in Canada; and

    (b) the size of the CDS Position, and the fact that the U.S. Intermediary Shares form part of the CDS Position, is likely a result

of the Shares having been listed on the TSX for over 20 years.

16. The Proposed Bids will be effected in accordance with the 1933 Act, the 1934 Act, the rules of the SEC made pursuant thereto, including the safe harbour provided by Rule 10b-18 under the 1934 Act (collectively, the **Applicable U.S. Securities Laws**) and any by-laws, rules regulations or policies of the NYSE (the **Exchange Rules**).

17. Applicable U.S. Securities Laws require that, in respect of purchases by an issuer of its own securities through the facilities of the NYSE: (a) all purchases made during a single trading day must be conducted through a single broker or dealer; (b) purchases cannot be effected during the last 10 minutes before the scheduled close of market or be the opening purchase; (c) purchases must be made at a price that does not exceed the highest independent bid or the last transaction price quoted; and (d) in any given day, the issuer cannot purchase more than 25% of its average daily trading volume on the NYSE over the past four weeks.

18. Applicable U.S. Securities Laws also require that the Filer report any repurchases conducted pursuant to the Current Repurchase Program (and any Repurchase Programs that may be implemented by the Filer) in accordance with its quarterly and annual reports.

19. The Proposed Bids would be permitted under the Exchange Rules and Applicable U.S. Securities Laws.

20. The purchase of Shares under the Proposed Bids will not adversely affect the Filer or the rights of any of the Filer's security holders and they will not materially affect control of the Filer.

Decision

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

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

(a) the Proposed Bids are permitted under the Exchange Rules and Applicable U.S. Securities Laws, and are established and conducted in accordance and compliance with the Exchange Rules and Applicable U.S. Securities Laws;

(b) the aggregate number of Shares acquired in reliance on the Exemption Sought by the Filer and any person or company acting jointly or in concert with the Filer within any period of 12 months does not exceed 10% of the outstanding Shares at the beginning of the 12-month period;

(c) the Shares are not listed and posted for trading on an exchange in Canada;

(d) the Exemption Sought apply only to the acquisition of Shares by the Filer occurring within 36 months of the date of this decision pursuant to a Proposed Bid; and

(e) prior to purchasing Shares in reliance on this decision, the Filer discloses the terms of the Exemption Sought and the conditions applicable thereto in a press release that is issued and filed on the System for Electronic Document Analysis and Retrieval, and includes such language as part of the news release required to be issued in accordance with the Other Published Markets Exemption in respect any Repurchase Program that may be implemented by the Filer.

"Grant Vingoe"
Vice-Chair
Ontario Securities Commission

"Janet Leiper"
Commissioner
Ontario Securities Commission

2.1.14 Entrust Focus Partners LP and Entrust 49 Focus Fund

Headnote

Mutual fund in Ontario (non-reporting issuer) granted 90 day extension of the annual financial statement filing and delivery deadlines – fund originally planned in 2013 – fund not a mutual fund in Ontario when it launched – fund manager part of experienced group of U.S. fund of hedge fund managers with established track record of delivering audited annual financial statements and unmodified auditor reports within 180 days of financial year end under U.S. law – fund a fund of funds that primarily invests in underlying entities that are subject to U.S. regulatory requirement to deliver audited annual financial statements within 120 days of financial year end.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 2.2, 5.1(2), 17.1.

March 10, 2016

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
ENTRUST FOCUS PARTNERS LP
(the Filer)

AND

IN THE MATTER OF
ENTRUST 49 FOCUS FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Fund for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") exempting the Filer and the Fund from:

a. the requirement in section 2.2 of NI 81-106 that the Fund file its audited annual financial statements and auditor's report on or before the 90th day after the Fund's most recently completed financial year (the "**Annual Filing Deadline**"); and

b. the requirement in paragraph 5.1(2)(a) of NI 81-106 that the Fund deliver its audited financial statements by the Annual Filing Deadline (the "**Annual Delivery Requirement**")

(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 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 except Alberta, British Columbia, Manitoba and Newfoundland and Labrador, (together with the Jurisdiction, the "**Jurisdictions**").

Interpretation

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

Representations

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

The Filer:

1. The Filer is a limited partnership established in Delaware, United States and registered with the U.S. Securities and Exchange Commission (**SEC**) as an investment advisor. The Filer's principal office is located in New York, United States.

2. The Filer is registered in the categories of investment fund manager and portfolio manager in Ontario, and in the category of investment fund manager in Quebec.

3. The Filer is not a reporting issuer in any Jurisdiction and is not in default of securities legislation in any Jurisdiction.

4. The Filer acts as the portfolio manager and investment fund manager of the Fund.

5. The Filer is a commonly owned and controlled affiliate of EnTrust Partners LLC, EnTrust Capital Management LP and EnTrust Partners Offshore LP, all of whom are registered with the SEC as investment advisers.

The Fund:

6. The Filer first contemplated and began planning the Fund during the month of December, 2013. The Fund was established as an open-ended investment fund under the laws of the Province of Ontario pursuant to a trust agreement dated July 16, 2014, as amended and restated on April 20, 2015 between the Filer and Computershare Company of Canada as the trustee (the "**Trust Agreement**"). The Fund was not a mutual fund in Ontario when it was created because its investors were not entitled at that time to receive, on demand, a proportionate interest in the Fund's net assets.

7. Securities of the Fund are offered for sale on a continuous basis to qualified investors in all provinces and territories of Canada other than Newfoundland and Labrador pursuant to exemptions from the prospectus requirements under National Instrument 45-106 – *Prospectus and Registration Exemptions*.

8. Units of the Fund are only distributed in Canada pursuant to exemptions from the prospectus requirement in accordance with NI 45-106.

9. The Fund is not a reporting issuer in any Jurisdiction and is not in default of securities legislation in any Jurisdiction.

10. The Fund currently holds approximately $5 million in assets and has approximately 30 investors.

11. The Fund has a financial year-end of December 31.

12. The Filer is a "fund of funds" manager, more specifically a manager of hedge funds and the Fund is a fund of hedge funds. The Fund's investment objective is to achieve long-term capital growth by investing the majority of its assets in a diversified portfolio of private investment entities managed by independent managers selected by the Filer (each, an "**Underlying Entity**").

13. The Filer engages in an extensive due diligence process when selecting an Underlying Entity for the Fund, which includes: (a) a scoring process based on the Filer's proprietary due diligence procedures; (b) a review of critical documents of the manager of the prospective Underlying Entity; and (c) a background check on, and an on-site visit with, the manager and key back office personnel of the prospective Underlying Entity.

14. The Fund imposes an initial lock-up period of twelve (12) months from the date of an investor's subscription (the "**Initial Lock-Up Period**"). With the expiry of the Initial Lock-Up Period, the Fund's securities are redeemable upon a ninety (90) days' prior written notice to the Filer. Accordingly, on the expiry of the Initial Lock-Up Period for the Fund's first subscriber (January 1, 2016), the Fund may be considered to be a mutual fund in Ontario and thus subject to NI 81-106 as of such date.

15. The Filer believes that investing in the Underlying Entities offers benefits not available through a direct investment in the companies, other issuers or assets held by the Underlying Entities.

16. Securities of the Underlying Entities are typically redeemable at various intervals. As the Fund has a long-term investment horizon, the Fund is able to manage its own liquidity requirements taking into consideration the frequency at which the securities of the Underlying Entities may be redeemed.

17. The net asset value of the Fund ("**NAV**") is calculated on a monthly basis, as of the last business day of each month (the "**Valuation Date**"). Investors of the Fund are provided with NAV on a monthly basis no later than sixty (60) days of each Valuation Date.

18. The holdings by the Fund of securities of the Underlying Entities will be disclosed in the financial statements.

Financial Statements:

19. Section 2.2 and subsection 5.1(2)(a) of NI 81-106 require the Fund to file and deliver its annual audited financial statements by the Annual Filing Deadline. As the Fund's financial year-end is December 31, it has a filing and delivery deadline of March 31.

20. In order to formulate an opinion on the financial statements of the Fund, the Fund's auditors require audited financial statements of the Underlying Entities. The auditors of the Fund have advised the Fund that they will be unable to complete an audit of the Fund's annual financial statements without examining the audited financial statements of the Underlying Entities.

21. The Underlying Entities are domiciled in the Caymans or the U.S. and all of the Underlying Entities are subject to U.S. law that requires their financial statements to be delivered within 120 days of their financial year ends. All of the Underlying Entities have financial reporting periods that end on December 31 of each year. Under the Trust Agreement, the Fund must deliver its financial statements to investors within 180 days of financial year end.

22. The Filer was aware of the Annual Filing Deadline at the time it began planning and organizing the Fund, but was advised that the principal regulator had issued some decisions granting an extension

to the Annual Filing Deadline to permit annual audited financial statements to be filed and delivered for funds of hedged funds within 180 days of financial year end under circumstances similar to the Fund. The Filer filed its application requesting the Exemption Sought on September 15, 2015.

23. The Filer believes that apart from the timing challenges imposed by producing financial statements within 90 days of year-end, the delivery of any financial statements prepared within that time frame could be detrimental to investors as such statements would necessarily be based entirely on estimates which are subject to change and therefore could be materially inaccurate. In the Filer's view, investors are better served by having financial statements free of material inaccuracies delivered at 180 days following year end than by having financial statements based on estimates and containing possible inaccuracies delivered 90 days following year end.

24. The Filer offers funds of hedge funds to a large number of clients in other jurisdictions including the United States. Under U.S. law, investment advisers to funds of hedge funds must deliver annual audited financial statements for their funds of hedge funds within 180 days of financial year end. Staff of the SEC issued a no action letter to the American Bar Association dated August 10, 2006 regarding the delivery of annual audited financial statements within 180 days from financial year end for funds investing in third party hedge funds.

25. The Filer and its affiliates are experienced investment advisors in the U.S. with approximately $12 billion under management through funds that follow a substantially similar strategy as the Fund. The SEC registered investment advisory affiliates of the Filer provide audited financial statements for the dozens of other investment vehicles they manage to approximately 500 investors within the 180 day period, and these affiliates have done so for investors every year for the last 13 years since the inception of the Filer's fund of funds business. None of the audit opinions provided with these financial statements contained a qualification.

26. The offering memorandum provided to investors regarding the Fund disclosed that annual audited financial statements for the Fund would be filed and delivered within 180 days of financial year end.

27. The Filer does not anticipate that it will receive any complaints from security holders of the Fund in connection with the 90 day delay in delivering its annual audited financial statements under the Exemption Sought.

28. The Filer will notify its security holders that it has received and intends to rely on relief from the Annual Filing Deadline and Delivery Requirement.

29. The offering memorandum for the Fund will be amended to disclose that the Fund has received and intends to rely on relief from the Annual Filing Deadline and Delivery Requirement.

Decision

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

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

1. The Fund's investment objective is to achieve long-term capital growth by investing the majority of its assets in a diversified portfolio of private investment entities managed by independent managers and these private investment entities have financial reporting periods that end on December 31 of each year and are subject to U.S. law that requires their financial statements to be delivered within 120 days of their financial year ends.

2. The offering memorandum provided to investors regarding the Fund discloses that annual audited financial statements for the Fund will be filed and delivered within 180 days of financial year end.

3. The Fund notifies its existing unitholders that the Fund has received and intends to rely on relief from the filing and delivery requirements under section 2.2 and subsection 5.1(2)((a) of NI 81-106.

4. The Fund is not a reporting issuer and the Filer is a limited partnership established in Delaware, United States and registered with the SEC as an investment advisor.

5. a) The audited annual financial statements of the Fund are filed on or before the 180th day after the Fund's most recently completed financial year; or

   b) the conditions in section 2.11 of NI 81-106 are met, except for subsection 2.11(b), and the annual audited financial statements are delivered to security-holders in accordance with Part 5 of NI 81-106 on or before the 180th day after the Fund's most recently completed financial year.

6. The audited annual financial statements of the Fund are delivered to securityholders in accordance with Part 5 of NI 81-106 on or before the 180th day after the Fund's most recently completed financial year.

7. The Exemption Sought terminates within one year of the coming into force of any amendment to NI 81-106 or other rule that modifies how the Annual Filing Requirement or Annual Delivery Requirement applies in connection with mutual funds in Ontario.

"Raymond Chan"
Manager,
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.15 Mackenzie Financial Corporation et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted to exchange-traded mutual funds from certain mutual fund requirements and restrictions on borrowing from custodian and, if necessary, provision of a security interest to the custodian to fund distributions payable under the fund's distribution policy – relief granted to exchange-traded mutual funds for initial and continuous distribution of units – relief to permit funds' prospectus to include a modified statement of investor rights – relief to permit funds' prospectus to not include an underwriter's certificate – relief from take-over bid requirements for normal course purchases of units on the Toronto Stock Exchange – prospectus form and underwriting certificate relief granted subject to manager filing a prescribed summary document for each fund on SEDAR and other terms and conditions set out in decision document and subject to sunset clause tied to the implementation of proposed amendments to create new ETF Facts document to replace summary document.

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 59(1), 71(1), 95-100, 104(2)(c), 147.
National Instrument 41-101 General Prospectus Requirements, s. 19.1.
Form 41-101F2 Information Required in an Investment Fund Prospectus, Item 36.2.
National Instrument 81-102 Investment Funds, s.s. 2.6(a) and s. 19.1.

March 22, 2016

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(the Filer)

AND

IN THE MATTER OF
MACKENZIE CORE PLUS GLOBAL FIXED INCOME ETF,
MACKENZIE UNCONSTRAINED BOND ETF,
MACKENZIE FLOATING RATE INCOME ETF AND
MACKENZIE CORE PLUS CANADIAN FIXED INCOME ETF
(the Proposed ETFs)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Proposed ETFs and any additional exchange-traded mutual funds (the **Future ETFs**, and, together with the Proposed ETFs, the **ETFs** and individually, an **ETF**) established in the future of which the Filer may be the manager for a decision under the securities legislation of the principal regulator (the **Legislation**) for a decision (the **Exemption Sought**) that:

(a) permits each ETF to borrow cash from the custodian of the ETF (the **Custodian**) and, if required by the Custodian, to provide a security interest over any of its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents, in the aggregate, amounts that are owing to, but not yet been received by, the ETF (the **Borrowing Requirement**);

(b) exempts the Filer and each ETF from the requirement to include a certificate of an underwriter in an ETF's prospectus (the **Underwriter's Certificate Requirement**);

(c) exempts the Filer and each ETF from the requirement to include in an ETF's prospectus the statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages in substantially the form prescribed in item 36.2 of Form 41-101F2 – *Information Required in an Investment Fund Prospectus* (the **Prospectus Form Requirement**); and

(d) exempts all purchasers and holders of ETF Securities (as defined below) from the Take-over Bid Requirements (as defined below).

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 all of the provinces and territories of Canada other than the Jurisdiction (together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Affiliate Dealer means a registered dealer that is an affiliate of an Authorized Dealer or Designated Broker and that participates in the re-sale of Creation Units (as defined below) from time to time.

Authorized Dealer means a registered dealer that has entered, or intends to enter, into an agreement with the manager of an exchange-traded fund authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more exchange-traded funds on a continuous basis from time to time.

Designated Broker means a registered dealer that has entered, or intends to enter, into an agreement with the manager of an exchange-traded fund to perform certain duties in relation to an exchange-traded fund, including posting a liquid two-way market for the trading of the exchange-traded fund's listed securities on the TSX or another marketplace.

ETF Facts means a prescribed summary disclosure document required pursuant to amendments to the Legislation made after the date of this decision, in respect of one or more classes or series of ETF Securities being distributed under a prospectus.

ETF Security means a listed security of an ETF.

Other Dealer means a registered dealer that acts as authorized dealer or designated broker to exchange-traded funds that are not managed by the Filer and that has received relief under a Prospectus Delivery Decision.

Prescribed Number of ETF Securities means the number of ETF Securities of an ETF determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Prospectus Delivery Decision means a decision granting relief from the Prospectus Delivery Requirement to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer dated July 19, 2013 and any subsequent decision granted to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer that grants similar relief.

Prospectus Delivery Requirement means the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the Legislation applies, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement.

Summary Document means a document, in respect of one or more classes or series of ETF Securities being distributed under a prospectus, prepared in accordance with Appendix A.

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 Jurisdiction.

TSX means the Toronto Stock Exchange.

Unitholders means beneficial or registered holders of ETF Securities, as applicable.

Representations

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

1. The Filer is a corporation amalgamated under the laws of the Province of Ontario, with its head office located at 180 Queen Street West, Toronto, Ontario. The Filer is not in default of securities legislation in any of the Jurisdictions.

2. Each ETF may issue two series of units: Series E units, which will be listed on the TSX or another marketplace in Canada, and Series R units. Series R will be issued only on a private placement basis to accredited investors and will not be listed for trading on the TSX or another marketplace in Canada.

3. Each Proposed ETF will be a mutual fund trust governed by the laws of the Province of Ontario and will be a reporting issuer under the laws of the Jurisdictions. The Future ETFs will be either mutual fund trusts or mutual fund corporations or classes thereof governed by the laws of a Jurisdiction or Canada and will be reporting issuers under the laws of the Jurisdictions.

4. Subject to any exemption that may be granted by the applicable securities regulatory authorities, the ETFs will be subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) and Unitholders of each ETF will have the right to vote at a meeting of unitholders of the ETF in respect of matters prescribed by NI 81-102.

5. The ETFs will be in continuous distribution. The ETF Securities of each ETF will be listed on the TSX or another marketplace in Canada.

6. The Filer has filed, or will file, a long form prospectus prepared in accordance with National Instrument 41-101 *General Prospectus Requirements* in respect of the ETF Securities of the ETFs, subject to any exemptions that may be granted by the applicable securities regulatory authorities.

7. The Filer will be the trustee (where the ETF is a trust) and/or investment fund manager of the ETFs. The Filer will also be the portfolio manager of the Proposed ETFs and may be the portfolio manager of the Future ETFs. The Filer is registered as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, as a portfolio manager and exempt market dealer in the Jurisdictions and as a commodity trading manager in Ontario.

8. Each ETF will make distributions on a monthly basis or at such frequency as the Filer may, in its discretion, determine appropriate, may make additional distributions and, in each taxation year, will distribute sufficient net income and net realized capital gains so that it will not be liable to pay income tax under Part I of the *Income Tax Act* (Canada) (collectively, the **Distribution Policy**).

9. Amounts included in the calculation of net income and net realized capital gains of an ETF for a taxation year that must be distributed in accordance with the Distribution Policy sometimes include amounts that are owing to but have not actually been received by the ETF from the issuers of securities held in the ETF's portfolio (**Issuers**).

10. While it is possible for an ETF to maintain a portion of its assets in cash or to dispose of securities in order to obtain any cash necessary to make a distribution in accordance with the Distribution Policy, maintaining such a cash position or making such a disposition (which would generally be followed, when the cash is actually received from the Issuers, by an acquisition of the same securities) impacts the ETF's performance. Maintaining assets in cash or disposing of securities means that a portion of the net asset value of the ETF is not invested in accordance with its investment objective.

11. The Filer is of the view that it is in the interests of an ETF to have the ability to borrow cash from the Custodian and, if required by the Custodian, to provide a security interest over its portfolio assets as a temporary measure to fund the portion of any distribution payable to Unitholders that represents, in the aggregate, amounts that are owing to, but have not yet been received by, the ETF from the Issuers. While such borrowing will have a cost, the Filer expects that such costs will be less than the reduction in the ETF's performance if the ETF had to hold cash instead of securities in order to fund the distribution.

12. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus. ETF Securities may generally only be subscribed for or purchased directly from the ETFs (**Creation Units**) by Authorized Dealers or Designated Brokers that have entered into an agreement with the Filer. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when

there is a trading session on the TSX or other marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the TSX or another marketplace in Canada.

13. The net asset value per ETF Security of each ETF will be calculated on any day when there is a trading session on the TSX or other marketplace and will be made available daily on the Filer's website.

14. In addition to subscribing for and re-selling Creation Units, Authorized Dealers, Designated Brokers and Affiliate Dealers will also generally be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market. Other Dealers may also be engaged in purchasing and selling ETF Securities of the same class or series as the Creation Units in the secondary market despite not being an Authorized Dealer, Designated Broker or Affiliate Dealer that has entered into an agreement with the Filer.

15. According to Authorized Dealers and Designated Brokers, Creation Units will generally be commingled with other ETF Securities purchased by the Authorized Dealers, Designated Brokers and Affiliate Dealers in the secondary market. As such, it is not practicable for the Authorized Dealers, Designated Brokers or Affiliate Dealers to determine whether a particular re-sale of ETF Securities involves Creation Units or ETF Securities purchased in the secondary market.

16. Designated Brokers that have entered into an agreement with the Filer perform certain other functions, which include standing in the market with a bid and ask price for ETF Securities for the purpose of maintaining liquidity for the ETF Securities.

17. Except for Authorized Dealer and Designated Broker subscriptions for Creation Units, as described above, and other distributions that are exempt from the Prospectus Delivery Requirement under the Legislation, ETF Securities generally will not be able to be purchased directly from an ETF. Investors are generally expected to purchase and sell ETF Securities, directly or indirectly, through dealers executing trades through the facilities of the TSX or another marketplace in Canada. ETF Securities may also be issued directly to ETF investors upon the reinvestment of distributions of income or capital gains.

Exemption from the Borrowing Requirement

18. Section 2.6(a)(i) of NI 81-102 prevents a mutual fund from borrowing cash or providing a security interest over its portfolio assets unless the transaction is a temporary measure to accommodate redemption requests or to settle portfolio transactions and does not exceed five percent of the net assets of the mutual fund. As a result, an ETF is not permitted under section 2.6(a)(i) to borrow from the Custodian to fund distributions under the Distribution Policy.

Exemption from Prospectus Form Requirement

19. Securities regulatory authorities have previously advised that they take the view that the first re-sale of a Creation Unit on the TSX or another marketplace in Canada will generally constitute a distribution of Creation Units under the Legislation and that the Authorized Dealers, Designated Brokers and Affiliate Dealers are subject to the Prospectus Delivery Requirement in connection with such re-sales. Re-sales of ETF Securities in the secondary market that are not Creation Units would not ordinarily constitute a distribution of such ETF Securities.

20. Under a Prospectus Delivery Decision, Authorized Dealers, Designated Brokers and Affiliate Dealers are exempt from the Prospectus Delivery Requirement in connection with the re-sale of Creation Units to investors on the TSX or another marketplace in Canada. Under a Prospectus Delivery Decision, Other Dealers are also exempt from the Prospectus Delivery Requirement in connection with the re-sale of creation units of other exchange-traded funds that are not managed by the Filer.

21. Each Prospectus Delivery Decision includes a condition that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer undertakes that it will, unless it has previously done so, send or deliver to each purchaser of an ETF Security who is a customer of the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer and to whom a trade confirmation is required under the Legislation to be sent or delivered by the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer in connection with the purchase, the latest Summary Document filed in respect of the ETF Security not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays, after the purchase of the ETF Security.

22. The Filer will prepare and file with the applicable Jurisdictions on the System for Electronic Document Analysis and Retrieval (**SEDAR**) a Summary Document for each class or series of ETF Securities and will make available to the applicable Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers the requisite number of copies of the Summary Document for the purpose of facilitating their compliance with the Prospectus Delivery Decision within

the timeframe necessary to allow Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers to effect delivery of the Summary Document as contemplated in the Prospectus Delivery Decision.

23. The Exemption Sought from the Prospectus Form Requirement is required to reflect the relief provided in the Prospectus Delivery Decision. Accordingly, the Filer will include language in each ETF's prospectus explaining the impact on a purchaser's statutory rights as a result of the Prospectus Delivery Decision in replacement of the language prescribed by the Prospectus Form Requirement.

Exemption from Underwriters' Certificate Requirement

24. Authorized Dealers and Designated Brokers will not provide the same services in connection with a distribution of Creation Units as would typically be provided by an underwriter in a conventional underwriting.

25. The Filer will generally conduct its own marketing, advertising and promotion of the ETFs.

26. Authorized Dealers and Designated Brokers that have entered into an agreement with the Filer will not be involved in the preparation of an ETF's prospectus, will not perform any review or any independent due diligence of the contents of an ETF's prospectus and will not incur any marketing costs or receive any underwriting fees or commissions from the ETFs or the Filer in connection with the distribution of ETF Securities. The Authorized Dealers and Designated Brokers that have entered into an agreement with the Filer generally seek to profit from their ability to create and redeem ETF Securities by engaging in arbitrage trading to capture spreads between the trading prices of ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in ETF Securities.

Exemption from Take-over Bid Requirements

27. Although ETF Securities of an ETF will trade on the TSX or other marketplace and the acquisition of ETF Securities can therefore be subject to the Take-over Bid Requirements:

    (a) it will be difficult for purchasers of ETF Securities of an ETF to monitor compliance with Take-over Bid Requirements because the number of outstanding ETF Securities will always be in flux as a result of the ongoing issuance and redemption of ETF Securities by the ETF; and

    (b) the way in which the ETF Securities of an ETF will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding ETF Securities because pricing for each ETF Security will generally reflect the series net asset value of the ETF Securities.

28. The application of the Take-over Bid Requirements to the ETFs would have an adverse impact upon the liquidity of the ETF Securities, because they could cause Designated Brokers and other large Unitholders to cease trading ETF Securities once prescribed take-over bid thresholds are met. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the ETFs.

Generally

29. The securities regulatory authorities are developing proposed rule amendments that will require the Filer to file an ETF Facts in respect of each class or series of ETF Securities of an ETF in connection with the filing of a prospectus. If the amendments are adopted, the requirement to file an ETF Facts will supersede the requirement to file a Summary Document under this decision. Since the introduction of the ETF Facts will likely be subject to a transition period, there may be a period of time where some ETFs have an ETF Facts while others have a Summary Document. If the Filer files an ETF Facts with respect to a class or series of ETF Securities, the Filer will use such ETF Facts instead of a Summary Document to satisfy its obligations under this decision with respect to any purchase in such class or series of ETF Securities that occurs after the filing of such ETF Facts.

Decision

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

1. The decision of the principal regulator is that the Exemption Sought in respect of the Borrowing Requirement Requirement is granted, provided that the Filer will be in compliance with the following conditions:

    (a) the borrowing by the ETF in respect of a distribution does not exceed the portion of the distribution that represents, in the aggregate, amounts that are payable to the ETF but have not been received by the ETF from the Issuers and, in any event, does not exceed five percent of the net assets of the ETF;

(b) the borrowing is not for a period longer than 45 days;

(c) any security interest in respect of the borrowing is consistent with industry practice for the type of borrowing and is only in respect of amounts owing as a result of the borrowing;

(d) the ETF does not make any distribution to Unitholders where the distribution would impair the ETF's ability to repay any borrowing to fund distributions; and

(e) the final prospectus of the ETF discloses the potential borrowing, the purpose of the borrowing and the risks associated with the borrowing.

2. The decision of the principal regulator is that the Exemption Sought in respect of the Underwriter's Certificate Requirement and Prospectus Form Requirement is granted, provided that the Filer will be in compliance with the following conditions:

(a) the Filer files with the applicable Jurisdictions on SEDAR the Summary Document for each class or series of ETF Securities concurrently with the filing of the final prospectus for that ETF;

(b) the Filer displays on its website in a manner that would be considered prominent to a reasonable investor the Summary Document for each class or series of ETF Securities for each ETF;

(c) the Filer amends the Summary Document at the same time it files any amendments to the ETF's prospectus that affect the disclosure in the Summary Document and files the amended Summary Document with the applicable Jurisdictions on SEDAR and makes it available on its website in a manner that would be considered prominent to a reasonable investor;

(d) the Filer provides or makes available to each Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer, the number of copies of the Summary Document of each ETF Security that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer reasonably requests in support of compliance with its respective Prospectus Delivery Decision;

(e) each ETF's prospectus:

(i) incorporates the relevant Summary Document by reference;

(ii) contains the disclosure referred to in paragraph 23 above; and

(iii) discloses both this decision and the Prospectus Delivery Decisions under Item 34.1 of Form 41-101F2 – *Exemptions and Approvals*;

(f) the Filer obtains an executed acknowledgement from each Authorized Dealer, Designated Broker and Affiliate Dealer, and uses its best efforts to obtain an acknowledgment from each Other Dealer:

(i) indicating its election, in connection with the re-sale of Creation Units on the TSX or another marketplace in Canada, to send or deliver the Summary Document in accordance with a Prospectus Delivery Decision or, alternatively, to comply with the Prospectus Delivery Requirement; and

(ii) if the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer agrees to deliver the Summary Document in accordance with a Prospectus Delivery Decision:

(1) an undertaking that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer will attach or bind one ETF's Summary Document with another ETF's Summary Document only if the documents are being sent or delivered under the Prospectus Delivery Decision at the same time to an investor purchasing ETF Securities of each such ETF; and

(2) confirming that the Authorized Dealer, Designated Broker, Affiliate Dealer or Other Dealer has in place written policies and procedures to ensure that it is in compliance with the conditions of the Prospectus Delivery Decision;

(g) the Filer will keep records of which Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers have provided it with an acknowledgement under a Prospectus Delivery Decision and which intend to rely on and comply with the Prospectus Delivery Decision or intend to comply with the Prospectus Delivery Requirement;

(h) the Filer files with its principal regulator, to the attention of the Director, Investment Funds Branch, on or before January 31st in each calendar year, a certificate signed by its ultimate designated person certifying that, to the best of the knowledge of such person, after making due inquiry, the Filer has complied with the terms and conditions of this decision during the previous calendar year;

(i) if the Filer files an ETF Facts instead of a Summary Document with respect to a class or series of ETF Securities, the latest ETF Facts filed in respect of such class or series of ETF Securities must be substituted for a Summary Document in order to satisfy the foregoing conditions with respect to any purchase in such class or series of ETF Securities that occurs after the date of filing such ETF Facts;

(j) conditions (a), (b), (c) and (e)(i) above do not apply to the Exemption Sought with respect to a class or series of an ETF Security if the Filer files an ETF Facts for such class or series of the ETF Security; and

(k) conditions (d), (e)(ii), (e)(iii), (f), (g) and (h) above do not apply to the Exemption Sought after any new legislation or rule dealing with the Prospectus Delivery Decision takes effect and any applicable transition period has expired.

3. The decision of the principal regulator is that the Exemption Sought in respect of the Take-over Bid Requirements is granted.

The Exemption Sought from the Prospectus Form Requirement, as it relates to one or more of the Jurisdictions, will terminate on the latest of: (i) the coming into force of any legislation or rule dealing with the Exemption Sought from the Prospectus Form Requirement or (ii) the end date of any applicable transition period for any legislation or rule dealing with the Exemption Sought from the Prospectus Form Requirement.

As to the Exemption Sought from the Underwriter's Certificate Requirement and the Take-over Bid Requirements

"Deborah Leckman"
Commissioner

"Mary Condon"
Commissioner

As to the Exemption Sought from the Borrowing Requirement and the Prospectus Form Requirement

"Darren McKall"
Manager, Investment Funds and Structured Products Branch

APPENDIX A

Contents of Summary Document

General Instructions:

1. *Items 1 to 10 represent the minimum disclosure required in a Summary Document for a fund. The inclusion of additional information is not precluded so long as the Summary Document does not exceed a total of four pages in length (two pages double-sided).*

2. *Terms defined in 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 Summary Document have the meanings that they have in those national instruments.*

3. *Information in the Summary Document must be clear and concise and presented in plain language.*

4. *The format and presentation of information in the Summary Document is not prescribed but the information must be presented in a manner that assists in readability and comprehension.*

5. *The order of the Items outlined below is not prescribed, except for Items 1 and 2, which must be presented as the first 2 items in the Summary Document.*

6. *Each reference to a fund in this Appendix A refers to an ETF as defined in the decision above.*

Item 1 – Introduction

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

(a) the title "Summary Document";

(b) the name of the manager of the fund;

(c) the name of the fund to which the Summary Document pertains; and

(d) the date of the document.

Item 2 – Cautionary Language

Include a statement in italics in substantially the following form:

"The following is a summary of the principal features of this fund. You can find more detailed information about the fund in the prospectus. The prospectus is available on [insert name of the manager of the fund] website at [insert manager of the fund website], or by contacting [insert name of the manager of the fund] at [insert manager of the fund's email address], or by calling [insert telephone number of the manager of the fund]."

Item 3 – Fund Details

Include the following disclosure:

(a) ticker symbol;

(b) fund identification code(s);

(c) index ticker (as applicable);

(d) exchange;

(e) currency;

(f) inception date;

(g) RSP eligibility;

(h) DRIP eligibility;

(i) expected frequency and timing of distributions, and if applicable, the targeted amount for distributions;

(j) management expense ratio, if available; and

(k) portfolio manager, when the fund is actively managed.

Item 4 – Investment Objectives

Include a description of the fundamental nature of the fund, or the fundamental features of the fund that distinguishes it from other funds.

INSTRUCTIONS:

Include a description of what the fund primarily invests in, or intends to primarily invest in, such as

(a) a description of the fund, including what the fund invests in, and if it is trying to replicate an index, the name of the index, and an overview of the nature of securities covered by the index or the purpose of the index; and

(b) the key investment strategies of the fund.

Item 5 – Investments of the Fund

1. Include a table disclosing:

(a) the top 10 positions held by the fund; and

(b) the percentage of net asset value of the fund represented by the top 10 positions.

2. Include at least one, and up to two, charts or tables that illustrate the investment mix of the fund's investment portfolio.

INSTRUCTIONS:

(a) The information required under this Item is intended to give a snapshot of the composition of the fund's investment portfolio. The information required to be disclosed under this Item must be as at a date within 60 days before the date of the Summary Document.

(b) The information required under Item 5(2) must show a breakdown of the fund's investment portfolio into appropriate subgroups and the percentage of the aggregate net asset value of the fund constituted by each subgroup. The names of the subgroups are not prescribed and can include security type, industry segment or geographic location. The fund should use the most appropriate categories given the nature of the fund. The choices made must be consistent with disclosure provided under "Summary of Investment Portfolio" in the fund's MRFP.

(c) For new funds where the information required to be disclosed under this Item is not available, provide a brief statement explaining why the required information is not available.

Item 6 – Risk

1. Include a statement in italics in substantially the following form:

"All investments involve risk. When you invest in the fund the value of your investment can go down as well as up. For a description of the specific risks of this fund, see the fund's prospectus."

2. If the cover page of the fund's prospectus contains text box risk disclosure, also include a description of those risk factors in the Summary Document.

Item 7 – Fund Expenses

1. Include an introduction using wording similar to the following:

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

2. Provide information about the expenses of the fund in the form of the following table:

	Annual rate (as a % of the fund's value)
Management expense ratio (MER) This is the total of the fund's management fee and operating expenses.	
Trading expense ratio (TER) These are the fund's trading costs.	
Fund expenses The amount included for fund expenses is the amount arrived at by adding the MER and the TER.	

3. If the information in (2) is unavailable because the fund is new including wording similar to the following:

"The fund's expenses are made up of the management fee, operating expenses and trading costs. The fund's annual management fee is [ ]% of the fund's value. Because this fund is new, its operating expenses and trading costs are not yet available."

INSTRUCTIONS:

Use a bold font or other formatting to indicate that fund expenses is the total of all ongoing expenses set out in the chart and is not a separate expense charged to the fund.

Item 8 – Trailing Commissions

1. If the manager of the fund or another member of the fund's organization pays trailing commissions, include a brief description of these commissions.

2. The description of any trailing commission must include a statement in substantially the following words:

"The trailing commission is paid out of the management fee. The trailing commission is paid for as long as you own the fund."

Item 9 – Other Fees

1. Provide information about the amount of fees payable by an investor, other than those already described or payable by designated brokers and underwriters.

2. Include a statement using wording similar to the following:

"You may pay brokerage fees to your dealer when you purchase and sell units of the fund."

INSTRUCTIONS:

(a) Examples include any redemption charges, sales charges or other fees, if any, associated with buying and selling securities of the fund.

(b) 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.

Item 10 – Statement of Rights

State in substantially the following words:

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, or*

- *other rights and remedies if this document or the fund's prospectus contains 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 11 – Past Performance

If the fund includes past performance:

1. Include an introduction using wording similar to the following:

   This section tells you how the fund has performed over the past [insert the lesser of 10 years or the number of completed calendar years] years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

   It's important to note that this doesn't tell you how the fund will perform in the future as past performance may not be repeated. Also, your actual after-tax return will depend on your personal tax situation.

2. Show the annual total return of the fund, in chronological order for the lesser of:

   (a) each of the 10 most recently completed calendar years; and

   (b) each of the completed calendar years in which the fund has been in existence and which the fund was a reporting issuer.

3. Show the

   (a) final value, of a hypothetical $1,000 investment in the fund as at the end of the period that ends within 60 days before the date of the Summary Document and consists of the lesser of:

      (i) 10 years, or

      (ii) the time since inception of the fund,

      and

   (b) the annual compounded rate of return that would equate the initial $1,000 investment to the final value.

INSTRUCTIONS:

In responding to the requirements of this Item, a fund must comply with the relevant sections of Part 15 of National Instrument 81-102 Mutual Funds as if those sections applied to a Summary Document.

Item 12 – Benchmark Information

If the Summary Document includes benchmark information, ensure this information is consistent with the fund's MRFP and presented in the same format as Item 11.

2.1.16 BMO Nesbitt Burns Inc. et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganization pursuant to section 5.5(1)(b) of NI 81-102 required because the reorganization does not meet criteria for pre-approval – reorganization undertaken in connection with changes to the Income Tax Act (Canada) which eliminated certain tax benefits associated with character conversion transactions.

Upon reorganization, portfolio assets of converting fund to continue as portfolio assets of continuing Fund – continuing Fund to have same investment objectives, investment strategies, management fees, portfolio investment manager, and, at effective date of conversion, same portfolio assets as the converting funds – Financial data of converting fund is significant information that can assist investors in making decision to purchase or hold shares of continuing fund.

Exemption from sections 15.3(2.1), 15.6(a)(ii), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) of NI 81-102 to permit the continuing funds to use the performance data of the converting funds in sales communications and reports to securityholders – Exemption from section 4.4 of NI 81-106 and Items 3.1(1), 3.1(7), 3.1(8), 4.1(1), 4.1(2), 4.2(1), 4.2(2) and 4.3(1)(a) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1 to permit the continuing fund to include in their annual and interim management reports of fund performance the financial highlights and past performance of the converting fund.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 19.1.
National Instrument 81-106 Investment Fund Continuous Disclosure, s. 17.1.

January 13, 2016

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
BMO NESBITT BURNS INC.
(the "Filer")

AND

IN THE MATTER OF
STAR PORTFOLIO CORP.
(the "Converting Fund")

AND

IN THE MATTER OF
STAR YIELD MANAGERS TRUST
(the "Continuing Fund" and collectively with the Converting Fund, the "Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Converting Fund for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") in connection with the conversion (the "**Conversion**") of the Converting Fund into the Continuing Fund, which will result in the shareholders of the Star Yield Managers

Class shares of the Converting Fund becoming unitholders of the Continuing Fund, for an exemption from the following provisions of the Legislation to enable the Continuing Fund to include in its annual and interim management reports of fund performance ("**MRFP**") the performance data and information derived from the financial statements (collectively, the "**Financial Data**") of the Converting Fund:

(a) Section 4.4 of National Instrument 81-106 *Investment Fund Continuous Disclosure* ("**NI 81-106**") for the relief requested from Form 81-106F1 – *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**) for the Continuing Fund;

(b) Items 3.1(1), 3.1(7), 3.1(8), 4.1(1) in respect of the requirement to comply with subsections 15.3(2.1) and 15.9(2)(d) of NI 81-102, 4.1(2), 4.2(1), 4.2(2) and 4.3(1)(a) of Part B of Form 81-106F1; and

(c) Items 3(1) and 4 of Part C of Form 81-106F1 for the Continuing Fund.

(collectively, the "**Requested Relief**"),

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

1. the Ontario Securities Commission is the principal regulator (the "Principal Regulator") for this application; and

2. 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 other provinces and territories of Canada (collectively with Ontario, the "**Jurisdictions**").

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and NI 81-106 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 the administrator of the Converting Fund. The Filer is incorporated under the laws of Canada and is an indirect subsidiary of the Bank of Montreal, a bank listed in Schedule 1 of the *Bank Act* (Canada). The Filer is a member of IIROC and is registered as an investment dealer (or equivalent) with the securities regulatory authorities in each province and territory of Canada. The Filer is registered as an "investment fund manager" in the province of Ontario, with its head office located in Toronto, Ontario.

2. The Converting Fund is a corporation incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**"), and is a non-redeemable investment fund and qualifies as a "mutual fund corporation" under the *Income Tax Act* (Canada) (the "**Tax Act**").

3. The Star Yield Managers Class shares (the "**Shares**") is the only class of publicly held shares of the Converting Fund and the Shares are listed on the Toronto Stock Exchange.

4. The Converting Fund has 2,039,248 Shares outstanding. The Shares of the Converting Fund were qualified for distribution pursuant to a prospectus dated September 28, 2010, that was filed in accordance with the securities legislation of all the provinces and territories of Canada. Accordingly, the Converting Fund is a reporting issuer or the equivalent in each province and territory of Canada.

5. The Converting Fund has, and the Continuing Fund will have, an independent review committee (the "**IRC**") as required by National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**").

6. The Converting Fund is, and the Continuing Fund will be following the Conversion, subject to the requirements of NI 81-102 and NI 81-107, subject to any exemptions therefrom that may be available under applicable securities legislation or granted by the securities regulatory authorities.

7. Neither the Filer nor the Converting Fund is in default of securities legislation in any jurisdiction.

8. The Continuing Fund will be established as a unit trust governed by the laws of the Province of Ontario, specifically for the purpose of effecting the Conversion and will be a non-redeemable investment fund governed by NI 81-102 following the Conversion.

9. The Filer will be the manager and administrator of the Continuing Fund.

10. The Continuing Fund will be authorized to issue an unlimited number of units of the Continuing Fund (the "**Units**"). The number of Units outstanding upon completion of the Conversion will be identical to the number of Shares outstanding immediately prior to the Conversion. The net asset value per Unit upon completion of the Conversion will be identical to the net asset value per Share immediately prior to the Conversion.

11. The Converting Fund and the Continuing Fund have substantially similar investment objectives, investment strategies, valuation procedures and fee structures.

Proposed Transaction

12. The holders of the Shares of the Continuing Fund (the "**Shareholders**") having approved the Conversion, the Filer proposes to convert the Converting Fund from a "mutual fund corporation" to a "mutual fund trust" as a result of changes to the Tax Act that eliminated the tax advantages of character conversion transactions.

13. The Filer proposes to effect the Conversion by transferring, on or about the close of business on January 15, 2016 (the "**Conversion Date**"), all or substantially all of the assets of the Converting Fund to the Continuing Fund in exchange for Units and the assumption by the Continuing Fund of liabilities of the Converting Fund.

14. Immediately after the step above, and on the Conversion Date, the Converting Fund will redeem all the Shares (other than outstanding Shares, if any, of a Shareholder who dissents in respect of the Conversion) and will distribute the Units as payment "in kind" of the redemption price of the Shares immediately. Upon such distribution, the Shareholders whose Shares are redeemed will become direct unitholders of the Continuing Fund ("**Unitholders**").

15. As soon as practicable after the step above, the Units of the Continuing Fund will be listed on the Toronto Stock Exchange.

16. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Converting Fund.

17. The Converting Fund and the Continuing Fund will elect that the transaction be a "qualifying exchange" as contemplated by section 132.2 of the Tax Act.

18. As soon as possible following the steps set out above, the Converting Fund will be wound up and dissolved.

19. The Filer submits that the proposed Conversion:

    (i) will result in investors participating in the income and gains (or losses) of the Continuing Fund on a more tax efficient basis than is the case with the Converting Fund;

    (ii) will not result in substantial changes to the investment Shareholders made in the Converting Fund, as the investment objectives, strategies and restrictions of the Continuing Fund will be substantially the same as those of the Converting Fund; and

    (iii) will not impact the net asset value, as the net asset value of the Shares will be equal to the net value of the Units immediately after the Conversion.

Reasons for the Conversion

20. Prior to October 28, 2015, the Converting Fund was structured as a tax advantaged fund that provided returns to investors partially through economic exposure to a portfolio of securities (the "**Aston Hill Portfolio**") by virtue of a forward agreement (the "**Forward Agreement**") made as of October 29, 2010 with a Canadian chartered bank. The Forward Agreement was terminated on October 28, 2015. Star Yield Trust was established for the purpose of acquiring and holding the Aston Hill Portfolio.

21. In 2013, the Tax Act was amended to eliminate the tax advantages of character conversion transactions like those achieved via the Forward Agreement, subject to limited grandfathering for pre-existing agreements (the "**DFA Rules**"). As a result of these tax changes, if the Forward Agreement was extended past its termination date, the tax advantages of the Forward Agreement would have been lost.

22. The Filer therefore determined that it would be more efficient and less costly for the Converting Fund to seek to achieve its investment objectives with respect to the Aston Hill Portfolio by investing that portion of its assets directly in the same, or substantially the same, assets as those held by the Star Yield Trust.

23. The Filer therefore sought and received approval from Shareholders to amend the investment objectives and investment restrictions of the Converting Fund to permit the Converting Fund to directly hold the assets held by Star Yield Trust, and accordingly, settled the entire amount of the Forward Agreement on or before October 28, 2015.

24. As a result of the DFA Rules and the resulting composition of the Converting Fund's assets after the termination of the Forward Agreement, it is expected that the Converting Fund will incur non-refundable income tax under the Tax Act that it would not otherwise incur if it was structured as a "mutual fund trust". This is because the Converting Fund is currently structured as a "mutual fund corporation" and a mutual fund corporation is subject to non-refundable income tax on ordinary income. A mutual fund trust generally is not subject to tax on such income, provided it makes such income payable to its unitholders.

25. The Filer is therefore now proposing that the Converting Fund change its structure from a "mutual fund corporation" to a "mutual fund trust" to be more tax-efficient in light of the DFA Rules and the resulting composition of the Converting Fund's assets after the termination of the Forward Agreement.

Reasons for Seeking the Requested Relief

26. The Filer is seeking to make the Conversion as seamless as possible for investors of the Converting Fund. Accordingly, the Filer submits that treating the Continuing Fund as a continuation of the Converting Fund would be beneficial to investors and that to do otherwise would cause unnecessary confusion among investors concerning the difference between the Converting Fund and the Continuing Fund.

27. The Filer submits that investors will not be misled if the Financial Data of the Continuing Fund reflect the Financial Data of the Converting Fund.

28. The Financial Data of the Converting Fund is significant information which can assist investors in determining whether to acquire units of the Continuing Fund in the market. In the absence of the relief requested herein, investors will have no financial information (such as past performance) on which to base such an investment decision.

29. The Continuing Fund will be a new fund. However, while the Continuing Fund will have the same assets and liabilities as the Converting Fund, it will not have its own Financial Data as at the Conversion Date. The Continuing Fund will have a December 31 year end for financial reporting purposes. In order for the Conversion to be as seamless as possible for shareholders of the Converting Fund, the Administrator proposes that:

    (a) the Converting Fund will prepare interim financial statements for the six-month period ended November 30, 2015. The Converting Fund will file and deliver the interim financial statements and an interim management report of fund performance ("**MRFP**") within 60 days, as required under NI 81-106;

    (b) the Continuing Fund will prepare an annual MRFP commencing with the year ended December 31, 2016 and interim MRFPs commencing with the seven-month period ended June 30, 2016 using the Converting Fund's historical financial data;

    (c) the Continuing Fund will prepare comparative annual financial statements commencing with the year ended December 31, 2016 and interim financial statements commencing with the seven-month period ended June 30, 2016 under sections 2.1 and 2.3, respectively, of NI 81-106 using the Converting Fund's historical financial data;

    (d) the MRFP for the Continuing Fund will include the Financial Data of the Converting Fund and disclose the Conversion; and

30. The Filer has filed a separate application for exemptive relief from certain provisions of NI 81-102 to permit (a) the Conversion, and (b) the Continuing Fund's sales communications and reports, among other things, to Unitholders (the "**Fund Communications**") to use performance data of the Converting Fund prepared in accordance with Part 15 of NI 81-102, including section 15(1) of NI 81-102 (the "**NI 81-102 Relief**").

Decision

The Decision Maker 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 Maker under the Legislation is that the Requested Relief is granted provided that:

(a) the Converting Fund prepare interim financial statements under section 2.1 of NI 81-106 for the six-month period ended November 30, 2015;

(b) the MRFP for the Continuing Fund includes the Financial Data of the Converting Fund and discloses the Conversion; and

(c) the Continuing Fund prepares its Fund Communications in accordance with the NI 81-102 Relief.

"Raymond Chan"
Manager
Investment Funds and Structured Products
Ontario Securities Commission

2.1.17 BMO Nesbitt Burns Inc. et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganization pursuant to section 5.5(1)(b) of NI 81-102 required because the reorganization does not meet criteria for pre-approval – reorganization undertaken in connection with changes to the Income Tax Act (Canada) which eliminated certain tax benefits associated with character conversion transactions.

Upon reorganization, portfolio assets of converting fund to continue as portfolio assets of continuing Fund – continuing Fund to have same investment objectives, investment strategies, management fees, portfolio investment manager, and, at effective date of conversion, same portfolio assets as the converting funds – Financial data of converting fund is significant information that can assist investors in making decision to purchase or hold shares of continuing fund.

Exemption from sections 15.3(2.1), 15.6(a)(ii), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) of NI 81-102 to permit the continuing funds to use the performance data of the converting funds in sales communications and reports to securityholders – Exemption from section 4.4 of NI 81-106 and Items 3.1(1), 3.1(7), 3.1(8), 4.1(1), 4.1(2), 4.2(1), 4.2(2) and 4.3(1)(a) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1 to permit the continuing fund to include in their annual and interim management reports of fund performance the financial highlights and past performance of the converting fund.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 19.1.
National Instrument 81-106 Investment Fund Continuous Disclosure, s. 17.1.

January 13, 2016

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
BMO NESBITT BURNS INC.
(the "Filer")

AND

IN THE MATTER OF
STAR PORTFOLIO CORP.
(the "Converting Fund")

AND

IN THE MATTER OF
STAR YIELD MANAGERS TRUST
(the "Continuing Fund" and collectively with the Converting Fund, the "Funds")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for an exemption from (collectively, the "**Requested Relief**"):

(a) subsection 5.5(1)(b) of National Instrument 81-102 – *Investment Funds* ("**NI 81-102**") for the conversion (the "**Conversion**") of the Converting Fund into the Continuing Fund, which will result in the shareholders of the Star Yield Managers Class shares of the Converting Fund becoming unitholders of the Continuing Fund (the "**Conversion Relief**"); and

(b) sections 15.3(2.1), 15.6(a)(ii), 15.6(b), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 15.9(2)(d) of NI 81-102 to permit the Continuing Fund to use performance data and information derived from the financial statements (collectively, "**Financial Data**") of the Converting Fund in sales communications and other communications to securityholders (the "**Past Performance Relief**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

1. the Ontario Securities Commission is the principal regulator (the "**Principal Regulator**") for this application; and

2. 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 other provinces and territories of Canada (collectively with Ontario, the "**Jurisdictions**").

Interpretation

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

Representations

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

1. The Filer is the administrator of the Converting Fund. The Filer is incorporated under the laws of Canada and is an indirect subsidiary of the Bank of Montreal, a bank listed in Schedule 1 of the *Bank Act* (Canada). The Filer is a member of IIROC and is registered as an investment dealer (or equivalent) with the securities regulatory authorities in each province and territory of Canada. The Filer is registered as an "investment fund manager" in the province of Ontario, with its head office located in Toronto, Ontario.

2. The Converting Fund is a corporation incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**"), and is a non-redeemable investment fund and qualifies as a "mutual fund corporation" under the *Income Tax Act* (Canada) (the "**Tax Act**").

3. The Star Yield Managers Class shares (the "**Shares**") is the only class of publicly held shares of the Converting Fund and the Shares are listed on the Toronto Stock Exchange.

4. The Converting Fund has 2,039,248 Shares outstanding. The Shares of the Converting Fund were qualified for distribution pursuant to a prospectus dated September 28, 2010, that was filed in accordance with the securities legislation of all the provinces and territories of Canada. Accordingly, the Converting Fund is a reporting issuer or the equivalent in each province and territory of Canada.

5. The Converting Fund has, and the Continuing Fund will have, an independent review committee (the "**IRC**") as required by National Instrument 81-107 *Independent Review Committee for Investment Funds* ("**NI 81-107**").

6. The Converting Fund is, and the Continuing Fund will be following the Conversion, subject to the requirements of NI 81-102 and NI 81-107, subject to any exemptions therefrom that may be available under applicable securities legislation or granted by the securities regulatory authorities.

7. Neither the Filer nor the Converting Fund is in default of securities legislation in any jurisdiction.

8. The Continuing Fund will be established as a unit trust governed by the laws of the Province of Ontario, specifically for the purpose of effecting the Conversion and will be a non-redeemable investment fund governed by NI 81-102 following the Conversion.

9. The Filer will be the manager and administrator of the Continuing Fund.

10. The Continuing Fund will be authorized to issue an unlimited number of units of the Continuing Fund (the "**Units**"). The number of Units outstanding upon completion of the Conversion will be identical to the number of Shares outstanding

immediately prior to the Conversion. The net asset value per Unit upon completion of the Conversion will be identical to the net asset value per Share immediately prior to the Conversion.

11. The Converting Fund and the Continuing Fund have substantially similar investment objectives, investment strategies, valuation procedures and fee structures.

Proposed Transaction

12. The holders of the Shares of the Continuing Fund (the "**Shareholders**") having approved the Conversion, the Filer proposes to convert the Converting Fund from a "mutual fund corporation" to a "mutual fund trust" as a result of changes to the Tax Act as discussed below.

13. The Filer proposes to effect the Conversion by transferring, on or about the close of business on January 15, 2016 (the "**Conversion Date**"), all or substantially all of the assets of the Converting Fund to the Continuing Fund in exchange for Units and the assumption by the Continuing Fund of liabilities of the Converting Fund.

14. Immediately after the step above, and on the Conversion Date, the Converting Fund will redeem all the Shares (other than outstanding Shares, if any, of a Shareholder who dissents in respect of the Conversion) and will distribute the Units as payment "in kind" of the redemption price of the Shares immediately. Upon such distribution, the Shareholders whose Shares are redeemed will become direct unitholders of the Continuing Fund ("**Unitholders**").

15. As soon as practicable after the step above, the Units of the Continuing Fund will be listed on the Toronto Stock Exchange.

16. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Converting Fund.

17. The Converting Fund and the Continuing Fund will elect that the transaction be a "qualifying exchange" as contemplated by section 132.2 of the Tax Act.

18. As soon as possible following the steps set out above, the Converting Fund will be wound up and dissolved.

Reasons for the Conversion

19. Prior to October 28, 2015, the Converting Fund was structured as a tax advantaged fund that provided returns to investors partially through economic exposure to a portfolio of securities (the "**Aston Hill Portfolio**") by virtue of a forward agreement (the "**Forward Agreement**") made as of October 29, 2010 with a Canadian chartered bank. The Forward Agreement was terminated on October 28, 2015. Star Yield Trust was established for the purpose of acquiring and holding the Aston Hill Portfolio.

20. In 2013, the Tax Act was amended to eliminate the tax advantages of character conversion transactions like those achieved via the Forward Agreement, subject to limited grandfathering for pre-existing agreements (the "**DFA Rules**"). As a result of these tax changes, if the Forward Agreement was extended past its termination date, the tax advantages of the Forward Agreement would have been lost.

21. The Filer therefore determined that it would be more efficient and less costly for the Converting Fund to seek to achieve its investment objectives with respect to the Aston Hill Portfolio by investing that portion of its assets directly in the same, or substantially the same, assets as those held by the Star Yield Trust.

22. The Filer therefore sought and received approval from Shareholders to amend the investment objectives and investment restrictions of the Converting Fund to permit the Converting Fund to directly hold the assets held by Star Yield Trust, and accordingly, settled the entire amount of the Forward Agreement on or before October 28, 2015.

23. As a result of the DFA Rules and the resulting composition of the Converting Fund's assets after the termination of the Forward Agreement, it is expected that the Converting Fund will incur non-refundable income tax under the Tax Act that it would not otherwise incur if it was structured as a "mutual fund trust". This is because the Converting Fund is currently structured as a "mutual fund corporation" and a mutual fund corporation is subject to non-refundable income tax on ordinary income. A mutual fund trust generally is not subject to tax on such income, provided it makes such income payable to its unitholders.

24. The Filer is therefore now proposing that the Converting Fund change its structure from a "mutual fund corporation" to a "mutual fund trust" to be more tax-efficient in light of the DFA Rules and the resulting composition of the Converting Fund's assets after the termination of the Forward Agreement.

Shareholder and IRC Approval

25. The Filer received approval of the Shareholders at a special meeting held on October 8, 2015 (the "**Meeting**"). The notice of the meeting and the management information circular of the Converting Fund (the "**Circular**") were mailed to Shareholders and filed in accordance with applicable securities legislation.

26. The Circular among other things, described:

    (i) the Conversion and the Continuing Fund;

    (ii) the income tax considerations applicable to the Conversion; and

    (iii) the material differences between being a shareholder of the Converting Fund and being a unitholder of the Continuing Fund.

27. A press release in connection with the Meeting was issued on August 25, 2015 and a material change report was filed on September 2, 2015.

28. The IRC of the Converting Fund reviewed the proposed Conversion and the process to be followed in connection with the proposed Conversion, and have advised the Filer that in the IRCs' opinion, having reviewed the proposed Conversion as a potential conflict of interest, the Conversion achieves a fair and reasonable result for Shareholders. The decision of the IRC was included in the notice of meeting and the Circular.

Reasons for Seeking the Conversion Relief

29. In order to effect the Conversion without seeking the approval of the Principal Regulator, the Filer must be able to satisfy all of the provisions of section 5.6 of NI 81-102.

30. The Continuing Fund is not an investment fund to which NI 81-102 applies and is not a reporting issuer in Ontario, as required under section 5.6(1)(a)(iv) of NI 81-102. However, immediately upon completion of the Conversion, the Continuing Fund will become a reporting issuer or reporting issuer equivalent pursuant to applicable securities legislation in all the provinces and territories of Canada.

31. The Circular sent to Shareholders did not include references to the disclosure documents of the Continuing Fund, as required under section 5.6(1)(f)(iii) of NI 81-102, because such documents do not yet exist as the Continuing Fund is a new fund formed for the purposes of effecting the Conversion.

32. The Converting Fund will bear the costs and expenses associated with the Conversion (consisting primarily of legal and regulatory costs), contrary to section 5.6(1)(h) of NI 81-102. The Filer has determined that it is appropriate for the Fund, rather than the Filer, to bear the costs and expenses, as (i) the sole consideration of the Filer to implement the Conversion is the best interests of the Shareholders, and the Conversion is in the best interests of the Shareholders since the change in structure is intended to be more tax-efficient, (ii) the Conversion is being undertaken for reasons of tax efficiency driven entirely as a result of changes to the Tax Act, and not for any other reason, (iii) the reorganization from a corporation to a trust might have been accomplished by a plan of arrangement or other means without section 5.1(f) or paragraph 5.5(1)(b) of NI 81-102 applying, but would not have been the most cost effective and efficient method for shareholders, (iv) if the Conversion is not implemented the Converting Fund could continue to meet its objectives effectively and would otherwise be viable on an ongoing basis, and (v) the Filer will not realize any benefits from the Conversion.

33. Shareholders will not be granted a specific redemption right prior to the Conversion as required under section 5.6(1)(j) of NI 81-102. However, shareholders have dissent rights under the OBCA, which entitle them to the net asset value of their Shares as at the day before the resolution approving the Conversion is adopted, which is similar to being granted a specific redemption right. Details with respect to the dissent rights were set forth in the Circular.

34. The Filer further submits that the proposed Conversion:

    (i) will result in investors participating in the income and gains (or losses) of the Continuing Fund on a more tax efficient basis than is the case with the Converting Fund after the Forward Agreement was terminated;

    (ii) will result in the Filer being able to provide its management services to the Continuing Fund on a more economically rational basis;

(iii) has received review and approval by the IRC and the Shareholders themselves to ensure that Shareholders are being dealt with fairly;

(iv) will be a "qualifying exchange" as defined in section 132.2 of the Tax Act and will occur on a tax-deferred basis under the Tax Act and Shareholders were provided with information about the income tax consequences of the Conversion in the Circular and had the opportunity to consider such information prior to voting on the proposed Conversion;

(v) will not result in substantial changes to the investment Shareholders made in the Converting Fund, as the investment objectives, strategies and restrictions of the Continuing Fund will be substantially the same as those of the Converting Fund; and

(vi) will not impact the net asset value, as the net asset value of the Shares will be equal to the net value of the Units immediately after the Conversion.

Reasons for Seeking the Past Performance Relief

35. The Filer is seeking to make the Conversion as seamless as possible for investors of the Converting Fund. Accordingly, the Filer submits that treating the Continuing Fund as a continuation of the Converting Fund would be beneficial to investors and that to do otherwise would cause unnecessary confusion among investors concerning the difference between the Converting Fund and the Continuing Fund.

36. The Filer submits that investors will not be misled if the Financial Data of the Continuing Fund reflect the Financial Data of the Converting Fund.

37. The Financial Data of the Converting Fund is significant information which can assist investors in determining whether to acquire units of the Continuing Fund in the market. In the absence of the relief requested herein, investors will have no financial information (such as past performance) on which to base such an investment decision.

38. The Continuing Fund will be a new fund. However, while the Continuing Fund will have the same assets and liabilities as the Converting Fund, it will not have its own Financial Data as at the Conversion Date.

39. The Continuing Fund will have a December 31 year end for financial reporting purposes.

40. The Continuing Fund will be indistinguishable from the Converting Fund since the investment objectives, investment strategies and management fees attached to the Continuing Fund will be the same as the Converting Fund.

41. In order for the Conversion to be as seamless as possible for shareholders of the Converting Fund, the Filer proposes that the Continuing Fund's sales communications and reports to securityholders will include the applicable performance data of the Converting Fund prepared in accordance with Part 15 of NI 81-102, including section 15(1) of NI 81-102.

42. The Filer has filed a separate application for exemptive relief from certain provisions of National Instrument 81-106 – *Investment Fund Continuous Disclosure* to enable the Continuing Fund to include in its annual and interim management reports of fund performance the Converting Fund's historical financial data (the "**NI 81-106 Relief**").

Further Submissions

43. The Filer has determined that it would be in the best interests of the Shareholders and not prejudicial to the public interest to receive the Requested Relief.

Decision

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

With respect to the Conversion Relief, the decision of the Decision Maker under the Legislation is that the Conversion Relief is granted, provided that:

(a) if, following the Conversion, the Continuing Fund either conducts a subsequent offering or implements any of the transactions described in paragraphs 5.1(1)(f), (g), or (h) of NI 81-102, the Filer will reimburse the entirety of the costs and expenses associated with the Conversion to the Continuing Fund.

With respect to the Past Performance Relief, the decision of the Decision Maker under the Legislation is that the Past Performance Relief is granted, provided that:

(a) the Continuing Fund's sales communications and reports to securityholders include the applicable performance data of the Converting Fund prepared in accordance with Part 15 of NI 81-102, including section 15(1) of NI 81-102; and

(b) the Continuing Fund prepares its management reports of fund performance in accordance with the NI 81-106 Relief.

"Raymond Chan"
Manager
Investment Funds and Structured Products
Ontario Securities Commission

2.1.18 TD Asset Management Inc.

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-approved reorganizations and transfers in National Instrument 81-102 – a reasonable person may not consider certain of the merging funds to have substantially similar investment objectives and fee structures – investors of terminating funds provided with timely disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 5.5(3), 5.6, 5.7.

April 1, 2016

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
TD ASSET MANAGEMENT INC.
(TDAM or the Filer)

AND

THE PROPOSED MERGERS
(defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Merging Funds (as defined below) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) approving the proposed merger of each Merging Fund into the Continuing Fund (as defined below) opposite its name in the table below (the **Proposed Mergers**) pursuant to clause 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Merger Approval**):

MERGING FUND	CONTINUING FUND
Proposed Corporate Fund Merger	
TD Canadian Blue Chip Equity Class	TD Canadian Equity Class
Proposed Trust Fund Mergers	
TD Mortgage Fund	TD Short Term Bond Fund
TD Canadian Blue Chip Equity Fund	TD Canadian Equity Fund
TD Latin American Growth Fund	TD Emerging Markets Fund
TD Energy Fund	TD Resource Fund
TD Precious Metals Fund	
TD FundSmart Managed Income Portfolio	TD Managed Income Portfolio

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, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Yukon and Nunavut (collectively, the **Passport Jurisdictions**).

Interpretation

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

The following terms shall have the following meanings:

Continuing Funds	refers to the Continuing Funds listed in the table above
Continuing Trust Funds	refers to the Continuing Funds listed under "Proposed Trust Fund Mergers" in the table above
Corporate Funds	refers to the Funds listed under "Proposed Corporate Fund Mergers" in the table above
Funds	refers, collectively, to the Merging Funds and the Continuing Funds
Merging Funds	refers to the Merging Funds listed in the table above
Merging Trust Funds	refers to the Merging Funds listed under "Proposed Trust Fund Mergers" in the table above
Trust Funds	refers to the Funds listed under "Proposed Trust Fund Mergers" in the table above

Representations

This decision is based on the following facts represented by the Filer in respect of the Filer and the Funds:

The Filer and the Funds

1. The head office of the Filer and the Funds is located in Toronto, Ontario.

2. The Filer and the Funds are not in default of securities legislation in any jurisdiction of Canada.

3. Each of the Corporate Funds is an open-end mutual fund corporate class of TD Mutual Funds Corporate Class Ltd. (**TDMF Corp.**), a multi-class mutual fund corporation incorporated under the laws of Canada that also offers other open-end mutual fund corporate classes.

4. Each of the Trust Funds is an open-end mutual fund trust established under the laws of Ontario by a declaration of trust.

5. Each Fund is a reporting issuer under the applicable securities legislation of each jurisdiction in Canada and is subject to NI 81-102.

6. The various series of the Funds, with the exception of TD FundSmart Managed Income Portfolio and TD Managed Income Portfolio, are qualified for distribution in the Jurisdiction and the Passport Jurisdictions pursuant to a simplified prospectus and annual information form dated July 23, 2015, as amended. The various series of TD FundSmart Managed Income Portfolio and TD Managed Income Portfolio are qualified for distribution in the Jurisdiction and the Passport Jurisdictions pursuant to a simplified prospectus and annual information form dated October 27, 2015, as amended.

7. TDAM is the manager and trustee of each of the Trust Funds and the manager of each of the Corporate Funds.

8. TDAM is registered (i) as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador; (ii) as a portfolio manager in each of the Jurisdiction and the Passport Jurisdictions; (iii) as an exempt market dealer in each of the Jurisdiction and the Passport Jurisdictions; and (iv) as a commodity trading manager in the Jurisdiction.

The Meetings and Proposed Mergers

9. In its capacity as manager of the Funds, TDAM is proposing to merge each Merging Fund into the Continuing Fund opposite its name in the table above.

10. TDAM has determined that the Proposed Mergers will not be a material change for any of the Continuing Funds other than TD Resource Fund. TDAM has determined that the Proposed Mergers relating to TD Resource Fund would constitute a material change for TD Resource Fund because each of TD Energy Fund and TD Precious Metals Fund is larger than TD Resource Fund.

11. Securityholder approval of the Proposed Mergers will be sought at special meetings of the securityholders of all of the Merging Funds and of the Continuing Funds, TD Resource Fund and TD Canadian Equity Class, to be held on or about April 6, 2016. Approval of the securityholders of TD Canadian Equity Class is required under applicable corporate law.

12. TDAM will be responsible for the costs associated with the special meetings of securityholders.

13. Subject to receipt of the requisite securityholder approvals and the Merger Approval, the Filer currently proposes to effect the Proposed Mergers on or about April 15, 2016 (the **Merger Effective Date**).

14. If the requisite securityholder approval is not received for a Proposed Merger, that Proposed Merger will not proceed.

15. The investment portfolio and other assets of each Merging Fund that will become assets of the corresponding Continuing Fund are acceptable to the portfolio manager of that Continuing Fund and are consistent with the investment objectives of the Continuing Fund. To the extent that the portfolio manager of the Continuing Fund does not wish to hold a particular security in the investment portfolio of the Merging Fund, the security will be sold prior to the Merger Effective Date.

16. TD Precious Metals Fund has obtained exemptive relief to invest in certain commodities (the **Commodities Relief**) that its corresponding Continuing Fund has not obtained. TD Precious Metals Fund does not currently hold, and will not hold at the time of its Proposed Merger into TD Resource Fund, any investments that were made in reliance on the Commodities Relief.

17. The value of any portfolio securities sold prior to the Proposed Mergers will depend generally on prevailing market conditions. TDAM will pay for any transaction costs associated with such portfolio holdings re-alignments undertaken in connection with the Proposed Mergers.

18. It is not expected that any of the securityholders of the Merging Funds will experience any adverse tax consequences as a result of the pre-merger liquidations. Prior to the Merger Effective Date:

    (a) TD Canadian Blue Chip Equity Class, TD Mortgage Fund, TD Energy Fund, TD Precious Metals Fund and TD Latin American Growth Fund will liquidate a significant percentage of the securities in their portfolios. In the case of TD Canadian Blue Chip Equity Class, TD Energy Fund and TD Precious Metals Fund, TDAM anticipates that capital losses may be realized by the Funds as a result of the liquidations. In the case of TD Mortgage Fund and TD Latin American Growth Fund, TDAM anticipates that a small capital gain may be realized as a result of the liquidation which will be offset by the carry-forward of net capital losses from prior years; and

    (b) TD Canadian Blue Chip Equity Fund and TD FundSmart Managed Income Portfolio will also liquidate a portion of the securities in their portfolios. However, in each case, the capital gain on the dispositions is not expected to be significant.

19. The Proposed Merger of each Merging Fund into its corresponding Continuing Fund involves the exchange of all of the securityholders' securities of each series of each Merging Fund for securities of the same series of the corresponding Continuing Fund and such exchange will be completed as a "qualifying exchange" or otherwise implemented as a tax-deferred transaction under the Income Tax Act (Canada) (the Tax Act).

20. The Proposed Corporate Fund Merger will be implemented as follows:

(a) Prior to the Proposed Corporate Fund Merger, TD Canadian Blue Chip Equity Class will liquidate the securities in its portfolio, which are mainly comprised of units of TD Canadian Blue Chip Equity Fund. As a result, TD Canadian Blue Chip Equity Class and TD Canadian Equity Class will each temporarily hold cash or money market instruments and will not be fully invested in accordance with their respective investment objectives for a brief period of time prior to, and following the Proposed Corporate Fund Merger.

(b) The articles of incorporation of TDMF Corp. (the **TDMF Corp. Articles**) will be amended to authorize the exchange of all the issued and outstanding shares of TD Canadian Blue Chip Equity Class for shares of TD Canadian Equity Class on a series-by-series and dollar-for-dollar basis.

(c) Each securityholder of TD Canadian Blue Chip Equity Class will receive shares of the same series of TD Canadian Equity Class with a value equal to the value of their shares of TD Canadian Blue Chip Equity Class as determined at the close of business on the Merger Effective Date in accordance with the TDMF Corp. Articles.

(d) On the Merger Effective Date, the net assets attributable to TD Canadian Blue Chip Equity Class (which will largely consist of cash and liabilities) will be included in the portfolio of assets and liabilities attributable to TD Canadian Equity Class.

(e) As soon as reasonably practicable following the Proposed Corporate Fund Merger, the unissued shares of TD Canadian Blue Chip Equity Class will be cancelled by TDMF Corp., and TD Canadian Blue Chip Equity Class will be terminated.

21. The Proposed Trust Fund Mergers will be implemented as follows:

(a) Prior to each Proposed Trust Fund Merger, the Merging Trust Fund will sell the securities in its portfolio that do not meet the investment objectives and investment strategies of the Continuing Trust Fund. In the case of the Proposed Trust Fund Mergers of TD Mortgage Fund into TD Short Term Bond Fund, TD Energy Fund into TD Resource Fund, TD Precious Metals Fund into TD Resource Fund and TD Latin American Growth Fund into TD Emerging Markets Fund, a significant percentage of the investment portfolio of the Merging Trust Funds will be liquidated prior to the Merger Effective Date. As a result, the Merging Trust Fund and the Continuing Trust Fund may each temporarily hold cash or money market instruments and may not be fully invested in accordance with their respective investment objectives for a brief period of time prior to, and following, the Proposed Trust Fund Merger.

(b) Prior to each Proposed Trust Fund Merger, each of the Merging Trust Fund and the Continuing Trust Fund will distribute to their respective securityholders sufficient net income (including net realized capital gains) so that neither of the funds will be subject to tax under Part I of the Tax Act for its taxation year ending on the Merger Effective Date.

(c) On the Merger Effective Date, each Merging Trust Fund will transfer all of its assets and its liabilities to the applicable Continuing Trust Fund in exchange for units of the Continuing Trust Fund. The units of the Continuing Trust Fund received by the Merging Trust Fund will have an aggregate net asset value equal to the value of the Merging Trust Fund's investment portfolio and other assets (minus the liabilities) that the Continuing Trust Fund is acquiring, which units will be issued at the applicable series net asset value per unit as of the close of business on the Merger Effective Date in accordance with its declaration of trust.

(d) Immediately thereafter, the Merging Trust Fund will redeem all of its outstanding units and will distribute to its securityholders the units of the Continuing Trust Fund received by it on a dollar-for-dollar and series-by-series basis in exchange for their units in the Merging Trust Fund.

(e) As soon as reasonably possible following the Proposed Trust Fund Mergers, each Merging Trust Fund will be wound up.

22. In each case, the securityholders in the Merging Funds will receive the same series of securities of the Continuing Fund, in the same currency, as such securityholders hold in the Merging Funds.

23. Investors in each Merging Fund will have the same purchase options and deferred sales charge schedules for the securities of the Continuing Fund that they will receive in exchange for their securities of the Merging Fund as a result of the applicable Proposed Merger.

24. Costs and expenses associated with the Proposed Mergers will be borne by the Filer and will not be charged to the Funds. The costs of the Proposed Mergers include legal, printing, mailing and regulatory fees, as well as proxy solicitation and brokerage costs.

25. No sales charges will be applied on the Proposed Mergers.

Comparison of Merging Funds and Continuing Funds

26. 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. Specifically:

    (a) the investment objectives of each Merging Fund are not, in the opinion of TDAM, substantially similar to the investment objectives of its corresponding Continuing Fund;

    (b) a portion of the portfolio holdings of each Merging Fund is not acceptable to the portfolio manager of its corresponding Continuing Fund; and

    (c) in respect of the Proposed Merger of TD Mortgage Fund into TD Short Term Bond Fund, the Investor Series and Advisor Series of the Merging Trust Fund, TD Mortgage Fund, are subject (in addition to the management fee) to an administration fee, payable to TDAM, of 0.15%, in consideration for TDAM paying certain operating expenses of the Merging Trust Fund, which include recordkeeping and communication costs, custodial costs, certain legal fees, audit fees, regulatory filing fees and bank charges. None of the series of the Continuing Trust Fund, TD Short Term Bond Fund, is subject to an administration fee, and the Continuing Trust Fund is responsible for payment of its operating expenses.

27. The Proposed Mergers 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.

Reasons for and Benefits of Mergers

28. The Filer believes the Proposed Mergers are in the best interest of the Funds and their securityholders. In selecting a continuing fund for a Merging Fund, TDAM considered the investment mandate, portfolio holdings and fee structures of the Funds. TDAM selected the Continuing Funds from amongst the Funds it manages, and believes that the Proposed Mergers will be beneficial to the securityholders of each Fund, for the following reasons:

    (a) In the cases of the Proposed Mergers of TD Canadian Blue Chip Equity Class and TD Canadian Blue Chip Equity Fund into TD Canadian Equity Class and TD Canadian Equity Fund, respectively, the investment objectives of the respective Continuing Funds are broader than those of their Merging Funds. The Continuing Funds' investments are not limited to securities of large-capitalization issuers. Accordingly, each Continuing Fund offers greater flexibility to seek growth opportunities and investments in cyclical sectors when the portfolio adviser believes investing in such sectors will be rewarded with greater return potential.

    (b) In the case of the Proposed Merger of TD Mortgage Fund into TD Short Term Bond Fund, the current and expected long term low interest rate environment has resulted in lower yields in mortgage investments, reducing the desirability of investing in mortgages due to the relatively higher cost of investing, as reflected in TD Mortgage Fund's management expense ratios. In the view of TDAM, short-term bonds can potentially generate similar gross returns at lower cost and accordingly investing in a short-term bond fund presents a lower cost option for investors. TD Mortgage Fund will liquidate the mortgages in its portfolio prior to the Merger Effective Date and TDAM does not propose to transfer any mortgages to TD Short Term Bond Fund upon completion of the Proposed Merger.

    (c) In the case of the Proposed Merger of TD Latin American Growth Fund into TD Emerging Markets Fund, the investment objective of the Continuing Fund is broader than that of the Merging Fund. The Continuing Fund's investments are not limited to those in Latin America. They include those in other emerging countries around the world. Accordingly, the Continuing Fund has greater flexibility to seek growth opportunities with potentially lower risks as it is not limited to investments in Latin America.

    (d) In the case of the Proposed Merger of TD Energy Fund into TD Resource Fund, the investment objective of the Continuing Fund is broader than that of the Merging Fund. Unlike the Merging Fund, the Continuing Fund's investments are not limited to equity securities in the energy sector. They include those in the resource and resource-related industries (including the energy industry) anywhere in the world. Accordingly, the Continuing Fund has greater flexibility to seek growth opportunities and risk reduction as it is not limited to the energy sector. The broader investment mandate of the Continuing Fund provides it with greater ability to seek

growth opportunities and reduce volatility in the following ways: the Continuing Fund has greater flexibility to invest outside Canada; the ability to invest outside of Canada gives the Continuing Fund greater opportunity to invest in a wider range of large-cap issuers; and the broader mandate of the Continuing Fund permits the portfolio adviser to invest across sectors in the resource industry in order to seek growth opportunities while reducing exposure to depressed or distressed sectors.

(e) In the case of the Proposed Merger of TD Precious Metals Fund into TD Resource Fund, the investment objective of the Continuing Fund is broader than that of the Merging Fund. Unlike the Merging Fund, the Continuing Fund's investments are not limited to equity securities in the precious metals sector. They include those in the resource and resource-related industries (including precious metals) anywhere in the world. Accordingly, the Continuing Fund has greater flexibility to seek growth opportunities and risk reduction as it is not limited to the precious metals sector.

(f) In the case of the Proposed Merger of TD FundSmart Managed Income Portfolio into TD Managed Income Portfolio, there is considerable overlap in the investment portfolios of the Merging Fund and the Continuing Fund, but the Merging Fund has an allocation to another mutual fund that the Continuing Fund does not. The Merging Fund has underperformed compared to the Continuing Fund. Accordingly, TD believes that investors in the Merging Fund would potentially be better served if they become investors in the Continuing Fund.

(g) The management fees for the relevant series of a Continuing Fund are, in each case, the same or lower than those of the applicable Merging Fund's relevant series.

29. For any Merging Fund that was identified by TDAM as a merger candidate, the other option, instead of a merger, would be to continue or terminate such Fund. Continuing a Merging Fund means the Fund may remain at a relatively small size and will further decrease in size if it continues to experience negative net sales. Issues faced by small size funds, compared to larger funds, typically include more limited portfolio diversification opportunities and, therefore, possibly less potential for investment returns and the reduction of investment risks. In addition, larger funds tend to have a greater profile in the marketplace, enabling the fund to attract more investors, which in turn enables the fund to maintain a "critical mass". As a result of the Proposed Mergers, investors in each Merging Fund will become part of a larger, combined Continuing Fund. A larger fund offers the potential for greater portfolio diversification and accordingly greater potential for investment returns and risk reduction.

Securityholder Disclosure

30. A press release announcing the Proposed Mergers was issued and filed on the System for Electronic Document Analysis and Retrieval (**SEDAR**) on October 23, 2015. A material change report with respect to the Proposed Mergers was filed on SEDAR on October 23, 2015. In connection with the Proposed Mergers, amendments to the TD Mutual Funds' simplified prospectus dated July 23, 2015, the TD Mutual Funds' annual information form dated July 23, 2015, and the fund facts documents pertaining to the Merging Funds (other than TD FundSmart Managed Income Portfolio) and TD Resource Fund were filed on October 29, 2015. Furthermore, the simplified prospectus and annual information form of the TD Managed Assets Program Portfolios and the fund facts document of TD FundSmart Managed Income Portfolio describing the Proposed Merger of TD FundSmart Managed Income Portfolio into TD Managed Income Portfolio were filed on October 27, 2015.

31. The relevant notices of the special meetings and management information circular (the **Circular**) was mailed on March 11, 2016 to securityholders of the Merging Funds, TD Resource Fund and TD Canadian Equity Class and was filed on SEDAR in accordance with applicable securities legislation.

32. The Circular includes a comparison describing the similarities and differences between each Merging Fund and its Continuing Fund, and includes information regarding fees, expenses, investment objectives, investment strategies, the manager, the portfolio manager, and net asset values and discusses the income tax considerations applicable to the Proposed Mergers. The Circular also discloses where securityholders can obtain the most recent simplified prospectus, annual information form, fund facts, interim and annual financial statements and/or reports and management report of fund performance of the Merging Funds and the Continuing Funds at no cost. In connection with the delivery of the Circular to securityholders, the fund facts document of the relevant Continuing Fund was also provided.

Securityholder Purchases and Redemptions

33. Securities of the Funds are redeemable daily at their net asset value per security calculated daily.

34. Securityholders of a Merging Fund will have the right to redeem securities of, or make switches out of, a Merging Fund, up to the close of business on the business day immediately before the Merger Effective Date.

35. TDAM will not charge investors any redemption fees, sales charges or other fees for any transactions involving securities of the Merging Funds purchased on or prior to October 23, 2015, the date that TDAM announced the Proposed Mergers. After the applicable Proposed Merger, redemptions of the securities of the Continuing Fund received in exchange for these securities of the Merging Funds will not be subject to any redemption fees. Securities of the Merging Funds purchased after October 23, 2015 will be subject to the usual redemption fees if they were purchased under the back-end load option or either of the low-load options. After the applicable Proposed Merger, redemptions of the securities of the Continuing Fund received in exchange for these securities of the Merging Funds will be subject to the usual redemption fees, based on the date on which an investor originally purchased the securities of the Merging Fund.

36. Following each Proposed Merger, systematic plans or any other optional services or programs that have been established for a Merging Fund and administered by TDAM will be re-established for the applicable Continuing Fund, unless an investor advises otherwise. However, as disclosed in the Circular, where an investor in a Merging Fund already has a pre-authorized purchase plan or a pre-authorized contribution plan set up for the Continuing Fund, after the Proposed Merger, such investor's plan in the Continuing Fund will continue and the plan in the Merging Fund will not be re-established for the Continuing Fund.

37. Each Merging Fund has the same valuation principles and distribution policy as its corresponding Continuing Fund.

38. Securityholders of the Merging Funds who have elected to receive distributions in cash from the Merging Fund before the Proposed Merger will receive distributions in cash from the Continuing Fund after the Proposed Merger.

IRC Review

39. Pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**), the Independent Review Committee for the Funds (the **IRC**) has provided a positive recommendation for the Proposed Mergers, after determining 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.

40. A summary of the IRC's recommendation has been included in the notice of special meetings sent to securityholders as required by section 5.1(2) of NI 81-107.

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 Merger Approval is granted in respect of each Proposed Merger, provided that the Filer obtains the prior securityholder approvals for the Proposed Merger at the special meetings held for that purpose, or any adjournments thereof.

"Raymond Chan"
Manager,
Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.19 Vanguard Investments Canada Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Application in Multiple Jurisdictions – Relief from the self-dealing provision in section 4.2(1) of NI 81-102 Investment Funds to permit inter-fund trades in debt securities between certain mutual funds and pooled funds managed by the same manager – inter-fund trades will comply with the conditions in section 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 sections 13.5(2)(b)(ii) and (iii) of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit inter-fund trades between certain mutual funds, pooled funds and managed accounts managed by the same manager – inter-fund trades subject to conditions, including independent review committee 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), 4.3(2), 19.2.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(b), 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

March 29, 2016

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
VANGUARD INVESTMENTS CANADA INC.
(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**):

(a) for an exemption from the prohibition in section 4.2(1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit the NI 81-102 Mutual Funds (as defined below) to purchase debt securities from, or sell debt securities to, a Pooled Fund (as defined below) (the **Section 4.2(1) Relief**);

(b) for an exemption from the prohibitions in sections 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from 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) an NI 81-102 Mutual Fund to purchase securities from or sell securities to a Fund (as defined below);

(ii) a Pooled Fund to purchase securities from or sell securities to a Fund;

(iii) a Managed Account (as defined below) to purchase securities from or sell securities to a Fund; and

(iv) the transactions listed in (i) to (iii) (each, an **Inter-Fund Trade**) to be executed at the last sale price, as defined in the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 Independent Review Committee for Investment Funds (**NI 81-107**) on that trading day, in the discretion of the Filer, where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities)

((i), (ii), (iii), and (iv) are collectively, the **Inter-Fund Trading Relief**)

(the Section 4.2(1) Relief and Inter-Fund Trading Relief are, collectively, the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(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 each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

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

Discretionary Management Agreement means a written agreement between the Filer and a client seeking portfolio management services;

Existing NI 81-102 Mutual Fund means each existing mutual fund, as defined in the Legislation, that is a reporting issuer and subject to NI 81-102, for which the Filer acts as the investment fund manager and portfolio manager;

Funds means, collectively, the NI 81-102 Mutual Funds and the Pooled Funds;

Future NI 81-102 Mutual Fund means each mutual fund, as defined in the Legislation, to be established in the future, that will be a reporting issuer and subject to NI 81-102, for which the Filer will act as the investment fund manager and portfolio manager;

Managed Account means an account managed by the Filer for a client that is not a responsible person and over which the Filer has discretionary authority;

NI 81-102 Mutual Funds means, collectively, the Existing NI 81-102 Mutual Funds and the Future NI 81-102 Mutual Funds;

Pooled Fund means each existing mutual fund, and each mutual fund to be created in the future, that is not or will not be a reporting issuer, for which the Filer acts as the investment fund manager and portfolio manager.

Trust Fund means any Fund established as a trust (collectively, the **Trust Funds**).

Representations

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

The Filer

1. The Filer is a corporation incorporated under the laws of Canada with its head office located in Toronto, Ontario. The Filer is a wholly-owned indirect subsidiary of The Vanguard Group, Inc., which is a registered investment adviser in the United States with offices based in Valley Forge, Pennsylvania.

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

3. The Filer is the investment fund manager and portfolio manager of each Existing NI 81-102 Mutual Fund and existing Pooled Fund and, in the future, will be the investment fund manager and portfolio manager of Future NI 81-102 Mutual Funds and future Pooled Funds. The Vanguard Group, Inc. or another affiliate of the Filer is or will be the sub-adviser to the Filer in respect of each of the Funds and may act as sub-adviser to the Filer in respect of additional Managed Accounts.

4. The Filer is or will be the trustee of the Trust Funds.

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

The Funds

6. Each of the Funds is, or will be, an open-end mutual fund established as a trust, partnership or corporation under the laws of Ontario, Canada or another Jurisdiction.

7. Each of the NI 81-102 Mutual Funds is, or will be, a reporting issuer in one or more of the Jurisdictions.

8. The securities of each Existing NI 81-102 Mutual Fund are qualified for distribution in the Jurisdictions pursuant to a prospectus that has been prepared and filed in accordance with NI 41-101 *General Prospectus Requirements* and are traded on the Toronto Stock Exchange. The securities of each Future NI 81-102 Mutual Fund will be qualified for distribution in one or more of the Jurisdictions under a prospectus, or simplified prospectus, annual information form and fund facts, as applicable, prepared and filed in accordance with the securities legislation of such Jurisdictions. Each NI 81-102 Mutual Fund is, or will be, subject to the provisions of NI 81-102.

9. Each of the Pooled Funds is not and will not be a reporting issuer in any of the Jurisdictions. The securities of the Pooled Funds will be distributed on a private placement basis pursuant to available prospectus exemptions. The Pooled Funds are not or will not be subject to NI 81-102.

10. The Existing NI 81-102 Mutual Funds and existing Pooled Funds are not in default of securities legislation in the Jurisdictions.

Managed Accounts

11. The Filer offers discretionary portfolio management services to clients with a Managed Account with the Filer.

12. Pursuant to the Discretionary Management Agreement entered into with each client in respect of each Managed Account, the Filer makes investment decisions for each Managed Account and has full discretionary authority to trade in securities for each Managed Account without obtaining the specific consent or instructions of the client to execute the trade. The Filer may engage an affiliated sub-adviser in respect of such Managed Accounts.

Inter-Fund Trades

13. The Filer wishes to be able to permit any Fund or Managed Account to engage in Inter-Fund Trades of portfolio securities with a Fund.

14. NI 31-103, NI 81-102 and NI 81-107 restrict inter-fund trading. Absent the Exemption Sought, neither the Funds nor Managed Accounts, nor the Filer, on their behalf, will be permitted to engage in Inter-Fund Trades as contemplated in this decision.

15. The Filer is a responsible person for the purpose of section 13.5(2)(b) of NI 31-103 and prohibited from effecting any Inter-Fund Trades between Funds or Managed Accounts and Trust Funds (as associates of the Filer) or other Funds (as investment funds for which the Filer acts as an adviser).

16. Each NI 81-102 Mutual Fund is prohibited under section 4.2(1) of NI 81-102 from purchasing a security from or selling a security to a Trust Fund (as an associate of the Filer) and would also be prohibited under section 4.2(1) of NI 81-102 from purchasing a security from or selling a security to a Fund established in the future under a corporate structure that would be an affiliate of the Filer.

17. The exception in section 4.3(1) of NI 81-102 which permits certain inter-fund trades of securities subject to public quotations is not available for any Inter-Fund Trades of debt securities because debt securities are typically not subject to public quotations.

18. The exception in section 4.3(2) which permits certain inter-fund trades of debt securities is not available for any Inter-Fund Trades of debt securities between NI 81-102 Mutual Funds and Pooled Funds because that exception only applies where funds on both sides of the inter-fund trade are investment funds subject to NI 81-107. The Pooled Funds will not be subject to NI 81-107.

19. The Filer cannot rely on the exception in subsection 6.1 of NI 81-107 for the Inter-Fund Trades unless each party to the transaction is a reporting issuer and the Inter-Fund Trade occurs 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.

20. Each Inter-Fund Trade will be consistent with the investment objectives of the Fund or Managed Account, as applicable.

21. At the time of an Inter-Fund Trade, the Filer will have policies and procedures in place to enable the Funds and Managed Accounts to engage in Inter-Fund Trades.

22. The Filer has established in respect of each Existing NI 81-102 Mutual Fund, and will establish in respect of each Future NI 81-102 Mutual Fund, an independent review committee (**IRC**) in accordance with the requirements of NI 81-107.

23. Inter-Fund Trades involving a NI 81-102 Mutual Fund will be referred to and approved by the IRC of the NI 81-102 Mutual Fund under subsection 5.2(1) of NI 81-107 and the Filer and the IRC of the NI 81-102 Mutual 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 Mutual Funds will not approve an Inter-Fund Trade involving an NI 81-102 Mutual Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

24. The Filer will similarly establish an IRC (which may also be the IRC of the NI 81-102 Mutual Funds) in respect of each Pooled Fund to review and approve, including by way of standing instructions, any proposed Inter-Fund Trade involving a Pooled Fund.

25. The IRC of the Pooled Funds will be composed by the Filer in accordance with section 3.7 of NI 81-107 and the IRC will comply with the standard of care set out in section 3.9 of NI 81-107. The IRC of the Pooled Funds will not approve any Inter-Fund Trade involving a Pooled Fund unless it has made the determination set out in subsection 5.2(2) of NI 81-107.

26. Prior to the Filer engaging in Inter-Fund Trades on behalf of a Managed Account, each Discretionary Management Agreement or other documentation will contain the authorization of the client for the Filer, as portfolio manager of the Managed Account, to engage in Inter-Fund Trades.

27. When the Filer engages in an Inter-Fund Trade of securities between Funds or between a Managed Account and a Fund, it will comply with the following procedures, which apply to both the Filer and to any affiliate of the Filer appointed as sub-adviser to the Filer:

    (i) the portfolio manager will deliver the trading instructions for the Inter-Fund Trade to a trader on the Filer's (or sub-adviser's, as applicable) trading desk;

    (ii) upon receipt of the trade instructions, the trader on the trading desk will execute the trade as an Inter-Fund 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;

    (iii) the policies applicable to the trading desk will require that all orders are to be executed on a timely basis; and

    (iv) the trader on the trading desk will advise the portfolio manager of the price at which the Inter-Fund Trade occurs.

28. If the IRC of a Fund becomes aware of an instance where the Filer did not comply with the terms of any decision document issued in connection with the Inter-Fund Trades, or a condition imposed by securities legislation or the IRC in its approval, the IRC of the Fund will, as soon as practicable, notify in writing the securities regulatory authority or regulator in the jurisdiction in which the Fund is organized.

Benefits of the Exemption Sought

29. The Filer has determined that it is in the best interests of the Funds and the Managed Accounts to obtain the Exemption Sought.

30. The Filer has determined that because of the various investment objectives and investment strategies that are or will be utilized by the Funds and Managed Accounts, it may be appropriate for different investment portfolios to acquire or dispose of the same securities. The Filer has determined that engaging in these Inter-Fund Trades directly rather than with a third party has potential benefits such as lower trading costs, reduced market disruption and quicker execution. For example, such Inter-Fund Trades would enable the Funds and Managed Accounts to efficiently process trades desired by both portfolios at the current market price of the security without having to pay the costs of brokerage commissions, and may also enable the Funds and Managed Accounts to have access to securities that may be scarce in the open market (as may be the case for certain fixed income securities that have the characteristics sought by the Funds or Managed Accounts that they may not be otherwise able to access).

31. The Filer has also determined that the Exemption Sought would be beneficial because making the Funds and Managed Accounts subject to the same set of rules governing the execution of transactions will result in cost and timing efficiencies and in simplified and more reliable compliance procedures and simplified and more efficient monitoring of those procedures in connection with the execution of transactions.

32. The Filer believes it would be in the best interests of the Funds and Managed Accounts, as applicable, 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, in the Filer's discretion, 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.

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:

a) the Section 4.2(1) Relief is granted provided that the following conditions are satisfied:

   (i) the transaction is consistent with the investment objectives of each of the Funds involved in the trade;

   (ii) the IRC of each Fund involved in the trade has approved the transaction in respect of that Fund 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.

b) the Inter-Fund Trading Relief is granted provided that the following conditions are satisfied:

   (i) the Inter-Fund Trade is consistent with the investment objectives of the Fund or Managed Account, as applicable;

   (ii) the Filer, as manager of a Fund, refers the Inter-Fund Trade involving a 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 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;

   (iii) in the case of an Inter-Fund Trade between Funds:

      a. the IRC of each Fund has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of section 5.2(2) of NI 81-107; and

      b. 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 current market price of the securities may be the Last Sale Price; and

(iv) in the case of an Inter-Fund Trade between a Managed Account and a Fund:

a. the IRC of the Fund has approved the Inter-Fund Trade in respect of such Fund in accordance with the terms of subsection 5.2(2) of NI 81-107;

b. the Discretionary Management Agreement or other documentation in respect of the Managed Account authorizes the Inter-Fund Trade; and

c. 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 current market price of the securities may be the Last Sale Price.

"Raymond Chan"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.20 PenderFund Capital Management Ltd. and Pender Corporate Bond Fund

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-102 Mutual Funds (NI 81-102) – s.19.1 - s. 2.5(a) and (c) - investments by mutual funds in non-redeemable investment funds.

A mutual fund seeks relief from the restrictions in 2.5(2)(a) and (c) of NI 81-102 to permit the fund to continue to invest in U.S. and Canadian non-redeemable investment funds trading on an exchange – The investment by a fund in securities of underlying closed-end funds is in accordance with the fundamental investment objectives of the fund; the fund may only invest in underlying closed-end funds that are traded on a stock exchange in Canada or the United States; the underlying Canadian funds otherwise comply with NI 81-102 and the underlying US funds comply with the US Investment Companies Act of 1940; for US underlying funds, the requirements/industry standard relating to investment restrictions, reporting and governance are comparable to Canadian regulations, including the investment restrictions in NI 81-102; the fund may not invest more than 10% of its net asset value in closed-end funds and does not exceed 5% leverage exposure.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, s. 19.1, 2.5(a) and (c).

March 18, 2016

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

AND

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

AND

IN THE MATTER OF
PENDERFUND CAPITAL MANAGEMENT LTD.
(the Filer)

AND

PENDER CORPORATE BOND FUND
(the Fund)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for a decision granting an exemption to the Fund from:

(a) subsection 2.5(2)(a) of National Instrument 81-102 *Investment Funds* (NI 81-102), which restricts a mutual fund from purchasing or holding a security of another investment fund unless the other investment fund is a mutual fund that is subject to NI 81-102 and offers or has offered securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101); and

(b) subsection 2.5(2)(c) of NI 81-102, which restricts a mutual fund from purchasing or holding a security of another investment fund unless the other investment fund is a reporting issuer in the local jurisdiction,

in order to permit the Fund to invest in Credit Closed-End Funds, as defined below (the Exemption Sought).

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

(a) the British Columbia Securities Commission is the principal regulator for this application;

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

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

Interpretation

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

The following additional terms used in this decision have the following meanings:

"Credit Closed-End Fund" means a Canadian Credit Closed-End Fund or a US Credit Closed-End Fund;

"Canadian Credit Closed-End Fund" means a non-redeemable investment fund:

(a) whose securities are traded on a recognized exchange in Canada and are distributed in one or more jurisdictions of Canada,

(b) is subject to NI 81-102, and

(c) invests primarily in fixed income; and

"US Credit Closed-End Fund" means a non-redeemable investment fund:

(a) whose securities are traded on a recognized exchange in the United States and are distributed in the United States,

(b) is a registered investment company under the *Investment Companies Act of 1940*, and

(c) invests primarily in fixed income.

Representations

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

1. the Filer is a corporation that was incorporated under the laws of British Columbia on May 28, 2003;

2. the head office of the Filer is located in Vancouver, British Columbia;

3. the Filer is registered as an investment fund manager in British Columbia and Ontario, a portfolio manager in British Columbia, and an exempt market dealer in British Columbia, Alberta and Ontario;

4. the Filer is the investment fund manager, portfolio manager and trustee of the Fund;

5. in addition to the Fund, the Filer manages other mutual funds as part of the Pender Mutual Funds, which are offered via simplified prospectus;

6. the Fund is an open-ended mutual fund organized and governed by the laws of British Columbia; the Fund was formed on May 26, 2009;

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

8. the Fund distributes its securities pursuant to a simplified prospectus prepared under NI 81-101;

9. the Fund is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;

10. neither the Filer nor the Fund is in default of securities legislation in any of the provinces or territories of Canada;

11. the investment objective of the Fund is to preserve capital and generate returns by employing a value-based, fundamental research process by identifying and exploiting private and public securities that, in the view of the portfolio advisor, are priced inefficiently; the Fund generates returns through current income and capital appreciation by primarily investing in investment and non-investment grade fixed income securities of North American corporations; along with its primary investment strategy, the Fund also invests in closed-end funds, preferred equities and common equities;

12. the Fund invests in Credit Closed-End Funds primarily to take advantage of variance between the trading price of a closed-end fund and that closed-end fund's daily-reported NAV;

13. the Filer has determined that it is in the best interest of the Fund to limit investments in Credit Closed-End Funds to only credit oriented closed-end funds traded on a recognized stock exchange in Canada or the United States; the Filer has determined that it is in the best interest of the Fund to limit the aggregate investment by the Fund in Credit Closed-End Funds to 10% of the Fund's NAV taken at market value at the time of purchase;

14. the Fund does not, and will not, pay management fees or incentive fees that, to a reasonable person, would duplicate a fee payable by a Credit Closed-End Fund for the same service;

15. an investment by the Fund in securities of each Credit Closed-End Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund and will be made in accordance with the investment objective of the Fund; and

16. the requirements/industry standards relating to reporting, fund governance and investment restrictions in the United States on the US Credit Closed-End Funds are comparable to those in the Canadian regulations.

Decision

4 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 Exemption Sought is granted provided that:

(a) the investment by the Fund in securities of one or more Credit Closed-End Funds is in accordance with the fundamental investment objectives of the Fund;

(b) the securities of each Credit Closed-End Fund are traded on a recognized stock exchange in Canada or the United States;

(c) the Fund does not purchase securities of a Credit Closed-End Fund if, immediately after the transaction, more than 10% of the NAV of the Fund, taken at market value at the time of the transaction, would consist in securities of Credit Closed-End Funds;

(d) in the event that the regulatory regime applicable to Closed-End Funds traded on a recognized stock exchange in the United States is materially changed, the Fund will not purchase further securities, and will dispose of securities of any such Fund;

(e) subject to (f) below, other than with respect to paragraphs 2.12(1)10, 2.13(1)9 and 2.14(1)8 of NI 81-102, each Credit Closed-End Fund complies with the investment restrictions in NI 81-102 applicable to mutual funds;

(f) the Fund's weighted average leverage exposure does not exceed 5% of the NAV of the Fund; the Fund's weighted average leverage exposure is determined by multiplying (i) the leverage employed by each Credit Closed-End Fund, by (ii) the percentage of the Fund's NAV invested in such Credit Closed-End Fund;

(g) the Filer uses pre-trade compliance controls to monitor the restrictions in paragraphs (c), (e) and (f) above; and

(h) the Fund will disclose, in its next simplified prospectus, the details of the Exemption Sought, and information about the Credit Closed-End Funds in which the Fund has made investments, including the risks associated with such investments.

"Nigel P. Cave"
Vice Chair
British Columbia Securities Commission

2.2 Orders

2.2.1 Aviva Investors Canada Inc. et al. – s. 80 of the CFA

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirement of paragraph 22(1)(b) of the CFA granted to a sub-adviser headquartered in a foreign jurisdiction in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 8.26.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations made under the Securities Act (Ontario).

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.26.1.
Ontario Securities Commission Rule 35-502 Non-Resident Advisers, s. 7.11.

March 29, 2016

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

AND

IN THE MATTER OF
AVIVA INVESTORS CANADA INC.,
AVIVA INVESTORS GLOBAL SERVICES LIMITED AND
AVIVA INVESTORS AMERICAS LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Aviva Investors Global Services Limited (**AIGSL**) and Aviva Investors Americas LLC (**AIA** and, together with AIGSL, the **Sub-Advisers** and, each, a **Sub-Adviser**) and Aviva Investors Canada Inc. (the **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that each Sub-Adviser (and individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of a Sub-Adviser in respect of the Sub-Advisory Services (as defined below) (the **Representatives**)) be exempt, for a specified period of time, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser for the benefit of the Clients (as defined below) regarding commodity futures contracts and commodity futures options traded on commodity futures exchanges (collectively, the **Contracts**) and cleared through clearing corporations;

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

AND UPON the Principal Adviser and the Sub-Advisers having represented to the Commission that:

1. The Principal Adviser is a corporation incorporated under the laws of the province of Ontario, with its head office located in Toronto, Ontario. The Principal Adviser is registered (a) as an adviser in the category of portfolio manager and as a dealer in the category of exempt market dealer under the *Securities Act* (Ontario) (the **OSA**) and under the securities legislation in each of the other provinces of Canada and (b) as an adviser in the category of commodity trading manager under the CFA.

2. AIGSL is a corporation organized under the laws of the United Kingdom and Wales with its head office located in London, United Kingdom.

3. AIA is a limited liability company organized under the laws of the State of Delaware, United States with its head office located in Chicago, Illinois, United States.

4. The Sub-Advisers and the Principal Adviser are affiliates, and are indirect subsidiaries of Aviva plc, a publicly traded financial services company headquartered in the United Kingdom; for this purpose, an “affiliate” means any entity that is controlled by Aviva plc or other ultimate parent company of the Principal Adviser, as the case may be and “control”

and any derivation thereof, means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies/business or affairs of an entity whether through ownership of voting securities or otherwise.

5. AIGSL is authorized with the United Kingdom Financial Conduct Authority (No. 119178) as a financial services firm to advise on investments including commodity futures, commodity options and options on commodity futures.

6. AIGSL engages in the business of an adviser in respect of Contracts in the United Kingdom. Among other activities, AIGSL engages in the business of advising others as to trading in commodity futures contracts, commodity futures options and options on commodity futures in the United Kingdom.

7. AIGSL is not registered in any capacity under the OSA, under the CFA or under the securities legislation of any other jurisdiction of Canada and is not relying on any exemption from the requirement to register found in such legislation.

8. AIA is registered with the United States Securities and Exchange Commission as an investment adviser, is registered with the United States Commodity Futures Trading Commission as a commodity trading advisor and commodity pool operator and is a member of the United States National Futures Association.

9. AIA engages in the business of an adviser in respect of Contracts in the United States. Among other activities, AIA engages in the business of advising others as to trading in commodity futures contracts, commodity futures options and options on commodity futures in the United States.

10. AIA is not registered in any capacity under the OSA, under the CFA or under the securities legislation of any other jurisdiction of Canada. AIA currently relies on the exemption from the requirement to register as an adviser under the OSA and under the securities legislation of Quebec pursuant to section 8.26 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and the exemption from the requirement to register as an investment fund manager under the OSA and under the securities legislation of Quebec pursuant to section 4 of Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers*.

11. Each Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodity futures or other applicable legislation of its principal jurisdiction that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, each Sub-Adviser is authorized and permitted to carry on the Sub-Advisory Services (as defined below).

12. The Principal Adviser and the Sub-Advisers are not in default of securities legislation, commodity futures legislation or derivatives legislation in any jurisdiction of Canada.

13. The Principal Adviser provides investment advice and/or discretionary portfolio management services in Ontario to: (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other jurisdictions of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other jurisdictions of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus Exemptions* (the **Pooled Funds**); (iii) clients who have entered into investment management agreements with the Principal Adviser to establish managed accounts (the **Managed Account Clients**); and (iv) other Investment Funds, Pooled Funds and Managed Account Clients that may be established or retained in the future and in respect of which the Principal Adviser engages a Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Account Clients and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

14. Certain of the Clients may, as part of their investment program, invest in Contracts. The Principal Adviser acts as a commodity trading manager in respect of such Clients.

15. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser, pursuant to a written agreement made between the Principal Adviser and a Sub-Adviser, will retain the applicable Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of Contracts in which the applicable Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client (the **Sub-Advisory Services**), provided that:

    (a) in each case, the Contracts must be cleared through an “acceptable clearing corporation” (as defined in National Instrument 81-102 *Investment Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102); and

    (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

16. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA or is registered as a representative, a partner or an officer of a registered adviser and is acting on behalf of such registered adviser.

17. By providing the Sub-Advisory Services, each Sub-Adviser will be engaging in, or holding itself out as engaging in, the business of advising others in respect of Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser under the CFA.

18. There is presently no rule or regulation under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in subsection 25(3) of the OSA, which is provided under section 8.26.1 of NI 31-103.

19. The relationship among the Principal Adviser, the Sub-Advisers and any Client will be consistent with the requirements of section 8.26.1 of NI 31-103.

20. A Sub-Adviser will only provide the Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

21. As would be required under section 8.26.1 of NI 31-103:

    (a) the obligations and duties of each Sub-Adviser will be set out in a written agreement with the Principal Adviser; and

    (b) the Principal Adviser will enter into a written contract with each Client, agreeing to be responsible for any loss that arises out of the failure of the applicable Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**).

22. The written agreement between the Principal Adviser and each Sub-Adviser will set out the obligations and duties of each party in connection with the Sub-Advisory Services and permit the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the applicable Sub-Adviser in respect of the Sub-Advisory Services.

23. The Principal Adviser will deliver to the Clients all required reports and statements under applicable securities, commodity futures and derivatives legislation.

24. The offering document (the **Offering Document**) for each Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages a Sub-Adviser to provide the Sub-Advisory Services will include the following disclosure (the **Required Disclosure**):

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the applicable Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the applicable Sub-Adviser (or any of its Representatives) because such Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

25. Prior to purchasing any securities of one or more of the Clients that are Investment Funds or Pooled Funds directly from the Principal Adviser, all investors in these Clients who are Ontario residents will receive, or have received, the Required Disclosure in writing (which may be in the form of an Offering Document).

26. Each Client that is a Managed Account Client for which the Principal Adviser engages a Sub-Adviser to provide the Sub-Advisory Services will receive, or has received, the Required Disclosure in writing prior to the purchasing of any Contracts for such Client.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested;

IT IS ORDERED, pursuant to section 80 of the CFA, that each Sub-Adviser and its Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA when acting as sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services provided that at the relevant time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser's head office or principal place of business is in a foreign jurisdiction;

(c) the Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodity futures or other applicable legislation of the foreign jurisdiction in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario;

(d) the Sub-Adviser engages in the business of an adviser in respect of Contracts in the foreign jurisdiction in which its head office or principal place of business is located;

(e) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(f) the Principal Adviser has entered into a written agreement with the Clients, agreeing to be responsible for any loss that arises out of any failure of the applicable Sub-Adviser to meet the Assumed Obligations;

(g) the Offering Document of each Client that is an Investment Fund or Pooled Fund and for which the Principal Adviser engages a Sub-Adviser to provide the Sub-Advisory Services will include the Required Disclosure;

(h) prior to purchasing any securities of one or more of the Clients that are Investment Funds or Pooled Funds directly from the Principal Adviser, all investors in these Investment Funds or Pooled Funds who are Ontario residents will receive, or have received, the Required Disclosure in writing (which may be in the form of an Offering Document); and

(i) each Client that is a Managed Account Client for which the Principal Adviser engages a Sub-Adviser to provide the Sub-Advisory Services will receive, or has received, the Required Disclosure in writing prior to the purchasing of any Contracts for such Client.

IT IS FURTHER ORDERED that this Order will terminate on the earliest of

(a) such transition period as provided by operation of law, after the effective date of the repeal of the CFA;

(b) six months, or such other transition period as provided by operation of law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the ability of a Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services; and

(c) five years after the date of this Order.

DATED at Toronto, Ontario, this 29 day of March, 2016.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Timothy Moseley"
Commissioner
Ontario Securities Commission

2.2.2 MicroPlanet Technology Corp. – s. 144

Headnote

Section 144 of the Securities Act (Ontario) – application for a partial revocation of a cease trade order issued by the Commission – issuer cease traded due to failure to file certain continuous disclosure documents required by Ontario securities law – issuer has applied for a partial revocation of the cease trade order to permit the issuer to proceed with a shares for debt transaction with convertible note holders followed by a convertible note offering to accredited investors (as such term is defined in National Instrument 45-106 Prospectus and Registration Requirements) – issuer will use proceeds from note offering to prepare and file continuous disclosure documents and pay related fees – partial revocation granted subject to conditions.

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
MICROPLANET TECHNOLOGY CORP.

ORDER
(Section 144)

WHEREAS the securities of MicroPlanet Technology Corp. (the **Applicant**) are subject to a temporary cease trade order made by the Director of the Ontario Securities Commission (the **Commission**) dated May 12, 2015 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act and a further cease trade order dated May 25, 2015 issued by the Director of the Commission pursuant to paragraph 2 of subsection 127(1) of the Act (together, the **Cease Trade Order**) directing that trading in securities of the Applicant cease until further order by the Director;

AND WHEREAS additional cease trade orders were issued by the Alberta Securities Commission (**ASC**) on May 6, 2015 (the **Alberta Cease Trade Order**), the British Columbia Securities Commission on May 8, 2015 and the Manitoba Securities Commission on May 13, 2015 (collectively, the **Other Cease Trade Orders**);

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144 of the Act for a partial revocation of the Cease Trade Order (the **Application**);

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated under the laws of the Province of Alberta on February 19, 2004.

2. The Applicant's head office is located in the State of Washington and its registered office is located in the Province of Alberta.

3. The Applicant is a reporting issuer in the provinces of Alberta, Ontario, British Columbia, Manitoba and Saskatchewan. The Applicant's principal regulator, as determined in accordance with Part 3 of National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**) is Alberta.

4. The authorized capital of the Applicant comprises: (i) an unlimited number of Common Shares; and (ii) and an unlimited number of Preferred Shares, issuable in series, of which one series, being Series 1 of the Preferred Shares, has been designated and authorized. As of the date hereof, 210,660,303 Common Shares are issued and outstanding.

5. As of the date hereof, the Applicant has: (i) secured convertible notes with aggregate principal and accrued but unpaid interest of $4,152,975 outstanding; and (ii) unsecured convertible notes with aggregate principal and accrued but unpaid interest of $97,265 outstanding (collectively, the **Convertible Notes**). The Convertible Notes are currently in default.

6. The Common Shares were traded on the TSX Venture Exchange (the **Exchange**) until May 6, 2015, on which date trading was suspended. On August 18, 2015 the Common Shares were transferred to the NEX, a separate board of the Exchange, on which the trading of the Common Shares remains suspended.

7. The Cease Trade Order was issued as a result of the Applicant's failure to file, in accordance with the requirements of Ontario securities law, annual audited financial statements, annual management's discussion and analysis and certification of annual filings for the year ended December 31, 2014 (collectively, the **2014 Annual Filings**).

8. Since April 17, 2015, the Applicant has not filed any continuous disclosure documents, including interim financial statements, management's discussion and analysis and certification of interim filings for the three, six and nine month periods ended March 31, 2015, June 30, 2015 and September 30, 2015 (collectively with the 2014 Annual Filings, the **Continuous Disclosure Documents**), and the Applicant has failed to pay certain fees to the Commission and the securities regulatory authorities where the Other Cease Trade Orders are in effect.

9. The Applicant is not, to its knowledge, in default of any of the requirements of the Act, or the rules and regulations made pursuant thereto, other than the Applicant's failure to file the Continuous Disclosure Documents and comply with related obligations and its failure to pay certain fees to the Commission and the securities regulatory authorities where the Other Cease Trade Orders are in effect.

10. The Applicant is concurrently applying to the ASC for a partial revocation of the Alberta Cease Trade Order to permit all of the Proposed Transactions (as defined below) to be completed in Alberta (the **Alberta Variation**).

11. The Applicant is currently in default in Saskatchewan for failure to file the Continuous Disclosure Documents and pay related fees.

12. The Applicant has not previously been subject to a cease trade order of the Commission or in any other jurisdiction, other than the Cease Trade Order and the Other Cease Trade Orders.

13. The Applicant wishes to bring itself back into compliance with its continuous disclosure obligations by filing the Continuous Disclosure Documents and paying all related fees and, to that end, proposes the following transactions (collectively, the **Proposed Transactions**):

    (a) the Applicant will (i) offer to enter into note conversion agreements with all of the holders of Convertible Notes (the **Participating Note Holders**), pursuant to which the Participating Note Holders agree to exchange their Convertible Notes for a new series of Preferred Shares (the **New Preferred Shares**) and (ii) subsequently complete a private placement of the New Preferred Shares to the Participating Note Holders in reliance on the "securities for debt" prospectus exemption under Section 2.14 of National Instrument 45-106 – *Prospectus Exemptions* (**NI 45-106**) (the **Shares for Debt Transaction**); and

    (b) subsequent to and conditional upon the completion of the Shares for Debt Transaction, the Applicant will undertake a private placement of convertible notes (the **New Convertible Notes**) to accredited investors (as such term is defined in NI 45-106) (each, a **Potential Investor**) for gross aggregate proceeds of up to $1,000,000 (the **Proceeds**) pursuant to the "accredited investor" prospectus exemption under Section 2.3 of NI 45-106 and Section 73.3(2) of the Act (the **Note Offering**).

14. The Participating Note Holders and Potential Investors are resident in or otherwise subject to the securities laws of Alberta, Ontario, the United States or Australia.

15. To the Applicant's knowledge, none of the Participating Note Holders or Potential Investors are insiders or related parties of the Applicant.

16. The Proceeds are estimated to be applied as follows:

(a)	Payment of legal, accounting, transfer agent, regulatory and Exchange fees incurred to date and in connection with the Proposed Transactions, including outstanding fees and late fees owing to the Commission	$180,000
(b)	Preparation and filing of the Continuous Disclosure Documents, applications for full revocation orders and payment of related fees	$100,000
(c)	Holding the Applicant's 2014 and 2015 annual general meetings	$30,000
(d)	Preparation and filing of documents required to obtain re-listing and re-instatement of trading on the Exchange and payment of related fees	$40,000

(e)	Payment of manufacturing related vendor debt	$220,000
(f)	Working Capital	$430,000
	Total	**$1,000,000**

17. The Applicant intends to make an application to the Commission for a full revocation of the Cease Trade Order and apply to the securities regulatory authorities where the Other Cease Trade Orders are in effect for full revocation thereof. In the Applicant's reasonable estimation, the Proceeds will be sufficient to enable the Applicant to make such applications.

18. The Applicant will use the Proceeds first to pay for the costs associated with bringing its continuous disclosure record up to date. Any remaining amounts will be used to pay for other costs as outlined in representation 16 above. The Proceeds referred to in representation 16(e) and (f) are urgently required for the Applicant's business to continue as a going concern.

19. The Applicant has undertaken to bring itself back into compliance with its continuous disclosure obligations by filing all outstanding continuous disclosure documents that are required to be filed in all jurisdictions and to pay all outstanding filing fees and participation fees owing within 60 days of the date of closing of the Note Offering.

20. The purpose of the Note Offering is to enable the Applicant to raise sufficient funds to maintain the viability of its business, to bring its continuous disclosure record up to date, to apply for a full revocation of the Cease Trade Order and the Other Cease Trade Orders and to provide working capital. The purpose of the Shares for Debt Transaction is to improve the Applicant's balance sheet to make the Applicant more financeable.

21. As the Proposed Transactions will each involve a "trade" (as such term is defined in the Act) of securities of the Applicant in Ontario, the Proposed Transactions cannot proceed in Ontario without a partial revocation of the Cease Trade Order.

22. The Applicant is not considering, nor is it involved in any discussion relating to, a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

23. Each Participating Note Holder and Potential Investor will, in advance of the applicable Transaction:

    (a) receive copies of the Cease Trade Order and the Other Cease Trade Orders;

    (b) receive copies of this Order and the Alberta Variation; and

    (c) receive a written notice from the Applicant, and will provide a written acknowledgment to the Applicant, that the granting of this Order and the Alberta Variation does not guarantee the issuance of any full revocation orders in the future and that all of the Applicant's securities, including the New Preferred Shares and New Convertible Notes, as applicable, will remain subject to the Cease Trade Order and the Other Cease Trade Orders until such are revoked.

24. Upon the issuance of this Order, the Applicant will issue a press release announcing the Order and the intention to complete the Proposed Transactions. Upon completion of each of the Shares for Debt Transaction and the Note Offering, the Applicant will issue a press release and file a material change report. As other material events transpire, the Applicant will issue appropriate press releases and file material change reports as applicable.

AND WHEREAS considering the Application and the recommendations of staff of the Commission;

AND WHEREAS the Director being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order is partially revoked solely to permit trades and acts in furtherance of trades that are necessary for and are in connection with the Proposed Transactions and all other acts in furtherance of the Proposed Transactions that may be considered to fall within the definition of "trade" within the meaning of the Act, provided that:

(a) prior to completion of the applicable Transaction, each Participating Note Holder and Potential Investor will:

    (i) receive copies of the Cease Trade Order and the Other Cease Trade Orders;

    (ii) receive copies of this Order and of the Alberta Variation; and

(iii) receive a written notice from the Applicant, and will provide a written acknowledgment to the Applicant, that the granting of this Order and the Alberta Variation does not guarantee the issuance of any full revocation orders in the future and that all of the Applicant's securities, including the New Preferred Shares and New Convertible Notes, as applicable, will remain subject to the Cease Trade Order and the Other Cease Trade Orders until such are revoked;

(b) the Applicant will provide the signed and dated written acknowledgments referred to in paragraph (a)(iii) above to staff of the Commission on request; and

(c) this Order will terminate on the earlier of: (i) the completion of the Note Offering, and (ii) 60 days from the date hereof.

DATED at Toronto, Ontario on this 10th day of March, 2016.

"Jo-Anne Matear"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 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 1,583,000 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 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.

Statutes Cited

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 1,583,000 of the Issuer's common shares (collectively, the "**Subject Shares**") in one or more trades with National Bank of Canada (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 head office and registered office of the Issuer is located 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 (the "**Common Shares**") 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 March 7, 2016, 593,154,862 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 Quebec. The trades contemplated by the Application will be executed and settled in the Province of Ontario. The Selling Shareholder's Toronto branch office located in the Province of Ontario will undertake the negotiation, execution and delivery of each Agreement (defined below) and the execution and settlement of the trades contemplated thereunder.

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 1,583,000 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" (the "**Notice**") that was submitted to, and accepted by, the TSX, effective September 10, 2015, the Issuer is permitted to make a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 16,000,000 Common Shares, representing 2.62% 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 by private agreements under issuer bid exemption orders issued by a securities regulatory authority (each, an "**Off-Exchange Block Purchase**"). The TSX has (a) indicated that it will not object to Off-Exchange Block Purchases being completed pursuant to the Normal Course Issuer Bid, and (b) reviewed the Application and has confirmed that it does not object to the Proposed Purchases.

10. On January 4, 2016, 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, during internal trading blackout periods, including regularly scheduled quarterly blackout periods, when the Issuer would not otherwise be permitted to trade in its Common Shares (each such time, a "**Blackout Period**"). 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 the applicable 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 rules, applicable securities law and this Order. 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 and no Agreement will be negotiated or entered into during a Blackout Period.

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 14, 2016 (each such purchase, a "**Proposed Purchase**") for a purchase price (each such price, 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 prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable 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 any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act to which the Issuer Bid Requirements would apply.

14. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase, none of the Proposed Purchases can 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 Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to subsection 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 prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in clause 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 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 applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

18. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements available pursuant to subsection 101.2(1) of the Act; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

19. The purchase of 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 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 at minimal cost to the Issuer.

20. To the best of the Issuer's knowledge, as of March 7, 2016, the "public float" of the Common Shares represented more than 99.86% of all issued and outstanding Common Shares for the 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 hedging 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 negotiated or 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 Global Equity Derivatives department 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 "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. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after February 6, 2016, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by the Selling Shareholder to the Issuer.

28. The Commission granted the Issuer a previous order on November 27, 2015 (the "**November Order**") 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 3,750,000 Common Shares, in one or more trades from an arm's length selling shareholder. As at March 1, 2016, an aggregate of 7,652,400 Common Shares have been acquired by the Issuer pursuant to the Normal Course Issuer Bid, including 3,750,000 Common Shares under the November Order.

29. Assuming completion of the purchase of the maximum number of Subject Shares, being 1,583,000 Common Shares, and including purchases made under the November Order, 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.

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

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 a 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(l)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 in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is negotiated or 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 Global Equity Derivatives department 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 "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(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 Subject 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 Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following the completion of such Proposed 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 22nd day of March, 2016.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

2.2.4 7997698 Canada Inc. et al.

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

AND

IN THE MATTER OF
7997698 CANADA INC.,
carrying on business as
INTERNATIONAL LEGAL AND ACCOUNTING SERVICES INC.,
WORLD INCUBATION CENTRE, or WIC (ON),
JOHN LEE also known as CHIN LEE, and
MARY HUANG also known as NING-SHENG MARY HUANG

ORDER

WHEREAS:

1. on November 21, 2014, 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"), by which the Commission ordered:

   a. that all trading in any securities by 7997698 Canada Inc., carrying on business as International Legal and Accounting Services Inc., World Incubation Centre, or WIC (ON) ("7997698"), John Lee also known as Chin Lee ("Lee"), and Mary Huang also known as Ning-Sheng Mary Huang ("Huang") shall cease; and

   b. that the exemptions contained in Ontario securities law do not apply to any of 7997698, Lee, and Huang;

2. on November 21, 2014, the Commission ordered that the Temporary Order expire on the 15th day after its making unless extended by order of the Commission;

3. on November 24, 2014, the Commission issued a Notice of Hearing providing that a hearing would be held on Wednesday December 3, 2014, pursuant to subsections 127(7) and (8) of the Act, to consider, among other things, the extension of the Temporary Order;

4. Staff of the Commission served the Respondents with copies of the Temporary Order, the Notice of Hearing, the Hearing Brief, the Supplementary Hearing Brief, and Staff's Written Submissions and Brief of Authorities, as evidenced by the Affidavits of Service sworn by Steve Carpenter on December 1, 2014, and December 2, 2014;

5. on December 3, 2014, the Commission held a hearing, at which Lee attended but Huang did not attend although properly served, and at which the Commission heard submissions from counsel for Staff and from Lee on his own behalf and on behalf of 7997698, and the Commission ordered that the Temporary Order be extended to June 3, 2015, and that the proceeding be adjourned until Wednesday, May 27, 2015, at 10:00 a.m.;

6. on March 11, 2015, the Commission issued a Notice of Hearing providing that a hearing would be held on April 10, 2015, pursuant to sections 127 and 127.1 of the Act, in connection with a Statement of Allegations filed by Staff of the Commission on March 11, 2015 with respect to 7997698, Lee, and Huang (collectively, the "Respondents");

7. on April 9, 2015, on consent of Staff, 7997698 and Lee, the Commission adjourned the hearing (the "First Appearance") to April 23, 2015;

8. on April 23, 2015, counsel for Staff and counsel for the Respondents 7997698 and Lee appeared before the Commission and the Commission ordered that:

   a. Staff provide to the Respondents disclosure of documents and things in the possession or control of Staff that are relevant to the hearing on or before May 22, 2015,

   b. the First Appearance shall continue on May 27, 2015, for the purpose of providing an update with respect to service on Huang,

   c. a Second Appearance be held on July 22, 2015,

d. any requests by any of the Respondents for disclosure of additional documents be set out in a Notice of Motion to be filed no later than 5 days before the Second Appearance,

e. at the Second Appearance, any motions by any of the Respondents with respect to disclosure provided by Staff would be heard or scheduled for a subsequent date, and

f. in the event of the failure of any party to attend at the time and place stated above, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceeding;

9. on May 15, 2015, with respect to the Temporary Order, Staff served the Respondents with copies of a Further Supplementary Hearing Brief (two volumes), Supplemental Staff Written Submissions, and a Supplemental Brief of Authorities;

10. on May 27, 2015, the Commission held a hearing at which counsel for Staff attended but no one attended for the Respondents, and the Commission heard submissions from counsel for Staff and the Commission was advised that (i) Huang had retained counsel, and (ii) the Respondents sought an adjournment of the proceeding and counsel for Staff filed a consent of the Respondents to an extension of the Temporary Order until one week after the Second Appearance and the Commission ordered that the Temporary Order was extended until July 29, 2015; and specifically:

a. that all trading in any securities by the Respondents cease,

b. that the exemptions contained in Ontario securities law do not apply to any of the Respondents,

c. any person or company affected by that Order may apply to the Commission for an order revoking or varying the Order pursuant to s. 144 of the Act upon seven days' written notice to Staff of the Commission, and

d. the proceeding be adjourned to July 22, 2015;

11. on July 22, 2015, counsel for Staff and counsel for the Respondents appeared before the Commission and advised that the Respondents consented to an extension of the Temporary Order until the conclusion of the merits hearing and the Commission ordered that:

a. the Temporary Order be extended until April 29, 2016; and specifically:

i. that all trading in any securities by the Respondents cease, and

ii. that the exemptions contained in Ontario securities law do not apply to any of the Respondents;

b. the Respondents make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence, on or before September 9, 2015;

c. the proceeding "IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on November 24, 2014, be combined with the proceeding "IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on March 11, 2015, and any further notices or orders be made under a single title of proceeding; and

d. a Third Appearance be held on September 24, 2015;

12. on September 14, 2015, Staff made a motion with respect to the witness list and witness summaries provided by Lee and 7997698 returnable at the Third Appearance or a date to be set at the Third Appearance ("Staff's Witness Motion");

13. on September 24, 2015, David Quayat, counsel for 7997698 and Lee, filed a notice of motion pursuant to Rule 1.7.4 of the Commission's Rules of Procedure (the "Rules"), seeking leave to withdraw as representative for 7997698 and Lee and requesting that the motion be heard in writing (the "Withdrawal Motion") and the Commission ordered that:

a. the Withdrawal Motion be heard in writing; and

b. David Quayat be granted leave to withdraw as representative for 7997968 and Lee;

14. on September 24, 2015,

    a. Lee, counsel for Staff, and counsel for Huang appeared before the Commission for the Third Appearance, and Lee advised that he represented 7997698, and although the Respondents were properly served, the Commission made no finding regarding Lee's capacity to represent 7997698;

    b. Lee and counsel for Staff appeared before the Commission for Staff's Witness Motion, and Lee requested an adjournment so that he could properly respond to Staff's Witness Motion; and

    c. the Commission ordered that:

        i. a confidential pre-hearing conference be held on October 6, 2015; and

        ii. Staff's Witness Motion, if necessary, and the continuation of the Third Appearance be held on October 19, 2015;

15. on October 6, 2015, Lee and counsel for Staff appeared before the Commission for a confidential pre-hearing conference, no one appeared for Huang although properly served, and the Commission ordered that should Lee wish to bring a motion to the Commission for an order varying the freeze directions made in this proceeding to permit the payment of legal fees, Lee must serve upon Staff and file with the Commission his motion materials by October 14, 2015, with the motion to be heard on October 19, 2015;

16. on October 19, 2015,

    a. Lee and counsel for Staff appeared before the Commission for:

        i. Staff's Witness Motion, with respect to which Lee submitted a revised list of intended witnesses and Staff advised that it was therefore no longer seeking an order;

        ii. Lee's motion to vary the Commission freeze directions to permit the payment of legal fees;

        iii. Lee's motion for permission to represent 7997698 in this proceeding, with respect to which Lee advised that he had sent to Huang, Charles Yong, Fenglany Yang, Jing Xiang Xie, and Jina Liu (collectively, the "Beneficial Owners" of 7997698, according to Lee) a request for consent (a copy of which was marked as Exhibit 1 in this proceeding); and

        iv. Lee's motion for directions regarding Staff's disclosure; and

    b. Lee, counsel for Staff, and counsel for Huang appeared before the Commission for the continuation of the Third Appearance; and

    c. the Commission ordered that:

        i. Lee's motion to vary the Commission's freeze directions is dismissed, without prejudice to the right of any party to renew that request;

        ii. Lee's motion for permission to represent 7997698 in this proceeding is dismissed;

        iii. Lee's motion for directions regarding Staff's disclosure is dismissed;

        iv. on or before February 22, 2016, each party shall deliver to every other party copies of documents that it intends to produce or enter as evidence at the hearing on the merits in this proceeding (the "Hearing Briefs");

        v. a Final Interlocutory Appearance shall be held at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on March 1, 2016, at 10:00 a.m., or on such other date and time as may be fixed by the Office of the Secretary and agreed to by the parties;

        vi. no later than February 25, 2016, the parties shall file with the Office of the Secretary copies of indices to their Hearing Briefs, if any;

        vii. the hearing on the merits in this proceeding shall be held at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on April 4, 2016, at 10:00 a.m.,

and continuing on April 11 to 15, April 25 to 29, and May 2, 4, 5, and 6, 2016, beginning at 10:00 a.m. each day; and

viii. Staff and Lee shall take all reasonable steps to provide a copy of this order to the Beneficial Owners;

17. on March 1, 2016, Lee, counsel for Staff, and counsel for Huang appeared before the Commission for the Final Interlocutory Appearance, and the Commission ordered that:

a. on or before March 9, 2016, Huang shall make disclosure to every other party of her witness list and summaries;

b. on or before March 9, 2016, Lee and Huang shall deliver to every other party their Hearing Briefs;

c. on Wednesday March 23, 2016 commencing at 8:30 a.m., a confidential pre-hearing conference shall be held at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario; and

d. The merits hearing dates scheduled for May 4, 5, and 6, 2016 are vacated;

18. on March 23, 2016, Lee, counsel for Staff, and counsel for Huang appeared before the Commission for a confidential pre-hearing conference, and the Commission ordered that should Lee seek to provide his evidence for the merits hearing in writing, then Lee shall provide his sworn affidavit to Staff by 12:00 p.m. on Friday April 1, 2016 and be available for cross-examination;

19. on April 4, 2016, Lee, Staff, and counsel for Huang requested that this matter be adjourned until April 12, 2016 at 10:00 a.m.; and

20. the Commission is of the opinion that it is in the public interest to make this Order.

IT IS ORDERED THAT:

1. the dates for the hearing on the merits scheduled to commence on April 4, 2016 and continue on April 11, 2016 are vacated; and

2. the hearing on the merits shall commence on April 12, 2016 at 10:00 a.m. and continue on April 13, 14, 15, 25, 26, 27, 28, 29 and May 2, 2016 beginning each day at 10:00 a.m., or on such further date and time as agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 4th day of April, 2016.

"Alan J. Lenczner"

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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
Interactive Capital Partners Corporation	8 May 2012	18 May 2016	18 May 2012	4 April 2016

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Boomerang Oil, Inc.	4 April 2016	
GuestLogix Inc.	5 April 2016	
MBAC Fertilizer Cor.	5 April 2016	
New Klondike Exploration Ltd.	4 April 2016	
Vena Resources Inc.	4 April 2016	

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
Boomerang Oil, Inc.*	29 January 2016	10 February 2016	10 February 2016	4 April 2016	
GeneNews Limited	March 31, 2016	April 13, 2016			
Northern Power Systems Corp.	March 31, 2016	April 13, 2016			
Valeant Pharmaceuticals International, Inc.	March 31, 2016	April 13, 2016			

* Boomerang Oil, Inc. – The permanent Management Ceased Trade Order was revoked April 4, 2016 and replaced with a Failure to File Ceased Trade Order on April 4, 2016.

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
Boomerang Oil, Inc.*	29 January 2016	10 February 2016	10 February 2016	4 April 2016	
Enerdynamic Hybrid Technologies Corp.	4 November 2015	16 November 2015	16 November 2015		
Enerdynamic Hybrid Technologies Corp.	22 October 2015	4 November 2015	4 November 2015		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Enerdynamic Hybrid Technologies Corp.	15 October 2015	28 October 2015	28 October 2015		
GeneNews Limited	March 31, 2016	April 13, 2016			
Northern Power Systems Corp.	March 31, 2016	April 13, 2016			
Starrex International Ltd.	30 December 2015	11 January 2016	11 January 2016		
Tango Mining Limited	7 January 2016	20 January 2016	20 January 2016		
Valeant Pharmaceuticals International, Inc.	March 31, 2016	April 13, 2016			

* Boomerang Oil, Inc. – The permanent Management Ceased Trade Order was revoked April 4, 2016 and replaced with a Failure to File Ceased Trade Order on April 4, 2016.

Chapter 5

Rules and Policies

5.1.1 CSA Notice of Approval – Amendments to National Instrument 23-101 Trading Rules and Companion Policy 23-101CP to National Instrument 23-101 Trading Rules

CSA Notice of Approval
Amendments to National Instrument 23-101 *Trading Rules* and Companion Policy 23-101CP to National Instrument 23-101 *Trading Rules*

April 7, 2016

Introduction

The Canadian Securities Administrators (the CSA or we) have approved amendments to National Instrument 23-101 *Trading Rules* (the Instrument, or NI 23-101) and its related Companion Policy (23-101CP) (together, the Amendments) and are finalizing a methodology for the regulatory oversight of market data fees (the Data Fees Methodology).

We are publishing the text of the Amendments in Annex B to this notice, together with certain other relevant information at Annexes C through G. The text of the Amendments will also be available on the websites of the CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

Provided all necessary ministerial approvals are obtained, the Amendments will come into force on July 6, 2016, except as related to the market share threshold. The Amendments related to the market share threshold will come into force on October 1, 2016.

Substance and Purpose

The substance and purpose of the Amendments is to update NI 23-101 and 23-101CP in relation to the application of the order protection rule (OPR), and in response to recent market developments. The Amendments adjust the rule framework in a manner that maintains the core principles of OPR, but address some of the inefficiencies and costs that have resulted from its implementation. Further, the Amendments add OPR-related guidance to 23-101CP to address circumstances where a marketplace has introduced an intentional order processing delay.

Background

Following a CSA review of OPR, we published proposed amendments to NI 23-101 and 23-101CP on May 15, 2014 (the 2014 Notice).[1] After considering the comments received in response to the initial publication, we have made non-material changes to certain aspects of the proposals. For additional background on the substance and purpose of the proposed amendments, please refer to the 2014 Notice.

[1] Published on May 15, 2014, at: (2014) 37 OSCB 4873.

In addition, on June 12, 2015 we published proposed amendments to 23-101CP to address changes introduced to the functionality of certain marketplaces (the 2015 Notice).[2] These marketplace functionality changes impose delays on the entry of orders into the trading engine of the marketplace that would, for a period of time, prevent the immediate execution of orders that are submitted to execute against displayed volume. The introduction of these delays, referred to as 'speed bumps', raised the question of whether OPR should apply to displayed orders on such marketplaces. In response to comments received to the 2015 Notice, we have made non-material changes to the language originally proposed. For additional background, please refer to the 2015 Notice.

Summary of Written Comments Received by the CSA

In response to the 2014 Notice and the 2015 Notice, we received submissions from 27 commenters and 14 commenters, respectively. We have considered the comments received and thank all of the commenters for their input. A list of those who submitted comments and a summary of the comments and our responses are attached at Annexes D and E to this notice. Copies of the comment letters are available at www.osc.gov.on.ca.

Summary of the Amendments and Notable Changes

See Annex A for a summary of the Amendments, and a description of notable changes that have been made to the amendments proposed in the 2014 Notice and the 2015 Notice.

Local Matters

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

Annexes

A. Summary of the Amendments and Notable Changes;

B. Amendments to NI 23-101;

C. Blackline showing changes to NI 23-101 and 23-101CP;

D. List of commenters who provided submissions on the proposed amendments published on May 15, 2014 and the proposed amendments published on June 12, 2015;

E. Summary of comments received on the 2014 Notice and the 2015 Notice, together with the CSA's response to the comments;

F. Data Fees Methodology; and

G. Local Matters.

Questions

Please refer your questions to any of the following:

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[2] Published on June 12, 2015, at: (2015) 38 OSCB 5551.

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ANNEX A

SUMMARY OF THE AMENDMENTS AND NOTABLE CHANGES

This Annex summarizes the Amendments and describes the notable changes from the proposed amendments published in both the 2014 Notice and the 2015 Notice. Further, it provides details regarding additional matters relating to the Amendments. The information in this annex is set out in the following sections:

1. Market Share Threshold
2. Locked or Crossed Orders
3. Trading Fees
4. Intentional Order Processing Delays
5. Data Fees Methodology
6. Best Execution Obligations and Disclosure
7. Pilot Study on Prohibition on Payment of Rebates by Marketplaces

For purposes of this Annex, we refer to marketplaces that will display orders that are protected pursuant to OPR, as 'protected marketplaces', and other marketplaces not displaying protected orders as 'unprotected marketplaces'.

1. Market Share Threshold

We continue to believe that OPR is a valuable part of the regulatory framework, but recognize that the current application of OPR has introduced inefficiencies and costs. Further, we believe the rule acts as a form of regulatory support for marketplaces by requiring that marketplace participants access either directly or indirectly, all protected marketplaces, and pay associated costs in doing so. The Amendments will provide flexibility to marketplace participants in determining if and when to access trading on certain marketplaces by limiting the application of OPR to orders displayed on marketplaces that meet a market share threshold determined by the CSA.

The comments received in relation to the publication of the 2014 Notice provided mixed views with respect to the market share threshold. Supporters of the threshold approach were not unanimous in support of the specific level of the threshold proposed, with arguments presented for both higher and lower percentages. Many commenters expressed the view that any threshold percentage applied would be an arbitrary figure. Those who were not supportive of the threshold approach conveyed concerns about both the impact on competition, as well as additional market complexities that would result from an environment where some visible marketplaces would display orders that would be protected under OPR, while others would display orders that would not be protected.

We recognize the concerns expressed in some of the comment letters. However, after considering all of the comments received, we believe that at this time, the threshold approach is the most appropriate method of balancing the benefits of OPR with the costs associated with its application.

We remain supportive of marketplace competition, but believe that the benefits of competition should be achieved in combination with an allowance for users of marketplace services to exercise some element of discretion when determining whether to access marketplaces and pay for marketplace services. This is especially true in relation to the launch of new visible marketplaces in Canada, to which market participants are currently required to immediately connect or access in order to ensure compliance with OPR.

The market share threshold will be initially set in each jurisdiction by the regulator, or in Quebec, the securities regulatory authority, at 2.5% based on an average share of the adjusted[3] volume and value traded (equally weighted) over a one-year period,[4] and applied at the market or facility level where the marketplace is comprised of more than one visible market or facility.[5] Excluded from the market share threshold calculation will be:

[3] Volume and value traded will be adjusted to exclude certain trades.

[4] Volume and value will be calculated on a total market basis, rather than calculated separately on the basis of listing marketplace.

[5] Certain marketplaces have distinct visible continuous auction order books, to which the market share threshold will be applied separately.

- trades involving dark passive orders,
- the non-interfered portion of intentional crosses,[6]
- trades from call markets or call facilities (including existing opening and closing call facilities)
- odd-lot trades,
- auto-executed trades in fulfillment of market maker obligations or participation rights, and
- trades involving special terms orders.

The displayed orders of a recognized exchange that does not meet the market share threshold will be protected, but only with respect to those securities listed by and traded on the exchange. In these circumstances, in a similar manner to the application of the market share threshold, protection for displayed orders for listed securities on a recognized exchange will be applied at the market or facility level where the recognized exchange is comprised of more than one market or facility.

(i) Market Share Threshold Calculation

Once the threshold is set in each jurisdiction by the regulator, or in Quebec, the securities regulatory authority, the market share and the list of protected marketplaces will be made publicly available on the websites of both the CSA and the Investment Industry Regulatory Organization of Canada (IIROC). The initial calculation of protected marketplaces will be effective for a six month period and will be published during the first week of June 2016. It will come into effect on October 1, 2016 and will be based on trading data from June 1, 2015 to May 31, 2016.

After the initial period, on an ongoing basis, the application of OPR for displayed orders as it relates to the market share threshold, will be effective for a period of one year, and subject to annual renewal. Marketplace participants will be given approximately three months after each list is published to facilitate any required operational changes. The criteria for calculating the threshold and the process for communicating the list of protected marketplaces for the effective period will also be made publicly available, and any changes to the market share threshold will be set by the regulator, or in Quebec, the securities regulatory authority and will be communicated publicly via CSA Staff Notice.

For ease of reference, the following table outlines the initial 6 month timeframe and reference period, as well as the timing of the annual calculations thereafter.

	Calculation Period	Date of Publication of Protected Marketplace List	Effective Period
Initial Implementation	Trading data from June 1, 2015 to May 31, 2016	First week of June 2016	October 1, 2016 to March 31, 2017
First Full Implementation	Trading data from January 1, 2016 to December 31, 2016	By January 15, 2017	April 1, 2017
Ongoing Implementation	Trading data from the first through last day of the year annually	Annually by January 15 of each year	Annually on April 1

(ii) Ongoing Review of the Impact of the Threshold

We intend to monitor the impact of the threshold on an ongoing basis. We commit to conducting a review of the impact and cost savings associated with the market share threshold and the percentage at which it is set, once one year of data is available and can be analyzed.

(iii) Changes to Proposed Amendments in 2014 Notice

In the 2014 Notice we proposed to set the market share threshold at 5%. As noted above, the comments received in relation to the proposed threshold were mixed. As a result of both feedback received during the public comment process and CSA

[6] On some marketplaces, the execution of an intentional cross by a dealer can be broken up or "interfered" with by an existing order from same dealer, which has already been entered on the marketplace at the same price as the intentional cross. Because the interfering order would have been protected under OPR, it would be included in the market share calculation.

discussions, we intend to set the market share threshold at 2.5% based on an equally weighted average of the share of adjusted volume and value traded.

This lower threshold will serve to address some of the concerns related to potential impacts on competition, but will still provide a base level of trading activity at or above which displayed orders will be protected. The lower market share threshold will still offer dealers an element of choice with respect to new marketplaces and those marketplaces below the threshold level.

2. Locked or Crossed Orders

The provisions in section 6.5 of the Instrument related to locked or crossed orders will be limited in application to "protected orders". This change will not preclude participants from entering orders on protected marketplaces that would lock or cross an order on an unprotected marketplace.

3. Trading Fees

The Amendments will introduce a cap on active trading fees charged by marketplaces.[7] As proposed in the 2014 Notice, the cap will apply to continuous auction trading in equity securities and exchange-traded funds (ETFs) and will be set at $0.0030 per share or unit traded for securities priced at or above $1.00, and $0.0004 per share or unit traded for securities priced below $1.00.

As was discussed in the 2014 Notice, the $0.0030 per share cap for securities priced at or above $1.00 is set at the same level as the cap set in the U.S. under Rule 610(c) of Regulation National Market System. We recognize that the trading fee cap is higher than the fees currently charged by most Canadian marketplaces and acknowledge feedback received as part of the public comment process that the cap is too high. We are finalizing the cap as proposed, in order to establish an interim ceiling on active trading fees while we consider additional steps to address the level of trading fees in Canada.

We recognize the views of some stakeholders that the fee cap should be lower. However, our market is highly integrated with the U.S., and there is significant trading activity in securities that are listed in both Canada and the U.S. (Inter-listed Securities). As a result, we are concerned about potential negative consequences for the Canadian market from establishing a trading fee cap for Inter-listed Securities that is significantly different than comparable regulatory requirements in the U.S. As liquidity providers are sensitive to rebates they receive for posting orders on certain marketplaces, a decrease in fees charged by those marketplaces would also result in a decrease in rebates available to liquidity providers. If the difference in rebates between Canada and the U.S. for Inter-listed Securities is too large, a shift of liquidity to U.S marketplaces and widening spreads on Canadian marketplaces could result.

However, in addition to the fee caps approved as part of the Amendments, we have published today a separate notice requesting comment on a revised active trading fee cap applicable only to securities priced at or above $1.00 that are listed on a Canadian exchange, but not also listed on a U.S. exchange (Non-Inter-listed Securities). The proposed cap on Non-Inter-listed Securities priced at or above $1.00 would be $0.0017 per share (further details can be found in that notice). Upon approval of this lower cap for Non-Inter-listed Securities, the active-trading fee cap of $0.0030 per share for securities valued at $1.00 or more would only apply to Inter-listed Securities.

4. Intentional Order Processing Delays

As previously noted, the 2015 Notice proposed amendments to 23-101CP related to the implementation of marketplace 'speed bumps' that delay the entry of orders into a marketplace trading engine. We proposed to add OPR-related guidance to 23-101CP, such that where a marketplace has introduced an intentional order processing delay that results in the inability to provide for an immediate execution against displayed volume, orders displayed on that marketplace would not be "protected orders" as defined in the Instrument.

After considering the comments received, we are finalizing those proposals with certain non-material changes in response to requests by a number of commenters to clarify the language of the amendment. These changes are designed to provide greater clarity around how we interpret the definition of "automated trading functionality" in the Instrument and the types of factors considered in determining whether a marketplace offers the ability for an "immediate" execution.

5. Data Fees Methodology

To provide for a transparent process for regulatory oversight of real-time professional market data fees, we are finalizing and formally adopting the Data Fees Methodology proposed in the 2014 Notice, and currently being used informally in the review of professional market data fees in Ontario.

[7] In the context of the Amendments, active trading fees refer to fees charged by marketplaces for the execution of an order that was entered to execute against a displayed order on that marketplace in continuous auction trading.

As discussed in the 2014 Notice, the Data Fees Methodology estimates a fee or fee range for top-of-book (Level 1) and depth-of-book (Level 2) market data for each marketplace based on their contribution to price discovery and trading activity.

The Data Fees Methodology has a three step approach that involves:

- the calculation of pre- and post-trade metrics;
- a ranking of marketplaces on a relative basis; and
- an estimation of a fee or fee range for the professional market data fees charged by each marketplace based on a reference amount.

Where relevant to the calculations, the pre-trade metrics will include quotes displayed across all Canadian marketplaces whether these orders are considered protected or unprotected for the purposes of OPR.

The Data Fees Methodology will be used to assess the relative value of real-time market data feeds provided by each marketplace to its professional data subscribers, and will be applied in the context of:

(a) an annual review of professional market data fees charged by each marketplace for both Level 1 and Level 2 data feeds and reapproval where fees are determined to be unreasonably high; and

(b) the review and approval of any changes to Level 1 and Level 2 professional market data fees proposed by marketplaces.

Subsection 3.2(5) of National Instrument 21-101 *Marketplace Operation* requires each recognized exchange and alternative trading system (ATS) to file an updated and consolidated Form NI 21-101F1 or Form NI 21-101F2 within 30 days after the end of each calendar year. In Ontario, the OSC will apply the Data Fees Methodology to the Level 1 and Level 2 professional market data fees submitted in that consolidation under Exhibit L – *Fees*, to determine if the marketplace's fees are higher than the range identified through the Data Fees Methodology.

The Data Fees Methodology will apply to all marketplaces regardless of their protected or unprotected status. This is because we believe it is appropriate to maintain a level of oversight and ensure a consistent balance across all marketplaces, between the value assessed using the Data Fees Methodology and the associated fees that are charged for data. This is particularly important in the context of compliance with applicable best execution requirements.

(i) Changes to the Proposed Data Fee Methodology

We note that although the general approach to market data fees has not changed relative to that proposed in the 2014 Notice, to reflect stakeholders' comments and our ongoing observations, the Data Fees Methodology has been adjusted as discussed below. For more detailed information, please refer to Appendix A-2 of the 2014 Notice, and Annex F to this notice.

(a) Pre- and Post- trade Metrics

Appendix A-2 to the 2014 Notice detailed a number of specific metrics, both pre- and post-trade which would be used to rank the relative contribution of each marketplace to price discovery and trading activity. One such metric, referred to as "$Time(equal)", would measure a marketplace's contribution to the depth of liquidity quoted at the best bid and offer. Concerns have been expressed by stakeholders that the use of this specific metric in a ranking model would inflate the ranking of marketplaces that display quotes in illiquid securities and could be subject to manipulation. Given these concerns, this specific pre-trade metric and the ranking model that uses it (discussed below) will no longer be included in the Data Fees Methodology.

One proposed post-trade metric, referred to as "Scope of Trading," measured the number of symbols traded on each marketplace. In the 2014 Notice we identified certain disadvantages or downsides to the use of this metric in a ranking model, specifically that it might disproportionately advantage marketplaces with significant market share and disadvantage smaller competitors or new entrants. The use of the metric could also "double penalize" marketplaces that do not trade all securities, and could potentially be manipulated. Given further consideration, we have excluded the "Scope of Trading" metric from the ranking model in which it is used (discussed below). However, we will continue to use this metric independently of the ranking model to better understand the range of securities traded on each marketplace compared to all securities traded across all marketplaces.

(b) Ranking Models

Appendix A-2 to the 2014 Notice set out the proposed relative ranking models for marketplaces. Concerns were raised by commenters with respect to one ranking model, referred to as the "SIP(equal),"[8] that uses the "$Time(equal)" metric discussed above. Specifically, commenters indicated that this ranking model would weigh the various pre-trade metrics it uses equally, rather than on the basis of value traded. Further, this ranking model would not distinguish between stocks that trade often and those that rarely trade, and as a result, would inflate the ranking of those marketplaces that trade in illiquid securities. Based on the concerns identified, we have excluded this ranking model from the Data Fees Methodology.

Further to the ranking models and as discussed above, in order to ensure that all marketplaces are treated fairly in the relative ranking process, we have adjusted the formula used for one specific ranking model, referred to as "Model 3," to specifically exclude the "Scope of Trading" metric that we initially proposed to use in its calculation.

(c) Interim Reference Benchmark

In the 2014 Notice, we also highlighted two potential references (domestic and international) that could be used to allocate an estimated fee or fee range to a marketplace. We noted at that time that selecting the appropriate reference was a key element in ensuring the appropriate application of the Data Fee Methodology.

It is our intention to retain external assistance to determine the appropriate benchmark in the coming months. In the interim, we will apply the *domestic reference*, as described in the 2014 Notice, which aggregates the market data fees charged by all marketplaces into a single "pool" and then redistributes the amount based on the ranking models obtained through the Data Fee Methodology.

We recognize the concerns raised that existing fees are too high and a domestic benchmark based on an aggregated amount may be unreasonable. Despite this, we are of the view that we need to formally implement the Data Fee Methodology in order to manage existing fee levels. While the methodology will be used to address fees that are determined to be unreasonably high, we will not apply the methodology or the benchmark to support fee increases until such time as the appropriate benchmark has been established.

(d) Non-professional Market Data User Fees

We indicated in the 2014 Notice that we were concerned about the level of real-time market data fees charged by marketplaces to non-professional data users in Canada. We also indicated that we were considering either a cap on non-professional data fees at a rate set as a percentage of that marketplace's reviewed and/or approved professional data subscriber rate, or the development of a methodology similar to the one applied to professional data users.

We will continue to monitor any developments in relation to the market data fees charged to non-professional users and will consider whether any action is necessary in the future.

6. Best Execution Obligations and Disclosure

We are finalizing changes to 23-101CP that will introduce guidance designed to provide greater clarity for dealers with respect to best execution and accessing marketplaces that a dealer is not required to access for purposes of regulatory compliance.

Further related to best execution, in the 2014 Notice we proposed amendments that would introduce new disclosure requirements for dealers regarding their best execution policies. This disclosure relates primarily to order handling / routing and potential conflicts of interest, and would ensure that clients are provided with a minimum level of information to assist in making informed decisions regarding the use of a dealer's services.

We are not finalizing the proposed amendments in relation to dealer best execution disclosure at this time. On December 10, 2015, IIROC published for comment *Proposed Provisions Respecting Best Execution* and related guidance.[9] The proposed IIROC amendments would update and consolidate best execution requirements in both the Universal Market Integrity Rules (UMIR) and Dealer Member Rules (DMR) into a single Dealer Member Rule respecting best execution. The updates as proposed would serve to assist dealers in complying with best execution obligations in a multiple marketplace environment, and would reflect the amendments proposed in the 2014 Notice by the CSA.

We believe that delaying the finalization of the amendments proposed in the 2014 Notice related to dealer best execution disclosure will allow us to benefit from any comments received in relation to the proposed IIROC amendments.

[8] The SIP(equal) model is based on metrics used by the U.S. Securities Information Processor.

[9] Published at: http://www.iiroc.ca/Documents/2015/8df7a02c-4491-4fd0-b317-4c90bdc722a2_en.pdf.

7. Pilot Study on Prohibition on Payment of Rebates by Marketplaces

In the 2014 Notice, we expressed our intention to move forward with a pilot study that would examine the impact of disallowing the payment of rebates by Canadian marketplaces. We stated our view that the payment of rebates by a marketplace, or any other entity, impacts behaviours of marketplace participants in ways which may be contributing to increased fragmentation and segmentation of order flow, distorting the rationale for investment or trading decisions, and creating unnecessary conflicts of interest for dealer routing decisions that may be difficult to manage.

Although we continue to believe that a pilot study would be useful to determine what, if any, impact would result from disallowing the payment of rebates by marketplaces, significant issues have been raised both in the context of the comment process as well as through follow-on meetings with both industry participants and academics. The primary issue relates to the inclusion of Inter-listed Securities in a pilot study, and the potential negative consequences if a similar pilot was not also implemented in the U.S. We share the concerns raised about the potential loss or migration of liquidity in Inter-listed Securities if we were to proceed absent similar regulatory requirements in the U.S. We considered operating a pilot study that would exclude Inter-listed Securities but given their significance in terms of volume and value of trading activity,[10] we are not certain that such a study would provide meaningful results. We will continue to monitor regulatory trends and liaise with our U.S. regulatory colleagues, and will consider the possibility of a joint pilot if and when such an opportunity arises.

[10] Based on 2015 data, we estimate that trading in Inter-listed Securities in Canada represented approximately 28% of total volume and approximately 56% of total value (source: Bloomberg).

ANNEX B

AMENDMENTS TO NATIONAL INSTRUMENT 23-101 *TRADING RULES*

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

2. Section 1.1 is amended by

(a) replacing **"**automated functionality**" with "**automated trading functionality**" *in the definition of* "automated functionality",**

(b) replacing the definition of* "directed-action order" *with:

"directed-action order" means an order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace, is to be immediately

(i) executed against a displayed order with any remainder to be booked or cancelled; or

(ii) placed in an order book;

(b) is marked as a directed-action order; and

(c) is entered on or routed to a marketplace

(i) to execute against a best-priced displayed order, or

(ii) at the same time that another order is entered on or routed to a marketplace to execute against any protected order with a better price than the entered or routed order;**,**

(c) deleting "and***" after "***quoted;***" in the definition of* "non-standard order",**

(d) replacing paragraph (a) in the definition of* "protected bid" *with:

(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Québec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the bid is for a security listed by and traded on that recognized exchange; and**, *and***

(e) replacing paragraph (a) in the definition of "protected offer" with:

(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Québec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the offer is for a security listed by and traded on that recognized exchange; and**.**

3. Subsection 6.3(2) is amended by replacing "a marketplace that routes an order to another marketplace must immediately notify***" with "***the marketplace that is executing the transaction or routing the order for execution must immediately notify the following of the failure, malfunction or material delay:***".***

4. Subsection 6.3(3) is amended by adding "displaying a protected order***" after "***concludes that a marketplace***".***

5. Subparagraph 6.4(1)(a)(ii) is amended by adding ";***" after "***traded through***".***

6. Section 6.5 is replaced with:

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.***.***

7. The following section is added after section 6.6

6.6.1 Trading Fees

(1) In this section, "exchange-traded fund" means a mutual fund,

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

(b) that is in continuous distribution in accordance with applicable securities legislation.

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

(a) $0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to $1.00; or

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

8. Section 6.7 is amended by replacing "better-priced orders on a marketplace***" with "***better-priced protected orders***".***

Coming into force

9. (1) Subject to subsection (2), this Instrument comes into force on July 6, 2016.

(2) Paragraphs 2(d) and (e) of this Instrument come into force on October 1, 2016.

ANNEX C

NATIONAL INSTRUMENT 23-101
TRADING RULES

[Blacklined to current version]

Table of Contents

NATIONAL INSTRUMENT 23-101
TRADING RULES

PART 1 DEFINITION AND INTERPRETATION

1.1 Definition – In this Instrument

"automated trading functionality" means the ability to

(a) immediately allow an incoming order that has been entered on the marketplace electronically to be marked as immediate-or-cancel;

(b) immediately and automatically execute an order marked as immediate-or-cancel against the displayed volume;

(c) immediately and automatically cancel any unexecuted portion of an order marked as immediate-or-cancel without routing the order elsewhere;

(d) immediately and automatically transmit a response to the sender of an order marked as immediate-or-cancel indicating the action taken with respect to the order; and

(e) immediately and automatically display information that updates the displayed orders on the marketplace to reflect any change to their material terms;

"best execution" means the most advantageous execution terms reasonably available under the circumstances;

"calculated-price order" means an order for the purchase or sale of an exchange-traded security, other than an option, that is entered on a marketplace and for which the price of the security

(a) is not known at the time of order entry; and

(b) is not based, directly or indirectly, on the quoted price of an exchange-traded security at the time the commitment to execute the order was made;

"closing-price order" means an order for the purchase or sale of an exchange-traded security, other than an option, that is

(a) entered on a marketplace on a trading day; and

(b) subject to the conditions that

(i) the order be executed at the closing sale price of that security on the marketplace for that trading day; and

(ii) the order be executed subsequent to the establishment of the closing price;

"directed-action order" means ~~a limit~~an order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace, is to be immediately

(i) executed against a ~~protected~~displayed order with any remainder to be booked or cancelled; or

(ii) placed in an order book;

(b) is marked as a directed-action order; and

(c) is entered on or routed to a marketplace

(i) to execute against a best-priced displayed order, or

(ii) at the same time ~~as one or more additional~~ that another ~~limit~~ order~~s~~ is ~~that are~~ entered on or routed to ~~one or more~~ a marketplace~~s, as necessary,~~ to execute against any protected order with a better price than the entered or routed order ~~referred to in paragraph (a)~~;

"NI 21-101" means National Instrument 21-101 *Marketplace Operation*;

"non-standard order" means an order for the purchase or sale of an exchange-traded security, other than an option, that is entered on a marketplace and is subject to non-standardized terms or conditions related to settlement that have not been set by the marketplace on which the security is listed or quoted; ~~and~~

"protected bid" means a bid for an exchange-traded security, other than an option,

(a) that is displayed on a marketplace that provides automated trading functionality~~;~~ and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Quebec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the bid is for a security listed by and traded on that recognized exchange; and

(b) about which information is required to be provided pursuant to Part 7 of NI 21-101 to an information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider;

"protected offer" means an offer for an exchange-traded security, other than an option,

(a) that is displayed on a marketplace that provides automated trading functionality~~;~~ and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Quebec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the offer is for a security listed by and traded on that recognized exchange; and

(b) about which information is required to be provided pursuant to Part 7 of NI 21-101 to an information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider;

"protected order" means a protected bid or protected offer; and

"trade-through" means the execution of an order at a price that is,

(a) in the case of a purchase, higher than any protected offer, or

(b) in the case of a sale, lower than any protected bid.

1.2 Interpretation – NI 21-101 – Terms defined or interpreted in NI 21-101 and used in this Instrument have the respective meanings ascribed to them in NI 21-101.

PART 2 APPLICATION OF THIS INSTRUMENT

2.1 Application of this Instrument – A person or company is exempt from subsection 3.1(1) and Parts 4 and 5 if the person or company complies with similar requirements established by

(a) a recognized exchange that monitors and enforces the requirements set under subsection 7.1(1) directly;

(b) a recognized quotation and trade reporting system that monitors and enforces requirements set under subsection 7.3(1) directly; or

(c) a regulation services provider.

PART 3 MANIPULATION AND FRAUD

3.1 Manipulation and Fraud

(1) A person or company must not, directly or indirectly, engage in, or participate in any transaction or series of transactions, or method of trading relating to a trade in or acquisition of a security or any act, practice or course of conduct, if the person or company knows, or ought reasonably to know, that the transaction or series of transactions, or method of trading or act, practice or course of conduct

(a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security or a derivative of that security; or

(b) perpetrates a fraud on any person or company.

(2) In Alberta, British Columbia, Ontario, Québec and Saskatchewan, instead of subsection (1), the provisions of the *Securities Act* (Alberta), the *Securities Act* (British Columbia), the *Securities Act* (Ontario), the *Securities Act* and the *Derivatives Act* (Québec) and *The Securities Act, 1988* (Saskatchewan), respectively, relating to manipulation and fraud apply.

PART 4 BEST EXECUTION

4.1 Application of this Part – This Part does not apply to a dealer that is carrying on business as an ATS in compliance with section 6.1 of NI 21-101.

4.2 Best Execution – A dealer and an adviser must make reasonable efforts to achieve best execution when acting for a client.

4.3 Order and Trade Information – To satisfy the requirements in section 4.2, a dealer or adviser must make reasonable efforts to use facilities providing information regarding orders and trades.

PART 5 REGULATORY HALTS

5.1 Regulatory Halts – If a regulation services provider, a recognized exchange, recognized quotation and trade reporting system or an exchange or quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 21-101 makes a decision to prohibit trading in a particular security for a regulatory purpose, a person or company must not execute a trade for the purchase or sale of that security during the period in which the prohibition is in place.

PART 6 ORDER PROTECTION

6.1 Marketplace Requirements for Order Protection – (1) A marketplace must establish, maintain and ensure compliance with written policies and procedures that are reasonably designed

(a) to prevent trade-throughs on that marketplace other than the trade-throughs referred to in section 6.2; and

(b) to ensure that the marketplace, when executing a transaction that results in a trade-through referred to in section 6.2, is doing so in compliance with this Part.

(2) A marketplace must regularly review and monitor the effectiveness of the policies and procedures required under subsection (1) and must promptly remedy any deficiencies in those policies and procedures.

(3) At least 45 days before implementation, a marketplace must file with the securities regulatory authority and, if applicable, its regulation services provider the policies and procedures, and any significant changes to those policies and procedures established under subsection (1).

6.2 List of Trade-throughs – For the purposes of paragraph 6.1(1)(a) the permitted trade-throughs are

(a) a trade-through that occurs when the marketplace has reasonably concluded that the marketplace displaying the protected order that was traded through was experiencing a failure, malfunction or material delay of its systems or equipment or ability to disseminate marketplace data;

(b) the execution of a directed-action order;

(c) a trade-through by a marketplace that simultaneously routes a directed-action order to execute against the total displayed volume of any protected order that is traded through;

(d) a trade-through if, immediately before the trade-through, the marketplace displaying the protected order that is traded through displays as its best price a protected order with a price that is equal or inferior to the price of the trade-through;

(e) a trade-through that results when executing

(i) a non-standard order;

(ii) a calculated-price order; or

(iii) a closing-price order;

(f) a trade-through that was executed at a time when the best protected bid for the security traded through was higher than the best protected offer.

6.3 Systems or Equipment Failure, Malfunction or Material Delay – (1) If a marketplace experiences a failure, malfunction or material delay of its systems, equipment or its ability to disseminate marketplace data, the marketplace must immediately notify

(a) all other marketplaces;

(b) all regulation services providers;

(c) its marketplace participants; and

(d) any information processor or, if there is no information processor, any information vendor that disseminates its data under Part 7 of NI 21-101.

(2) If executing a transaction described in paragraph 6.2(a), and a notification has not been sent under subsection (1), ~~a~~ the marketplace that ~~routes an order to another marketplace~~is executing the transaction or routing the order for execution must immediately notify the following of the failure, malfunction or material delay:

(a) the marketplace that it reasonably concluded is experiencing a failure, malfunction or material delay of its systems or equipment or its ability to disseminate marketplace data;

(b) all regulation services providers;

(c) its marketplace participants; and

(d) any information processor disseminating information under Part 7 of NI 21-101.

(3) If a marketplace participant reasonably concludes that a marketplace displaying a protected order is experiencing a failure, malfunction or material delay of its systems or equipment or its ability to disseminate marketplace data, and routes an order to execute against a protected order on another marketplace displaying an inferior price, the marketplace participant must notify the following of the failure, malfunction or material delay

(a) the marketplace that may be experiencing a failure, malfunction or material delay of its systems or equipment or its ability to disseminate marketplace data; and

(b) all regulation services providers.

6.4 Marketplace Participant Requirements for Order Protection – (1) A marketplace participant must not enter a directed-action order unless the marketplace participant has established, and maintains and ensures compliance with, written policies and procedures that are reasonably designed

(a) to prevent trade-throughs other than the trade-throughs listed below:

(i) a trade-through that occurs when the marketplace participant has reasonably concluded that the marketplace displaying the protected order that was traded through was experiencing a failure, malfunction or material delay of its systems or equipment or ability to disseminate marketplace data;

(ii) a trade-through by a marketplace participant that simultaneously routes a directed-action order to execute against the total displayed volume of any protected order that is traded through;

(iii) a trade-through if, immediately before the trade-through, the marketplace displaying the protected order that is traded through displays as its best price a protected order with a price that is equal or inferior to the price of the trade-through transaction;

(iv) a trade-through that results when executing

(A) a non-standard order;

(B) a calculated-price order; or

(C) a closing-price order;

(v) a trade-through that was executed at a time when the best protected bid for the security traded through was higher than the best protected offer; and

(b) to ensure that when executing a trade-through listed in paragraphs (a)(i) to (a)(v), it is doing so in compliance with this Part.

(2) A marketplace participant that enters a directed-action order must regularly review and monitor the effectiveness of the policies and procedures required under subsection (1) and must promptly remedy any deficiencies in those policies and procedures.

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) ~~enter on a marketplace a protected order to buy a security at a price that~~in the case of an order to purchase, is the same as or higher than the best protected offer; or

(b) ~~enter on a marketplace a protected order to buy a security at a price that~~in the case of an order to sell, is the same as or lower than the best protected bid.

6.6 Trading Hours – A marketplace must set the hours of trading to be observed by marketplace participants.

6.6.1 Trading Fees

(1) In this section, "exchange-traded fund" means a mutual fund,

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

(b) that is in continuous distribution in accordance with applicable securities legislation.

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

(a) $0.0030 per security traded for an equity security, or per unit traded for an exchange-traded fund, if the execution price of each security or unit traded is greater than or equal to $1.00; or

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

6.7 Anti-Avoidance – A person or company must not send an order to an exchange, quotation and trade reporting system or alternative trading system that does not carry on business in Canada in order to avoid executing against better-priced protected orders ~~on a marketplace~~.

6.8 Application of this Part – In Québec, this Part, except for paragraph 6.3(1)(c), does not apply to standardized derivatives.

PART 7 MONITORING AND ENFORCEMENT OF REQUIREMENTS SET BY A RECOGNIZED EXCHANGE AND A RECOGNIZED QUOTATION AND TRADE REPORTING SYSTEM

7.1 Requirements for a Recognized Exchange

(1) A recognized exchange must set requirements governing the conduct of its members, including requirements that the members will conduct trading activities in compliance with this Instrument.

(2) A recognized exchange must monitor the conduct of its members and enforce the requirements set under subsection (1), either

(a) directly, or

(b) indirectly through a regulation services provider.

(3) If a recognized exchange has entered into a written agreement under section 7.2, the recognized exchange must adopt requirements, as determined necessary by the regulation services provider, that govern the recognized exchange and the conduct of the exchange's members, and that enable the regulation services provider to effectively monitor trading on the exchange and across marketplaces.

7.2 Agreement between a Recognized Exchange and a Regulation Services Provider – A recognized exchange that monitors the conduct of its members indirectly through a regulation services provider must enter into a written agreement with the regulation services provider which provides that the regulation services provider will:

(a) monitor the conduct of the members of the recognized exchange,

(b) monitor the compliance of the recognized exchange with the requirements set under subsection 7.1(3), and

(c) enforce the requirements set under subsection 7.1(1).

7.2.1 Obligations of a Recognized Exchange to a Regulation Services Provider – A recognized exchange that has entered into a written agreement with a regulation services provider must

(a) transmit to the regulation services provider the information required under Part 11 of NI 21-101 and any information reasonably required by the regulation services provider in the form and manner requested by the regulation services provider to effectively monitor:

(i) the conduct of and trading by marketplace participants on and across marketplaces, including the compliance of marketplace participants with the requirements set under subsection 7.1(1), and

(ii) the conduct of the recognized exchange, including the compliance of the recognized exchange with the requirements set under subsection 7.1(3); and

(b) comply with all orders or directions made by the regulation services provider.

7.3 Requirements for a Recognized Quotation and Trade Reporting System

(1) A recognized quotation and trade reporting system must set requirements governing the conduct of its users, including requirements that the users will conduct trading activities in compliance with this Instrument.

(2) A recognized quotation and trade reporting system must monitor the conduct of its users and enforce the requirements set under subsection (1) either

(a) directly; or

(b) indirectly through a regulation services provider.

(3) If a recognized quotation and trade reporting system has entered into a written agreement under section 7.4, the recognized quotation and trade reporting system must adopt requirements, as determined necessary by the regulation services provider, that govern the recognized quotation and trade reporting system and the conduct of the quotation and trade reporting system's users, and that enable the regulation services provider to effectively monitor trading on the recognized quotation and trade reporting system and across marketplaces.

7.4 Agreement between a Recognized Quotation and Trade Reporting System and a Regulation Services Provider – A recognized quotation and trade reporting system that monitors the conduct of its users indirectly through a regulation services provider must enter into a written agreement with the regulation services provider which provides that the regulation services provider will

(a) monitor the conduct of the users of the recognized quotation and trade reporting system,

(b) monitor the compliance of the recognized quotation and trade reporting system with the requirements set under subsection 7.3(3), and

(c) enforce the requirements set under subsection 7.3(1).

7.4.1 Obligations of a Quotation and Trade Reporting System to a Regulation Services Provider– A recognized quotation and trade reporting system that has entered into a written agreement with a regulation services provider must

(a) transmit to the regulation services provider the information required under Part 11 of NI 21-101 and any information reasonably required by the regulation services provider in the form and manner requested by the regulation services provider to effectively monitor:

(i) the conduct of and trading by marketplace participants on and across marketplaces, including the compliance of marketplace participants with the requirements set under subsection 7.3(1), and

(ii) the conduct of the recognized quotation and trade reporting system, including the compliance of the recognized quotation and trade reporting system with the requirements set under subsection 7.3(3); and

(b) comply with all orders or directions made by the regulation services provider.

7.5 Co-ordination of Monitoring and Enforcement – A regulation services provider, recognized exchange, or recognized quotation and trade reporting system must enter into a written agreement with all other regulation services providers, recognized exchanges, and recognized quotation and trade reporting systems to coordinate monitoring and enforcement of the requirements set under Parts 7 and 8.

PART 8 MONITORING AND ENFORCEMENT REQUIREMENTS FOR AN ATS

8.1 Pre-condition to Trading on an ATS – An ATS must not execute a subscriber's order to buy or sell securities unless the ATS has executed and is subject to the written agreements required by sections 8.3 and 8.4.

8.2 Requirements Set by a Regulation Services Provider for an ATS

(1) A regulation services provider must set requirements governing an ATS and its subscribers, including requirements that the ATS and its subscribers will conduct trading activities in compliance with this Instrument.

(2) A regulation services provider must monitor the conduct of an ATS and its subscribers and must enforce the requirements set under subsection (1).

8.3 Agreement between an ATS and a Regulation Services Provider – An ATS and a regulation services provider must enter into a written agreement that provides

(a) that the ATS will conduct its trading activities in compliance with the requirements set under subsection 8.2(1);

(b) that the regulation services provider will monitor the conduct of the ATS and its subscribers;

(c) that the regulation services provider will enforce the requirements set under subsection 8.2(1);

(d) that the ATS will transmit to the regulation services provider the information required by Part 11 of NI 21-101 and any other information reasonably required to effectively monitor:

(i) the conduct of and trading by marketplace participants on and across marketplaces, and

(ii) the conduct of the ATS; and

(e) that the ATS will comply with all orders or directions made by the regulation services provider.

8.4 Agreement between an ATS and its Subscriber – An ATS and its subscriber must enter into a written agreement that provides

(a) that the subscriber will conduct its trading activities in compliance with the requirements set under subsection 8.2(1);

(b) that the subscriber acknowledges that the regulation services provider will monitor the conduct of the subscriber and enforce the requirements set under subsection 8.2(1);

(c) that the subscriber will comply with all orders or directions made by the regulation services provider in its capacity as a regulation services provider, including orders excluding the subscriber from trading on any marketplace.

8.5 [Repealed]

PART 9 MONITORING AND ENFORCEMENT REQUIREMENTS FOR AN INTER-DEALER BOND BROKER

9.1 Requirements Set by a Regulation Services Provider for an Inter-Dealer Bond Broker

(1) A regulation services provider must set requirements governing an inter-dealer bond broker, including requirements that the inter-dealer bond broker will conduct trading activities in compliance with this Instrument.

(2) A regulation services provider must monitor the conduct of an inter-dealer bond broker and must enforce the requirements set under subsection (1).

9.2 Agreement between an Inter-Dealer Bond Broker and a Regulation Services Provider – An inter-dealer bond broker and a regulation services provider must enter into a written agreement that provides

(a) that the inter-dealer bond broker will conduct its trading activities in compliance with the requirements set under subsection 9.1(1);

(b) that the regulation services provider will monitor the conduct of the inter-dealer bond broker;

(c) that the regulation services provider will enforce the requirements set under subsection 9.1(1); and

(d) that the inter-dealer bond broker will comply with all orders or directions made by the regulation services provider.

9.3 Exemption for an Inter-Dealer Bond Broker

(1) Sections 9.1 and 9.2 do not apply to an inter-dealer bond broker, if the inter-dealer bond broker complies with the requirements of IIROC Rule 2800 Code of Conduct for Corporation Dealer Member Firms Trading in Wholesale Domestic Debt Markets, as amended.

(2) [Repealed]

PART 10 MONITORING AND ENFORCEMENT REQUIREMENTS FOR A DEALER EXECUTING TRADES OF UNLISTED DEBT SECURITIES OUTSIDE OF A MARKETPLACE

10.1 Requirements Set by a Regulation Services Provider for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace

(1) A regulation services provider must set requirements governing a dealer executing trades of unlisted debt securities outside of a marketplace, including requirements that the dealer will conduct trading activities in compliance with this Instrument.

(2) A regulation services provider must monitor the conduct of a dealer executing trades of unlisted debt securities outside of a marketplace and must enforce the requirements set under subsection (1).

10.2 Agreement between a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace and a Regulation Services Provider – A dealer executing trades of unlisted debt securities outside of a marketplace must enter into a written agreement with a regulation services provider that provides

(a) that the dealer will conduct its trading activities in compliance with the requirements set under subsection 10.1(1);

(b) that the regulation services provider will monitor the conduct of the dealer;

(c) that the regulation services provider will enforce the requirements set under subsection 10.1(1); and

(d) that the dealer will comply with all orders or directions made by the regulation services provider.

10.3 [Repealed]

PART 11 AUDIT TRAIL REQUIREMENTS

11.1 Application of this Part

(1) This Part does not apply to a dealer that is carrying on business as an ATS in compliance with section 6.1 of NI 21-101.

(2) A dealer or inter-dealer bond broker is exempt from the requirements in section 11.2 if the dealer or inter-dealer bond broker complies with similar requirements, for any securities specified, established by a regulation services provider and approved by the applicable securities regulatory authority.

11.2 Audit Trail Requirements for Dealers and Inter-Dealer Bond Brokers

(1) **Recording Requirements for Receipt or Origination of an Order** – Immediately following the receipt or origination of an order for equity, fixed income and other securities identified by a regulation services provider, a dealer and inter-dealer bond broker must record in electronic form specific information relating to that order including,

(a) the order identifier;

(b) the dealer or inter-dealer bond broker identifier;

(c) the type, issuer, class, series and symbol of the security;

(d) the face amount or unit price of the order, if applicable;

(e) the number of securities to which the order applies;

(f) the strike date and strike price, if applicable;

(g) whether the order is a buy or sell order;

(h) whether the order is a short sale order, if applicable;

(i) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade;

(j) the date and time the order is first originated or received by the dealer or inter-dealer bond broker;

(k) whether the account is a retail, wholesale, employee, proprietary or any other type of account;

(l) the client account number or client identifier;

(m) the date and time that the order expires;

(n) whether the order is an intentional cross;

(o) whether the order is a jitney and if so, the underlying broker identifier;

(p) any client instructions or consents respecting the handling or trading of the order, if applicable;

(q) the currency of the order;

(r) an insider marker;

(s) any other markers required by a regulation services provider;

(t) each unique client identifier assigned to a client accessing the marketplace using direct electronic access; and

(u) whether the order is a directed-action order.

(2) **Recording Requirements for Transmission of an Order –** Immediately following the transmission of an order for securities to a dealer, inter-dealer bond broker or a marketplace, a dealer or inter-dealer bond broker transmitting the order must add to the record of the order maintained in accordance with this section specific information relating to that order including,

(a) the dealer or inter-dealer bond broker identifier assigned to the dealer or inter-dealer bond broker transmitting the order and the identifier assigned to the dealer, inter-dealer bond broker or marketplace to which the order is transmitted; and

(b) the date and time the order is transmitted.

(3) **Recording Requirements for Variation, Correction or Cancellation of an Order –** Immediately following the variation, correction or cancellation of an order for securities, a dealer or inter-dealer bond broker must add to the record of the order maintained in accordance with this section specific information relating to that order including,

(a) the date and time the variation, correction or cancellation was originated or received;

(b) whether the order was varied, corrected or cancelled on the instructions of the client, the dealer or the inter-dealer bond broker;

(c) in the case of variation or correction, any of the information required by subsection (1) which has been changed; and

(d) the date and time the variation, correction or cancellation of the order is entered.

(4) **Recording Requirements for Execution of an Order –** Immediately following the execution of an order for securities, the dealer or inter-dealer bond broker must add to the record maintained in accordance with this section specific information relating to that order including,

(a) the identifier of the marketplace where the order was executed or the identifier of the dealer or inter-dealer bond broker executing the order if the order was not executed on a marketplace;

(b) the date and time of the execution of the order;

(c) whether the order was fully or partially executed;

(d) the number of securities bought or sold;

(e) whether the transaction was a cross;

(f) whether the dealer has executed the order as principal;

(g) the commission charged and all other transaction fees; and

(h) the price at which the order was executed, including mark-up or mark-down.

(5) **[Repealed]**

(6) **[Repealed]**

(7) **Record Preservation Requirements –** A dealer and an inter-dealer bond broker must keep all records in electronic form for a period of not less than seven years from the creation of the record referred to in this section, and for the first two years in a readily accessible location.

11.3 Transmission in Electronic Form – A dealer and inter-dealer bond broker must transmit

(a) to a regulation services provider the information required by the regulation services provider, within ten business days, in electronic form; and

(b) to the securities regulatory authority the information required by the securities regulatory authority under securities legislation, within ten business days, in electronic form.

PART 12 EXEMPTION

12.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

PART 13 EFFECTIVE DATE

13.1 Effective Date – This Instrument comes into force on December 1, 2001.

COMPANION POLICY 23-101 CP
TRADING RULES

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COMPANION POLICY 23-101 CP
TRADING RULES

PART 1 INTRODUCTION

1.1 Introduction – The purpose of this Companion Policy is to state the views of the Canadian securities regulatory authorities on various matters related to National Instrument 23-101 *Trading Rules* (the "Instrument"), including

(a) a discussion of the general approach taken by the Canadian securities regulatory authorities in, and the general regulatory purpose for, the Instrument; and

(b) the interpretation of various terms and provisions in the Instrument.

1.2 Just and Equitable Principles of Trade – While the Instrument deals with specific trading practices, as a general matter, the Canadian securities regulatory authorities expect marketplace participants to transact business openly and fairly, and in accordance with just and equitable principles of trade.

PART 1.1 DEFINITIONS

1.1.1 Definition of best execution – (1) In the Instrument, best execution is defined as the "most advantageous execution terms reasonably available under the circumstances". In seeking best execution, a dealer or adviser may consider a number of elements, including:

a. price;

b. speed of execution;

c. certainty of execution; and

d. the overall cost of the transaction.

These four broad elements encompass more specific considerations, such as order size, reliability of quotes, liquidity, market impact (i.e. the price movement that occurs when executing an order) and opportunity cost (i.e. the missed opportunity to obtain a better price when an order is not completed at the most advantageous time). The overall cost of the transaction is meant to include, where appropriate, all costs associated with accessing an order and/or executing a trade that are passed on to a client, including fees arising from trading on a particular marketplace, jitney fees (i.e. any fees charged by one dealer to another for providing trading access) and settlement costs. The commission fees charged by a dealer would also be a cost of the transaction.

(2) The elements to be considered in determining "the most advantageous execution terms reasonably available" (i.e. best execution) and the weight given to each will vary depending on the instructions and needs of the client, the particular security, the prevailing market conditions and whether the dealer or adviser is responsible for best execution under the circumstances. Please see a detailed discussion below in Part 4.

1.1.2 Definition of automated trading functionality – Section 1.1 of the Instrument includes a definition of "automated trading functionality" which is the ability to:

(1) act on an incoming order;

(2) respond to the sender of an order; and

(3) update the order by disseminating information to an information processor or information vendor.

Automated trading functionality allows for an incoming order to execute immediately and automatically up to the displayed size and for any unexecuted portion of such incoming order to be cancelled immediately and automatically without being booked or routed elsewhere. Automated trading functionality involves no human discretion in determining the action taken with respect to an order after the time the order is received. A marketplace with this functionality should have appropriate systems and policies and procedures relating to the handling of immediate-or-cancel orders.

1.1.2.1 Application to marketplaces implementing intentional order processing delays

(1) Paragraph (b) of the definition of "automated trading functionality" refers to the ability of a marketplace to "immediately and automatically execute an order marked as immediate-or-cancel against the displayed volume".

With respect to the application of sections 6.1 and 6.4, Canadian securities regulatory authorities are of the view that where a marketplace has introduced functionality that imposes an intentional order processing delay that is not applied in the same way to all orders, that marketplace does not provide the ability for an immediate execution against the displayed volume and therefore, does not offer "automated trading functionality". As a result, an order on that marketplace would not be a "protected order" as defined in the Instrument.

Delays in the execution of an order on a particular marketplace might result from operational or technological decisions by a marketplace. The determination of whether the marketplace with a delay offers the ability to immediately execute an order would also be based on, among other factors, how the operational model of the marketplace itself is applied, and the impact of the model or delay as it relates to fair and orderly trading. Although these delays generally would be considered intentional, they could still result in "immediate" executions on that marketplace, despite the fact that executions could be achieved faster on marketplaces that make different decisions.

If a marketplace operates more than one market or facility and it implements an intentional delay in order processing on one or more of them, only the market or facility with an intentional processing delay is considered not to provide automated trading functionality.

(2) For greater certainty, an order processing delay that is imposed solely to comply with securities legislation is not considered an intentional delay.

1.1.3 Definition of protected order – (1) A "protected order" is defined to be a "protected bid or protected offer". A "protected bid" or "protected offer" is an order to buy or sell an exchange-traded security, other than an option, that is displayed on a marketplace that provides automated trading functionality and about which information is provided to an information processor or an information vendor, as applicable, pursuant to Part 7 of NI 21-101. In addition, a "protected bid" or "protected offer" is a bid or offer displayed on a marketplace that meets or exceeds the market share threshold as set by the regulator, or in Quebec, the securities regulatory authority, or on a recognized exchange that does not meet the market share threshold and the bid or offer displayed is for a security listed by and traded on the recognized exchange.

(2) The regulator, or in Quebec, the securities regulatory authority, will apply the threshold on an established periodic basis to assess which marketplaces, including which markets or facilities of a marketplace, meet or exceed the market share threshold for the purposes of the definitions of "protected bid" and "protected offer". The market share threshold will be applied at the market or facility level where the marketplace is comprised of more than one visible continuous auction order book, and will not be calculated in aggregate across those different markets or facilities. A list of those that meet or exceed the market share threshold will be published on the websites of the Canadian securities regulatory authorities and the regulation services provider, so that marketplace participants can easily identify the marketplaces on which displayed orders will be considered to be protected orders in accordance with subparagraph (a)(i) of the definitions of "protected bid" and "protected offer". An updated list will be published after each periodic assessment of which marketplaces meet or exceed the market share threshold, and participants will be given an appropriate amount of time before the effective date of the published list to make any changes to operational processes that might be needed.

(3) In accordance with subsection (a)(ii) of the definitions of "protected bid" and "protected offer", a protected order is also an order displayed on a marketplace that has not met the market share threshold where that marketplace is a recognized exchange, and the order being displayed is for a security listed by and traded on the exchange. The published list will also identify any such recognized exchanges.

(4) The market share threshold criteria, including the specifics regarding the time periods covered by the calculation and the effective date and duration of the published lists, will also be made public. The application of these criteria will be monitored and reviewed, and modifications will be made if and where appropriate or necessary. Advance public notice will be made regarding any changes to the market share threshold criteria.

~~(2)~~(5) The term "**displayed on a marketplace**" refers to the information about total disclosed volume on a marketplace. Volumes that are not disclosed or that are "reserve" or hidden volumes are not considered to be "displayed on a marketplace". The order must be provided in a way that enables other marketplaces and marketplace participants to readily access the information and integrate it into their systems or order routers.

~~(3)~~(6) Subsection 5.1(3) of 21-101CP does not consider orders that are not immediately executable or that have special terms as "orders" that are required to be provided to an information processor or information vendor under Part 7 of NI 21-101. As a result, these orders are not considered to be "protected orders" under the definition in the Instrument and do not receive order protection. However, those executing against these types of orders are required to execute against all better-priced protected orders first. In addition, when entering a "special terms order" on a marketplace, if it can be executed against existing protected orders despite the special term, then the order protection obligation applies.

1.1.4 Definition of calculated-price order – The definition of "**calculated-price order**" refers to any order where the price is not known at the time of order entry and is not based, directly or indirectly, on the quoted price of an exchange-traded security at the time the commitment to executing the order was made. This includes the following orders:

(a) a call market order – where the price of a trade is calculated by the trading system of a marketplace at a time designated by the marketplace;

(b) an opening order – where each marketplace may establish its own formula for the determination of opening prices;

(c) a closing order – where execution occurs at the closing price on a particular marketplace, but at the time of order entry, the price is not known;

(d) a volume-weighted average price order – where the price of a trade is determined by a formula that measures average price on one or more marketplaces; and

(e) a basis order – where the price is based on prices achieved in one or more derivative transactions on a marketplace. To qualify as a basis order, this order must be approved by a regulation services provider or an exchange or quotation and trade reporting system that oversees the conduct of its members or users respectively.

1.1.5 Definition of directed-action order – (1) An order marked as a directed-action order informs the receiving marketplace that the marketplace can act immediately to carry out the action specified by either the marketplace or marketplace participant who has sent the order and that the order protection obligation is being met by the sender. Such an order may be marked "DAO" by a marketplace or a marketplace participant. Senders can specify actions by adding markers that instruct a marketplace to:

(a) execute the order and cancel the remainder using an immediate-or-cancel marker,

(b) execute the order and book the remainder,

(c) book the order as a passive order awaiting execution, and

(d) avoid interaction with hidden liquidity using a bypass marker, as defined in IIROC's Universal Market Integrity Rules.

The definition allows for the simultaneous routing of more than one directed-action order in order to execute against any better-priced protected orders. In addition, marketplaces or marketplace participants may send a single directed-action order to execute against the best protected bid or best protected offer. When it receives a directed-action order, a marketplace can carry out the sender's instructions without checking for better-priced protected orders displayed by ~~the~~ other marketplaces and implementing the marketplace's own policies and procedures to reasonably prevent trade-throughs.

(2) Regardless of whether the entry of a directed-action order is accompanied by the bypass marker, the sender must take out all better-priced visible protected orders before executing at an inferior price. For example, if a marketplace or marketplace participant combines a directed-action order with a bypass marker to avoid executing against hidden liquidity, the order has order protection obligations regarding the visible protected liquidity. If a directed-action order interacts with hidden liquidity, the requirement to take out all better-priced visible protected orders before executing at ~~an inferior price~~a price that is inferior to the best protected bid or best protected offer remains.

1.1.6 Definition of non-standard order – The definition of "**non-standard order**" refers to an order for the purchase or sale of a security that is subject to terms or conditions relating to settlement that have not been set by the marketplace on which the security is listed or quoted. A marketplace participant, however, may not add a special settlement term or condition to an order solely for the purpose that the order becomes a non-standard order under the definition.

1.1.7 Definition of trade-through – The definition of "trade-through" applies only to a trade executed at a price that is inferior to the best protected bid or best protected offer. It is a trade-through regardless of whether the trade occurs on a marketplace that displays protected orders, or one that does not display protected orders. For example, a trade-through would occur if executing against an order that is displayed on an ATS that does not meet the market share threshold and at a price that is inferior to the best-priced protected order. However, a trade-through would not occur if executing against a best-priced protected order despite there being a better-priced order displayed on an ATS that does not meet the market share threshold.

PART 2 APPLICATION OF THE INSTRUMENT

2.1 Application of the Instrument – Section 2.1 of the Instrument provides an exemption from subsection 3.1(1) and Parts 4 and 5 of the Instrument if a person or company complies with similar requirements established by a recognized exchange that monitors and enforces the requirements set under subsection 7.1(1) of the Instrument directly, a recognized

quotation and trade reporting system that monitors and enforces requirements set under subsection 7.3(1) of the Instrument directly or a regulation services provider. The requirements are filed by the recognized exchange, recognized quotation and trade reporting system or regulation services provider and approved by a securities regulatory authority. If a person or company is not in compliance with the requirements of the recognized exchange, recognized quotation and trade reporting system or the regulation services provider, then the exemption does not apply and that person or company is subject to subsection 3.1(1) and Parts 4 and 5 of the Instrument. The exemption from subsection 3.1(1) does not apply in Alberta, British Columbia, Ontario, Québec and Saskatchewan and the relevant provisions of securities legislation apply.

PART 3 MANIPULATION AND FRAUD

3.1 Manipulation and Fraud

(1) Subsection 3.1(1) of the Instrument prohibits the practices of manipulation and deceptive trading, as these may create misleading price and trade activity, which are detrimental to investors and the integrity of the market.

(2) Subsection 3.1(2) of the Instrument provides that despite subsection 3.1(1) of the Instrument, the provisions of the *Securities* Act (Alberta), the *Securities Act* (British Columbia), the *Securities Act* (Ontario), the *Securities Act* (Québec) and *The Securities Act, 1988* (Saskatchewan), respectively, relating to manipulation and fraud apply in Alberta, British Columbia, Ontario, Québec and Saskatchewan. The jurisdictions listed have provisions in their legislation that deal with manipulation and fraud.

(3) For the purposes of subsection 3.1(1) of the Instrument, and without limiting the generality of those provisions, the Canadian securities regulatory authorities, depending on the circumstances, would normally consider the following to result in, contribute to or create a misleading appearance of trading activity in, or an artificial price for, a security:

(a) Executing transactions in a security if the transactions do not involve a change in beneficial or economic ownership. This includes activities such as wash-trading.

(b) Effecting transactions that have the effect of artificially raising, lowering or maintaining the price of the security. For example, making purchases of or offers to purchase securities at successively higher prices or making sales of or offers to sell a security at successively lower prices or entering an order or orders for the purchase or sale of a security to:

  (i) establish a predetermined price or quotation,

  (ii) effect a high or low closing price or closing quotation, or

  (iii) maintain the trading price, ask price or bid price within a predetermined range.

(c) Entering orders that could reasonably be expected to create an artificial appearance of investor participation in the market. For example, entering an order for the purchase or sale of a security with the knowledge that an order of substantially the same size, at substantially the same time, at substantially the same price for the sale or purchase, respectively, of that security has been or will be entered by or for the same or different persons.

(d) Executing prearranged transactions that have the effect of creating a misleading appearance of active public trading or that have the effect of improperly excluding other marketplace participants from the transaction.

(e) Effecting transactions if the purpose of the transactions is to defer payment for the securities traded.

(f) Entering orders to purchase or sell securities without the ability and the intention to

  (i) make the payment necessary to properly settle the transaction, in the case of a purchase; or

  (ii) deliver the securities necessary to properly settle the transaction, in the case of a sale.

This includes activities known as free-riding, kiting or debit kiting, in which a person or company avoids having to make payment or deliver securities to settle a trade.

(g) Engaging in any transaction, practice or scheme that unduly interferes with the normal forces of demand for or supply of a security or that artificially restricts or reduces the public float of a security in a way that could reasonably be expected to result in an artificial price for the security.

(h) Engaging in manipulative trading activity designed to increase the value of a derivative position.

(i) Entering a series of orders for a security that are not intended to be executed.

(4) The Canadian securities regulatory authorities do not consider market stabilization activities carried out in connection with a distribution to be activities in breach of subsection 3.1(1) of the Instrument, if the market stabilization activities are carried out in compliance with the rules of the marketplace on which the securities trade or with provisions of securities legislation that permit market stabilization by a person or company in connection with a distribution.

(5) Section 3.1 of the Instrument applies to transactions both on and off a marketplace. In determining whether a transaction results in, contributes to or creates a misleading appearance of trading activity in, or an artificial price for a security, it may be relevant whether the transaction takes place on or off a marketplace. For example, a transfer of securities to a holding company for *bona fide* purposes that takes place off a marketplace would not normally violate section 3.1 even though it is a transfer with no change in beneficial ownership.

(6) The Canadian securities regulatory authorities are of the view that section 3.1 of the Instrument does not create a private right of action.

(7) In the view of the Canadian securities regulatory authorities, section 3.1 includes attempting to create a misleading appearance of trading activity in or an artificial price for, a security or attempting to perpetrate a fraud.

PART 4 BEST EXECUTION

4.1 Best Execution

(1) The best execution obligation in Part 4 of the Instrument does not apply to an ATS that is registered as a dealer provided that it is carrying on business as a marketplace and is not handling any client orders other than accepting them to allow them to execute on the system. However, the best execution obligation does otherwise apply to an ATS acting as an agent for a client.

(2) Section 4.2 of the Instrument requires a dealer or adviser to make reasonable efforts to achieve best execution (the most advantageous execution terms reasonably available under the circumstances) when acting for a client. The obligation applies to all securities.

(3) ~~Although w~~What constitutes "best execution" ~~varies~~ will vary depending on the particular circumstances, and is subject to a "reasonable efforts" test that does not require achieving best execution for each and every ~~to~~order. To meet the "reasonable efforts" test, a dealer or adviser should be able to demonstrate that it has, and has abided by, ~~its~~ policies and procedures that (i) require it to follow the client's instructions and the objectives set, and (ii) outline ~~a~~ the process it has designed toward the objective of achieving~~e~~ best execution. The policies and procedures should describe how the dealer or adviser evaluates whether best execution was obtained and should be regularly and rigorously reviewed. The policies outlining the obligations of the dealer or adviser will be dependent on the role it is playing in an execution. For example, in making reasonable efforts to achieve best execution, the dealer should consider the client's instructions and a number of factors, including the client's investment objectives and the dealer's knowledge of markets and trading patterns. An adviser should consider a number of factors, including assessing a particular client's requirements or portfolio objectives, selecting appropriate dealers and marketplaces and monitoring the results on a regular basis. In addition, if an adviser is directly accessing a marketplace, the factors to be considered by dealers may also be applicable.

(4) Where securities listed on a Canadian exchange or quoted on a Canadian quotation and trade reporting system are inter-listed either within Canada or on a foreign exchange or quotation and trade reporting system, in making reasonable efforts to achieve best execution, the dealer should assess whether it is appropriate to consider all marketplaces upon which the security is listed or quoted and where the security is traded, both within and outside of Canada.

(5) In order to meet best execution obligations where securities trade on multiple marketplaces in Canada, a dealer should consider information from all appropriate marketplaces, and ~~(~~not just marketplaces where the dealer is a participant~~)~~. This does not mean that a dealer must have access to real-time data feeds from each marketplace. However, its policies and procedures for seeking best execution should include the process for ~~taking into account order and/or trade information from all~~considering activity on appropriate marketplaces and an evaluation of whether steps should be taken to ~~the requirement to evaluate whether taking steps to~~ access orders ~~is appropriate under the circumstances~~on a marketplace to which it does not have access. The steps to access orders may include making arrangements with another dealer who is a participant of a particular marketplace. ~~or routing an order to a particular marketplace~~.

(6) As part of an evaluation of whether steps should be taken to access orders on a marketplace to which it does not have access, a dealer should consider how the decision to access or not access orders on that marketplace will impact its ability to achieve best execution for its clients, taking into consideration those clients' objectives and needs. This applies in relation to decisions as to whether to access marketplaces that do not provide pre-trade transparency of orders, as well as those that do

display orders that are not protected orders. We expect that documented best execution policies and procedures would include the rationale for accessing or not accessing orders on particular marketplaces, and that the rationale will be reviewed for continued reasonableness at least annually, and more frequently if needed because of changes to the trading environment and market structure. This review might require an analysis of historical data relating to the order and trade activity on marketplaces to which the dealer does not have access. We expect that the factors to be considered in such an analysis would generally include the frequency at which a better price is available, size and depth of quotes, traded volumes, potential market impact, and market share (considering the types and classes of securities traded by clients, generally).

(~~6~~7) For foreign exchange-traded securities, if they are traded on a marketplace in Canada, dealers should include in their best execution policies and procedures a regular assessment of whether it is appropriate to consider the marketplace as well as the foreign markets upon which the securities trade.

(~~7~~8) Section 4.2 of the Instrument applies to registered advisers as well as registered dealers that carry out advisory functions but are exempt from registration as advisers.

(~~8~~9) Section 4.3 of the Instrument requires that a dealer or adviser make reasonable efforts to use facilities providing information regarding orders and trades. These reasonable efforts refer to the use of the information displayed by the information processor or, if there is no information processor, an information vendor.

PART 5 REGULATORY HALTS

5.1 Regulatory Halts – Section 5.1 of the Instrument applies when a regulatory halt has been imposed by a regulation services provider, a recognized exchange, or a recognized quotation and trade reporting system. A regulatory halt, as referred to in section 5.1 of the Instrument, is one that is imposed to maintain a fair and orderly market, including halts related to a timely disclosure policy, or because there has been a violation of regulatory requirements. In the view of the Canadian securities regulatory authorities, an order may trade on a marketplace despite the fact that trading of the security has been suspended because the issuer of the security has ceased to meet minimum listing or quotation requirements, or has failed to pay to the recognized exchange, or the recognized quotation and trade reporting system any fees in respect of the listing or quotation of securities of the issuer. Similarly, an order may trade on a marketplace despite the fact that trading of the security has been delayed or halted because of technical problems affecting only the trading system of the recognized exchange, or recognized quotation and trade reporting system.

PART 6 ORDER PROTECTION

6.1 Marketplace Requirements for Order Protection

(1) Subsection 6.1(1) of the Instrument requires a marketplace to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs by orders entered on that marketplace, regardless of whether the marketplace on which that order is entered displays orders that are protected orders. A marketplace may implement this requirement in various ways. For example, the policies and procedures of a marketplace may reasonably prevent trade-throughs via the design of the marketplace's trade execution algorithms (by not allowing a trade-through to occur), or by voluntarily establishing direct linkages to other marketplaces. Marketplaces are not able to avoid their obligations by establishing policies and procedures that instead require marketplace participants to take steps to reasonably prevent trade-throughs.

(2) It is the responsibility of marketplaces to regularly review and monitor the effectiveness of their policies and procedures and take prompt steps to remedy any deficiencies in reasonably preventing trade-throughs and complying with subsection 6.1(2) of the Instrument. In general, it is expected that marketplaces maintain relevant information so that the effectiveness of its policies and procedures can be adequately evaluated by regulatory authorities. Relevant information would include information that describes:

(a) steps taken by the marketplace to evaluate its policies and procedures;

(b) any breaches or deficiencies found; and

(c) the steps taken to resolve the breaches or deficiencies.

(3) As part of the policies and procedures required in subsection 6.1(1) of the Instrument, a marketplace is expected to include a discussion of their automated trading functionality and how they will handle potential delayed responses as a result of an equipment or systems failure or malfunction experienced by any other marketplace displaying protected orders. In addition, marketplaces should include a discussion of how they treat a directed-action order when received and how it will be used.

(4) Order protection applies whenever two or more marketplaces ~~with~~ that display orders subject to the pre-trade transparency requirements in Part 7 of NI 21-101 are open for trading, and the displayed orders of at least one of those marketplaces are protected orders ~~are open for trading~~. Some marketplaces provide a trading session at a price established by that marketplace during its regular trading hours for marketplace participants who are required to benchmark to a certain closing price. In these circumstances, under subparagraph 6.2(e)(iii) of the Instrument, a marketplace that provides such sessions would not be required to take steps to reasonably prevent trade-throughs of protected orders on another marketplace.

6.2 Marketplace Participant Requirements for Order Protection

(1) For a marketplace participant that wants to use a directed-action order, section 6.4 of the Instrument requires a marketplace participant to establish, maintain and ensure compliance with written policies and procedures that are reasonably designed to prevent trade-throughs of protected orders, regardless of whether the marketplace on which it is entering the directed-action order displays orders that are protected orders. In general, it is expected that a marketplace participant that uses a directed-action order would maintain relevant information so that the effectiveness of its policies and procedures can be adequately evaluated by regulatory authorities. Relevant information would include information that describes:

(a) steps taken by the marketplace participant to evaluate its policies and procedures;

(b) any breaches or deficiencies found; and

(c) the steps taken to resolve the breaches or deficiencies.

The policies and procedures should also outline when it is appropriate to use a directed-action order and how it will be used as set out in paragraph 6.4(1)(a) of the Instrument.

(2) Order protection applies whenever two or more marketplaces ~~with~~ that display orders subject to the pre-trade transparency requirements in Part 7 of NI 21-101 are open for trading, and the displayed orders of at least one of those marketplaces are protected orders ~~are open for trading~~. Some marketplaces provide a trading session at a price established by that marketplace during its regular trading hours for marketplace participants who are required to benchmark to a certain closing price. In these circumstances, under paragraph 6.4(1)(a)(iv)(C) of the Instrument, a marketplace participant would not be required to take steps to reasonably prevent trade-throughs of protected orders on other marketplaces that result from an execution of the closing-price order ~~between marketplaces~~.

6.3 List of Trade-throughs – Section 6.2 and paragraphs 6.4(1)(a)(i) to 6.4(1)(a)(v) of the Instrument set forth a list of "permitted" trade-throughs that are primarily designed to achieve workable order protection and to facilitate certain trading strategies and order types that are useful to investors.

(a) (i) Paragraphs 6.2(a) and 6.4(1)(a)(i) of the Instrument would apply where a marketplace or marketplace participant, as applicable, has reasonably concluded that ~~a~~ the marketplace displaying the protected order that has been traded through is experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data. A material delay occurs when a marketplace repeatedly fails to respond immediately after receipt of an order. This is intended to provide marketplaces and marketplace participants with flexibility when dealing with a marketplace that is experiencing systems problems (either of a temporary nature or a longer term systems issue).

(ii) Under subsection 6.3(1) of the Instrument, a marketplace that is experiencing systems issues is responsible for informing all other marketplaces, its marketplace participants, any information processor, or if there is no information processor, an information vendor disseminating its information under Part 7 of NI 21-101 and regulation services providers when a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data occurs. This applies both to marketplaces that display orders that are protected orders and marketplaces that display orders that are not protected orders. However, if a marketplace that displays orders that are protected orders fails repeatedly to provide an immediate response to orders received and no notification has been issued by that marketplace that it is experiencing systems issues, the routing marketplace or a marketplace participant may, pursuant to subsections 6.3(2) and 6.3(3) of the Instrument respectively, reasonably conclude that the marketplace is having systems issues and may therefore rely on paragraph 6.2(a) or 6.4(1)(a)(i) of the Instrument respectively. This reliance must be done in accordance with policies and procedures that outline processes for dealing with potential delays in responses by a marketplace and documenting the basis of its conclusion. If, in response to the notification by the routing marketplace or a marketplace participant, the marketplace confirms that it is not actually experiencing systems issues, the routing marketplace or marketplace participant may no longer rely on paragraph 6.2(a) or paragraph 6.4(1)(a)(i) of the Instrument respectively.

(b) Paragraph 6.2(b) of the Instrument provides an exception from the obligation on marketplaces to use their policies and procedures to reasonably prevent trade-throughs when a directed-action order is received. Specifically, a marketplace

that receives a directed-action order may immediately execute or book the order (or its remaining volume) and not implement the marketplace's policies and procedures to reasonably prevent trade-throughs. However, the marketplace will need to describe its treatment of a directed-action order in its policies and procedures. Paragraphs 6.2(c) and 6.4(1)(a)(ii) of the Instrument provide an exception where a marketplace or marketplace participant simultaneously routes directed-action orders to execute against the total displayed volume of any protected order traded through. This accounts for the possibility that orders that are routed simultaneously as directed-action orders are not executed simultaneously causing one or more trade-throughs to occur because an inferior-priced order is executed first.

(c) Paragraphs 6.2(d) and 6.4(1)(a)(ii) of the Instrument provide some relief due to moving or changing markets. Specifically, the exception allows for a trade-through to occur when immediately before executing the order that caused the trade-through, the marketplace on which the execution occurred had the best price but at the moment of execution, the market changes and another marketplace has the best priced protected order. The "changing markets" exception allows for the execution of an order on a marketplace, within the best bid or offer on that marketplace but outside the best protected bid or best protected offer displayed across all marketplaces that display protected orders, in certain circumstances. This could occur for example:

(i) where orders are entered on a marketplace but by the time they are executed, the best protected bid or best protected offer displayed across marketplaces changed; and

(ii) where a trade is agreed to off-marketplace and entered on a marketplace within the best protected bid and best protected offer across marketplaces, but by the time the order is executed on the marketplace (i.e., printed) the best protected bid or best protected offer as displayed across marketplaces may have changed, thus causing a trade-through.

(d) The basis for the inclusion of calculated-price orders, non-standard orders and closing-price orders in paragraphs 6.2(e) and 6.4(1)(a)(iv) of the Instrument is that these orders have certain unique characteristics that distinguish them from other orders. The characteristics of the orders relate to price (calculated-price orders and closing-price orders) and non-standard settlement terms (non-standard orders) that are not set by an exchange or a quotation and trade reporting system.

(e) Paragraphs 6.2(f) and 6.4(1)(a)(v) of the Instrument include a transaction that occurred when there is a crossed market between protected orders in the exchange-traded security. Without this allowance, no marketplace could execute transactions ~~in a crossed market~~where the best protected bid and best protected offer are crossed because it would constitute a trade-through. With order protection only applying to displayed protected orders or parts of protected orders, hidden or reserve orders may remain in the book after all displayed protected orders are executed. Consequently, crossed markets between protected orders may occur. Intentionally crossing the ~~market~~ best protected bid or best protected offer to take advantage of paragraphs 6.2(f) and 6.4(1)(a)(v) of the Instrument would be a violation of section 6.5 of the Instrument.

6.4 Locked and Crossed Markets

(1) Section 6.5 of the Instrument provides that a marketplace participant or a marketplace that routes or reprices orders must not intentionally lock or cross a ~~market~~ protected order by entering a ~~protected~~ displayed order on any marketplace to either buy a security at a price that is the same as or higher than the best protected offer or ~~entering a protected order to~~ sell a security at a price that is the same as or lower than the best protected bid. The intention of section 6.5 of the Instrument is to prevent intentional locks and crosses of protected orders. This applies regardless of whether the locking or crossing order is entered on a marketplace that displays orders that are protected orders. This provision is not intended to prohibit the use of marketable limit orders. Paragraphs 6.2(f) and 6.4(1)(a)(v) of the Instrument allow for the resolution of crossed markets that occur unintentionally.

The Canadian securities regulatory authorities consider an order that is routed or repriced to be "entered" on a marketplace. The Canadian securities regulatory authorities do not consider the triggering of a previously-entered on-stop order to be an "entry" or "repricing" of that order.

(2) Section 6.5 of the Instrument does not restrict the ability for a marketplace participant or a marketplace that routes or reprices orders from routing or entering a displayed order that will lock or cross with another displayed order that is not a protected order.

If the entry of a protected order locks or crosses with a displayed order on another marketplace that is not a protected order, section 6.5 of the Instrument would restrict the ability for additional orders to be entered that would lock or cross with the protected order. This should help to minimize the duration of a locked or crossed markets in these circumstances.

A displayed order that is not a protected order that becomes locked or crossed with a subsequently entered protected order does not need to be repriced or cancelled. If, however, the marketplace subsequently reprices the non-protected displayed order, as might occur with a pegged order, it will be considered to be "entered" upon repricing and subject to the restrictions against locking or crossing with a protected order.

If a marketplace participant deliberately attempts to circumvent section 6.5 of the Instrument by first entering a displayed order on a marketplace that is not a protected order, followed by the entry of a protected order on another marketplace that locks or crosses with the first displayed non-protected order it entered, the Canadian securities regulatory authorities would consider this to be a violation of section 6.5.

(~~2~~3) ~~Section 6.5 of the Instrument prohibits a marketplace participant or a marketplace that routes or reprices orders from intentionally locking or crossing a market. This would occur, for example, when a marketplace participant enters a locking or crossing order on a particular marketplace or marketplaces to avoid fees charged by a marketplace or to take advantage of rebates offered by a particular marketplace. This~~An intentional locking or crossing of a protected order could ~~also~~ occur where a marketplace system is programmed to reprice orders without checking to see if the new price would lock ~~the market~~a protected order or where the marketplace routes orders to another marketplace that results in a lock~~ed market~~ with a protected order. It could also occur where the intention of the marketplace participant was to lock or cross a protected order to avoid fees charged by a marketplace or to take advantage of rebates.

There are situations where a lock~~ed~~ or cross~~ed market~~ of a protected order may occur unintentionally. For example:

(a) ~~when a marketplace participant routes multiple directed-action orders that are marked immediate-or-cancel to a variety of marketplaces and because of latency issues, a locked or crossed market results,~~(b) the locking or crossing order was displayed at a time when the marketplace displaying the locked or crossed protected order was experiencing a failure, malfunction or material delay of its systems, equipment or ability to disseminate marketplace data,

(~~c~~b) the locking or crossing order was displayed at a time when a protected bid was higher than a protected offer;

(~~d~~c) the locking or crossing order was posted after all displayed protected liquidity was executed and a reserve order generated a new visible protected bid above the displayed protected offer or new visible protected offer below the displayed protected bid~~.~~;

(~~e~~d) the locking or crossing order was entered on a particular marketplace in order to comply with securities legislation requirements such as Rule 904 of Regulation S of the *Securities Act of 1933* that requires securities subject to resale restrictions in the United States to be sold in Canada on a “designated offshore securities market”~~;~~,

(~~f~~e) the locking or crossing order was displayed due to “race conditions” when competing orders, at least one of which is a protected order, are entered on marketplaces at essentially the same time with neither party having knowledge of the other order at the time of entry~~.~~;

(~~g~~f) the locking or crossing order was a result of the differences in processing times and latencies between the systems of the marketplace participant, marketplaces, information processor and information vendors~~,~~;

(~~h~~g) the locking or crossing order was a result of marketplaces having different mechanisms to “restart” trading following a halt in trading for either regulatory or business purposes~~,~~; and

(~~i~~h) the locking or crossing order was a result of the execution of an order during the opening or closing allocation process of one market, while trading is simultaneously occurring on a continuous basis on another market displaying protected orders,

If a marketplace participant using a directed-action order chooses to book the order, or the remainder of the order not immediately executed, then it is responsible for ensuring that the booked portion of the directed-action order does not lock or cross ~~the market~~a protected order. The Canadian securities regulatory authorities would consider a directed-action order or remainder of directed-action order that is booked and that locks or crosses ~~the market~~a protected order to be an intentional locking or crossing of ~~the market~~a protected order and a violation of section 6.5 of the Instrument.

6.5 Anti-Avoidance Provision – Section 6.7 of the Instrument prohibits a person or company from sending an order to an exchange, quotation and trade reporting system or alternative trading system that does not carry on business in Canada in order to avoid executing against better-priced protected orders on a marketplace in Canada. The intention of this section is to prevent the routing of orders to foreign marketplaces only for the purpose of avoiding the order protection regime in Canada.

PART 7 MONITORING AND ENFORCEMENT

7.1 Monitoring and Enforcement of Requirements Set By a Recognized Exchange or Recognized Quotation and Trade Reporting System – Under section 7.1 of the Instrument, a recognized exchange will set its own requirements governing the conduct of its members. Under section 7.3 of the Instrument, a recognized quotation and trade reporting system will set its own requirements governing the conduct of its users. The recognized exchange or recognized quotation and trade reporting system can monitor and enforce these requirements either directly or indirectly through a regulation services provider. A regulation services provider is a person or company that provides regulation services and is either a recognized exchange, recognized quotation and trade reporting system or a recognized self-regulatory entity.

If a recognized exchange or recognized quotation and trade reporting system has entered into a written agreement with a regulation services provider, it is expected that the requirements adopted by the recognized exchange or recognized quotation and trade reporting system under Part 7 of the Instrument will consist of all of the rules of the regulation services provider that relate to trading. For example, if a recognized exchange or recognized quotation and trade reporting system has entered into a written agreement with IIROC, the rules adopted by the recognized exchange or recognized quotation and trade reporting system are all of IIROC's Universal Market Integrity Rules. Clock synchronization, trade markers and trading halt requirements would be examples of these adopted rules that relate to the regulation services provider's monitoring of trading on the recognized exchange or recognized quotation and trade reporting system and across marketplaces.

We are of the view that all of the rules of the regulation services provider related to trading must be adopted by a recognized exchange or recognized quotation and trade reporting system that has entered into a written agreement with the regulation services provider given the importance of these rules in the context of effectively monitoring trading on and across marketplaces. We note that the regulation services provider is required to monitor the compliance of, and enforce, the adopted rules as against the members of the recognized exchange or users of the recognized quotation and trade reporting system. The regulation services provider is also required to monitor the compliance of the recognized exchange or recognized quotation and trade reporting system with the adopted rules but it is the applicable securities regulatory authority that will enforce these rules against the recognized exchange or recognized quotation and trade reporting system.

Sections 7.2 and 7.4 of the Instrument require the recognized exchange or recognized quotation and trade reporting system that chooses to have the monitoring and enforcement performed by the regulation services provider to enter into an agreement with the regulation services provider in which the regulation services provider agrees to enforce the requirements of the recognized exchange or recognized quotation and trade reporting system adopted under subsection 7.1(1) and 7.3(1).

Specifically, sections 7.2 and 7.4 require the written agreement between a recognized exchange or recognized quotation and trade reporting system and its regulation services provider to provide that the regulation services provider will monitor and enforce the requirements set under subsection 7.1(1) or 7.3(1) and monitor the requirements adopted under subsection 7.1(3) or 7.3(3).

Paragraph 7.2.1(a)(i) mandates that a recognized exchange must transmit information reasonably required by the regulation services provider to effectively monitor the conduct of and trading by marketplace participants on and across marketplaces. The reference to monitoring trading "across marketplaces" refers to the instance where particular securities are traded on multiple marketplaces. Where particular securities are only traded on one marketplace, the reference to "across marketplaces" may not apply in all circumstances.

Paragraph 7.2.1(a)(ii) requires that a recognized exchange must transmit information reasonably required by the regulation services provider to effectively monitor the compliance of the recognized exchange with the requirements adopted under subsection 7.1(3). As well, subsection 7.2.1(b) requires a recognized exchange to comply with all orders or directions of its regulation services provider that are in connection with the conduct and trading by the recognized exchange's members on the recognized exchange and with the regulation services provider's oversight of the compliance of the recognized exchange with the requirements adopted under 7.1(3).

7.2 Monitoring and Enforcement Requirements for an ATS – Section 8.2 of the Instrument requires the regulation services provider to set requirements that govern an ATS and its subscribers. Before executing a trade for a subscriber, the ATS must enter into an agreement with a regulation services provider and an agreement with each subscriber. These agreements form the basis upon which a regulation services provider will monitor the trading activities of the ATS and its subscribers and enforce its requirements. The requirements set by a regulation services provider must include requirements that the ATS and its subscribers will conduct trading activities in compliance with the Instrument. The ATS and its subscribers are considered to be in compliance with the Instrument and are exempt from the application of most of its provisions if the ATS and the subscriber are in compliance with the requirements set by a regulation services provider.

7.3 Monitoring and Enforcement Requirements for an Inter-Dealer Bond Broker – Section 9.1 of the Instrument requires that a regulation services provider set requirements governing the conduct of an inter-dealer bond broker. Under section 9.2 of the Instrument, the inter-dealer bond broker must enter into an agreement with the regulation services provider

providing that the regulation services provider monitor the activities of the inter-dealer bond broker and enforce the requirements set by the regulation services provider. However, section 9.3 of the Instrument provides inter-dealer bond brokers with an exemption from sections 9.1 and 9.2 of the Instrument if the inter-dealer bond broker complies with the requirements of IIROC Rule 2800 Code of Conduct for Corporation Dealer Member Firms Trading in Wholesale Domestic Debt Markets, as amended, as if that policy was drafted to apply to the inter-dealer bond broker.

7.4 Monitoring and Enforcement Requirements for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace – Section 10.1 of the Instrument requires that a regulation services provider set requirements governing the conduct of a dealer executing trades of unlisted debt securities outside of a marketplace. Under section 10.2 of the Instrument, the dealer must also enter into an agreement with the regulation services provider providing that the regulation services provider monitor the activities of the dealer and enforce the requirements set by the regulation services provider.

7.5 Agreement between a Marketplace and a Regulation Services Provider

The purpose of subsections 7.2(c) and 7.4(c) of the Instrument is to facilitate the monitoring of trading by marketplace participants on and across multiple marketplaces by a regulation services provider. These sections of the Instrument also facilitate monitoring of the conduct of a recognized exchange and recognized quotation and trade reporting system for particular purposes. This may result in regulation services providers monitoring marketplaces that have retained them and reporting to a recognized exchange, recognized quotation and trade reporting system or securities regulatory authority if a marketplace is not meeting regulatory requirements or the terms of its own rules or policies and procedures. While the scope of this monitoring may change as the market evolves, we expect it to include, at a minimum, monitoring clock synchronization, the inclusion of specific designations, symbols and identifiers, order protection requirements and audit trail requirements.

7.6 Coordination of Monitoring and Enforcement

(1) Section 7.5 of the Instrument requires regulation services providers, recognized exchanges and recognized quotation and trade reporting systems to enter into a written agreement whereby they coordinate the enforcement of the requirements set under Parts 7 and 8. This coordination is required in order to achieve cross-marketplace monitoring.

(2) If a recognized exchange or recognized quotation and trade reporting system has not retained a regulation services provider, it is still required to coordinate with any regulation services provider and other exchanges or quotation and trade reporting systems that trade the same securities in order to ensure effective cross-marketplace monitoring.

(3) Currently, only IIROC is the regulation services provider for both exchange-traded securities, other than options and in Québec, other than standardized derivatives, and unlisted debt securities. If more than one regulation services provider regulates marketplaces trading a particular type of security, these regulation services providers must coordinate monitoring and enforcement of the requirements set.

PART 8 AUDIT TRAIL REQUIREMENTS

8.1 Audit Trail Requirements – Section 11.2 of the Instrument imposes obligations on dealers and inter-dealer bond brokers to record in electronic form and to report certain items of information with respect to orders and trades. Information to be recorded includes any markers required by a regulation services provider (such as a significant shareholder marker). The purpose of the obligations set out in Part 11 is to enable the entity performing the monitoring and surveillance functions to construct an audit trail of order, quotation and transaction data which will enhance its surveillance and examination capabilities.

8.2 Transmission of Information to a Regulation Services Provider – Section 11.3 of the Instrument requires that a dealer and an inter-dealer bond broker provide to the regulation services provider information required by the regulation services provider, within ten business days, in electronic form. This requirement is triggered only when the regulation services provider sets requirements to transmit information.

8.3 Electronic Form – Subsection 11.3 of the Instrument requires any information required to be transmitted to the regulation services provider and securities regulatory authority in electronic form. Dealers and inter-dealer bond brokers are required to provide information in a form that is accessible to the securities regulatory authorities and the regulation services provider (for example, in SELECTR format).

ANNEX D

LIST OF COMMENTERS

2014 Notice

Acumen Capital Finance Partners Limited
Aequitas Neo Exchange Inc.
BlackRock Asset Management Canada Limited
BMO Capital Markets
Canadian Advocacy Council for Canadian CFA Institute Societies
Canadian Securities Exchange
Canadian Securities Traders Association, Inc.
Chi-X Canada ATS Limited
CIBC World Markets Inc.
Investment Industry Association of Canada
ITG Canada Corp.
Katya Malinova and Andreas Park, Department of Economics, University of Toronto
Leede Financial
Liquidnet Canada
National Bank Financial Inc.
Omega Securities Inc.
RBC Capital Markets
RBC Dominion Securities Inc.
RBC Global Asset Management
Scotia Capital Inc.
Stikeman Elliot LLP
TD Asset Management
TD Securities
TMX Group Limited
Tradebot Systems Inc.
True North Vantage
W.D. Latimer Co. Limited

2015 Notice

Aequitas NEO Exchange Inc.
Canadian Securities Traders Association, Inc.
Chi-X Canada ATS Limited
CIBC World Markets Inc.
ITG Canada Corp.
KOR Group LLC
National Bank Financial Inc.
PI Financial Corp.
RBC Dominion Securities Inc.
RBC Global Asset Management Inc.
Scotia Capital Inc.
The Canadian Advocacy Council for Canadian CFA Institute Societies
The Investment Industry Association of Canada
TMX Group Limited

ANNEX E

SUMMARY OF COMMENTS AND CSA RESPONSES TO 2014 NOTICE

Topic	Summary of Comments	CSA Response
Market Share Threshold	Most commenters expressed views on the threshold proposal, and the responses were mixed.	
Threshold Level	A number of commenters supported the threshold as proposed, at 5%. These commenters indicated that, as proposed, the threshold strikes a reasonable balance and allows dealers flexibility in making marketplace connectivity decisions, while maintaining most of the benefits of OPR. However, some of those who were generally supportive of the market share threshold expressed concern with the proposed threshold level. Specific concerns were related to the ability of unprotected markets to meet and/or maintain a 5% threshold, and potential negative impacts on competition. Some suggested revising the threshold to a lower level. A number of commenters were not supportive of either the introduction of a market share threshold or the proposed level. They raised concerns related to the complexity that would be introduced by the threshold approach as well as the potential impact on competition. In addition, one commenter suggested that the threshold, as proposed, may exacerbate the problems that the CSA are looking to solve.	We acknowledge that the comments received in relation to the market share threshold were mixed, both with respect to the introduction of a threshold and the proposed level. However, we continue to be of the view that the threshold approach is the most appropriate method of balancing the benefits of OPR with some of the inefficiencies and costs associated with its implementation. In the 2014 Notice we proposed a 5% market share threshold. Based on the comments received and further discussions, we are adjusting the threshold from 5% to 2.5%. We are of the view that a lower threshold addresses some of the concerns raised regarding the potential impact on competition. With respect to the complexity introduced into the system by the threshold, we note that evolving marketplace trading models related to order processing delays have already driven regulatory decisions that introduced many of the same complexities highlighted by commenters.
Effect of Threshold on Competition	With respect to the impact of the proposed threshold approach, comments were mixed. However, as noted above many commenters expressed concern that the proposed 5% threshold could have a negative impact on competition and could represent a barrier to entry for new competitors.	As noted above, we are reducing the threshold from 5% to 2.5%. We believe the threshold is important to balance some of the inefficiencies and costs of OPR, but acknowledge the concerns that in the context of the current market environment in Canada, 5% may be a barrier to competition.
Criteria for Calculating the Threshold	With respect to the metrics used in relation to the threshold, comments were mixed. Comments were generally supportive of the trading activity to be included in the calculation, but there was less consensus on the equal weighting of volume and value.	We continue to believe that equally weighting volume and value traded is appropriate in order to provide a more balanced outcome and account for marketplaces that trade primarily low-value securities.
Market share Threshold – Treatment of Listing Exchanges	Some commenters supported the proposed approach with respect to the treatment of listing exchanges that do not otherwise meet the market share threshold. Others however, expressed concern about the potential incentive for exchanges to list securities for the purposes of gaining	We continue to be of the view that it is important to provide protection to a recognized exchange that does not meet the market share threshold, but only with respect to its own listings. As indicated

	order protection.	in the 2014 Notice, we do not believe that it is appropriate that a listing exchange be disadvantaged with respect to its own listings, to the advantage of a marketplace that might trade very little volume in those listed securities, but that otherwise meets the threshold. Further, we are supportive of continued protection for exchanges that contribute to the capital raising process. We acknowledge the concerns raised by commenters related to an exchange seeking cross-listings simply for purposes of gaining OPR protection. We intend to monitor trends in this regard going forward.
Time Frame for Market Share Calculation	Comments were mixed, with some supportive of the annual calculation proposed in the 2014 Notice and the three month implementation window. Others however, were concerned that the annual calculation was too long, and that marketplaces meeting the threshold during the annual period would be required to wait too long for protected status. Some suggested either a more frequent review period or a decrease in the threshold level.	As noted above, we have reduced the threshold from 5% to 2.5%, and believe this will address some of the concerns raised. However, we remain supportive of an annual measurement in order to decrease the costs on industry that might arise from more frequent calculations and potential changes to the list of protected marketplaces.
Locked and Crossed Orders	Comments received were split between those supportive of limiting the provisions to protected orders only, and those who disagreed with the proposed approach. Concerns were expressed by some in relation to complexities and the potential for investor confusion. Some believed that a dealer should be prohibited from locking or crossing orders on marketplaces to which they have access.	We continue to believe that instances of locked and crossed orders will be short in duration and are a necessary trade-off to achieve the intended outcomes of the market share threshold (providing for choice to manage inefficiencies and costs). We considered the alternative suggested by some commenters, but are concerned about the increased complexity and costs of compliance monitoring by regulators that would result from such an approach.
Best Execution Obligations and Disclosure	Most commenters were supportive of both the proposed best execution guidance in 23-10CP as well as the proposed best execution disclosure requirements.	We acknowledge the comments received. As discussed, we have postponed finalization of the best execution proposals in order to align the timing with similar proposals by IIROC.
Trading Fee Caps	Most commenters were supportive of the proposed trading fee caps but indicated that the cap proposed for securities priced at or above $1.00 is too high. A number of commenters indicated that this cap should be lower to better reflect the lower average price of Canadian securities relative to the United States. Some commenters were not supportive of introducing trading fee caps on the basis that trading fees are already subject to competitive forces and are approved by regulators.	As was proposed in the 2014 Notice, we will introduce a $0.0030 per share cap on active trading fees for securities priced at and above $1.00, and $0.0004 per share for securities priced below $1.00. We acknowledge the concerns expressed by commenters regarding the cap proposed for securities priced at $1.00 and above. However, our market is highly integrated with the U.S. and we are concerned about the potential

		negative consequences for the Canadian market if we implement a trading fee cap for U.S. inter-listed securities that is different than the cap in the U.S. However, we are proposing a lower active trading fee cap for securities priced at $1.00 and above that are listed on a Canadian exchange, but not listed on a U.S. exchange (Non-Inter-Listed Securities). This new cap is being published in a separate CSA notice and request for comment.
Prohibition on Payment of Rebates – Pilot Study	A number of commenters were supportive of regulatory action with respect to the payment of rebates. Some however, suggested that the CSA consider whether rebates are appropriate for certain securities such as those that are less liquid. Many commenters were supportive of the proposed pilot study but cautioned that the study must be carefully designed and appropriate metrics utilized. Others were not supportive of either the pilot study or any action on rebates in general. Certain commenters expressed the view that rebates are an important incentive for liquidity, and that prohibiting rebates will not solve for the issues identified in the 2014 Notice. Some commenters were not supportive of the proposed pilot study and were concerned about the potential outcomes and impacts on the attractiveness of the Canadian market. One commenter questioned whether issuers would be permitted to decline to participate in the study, given the potential impact on liquidity.	As noted, we are not proceeding with any action on rebates at this time. Although we are still supportive of a pilot study, we do not believe that meaningful results can be obtained from a study that does not include Inter-Listed Securities. We will continue to liaise with our regulatory counterparts in the U.S and will consider a joint pilot study in the future if an opportunity arises.
Data Fees Methodology	Some commenters were supportive of the proposed methodology, indicating that it is a critical component in addressing some of the issues related to the level of real-time market data fees charged by certain marketplaces. Others were not supportive of the use of the data fee methodology because, in their view, it did not address all the concerns expressed by the users of data. Specifically, one commenter expressed the view that the use of the methodology fails to address the issue of access to a consolidated data feed for all users at a reasonable price. Another commenter indicated that current fees should not be considered as the base for calculating the domestic benchmark as they are too high. A number of commenters expressed mixed views regarding the methodology and its use. One of these commenters, while supportive of the use of the methodology, pointed out that we should be focusing more on whether the aggregate amount of data fees is fair and reasonable, and less on the redistribution of this amount between marketplaces. Another commenter suggested that the practice of charging for data multiple times for a single user should be	We acknowledge all the comments received regarding the methodology and its application. We continue to be of the view that the data fee methodology is the most appropriate tool to manage some of the existing fee levels. We will continue to monitor the application of the methodology with respect to current and proposed fees and if necessary, will adjust it over time. Additionally, in response to the comments received, we have eliminated one pre-trade metric and the ranking model that used this metric. We also acknowledge the comments received in relation to the use of the domestic reference benchmark. It is our intention to engage external assistance in determining the appropriate benchmark. In the meantime, while we will use the domestic benchmark, we will

	eliminated. Another commenter indicated that smaller marketplaces should not be allowed to charge for data. Some commenters also provided their views regarding certain pre- and post-trade metrics. Specifically, concerns were raised with respect to a particular pre-trade metric that would inflate the ranking of a marketplace that displays illiquid securities.	not apply the methodology or the benchmark to support any fee increases by marketplaces until such time as the appropriate benchmark has been established.
Membership and connectivity fees	A number of commenters expressed views on the regulation of membership and connectivity fees. The responses were mixed. The majority of commenters that responded to this question believe that marketplace membership and connectivity fees should be regulated as market participants are required by regulation to connect to protected marketplaces. Several of these commenters explained that this is particularly important to ensure that marketplaces do not institute unwarranted increases of these fees, for example, to mitigate lost revenues due to forthcoming restrictions on other marketplace fees. Other commenters believe that additional regulation is unnecessary in this space because fees are reviewed by regulators currently and because market participants have the ability to connect indirectly to protected marketplaces. Several of these commenters believe that membership and connectivity fees should be monitored by regulators.	We will not make regulatory changes in relation to membership and connectivity issues at this time but will continue to monitor such fees to determine if future action is warranted

SUMMARY OF COMMENTS AND CSA RESPONSES TO 2015 NOTICE

Topic	Summary of Comments	CSA Response
General Comments	Many commenters provided their views specifically on the revised Alpha model and approval process that resulted in the implementation of an order processing delay.	The Alpha model was subject to a separate comment period, and the Ontario Securities Commission received and considered all feedback associated with this proposal during the review and approval process. Further, as it relates to a 'hybrid' OPR environment where some marketplaces display protected orders while others do not, we received feedback on the same complexities as part of the 2014 proposed OPR amendments (in the context of a market share threshold). The Ontario Securities Commission considered all of these comments in the context of the Alpha proposal and the CSA has considered them in the context of the Proposed Amendments.
	Many commenters expressed a preference for repealing OPR and moving to a best execution model.	We continue to believe that the objectives of OPR are important, and we support maintaining the rule as part of the regulatory framework, in order to promote confidence and provide an incentive to contribute to the price discovery process. Best execution and OPR are complementary rules; one is an obligation to the market as a whole, and the other a duty owed to individual clients. We have discussed the approach of moving solely to a best execution model at length, and are not yet satisfied that this approach would result in the best outcome for the entire market.
	Some commenters expressed the belief that regulators should provide enhanced best execution guidance in relation to a 'hybrid' OPR environment – specifically, how an unprotected marketplace should be considered from the perspective of best execution.	Historically, the approach to best execution has been principles-based, rather than a 'checklist' of factors. A 'hybrid' OPR environment will require additional considerations by dealers when determining whether to access 'unprotected' marketplaces from the perspective of best execution. We also note that we have finalized elements of the 2014 OPR proposals that provide additional guidance for best execution. The CSA along with IIROC, will consider whether further guidance is necessary.
Question 1: Should OPR apply to marketplaces that impose an order processing	A number of commenters believed that OPR should not apply to displayed orders on marketplaces that impose an order processing delay, and that any marketplace that imposes a delay should be considered on similar terms. One commenter noted that protecting quotes on 'speedbump' markets would be contrary to the principles	Our view continues to be that where a marketplace does not provide for the ability for an immediate execution against displayed volume, that marketplace does not offer "automated trading functionality" as currently defined

delay? If so, should it apply to some or all? What factors should be considered?	OPR was designed to uphold. One commenter was of the view that OPR should continue to apply to marketplaces that impose order processing delays. Some commenters expressed the view that all order processing delays should not be treated equally.	in NI 23-101. Therefore under the rules, such marketplaces are not displaying "protected orders".
	Some commenters expressed the view that greater consideration and clarity is required regarding what the CSA would consider to be an "intentional order processing delay".	We have revised the original proposed language in 23-101CP to provide additional clarity.
	A number of commenters indicated that a 'hybrid' OPR model was too complex.	We recognize that additional complexity will result from an environment where some visible marketplaces are displaying protected orders, while others are not. However, complexity has been a trend experienced in many global markets, as participants seek solutions to various challenges and issues, and marketplaces utilize technology to innovate and provide solutions. We are supportive of innovation and believe that these complexities will continue to be managed. We will however, continue to ensure that the principles behind the rule framework are maintained, that rules are applied in a consistent manner, and that negative impacts are addressed appropriately.
Question 2: What are the outcomes and impacts of an environment where not all displayed orders are protected under OPR?	A number of commenters expressed concern regarding the National Best Bid and Offer (NBBO). Specifically, questions were raised about the formulation of the NBBO in terms of what data will be considered, whether separate feeds will exist, and which NBBO will be used to determine the required price improvement for trades with dark orders.	Amendments to IIROC's Universal Market Integrity Rules (UMIR) were approved on September 18, 2015. These amendments revised the definitions of "best bid price" and "best ask price" to limit their determination to orders displayed on a "protected marketplace" (as defined in NI 23-101). Additionally, the Information Processor now offers two different feeds: one which represents the NBBO only from marketplaces that display protected orders, and one representing information from all Canadian marketplaces that display orders (both 'protected' and 'unprotected'). Participants can consume those marketplace feeds that are necessary for their requirements.
	Some participants expressed concern about the potential for complexity and confusion due to increased locked and crossed orders, while another commenter believed that occasional locked and crossed markets will not result in major impacts.	Given the rapid nature of quoting and trading activity, we believe that instances where orders are locked or crossed will generally be short in duration. To provide for a 'hybrid' OPR environment we have finalized amendments to the locked and crossed provisions proposed in the 2014 Notice,

		that would limit the prohibition on intentional locking and crossing to protected orders only. Further, we note that the requirements will continue to restrict any further orders from being entered that would intentionally lock or cross with a protected order.
	A number of commenters expressed concern regarding the treatment of 'unprotected' marketplaces from the perspective of best execution. Some questioned whether dealers will be able to meet their best execution obligations, absent clear regulatory guidance.	We have finalized proposed amendments to NI 23-101 and 23-101CP that provide additional best execution guidance. We believe these changes will assist dealers in managing their obligations in an environment where not all displayed marketplaces are required to be accessed for purposes of OPR. A determination of whether a marketplace should be accessed for purposes of best execution should be made by an individual dealer as part of the broader process of establishing policies and procedures. These considerations are dependent on a variety of factors and we remain committed to a principles-based approach to best execution.
Question 3: What are the expected changes or outcomes for retail dealers and retail clients?	Commenters presented mixed views in relation to the impact on retail clients. Some believed that retail investors will have little ability to judge the quality of fills they will receive and that the Amendments will create a complex environment that will not be understood. Some were concerned that retail investors may experience a reduction in the ability to capture liquidity. Others felt that the existence of 'unprotected' marketplaces will have little impact on retail clients and that dealers will have greater flexibility in accessing various marketplaces in the context of best execution.	We will continue to monitor the impacts of the Amendments in terms of outcomes to all market participants, including retail clients. Retail dealers will continue to have a best execution obligation to their clients, and should evaluate their best execution policies and procedures on an ongoing basis to ensure that any decisions to not access 'unprotected' marketplaces continue to be supportable. For retail clients seeking a better understanding of how their dealer manages their orders, the requirements for enhanced disclosure should assist in this process.
Question 4: Are there implications that have not been addressed that should be considered?	Commenters highlighted similar implications and issues noted in response to previous questions. These include concerns about the determination of the NBBO, impact on the ability to gauge accessible liquidity, impacts on best execution, and impact on market integrity. One commenter expressed the view that a marketplace could display both protected and unprotected orders and suggested that there are other "systematic delays" that should be treated similarly.	Please see responses above. We reiterate that we will continue to monitor the impacts of order processing delays on all market participants and if negative outcomes result, we will take appropriate action. We are of the view that where a marketplace imposes an order processing delay, that marketplace does not provide "automated trading functionality". To meet the requirements of the definition, we believe that a marketplace must provide the ability for an immediate execution for all orders. As a result, we do not support the suggestion that where a delay is imposed, a marketplace could display

		both protected and unprotected orders. We have amended the original proposed language in 23-101CP to provide greater clarity around the consideration and treatment of intentional order processing delays.

ANNEX F

DATA FEES METHODOLOGY

The Data Fee Methodology described below will be used to determine each marketplace's relative contribution to pre- and post-trade activities. The scope of the methodology is to determine whether the professional market data fees charged by the marketplaces in Canada reflect each marketplace's share of trading activity.

The methodology consists of three steps:

1. Calculation of pre- and post-trade metrics
2. Ranking of marketplaces based on the pre- and post-trade metrics calculated in step 1
3. Assigning an estimated fee range to each marketplace.

The methodology uses the following notations for the pre- and post-trade metrics and the ranking methods:

Notation	Description
i	A transparent marketplace
m	Total number of transparent marketplaces
j	Securities traded on a transparent marketplace
J	Total securities traded on all transparent marketplaces
t	A Trade executed on a transparent marketplace
n	Total trades executed on a transparent marketplace
T	Total trades executed on all transparent marketplaces
d	A trading day
D	All trading days for the period under review

a. Pre-Trade Metrics

1. Percent of Best Bid and Offer (BBO)[11] – means the percent of the day for which a marketplace had a quote at the national best bid (BB) or best offer (BO) for security *j*. This metric is scaled to sum to one.

$$\%\boldsymbol{BBO}_i = \frac{BBO_i}{\sum_{i=1}^{m} BBO_i}$$

$$\boldsymbol{BBO}_i = \frac{1}{J}\sum_{j=1}^{J} \frac{Seconds\ at\ BB_j + Seconds\ at\ BO_j}{2 * (6.5 * 60 * 60)} * 100$$

This metric rewards marketplaces for being at the BBO for a longer period during the day. This metric is constructed from standard quote data. In order to ensure that the addition of each marketplace sums to one, the individual metrics for each marketplace are summed to come up with a market-wide daily percent at the BBO, and each individual marketplace's percentage is then divided by this total to scale the metric to one.

2. Percent of Best Spread – means the percent of the day that a marketplace was quoting the narrowest spread for security *j*. This metric is scaled to sum to one.

[11] The time at BBO could be calculated in fractions of a second, given the rapidity of quoting.

$$\%\boldsymbol{Spread}_i = \frac{Spread_i}{\sum_{i=1}^{m} Spread_i}$$

$$\boldsymbol{Spread}_i = \frac{1}{J}\sum_{j=1}^{J} \frac{Seconds\ at\ tightest\ spread_j}{6.5 * 60 * 60} * \mathbf{100}$$

This metric tends to reward marketplaces for providing liquidity at both the BB and BO, by establishing the narrowest spread on the market. This metric is also constructed from quote level data. In order to ensure that the addition of each marketplace sums to one, the individual metrics for each marketplace are summed to come up with a market-wide daily percent at the narrowest spread, and each individual marketplace's percentage is then divided by this total to scale the metric to one.

3. **$Time(value)** – means the percent of quoted-time-dollar-volume for a marketplace, out of the total time-dollar-volume for the entire market for the period, when only the BB and BO are considered. Each stock is weighted by the value traded in the period of consideration, as described in the weighting "w" below.

$$\$\boldsymbol{Time}(value)_i = \frac{\boldsymbol{Time(v)}_i}{\sum_{i=1}^{m} \boldsymbol{Time(v)}_i}\boldsymbol{Time(v)}_i$$

$$= \frac{\sum_{j=1}^{J}[Price_j * Volume_j * seconds\ at\ BB + Price_j * Volume_j * seconds\ at\ BO] * w_j}{\sum_{j=1}^{J}\sum_{i=1}^{m}(Price_j * Volume_j * seconds\ at\ BB + Price_j * Volume_j * seconds\ at\ BO) * w_j} * 100$$

$$w_j = \frac{\$Volume_{t,j}}{\sum_{t=1}^{T}\sum_{i=1}^{J}\$Volume_{t,j}}$$

The use of the value weighting places more emphasis on those stocks that trade heavily and less emphasis on stocks that do not trade frequently. At the extreme, a stock that does not trade at all will not be allocated any weight under this metric.

b. <u>Post-Trade Metrics</u>

1. **Percent of each marketplace's volume** – means the volume traded on each marketplace divided by the total volume traded on all marketplaces in the period.

$$\%Volume_i = \frac{Volume_i}{\sum_{i=1}^{m} Volume_i} * 100$$

This metric rewards traded volume and tends to favour those marketplaces that trade in relatively low-priced shares, as it considers only the number of shares traded, not their value. In an extreme scenario, if a marketplace traded only low-priced stocks, this metric would inflate their overall share of the entire market.

2. **Percent of each marketplace's number of trades** – means the number of trades executed on each marketplace divided by the total number of trades on all marketplaces in the period.

$$\%Number_i = \frac{Number_i}{\sum_{i=1}^{m} Number_i} * 100$$

This metric rewards those marketplaces that have a larger number of trades. This metric could be manipulated by encouraging traders to break their orders up into smaller pieces. If this were done, neither the volume nor the dollar volume traded would change, but the number of trades would increase significantly.

3. **Percent of each marketplace's dollar volume (value)** – means the dollar volume traded on each marketplace divided by the total dollar volume traded on all marketplaces in the period. Dollar volume is the product of the price and volume of each trade.

$$\%\ \$Volume_i = \frac{\$Volume_i}{\sum_{i=1}^{m} \$Volume_i} * 100$$

$$\$Volume = Price * Volume$$

This metric takes the value of the transactions into account. This tends to avoid the biases that may be present in the volume metric. However, due to the requirement that crosses matched by a dealer be reported to a marketplace, it is possible that a marketplace being measured on this metric could provide incentives (such as trading rebates) to dealers to ensure that crosses are reported on their marketplace. In this way, the marketplace would have a much larger share of dollar volume without necessarily contributing to pre-trade price discovery.

4. **Percent of square-root dollar volume for each trade** – means the square root of the $Volume of each trade *t* executed on each marketplace divided by the sum of the square-root of the $Volume traded on all marketplaces in the period.

$$\%\sqrt{\$Volume_i} = \frac{\sum_{t=1}^{n} \sqrt{\$Volume_{i,t}}}{\sum_{t=1}^{n} \sum_{i=1}^{m} \sqrt{\$Volume_{i,t}}} * 100$$

The square-root of dollar volume is individually constructed for each transaction. This metric is not widely published, but it is easily constructed from trade reports. This metric reduces the importance of larger trades in relation to smaller trades. This can help alleviate the problem of very large crosses inflating a marketplace's contribution to price discovery. This metric has the potential disadvantage that trades in low-priced stocks (on the order of $1 to $2) will not be reduced at all, and will consequently be disproportionately represented. If a marketplace were to trade very frequently at these very low dollar values, their contribution to price discovery would be inflated by this metric.

5. **Scope of trading on each marketplace** – means the average over the period of the number of symbols with greater than 1 traded on each marketplace on day *d*, divided by the number of symbols traded on all marketplaces for that day.

$$Scope_i = \frac{1}{D} \sum_{d=1}^{D} \frac{Number\ of\ symbols\ traded_{i,d}}{MAX[Number\ of\ symbols\ traded_{i,d}]}$$

Scope of trading provides a metric that measures the number of symbols a marketplace trades. This metric, when used in combination with other post-trade metrics, has the disadvantage of "double penalizing" marketplaces for not trading all securities. By construction, scope of trading will be very high for exchanges (such as the TSX) and will be lower for newer marketplaces that have yet to gain market share in less liquid stocks. While it does measure the "activity" of marketplaces, a marketplace that only trades in half of the total listed symbols is, by definition, penalized for not trading all of those symbols. Thus, if scope is used by itself, it can be a valuable indicator of the activity levels of marketplaces, but if it is applied in conjunction with other metrics, it may disproportionately favour existing exchanges and large ATSs.

The downside of this metric is that if a marketplace wanted to achieve a scope as close as possible to one (i.e. all listed securities would be trading on this marketplace), marketplace participants could be rewarded (through credits or discounts at market open) for becoming the "first" participant of the day in any given security. In this way, marketplaces could ensure at least one trade in every security without providing any meaningful liquidity or price discovery.

c. Ranking Models

In order to rank each marketplace's contribution to price discovery we constructed two models from the pre- and post-trade metrics. While each model is constructed placing equal importance on the pre- and post-trade metrics, this was an arbitrary decision.

1. **SIP Value** – is based on the revenue distribution model used by the U.S. SIP.

$$\left[\frac{\%\sqrt{\$Volume_i} + \%Number_i}{2}\right] * 0.5 + \$Time(value)_i * 0.5$$

This model incorporates the metrics used by the U.S. SIP to distribute revenue amongst participating marketplaces. The post-trade metrics used are equally weighted, and are composed of each marketplace's share of square root dollar volume and number of trades. Both of these post-trade metrics together are assigned a weighting of 50% of the value of the model.

The pre-trade metric used is the value weighted percent of quoted dollar-time. This is also given a 50% weighting in the final model. The weighting of this model by the value traded in each security provides a greater emphasis on those stocks that are heavily traded, rewarding marketplaces more for providing liquidity where the majority is consumed.

2. **Model 3 –** differs significantly from the previous model. For the post-trade element, this model considers each marketplace's share of traded volume, share of trades and share of dollar-volume. These three elements are given equal weighting in this index. The pre-trade metrics considered are the percent of the day spent at the best spread and the percent of the day spent at the BBO. Each of these two pre-trade elements is equally weighted. The resulting pre- and post- trade metrics are then equally weighted to come up with the final index.

$$\left[\frac{\%\text{Volume}_i + \%\text{Number}_i + \%\$\text{Volume}_i}{3}\right] * 0.5 + \left[\frac{\%\text{Spread}_i + \%\text{BBO}_i}{2}\right] * 0.5$$

d. Assigning an estimated fee or fee range

After calculating these ranking methods, we would use them to assess whether a marketplace's existing (or proposed) fee is related to its share of trading activity. We use the domestic reference that takes the data fees charged by each marketplace and aggregates them into a single "pool". The result is then considered to be the appropriate fee for the Canadian market, and this result is then re-distributed, based on the two ranking models, giving us four estimated fees for each marketplace.

ANNEX G

LOCAL MATTERS

In Ontario, the amendments to National Instrument 23-101 and other required materials were delivered to the Minister of Finance on April 5, 2016. The Minister may approve or reject the amendments or return them for further consideration. If the Minister approves the amendments or does not take any further action by July 6, 2016, the amendments will come into force on July 6, 2016, except as related to the market share threshold. The amendments related to the market share threshold will come into force on October 1, 2016.

5.1.2 CSA Notice of Amendments to National Instrument 45-106 Prospectus Exemptions relating to Reports of Exempt Distribution

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice of Amendments to National Instrument 45-106 *Prospectus Exemptions* relating to Reports of Exempt Distribution

April 7, 2016

Introduction

The Canadian Securities Administrators (**CSA or we**) are making amendments (the **rule amendments**) to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) to introduce a new harmonized report of exempt distribution (the **New Report**).[1] We are also making related changes to Companion Policy 45-106 *Prospectus Exemptions* (**45-106CP**).

We refer to the rule amendments, the New Report and the changes to 45-106CP collectively as the Amendments.

Provided all necessary ministerial approvals are obtained, the Amendments will come into force on June 30, 2016 in all CSA jurisdictions.

Substance and Purpose

The New Report

Issuers and underwriters who rely on certain prospectus exemptions to distribute securities are required to file a report of exempt distribution within the prescribed timeframe. Currently, in all CSA jurisdictions except British Columbia, the form of report is Form 45-106F1 *Report of Exempt Distribution* (**Form 45-106F1**). In British Columbia, the form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution* (**Form 45-106F6**, and together with Form 45-106F1, the **Current Reports**).

The Amendments replace the Current Reports with the New Report. The New Report will:

1) reduce the compliance burden for issuers and underwriters by having a harmonized report of exempt distribution, and

2) provide securities regulators with the necessary information to facilitate more effective regulatory oversight of the exempt market and improve analysis for policy development purposes.

The New Report is set out in Annex B and the changes to 45-106CP are set out in Annex C.

Key features of the New Report

The New Report will apply in all CSA jurisdictions to both investment fund issuers and non-investment fund issuers that distribute securities under certain prospectus exemptions.

The New Report introduces new information requirements, including disclosure of the following:

- additional details about the issuer including its size and primary business activity,
- identities of the directors, executive officers and promoters of certain issuers,[2]
- identities of control persons of certain issuers in a non-public schedule,

[1] The Amending Instrument for NI 45-106 in Annex A includes amendments to certain sections of NI 45-106 that were not adopted in one or more CSA jurisdictions. The amendments to those sections will apply only in those CSA jurisdictions where the sections are in force.

[2] Unlike the version published for comment, the New Report does not require disclosure of information relating to the holdings of the issuer's securities by directors, executive officers, promoters and control persons.

- additional details about the securities distributed and, for certain jurisdictions, details about the documents provided in connection with the distribution,
- specific details about the prospectus exemptions relied on, both on an aggregate and per investor basis, and
- details about compensation paid to registrants, connected persons, insiders and employees of the issuer or the investment fund manager involved in the distribution.

For investment fund issuers, the New Report also requires disclosure regarding the size of the fund, the general type of the fund and net proceeds to the fund for the period for which the report is filed.

The New Report provides carve-outs from certain information requirements for:

- investment fund issuers,
- reporting issuers and their wholly owned subsidiaries,
- foreign public issuers and their wholly owned subsidiaries, and
- issuers distributing eligible foreign securities only to permitted clients.

In addition, an issuer is not required to provide certain information in the New Report if the information can be gathered through the issuer's continuous disclosure filings, the issuer's profile on the System for Electronic Document Analysis and Retrieval (**SEDAR**) or a registrant firm's profile on the National Registration Database (**NRD**).

Annex D provides a summary of the new information requirements in the New Report.

Background

The CSA published proposed amendments to NI 45-106 and the New Report for a 60-day comment period on August 13, 2015. The New Report is similar to the version published for comment.

Summary of written comments received on the New Report

The comment period expired on October 13, 2015. We received 19 written submissions. We have considered the comments received and thank all of the commenters for their input. The names of the commenters are contained in Annex E and a summary of their comments, together with our responses, is contained in Annex F. The comment letters can be viewed on the Autorité des marchés financiers website at www.lautorite.qc.ca and the Ontario Securities Commission (OSC) website at www.osc.gov.on.ca.

In developing the New Report, we also held informal consultations with advisory committees in certain CSA jurisdictions.

Prior proposals

In 2014, the CSA published two proposals related to the reports of exempt distribution:

- On February 27, 2014, the CSA published for comment proposed amendments to the Current Reports in conjunction with proposed amendments to NI 45-106 relating to the accredited investor and minimum amount investment prospectus exemptions. These proposals proposed to gather additional information related to the category of accredited investor for each purchaser, updated industry categories, and any person being compensated in connection with the distribution, including identifying the purchasers in respect of which the person received compensation.
- On March 20, 2014, Alberta, Saskatchewan, Ontario and New Brunswick published for comment two proposed forms for reporting exempt distributions: (i) proposed Form 45-106F10 *Report of Exempt Distribution For Investment Fund Issuers*, and (ii) proposed Form 45-106F11 *Report of Exempt Distribution For Issuers Other Than Investment Funds*. These proposals were intended to streamline exempt market reporting in applicable jurisdictions and obtain additional information about issuers, registrants and investors to enhance our ability to monitor exempt market activity.

Comments from these prior proposals have also informed the New Report.[3]

[3] Summaries of the comments received on these prior proposals were included as part of the Notice and Request for Comment on Proposed Amendments to NI 45-106 relating to Reports of Exempt Distribution published on August 13, 2015.

Summary of Changes Since Publication for Comment

After considering the written comments received on the New Report and the feedback received during our informal consultations, we have made a number of changes to the New Report from the version that was published for comment.

Annex G contains a summary of changes between the New Report and the version that was published for comment. Some of the notable changes include:

- We removed the requirement for issuers making a distribution in more than one jurisdiction of Canada to file a single report in each Canadian jurisdiction where the distribution has occurred, identifying all purchasers. Notwithstanding this change, issuers may continue to satisfy their obligation to file the report by completing a single report identifying all purchasers, and filing it in each Canadian jurisdiction where the distribution occurs.

- We removed the requirement to provide information about beneficial owners of fully managed accounts where a trust company, trust corporation or registered adviser described in paragraphs (p) or (q) of the definition of "accredited investor" in section 1.1 of NI 45-106 is deemed to be purchasing the securities as principal on behalf of a fully managed account. We only require information about the trust company, trust corporation or registered adviser.

- We removed the proposed requirement to disclose information relating to the holdings of the issuer's securities by directors, executive officers, promoters and control persons of certain issuers.

- We moved the proposed requirement to disclose information about control persons to a non-public schedule.

- We changed the transition period available to investment fund issuers that file annually.

- We introduced a requirement for issuers to file Schedules 1 and 2 in .xlsx format using the Excel templates developed by the CSA. The Excel templates, published concurrently with this Notice, are available on the website of each CSA member and at the links below.

    - Schedule 1 template[4]

    - Schedule 2 template[5]

In addition to the changes described in Annex G, we have revised the guidance in 45-106CP, which is set out in Annex C.

We do not consider the changes made since the publication for comment to be material and therefore are not publishing the New Report for a further comment period.

Filing Systems

Issuers are required to file the New Report electronically in all CSA jurisdictions, except certain foreign issuers when filing on SEDAR.

The British Columbia Securities Commission (**BCSC**) is developing a web-based filing system on eServices to accommodate the structured data format of the New Report. Beginning on June 30, 2016, when the New Report is effective, issuers filing in both British Columbia and Ontario will file the New Report with the BCSC and OSC by completing an electronic form on the BCSC's eServices and the OSC's Electronic Filing Portal, respectively.

In all CSA jurisdictions other than British Columbia and Ontario, the New Report will be required to be filed on SEDAR, except by certain foreign issuers.[6] Both the BCSC's eServices and the OSC's Electronic Filing Portal will generate an electronic copy of the completed report, which issuers can then use to file on SEDAR, if required. As noted above, issuers are required to file Schedules 1 and 2 in .xlsx format using the Excel templates developed by the CSA.

We have revised CSA Staff Notice 45-308 (Revised) *Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions* (**Staff Notice 45-308**), published concurrently with this Notice, to provide guidance on how to complete and file the New Report in the various CSA jurisdictions.

4 http://www.securities-administrators.ca/uploadedFiles/Schedule_1_Form_45-106F1_En.xlsx

5 http://www.securities-administrators.ca/uploadedFiles/Schedule_2_Form_45-106F1_En.xlsx

6 See Multilateral CSA Notice of Amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*, published on December 3, 2015.

A longer-term CSA project is underway to create a single integrated filing system for reports of exempt distribution that would further reduce the regulatory burden on market participants. The integrated filing system is part of the larger CSA National Systems Renewal Program.

Transition to New Report

All issuers, other than investment fund issuers filing reports annually, must use the New Report for distributions that occur on or after June 30, 2016, when the Amendments come into force. If an issuer completes a distribution before June 30, 2016, and the deadline to file the report occurs after June 30, 2016, the issuer must file the Current Report. If an issuer completes multiple distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

Investment funds relying on certain prospectus exemptions may file reports of exempt distribution annually, within 30 days after the end of the calendar year. We have provided a transition period to allow investment fund issuers that file annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Annex H contains further information on the transition to the New Report.

Withdrawal and Revision of CSA Staff Notices

As a result of the Amendments and the replacement of Form 45-106F6 with the New Report, CSA Staff Notice 11-316 *Notice of Local Amendments – British Columbia* (**Staff Notice 11-316**) is no longer required. Staff Notice 11-316 will be withdrawn effective June 30, 2016.

We are publishing concurrently with this Notice a revised version of Staff Notice 45-308 to reflect the New Report.

Local Matters

Annex I is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction.

Annexes to Notice

Annex A – Amending Instrument for National Instrument 45-106 *Prospectus Exemptions*

Annex B – Form 45-106F1 *Report of Exempt Distribution* (New Report)

Annex C – Changes to Companion Policy 45-106 *Prospectus Exemptions*

Annex D – Summary of New Information Requirements

Annex E – List of Commenters

Annex F – Summary of Comments and Responses

Annex G – Summary of Changes to New Report Since Publication for Comment

Annex H – Transition to the New Report

Annex I – Local Matters

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[Editor's Note: Annexes A and B follow on separately numbered pages; Bulletin pagination resumes with Annex C.]

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ANNEX A

AMENDING INSTRUMENT FOR NATIONAL INSTRUMENT 45-106 *PROSPECTUS EXEMPTIONS*

Amendments to
National Instrument 45-106 *Prospectus Exemptions*

1. National Instrument 45-106 Prospectus Exemptions is amended by this Instrument.

2. The Instrument is amended by adding the following section:

1.8 Designation of insider – For the purpose of this Instrument, in Ontario, the following classes of persons are designated as insiders:

(a) a director or an officer of an issuer;

(b) a director or an officer of a person that is an insider or a subsidiary of an issuer;

(c) a person that has

(i) beneficial ownership of, or control or direction over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution, or

(ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of an issuer carrying more than 10% of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person as underwriter in the course of a distribution;

(d) an issuer that has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security.

3. Subsection 6.1(1) is amended by adding "completed***" before "***report if they make the distribution***".***

4. Subsection 6.2(2) is amended by replacing "financial year-end of the investment fund***" with "***end of the calendar year***".***

5. Section 6.3 is amended by

(a) replacing subsection (1) with the following:

(1) The required form of report under section 6.1 [*Report of exempt distribution*] is Form 45-106F1.***, and***

(b) deleting "or, in British Columbia, Form 45-106F6***" from subsection (2).***

6. Section 6.6 is repealed.

7. The Instrument is amended by adding the following section:

8.4.3 Transition – investment funds – required form of report – Despite section 6.3, an investment fund that files a report on or before the date required by subsection 6.2(2) for a distribution that occurred before January 1, 2017 may file a report prepared in accordance with the version of Form 45-106F1 in force on June 29, 2016.

8. Form 45-106F1 is repealed and the following substituted:

Form 45-106F1 *Report of Exempt Distribution*

A. General Instructions

1. Filing instructions

An issuer or underwriter that is required to file a report of exempt distribution and pay the applicable fee must file the report and pay the fee as follows:

- **In British Columbia** – through BCSC eServices at http://www.bcsc.bc.ca.
- **In Ontario** – through the online e-form available at http://www.osc.gov.on.ca.
- **In all other jurisdictions** – through the System for Electronic Document Analysis and Retrieval (SEDAR) in accordance with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* if required, or otherwise with the securities regulatory authority or regulator, as applicable, in the applicable jurisdictions at the addresses listed at the end of this form.

The issuer or underwriter must file the report in a jurisdiction of Canada if the distribution occurs in the jurisdiction. If a distribution is made in more than one jurisdiction of Canada, the issuer or underwriter may satisfy its obligation to file the report by completing a single report identifying all purchasers, and file the report in each jurisdiction of Canada in which the distribution occurs. Filing fees payable in a particular jurisdiction are not affected by identifying all purchasers in a single report.

In order to determine the applicable fee in a particular jurisdiction of Canada, consult the securities legislation of that jurisdiction.

2. Issuers located outside of Canada

If an issuer located outside of Canada determines that a distribution has taken place in a jurisdiction of Canada, include information about purchasers resident in that jurisdiction only.

3. Multiple distributions

An issuer may use one report for multiple distributions occurring within 10 days of each other, provided the report is filed on or before the 10th day following the first distribution date. However, an investment fund issuer that is relying on the exemptions set out in subsection 6.2(2) of NI 45-106 may file the report annually in accordance with that subsection.

4. References to purchaser

References to a purchaser in this form are to the beneficial owner of the securities.

However, if a trust company, trust corporation, or registered adviser described in paragraph (p) or (q) of the definition of "accredited investor" in section 1.1 of NI 45-106 has purchased the securities on behalf of a fully managed account, provide information about the trust company, trust corporation or registered adviser only; do not include information about the beneficial owner of the fully managed account.

5. References to issuer

References to "issuer" in this form include an investment fund issuer and a non-investment fund issuer, unless otherwise specified.

6. Investment fund issuers

If the issuer is an investment fund, complete Items 1-3, 6-8, 10, 11 and Schedule 1 of this form.

7. Mortgage investment entities

If the issuer is a mortgage investment entity, complete all applicable items of this form other than Item 6.

8. Language

The report must be filed in English or in French. In Québec, the issuer or underwriter must comply with linguistic rights and obligations prescribed by Québec law.

9. Currency

All dollar amounts in the report must be in Canadian dollars. If the distribution was made or any compensation was paid in connection with the distribution in a foreign currency, convert the currency to Canadian dollars using the daily noon exchange rate of the Bank of Canada on the distribution date. If the distribution date occurs on a date when the daily noon exchange rate of the Bank of Canada is not available, convert the currency to Canadian dollars using the most recent closing exchange rate of the Bank of Canada available before the distribution date. For investment funds in continuous distribution, convert the currency to Canadian dollars using the average daily noon exchange rate of the Bank of Canada for the distribution period covered by the report.

If the Bank of Canada no longer publishes a daily noon exchange rate and closing exchange rate, convert foreign currency using the daily single indicative exchange rate of the Bank of Canada in the same manner described in each of the three scenarios above.

If the distribution was not made in Canadian dollars, provide the foreign currency in Item 7(a) of the report.

10. Date of information in report

Unless otherwise indicated in this form, provide the information as of the distribution end date.

11. Date of formation

For the date of formation, provide the date on which the issuer was incorporated, continued or organized (formed). If the issuer resulted from an amalgamation, arrangement, merger or reorganization, provide the date of the most recent amalgamation, arrangement, merger or reorganization.

12. Security codes

Wherever this form requires disclosure of the type of security, use the following security codes:

Security code	Security type
BND	Bonds
CER	Certificates *(including pass-through certificates, trust certificates)*
CMS	Common shares
CVD	Convertible debentures
CVN	Convertible notes
CVP	Convertible preferred shares
DEB	Debentures
FTS	Flow-through shares
FTU	Flow-through units
LPU	Limited partnership units
NOT	Notes *(include all types of notes except convertible notes)*
OPT	Options
PRS	Preferred shares
RTS	Rights
UBS	Units of bundled securities *(such as a unit consisting of a common share and a warrant)*
UNT	Units *(exclude units of bundled securities, include trust units and mutual fund units)*
WNT	Warrants
OTH	Other securities not included above *(if selected, provide details of security type in Item 7d)*

B. Terms used in the form

1. For the purposes of this form:

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"eligible foreign security" means a security offered primarily in a foreign jurisdiction as part of a distribution of securities in either of the following circumstances:

(a) the security is issued by an issuer
    (i) that is incorporated, formed or created under the laws of a foreign jurisdiction,
    (ii) that is not a reporting issuer in a jurisdiction of Canada,
    (iii) that has its head office outside of Canada, and
    (iv) that has a majority of the executive officers and a majority of the directors ordinarily resident outside of Canada;

(b) the security is issued or guaranteed by the government of a foreign jurisdiction;

"foreign public issuer" means an issuer where any of the following apply:

(a) the issuer has a class of securities registered under section 12 of the 1934 Act;

(b) the issuer is required to file reports under section 15(d) of the 1934 Act;

(c) the issuer is required to provide disclosure relating to the issuer and the trading in its securities to the public, to security holders of the issuer or to a regulatory authority and that disclosure is publicly available in a designated foreign jurisdiction;

"legal entity identifier" means a unique identification code assigned to the person

(a) in accordance with the standards set by the Global Legal Entity Identifier System, or

(b) that complies with the standards established by the Legal Entity Identifier Regulatory Oversight Committee for pre-legal entity identifiers;

"permitted client" has the same meaning as in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"SEDAR profile" means a filer profile required under section 5.1 of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

2. For the purposes of this form, a person is connected with an issuer or an investment fund manager if either of the following applies:

(a) one of them is controlled by the other;

(b) each of them is controlled by the same person.

Form 45-106F1 *Report of Exempt Distribution*

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

ITEM 1 – REPORT TYPE

☐ New report

☐ Amended report If amended, provide filing date of report that is being amended. ☐☐☐ (YYYY-MM-DD)

ITEM 2 – PARTY CERTIFYING THE REPORT

Indicate the party certifying the report (select only one). For guidance regarding whether an issuer is an investment fund, refer to section 1.1 of National Instrument 81-106 Investment Fund Continuous Disclosure *and the companion policy to NI 81-106.*

☐ Investment fund issuer

☐ Issuer (other than an investment fund)

☐ Underwriter

ITEM 3 – ISSUER NAME AND OTHER IDENTIFIERS

Provide the following information about the issuer, or if the issuer is an investment fund, about the fund.

Full legal name

Previous full legal name

If the issuer's name changed in the last 12 months, provide most recent previous legal name.

Website (if applicable)

If the issuer has a legal entity identifier, provide below. Refer to Part B of the Instructions for the definition of "legal entity identifier".

Legal entity identifier

ITEM 4 – UNDERWRITER INFORMATION

If an underwriter is completing the report, provide the underwriter's full legal name and firm National Registration Database (NRD) number.

Full legal name

Firm NRD number ☐☐☐☐☐☐☐ (if applicable)

If the underwriter does not have a firm NRD number, provide the head office contact information of the underwriter.

Street address

Municipality Province/State

Country Postal code/Zip code

Telephone number Website (if applicable)

ITEM 5 – ISSUER INFORMATION

If the issuer is an investment fund, do not complete Item 5. Proceed to Item 6.

a) Primary industry

Provide the issuer's North American Industry Classification Standard (NAICS) code (6 digits only) that corresponds to the issuer's primary business activity. For more information on finding the NAICS industry code go to ***Statistics Canada's NAICS industry search tool****.*

NAICS industry code | | | | | | |

If the issuer is in the ***mining industry,*** *indicate the stage of operations. This does not apply to issuers that provide services to issuers operating in the mining industry. Select the category that best describes the issuer's stage of operations.*

☐ Exploration ☐ Development ☐ Production

Is the issuer's primary business to invest all or substantially all of its assets in any of the following? If yes, select all that apply.

☐ Mortgages ☐ Real estate ☐ Commercial/business debt ☐ Consumer debt ☐ Private companies

b) Number of employees

Number of employees: ☐ 0 – 49 ☐ 50 – 99 ☐ 100 – 499 ☐ 500 or more

c) SEDAR profile number

Does the issuer have a SEDAR profile?

☐ No ☐ Yes If yes, provide SEDAR profile number | | | | | | | | | |

If the issuer does not have a SEDAR profile complete Item 5(d) – (h).

d) Head office address

Street address		Province/State	
Municipality		Postal code/Zip code	
Country		Telephone number	

e) Date of formation and financial year-end

Date of formation | | | | (YYYY MM DD) Financial year-end | | | (MM DD)

f) Reporting issuer status

Is the issuer a reporting issuer in any jurisdiction of Canada? ☐ No ☐ Yes

If yes, select the jurisdictions of Canada in which the issuer is a reporting issuer.

☐ All ☐ AB ☐ BC ☐ MB ☐ NB ☐ NL ☐ NT
☐ NS ☐ NU ☐ ON ☐ PE ☐ QC ☐ SK ☐ YT

g) Public listing status

If the issuer has a CUSIP number, provide below (first 6 digits only)

CUSIP number | | | | | | |

If the issuer is publicly listed, provide the names of all exchanges on which its securities are listed. Include only the names of exchanges for which the issuer has applied for and received a listing, which excludes, for example, automated trading systems.

Exchange names | | | | |

h) Size of issuer's assets

Select the size of the issuer's assets for its most recent financial year-end (Canadian $). If the issuer has not existed for a full financial year, provide the size of the issuer's assets at the distribution end date.

☐ $0 to under $5M ☐ $5M to under $25M ☐ $25M to under $100M
☐ $100M to under $500M ☐ $500M to under $1B ☐ $1B or over

ITEM 6 – INVESTMENT FUND ISSUER INFORMATION

If the issuer is an investment fund, provide the following information.

a) Investment fund manager information

Full legal name

Firm NRD Number (if applicable)

If the investment fund manager does not have a firm NRD number, provide the head office contact information of the investment fund manager.

Street Address

Municipality | Province/State

Country | Postal code/Zip code

Telephone number | Website (if applicable)

b) Type of investment fund

Type of investment fund that most accurately identifies the issuer (select only one).

☐ Money market ☐ Equity ☐ Fixed income

☐ Balanced ☐ Alternative strategies ☐ Other (describe)

Indicate whether one or both of the following apply to the investment fund.

☐ Invests primarily in other investment fund issuers

☐ Is a UCITs Fund[1]

[1]*Undertaking for the Collective Investment of Transferable Securities funds (UCITs Funds) are investment funds regulated by the European Union (EU) directives that allow collective investment schemes to operate throughout the EU on a passport basis on authorization from one member state.*

c) Date of formation and financial year-end of the investment fund

Date of formation YYYY MM DD

Financial year-end MM DD

d) Reporting issuer status of the investment fund

Is the investment fund a reporting issuer in any jurisdiction of Canada? ☐ No ☐ Yes

If yes, select the jurisdictions of Canada in which the investment fund is a reporting issuer.

☐ All ☐ AB ☐ BC ☐ MB ☐ NB ☐ NL ☐ NT

☐ NS ☐ NU ☐ ON ☐ PE ☐ QC ☐ SK ☐ YT

e) Public listing status of the investment fund

If the investment fund has a CUSIP number, provide below (first 6 digits only).

CUSIP number

If the investment fund is publicly listed, provide the names of all exchanges on which its securities are listed. Include only the names of exchanges for which the investment fund has applied for and received a listing, which excludes, for example, automated trading systems.

Exchange names

f) Net asset value (NAV) of the investment fund

Select the NAV range of the investment fund as of the date of the most recent NAV calculation (Canadian $).

☐ $0 to under $5M ☐ $5M to under $25M ☐ $25M to under $100M

☐ $100M to under $500M ☐ $500M to under $1B ☐ $1B or over

Date of NAV calculation: YYYY MM DD

ITEM 7 – INFORMATION ABOUT THE DISTRIBUTION

If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include in Item 7 and Schedule 1 information about purchasers resident in that jurisdiction of Canada only. Do not include in Item 7 securities issued as payment of commissions or finder's fees, which should be disclosed in Item 8. The information provided in Item 7 must reconcile with the information provided in Schedule 1 of the report.

a) Currency

Select the currency or currencies in which the distribution was made. All dollar amounts provided in the report must be in Canadian dollars.

☐ Canadian dollar ☐ US dollar ☐ Euro Other (describe) ☐

b) Distribution date(s)

State the distribution start and end dates. If the report is being filed for securities distributed on only one distribution date, provide the distribution date as both the start and end dates. If the report is being filed for securities distributed on a continuous basis, include the start and end dates for the distribution period covered by the report.

Start date ☐☐☐☐ ☐☐ ☐☐ (YYYY MM DD) End date ☐☐☐☐ ☐☐ ☐☐ (YYYY MM DD)

c) Detailed purchaser information

Complete Schedule 1 of this form for each purchaser and attach the schedule to the completed report.

d) Types of securities distributed

Provide the following information for all distributions that take place in a jurisdiction of Canada on a per security basis. Refer to Part A of the Instructions for how to indicate the security code. If providing the CUSIP number, indicate the full 9-digit CUSIP number assigned to the security being distributed.

Security code	CUSIP number (if applicable)	Description of security	Number of securities	Canadian $		
				Single or lowest price	Highest price	Total amount

e) Details of rights and convertible/exchangeable securities

If any rights (e.g. warrants, options) were distributed, provide the exercise price and expiry date for each right. If any convertible/exchangeable securities were distributed, provide the conversion ratio and describe any other terms for each convertible/exchangeable security.

Security code	Underlying security code	Exercise price (Canadian $)		Expiry date (YYYY-MM-DD)	Conversion ratio	Describe other terms (if applicable)
		Lowest	Highest			

f) Summary of the distribution by jurisdiction and exemption

State the total dollar amount of securities distributed and the number of purchasers for each jurisdiction of Canada and foreign jurisdiction where a purchaser resides and for each exemption relied on in Canada for that distribution. However, if an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include distributions to purchasers resident in that jurisdiction of Canada only.

This table requires a separate line item for: (i) each jurisdiction where a purchaser resides, (ii) each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and (iii) each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction.

For jurisdictions within Canada, state the province or territory, otherwise state the country.

Province or country	Exemption relied on	Number of purchasers	Total amount (Canadian $)
	Total dollar amount of securities distributed		
	Total number of unique purchasers[2]		

[2] *In calculating the total number of unique purchasers to which the issuer distributed securities, count each purchaser only once, regardless of whether the issuer distributed multiple types of securities to, and relied on multiple exemptions for, that purchaser.*

g) Net proceeds to the investment fund by jurisdiction

If the issuer is an investment fund, provide the net proceeds to the investment fund for each jurisdiction of Canada and foreign jurisdiction where a purchaser resides.[3] If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include net proceeds for that jurisdiction of Canada only. For jurisdictions within Canada, state the province or territory, otherwise state the country.

Province or country	Net proceeds (Canadian $)
Total net proceeds to the investment fund	

[3]"Net proceeds" means the gross proceeds realized in the jurisdiction from the distributions for which the report is being filed, less the gross redemptions that occurred during the distribution period covered by the report.

h) Offering materials - This section applies only in Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia.

If a distribution has occurred in Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia, complete the table below by listing the offering materials that are required under the prospectus exemption relied on to be filed with or delivered to the securities regulatory authority or regulator in those jurisdictions.

In Ontario, if the offering materials listed in the table are required to be filed with or delivered to the Ontario Securities Commission (OSC), attach an electronic version of the offering materials that have not been previously filed with or delivered to the OSC.

	Description	Date of document or other material (YYYY-MM-DD)	Previously filed with or delivered to regulator? (Y/N)	Date previously filed or delivered (YYYY-MM-DD)
1.				
2.				
3.				

ITEM 8 – COMPENSATION INFORMATION

Provide information for each person (as defined in NI 45-106) to whom the issuer directly provides, or will provide, any compensation in connection with the distribution. ***Complete additional copies of this page if more than one person was, or will be, compensated.***

Indicate whether any compensation was paid, or will be paid, in connection with the distribution.

☐ No ☐ Yes If yes, indicate number of persons compensated. ☐

a) Name of person compensated and registration status

Indicate whether the person compensated is a registrant.

☐ No ☐ Yes

If the person compensated is an individual, provide the name of the individual.

Full legal name of individual

Family name	First given name	Secondary given names

If the person compensated is not an individual, provide the following information.

Full legal name of non-individual

Firm NRD number ☐☐☐☐☐☐☐ (if applicable)

Indicate whether the person compensated facilitated the distribution through a funding portal or an internet-based portal.

☐ No ☐ Yes

b) Business contact information

If a firm NRD number is not provided in Item 8(a), provide the business contact information of the person being compensated.

Street address

Municipality | Province/State

Country | Postal code/Zip code

Email address | Telephone number

c) Relationship to issuer or investment fund manager

Indicate the person's relationship with the issuer or investment fund manager (select all that apply). Refer to the meaning of "connected" in Part B(2) of the Instructions and the meaning of "control" in section 1.4 of NI 45-106 for the purposes of completing this section.

☐ Connected with the issuer or investment fund manager

☐ Insider of the issuer (other than an investment fund)

☐ Director or officer of the investment fund or investment fund manager

☐ Employee of the issuer or investment fund manager

☐ None of the above

d) Compensation details

Provide details of all compensation paid, or to be paid, to the person identified in Item 8(a) in connection with the distribution. Provide all amounts in Canadian dollars. Include cash commissions, securities-based compensation, gifts, discounts or other compensation. Do not report payments for services incidental to the distribution, such as clerical, printing, legal or accounting services. An issuer is not required to ask for details about, or report on, internal allocation arrangements with the directors, officers or employees of a non-individual compensated by the issuer.

Cash commissions paid

Value of all securities distributed as compensation[4]

Security codes

Security code 1			Security code 2			Security code 3		

Describe terms of warrants, options or other rights

Other compensation[5] | Describe

Total compensation paid

☐ Check box if the person will or may receive any deferred compensation (describe the terms below)

[4]*Provide the aggregate value of all securities distributed as compensation, excluding options, warrants or other rights exercisable to acquire additional securities of the issuer. Indicate the security codes for all securities distributed as compensation, including options, warrants or other rights exercisable to acquire additional securities of the issuer.*

[5]*Do not include deferred compensation.*

ITEM 9 – DIRECTORS, EXECUTIVE OFFICERS AND PROMOTERS OF THE ISSUER

If the issuer is an investment fund, do not complete Item 9. Proceed to Item 10.

Indicate whether the issuer is any of the following (select all that apply).

☐ Reporting issuer in any jurisdiction of Canada

☐ Foreign public issuer

☐ Wholly owned subsidiary of a reporting issuer in any jurisdiction of Canada[6]

Provide name of reporting issuer _____

☐ Wholly owned subsidiary of a foreign public issuer[6]

Provide name of foreign public issuer _____

☐ Issuer distributing eligible foreign securities only to permitted clients[7]

If the issuer is at least one of the above, do not complete Item 9(a) – (c). Proceed to Item 10.

[6]*An issuer is a wholly owned subsidiary of a reporting issuer or a foreign public issuer if all of the issuer's outstanding voting securities, other than securities that are required by law to be owned by its directors, are beneficially owned by the reporting issuer or the foreign public issuer, respectively.*

[7]*Check this box if it applies to the current distribution even if the issuer made previous distributions of other types of securities to non-permitted clients. Refer to the definitions of "eligible foreign security" and "permitted client" in Part B(1) of the Instructions.*

☐ ***If the issuer is none of the above, check this box and complete Item 9(a) – (c).***

a) Directors, executive officers and promoters of the issuer

Provide the following information for each director, executive officer and promoter of the issuer. For locations within Canada, state the province or territory, otherwise state the country. For "Relationship to issuer", "D" – Director, "O" – Executive Officer, "P" – Promoter.

Organization or company name	Family name	First given name	Secondary given names	Business location of non-individual or residential jurisdiction of individual	Relationship to issuer (select all that apply)		
				Province or country	D	O	P

b) Promoter information

If the promoter listed above is not an individual, provide the following information for each director and executive officer of the promoter. For locations within Canada, state the province or territory, otherwise state the country. For "Relationship to promoter", "D" – Director, "O" – Executive Officer.

Organization or company name	Family name	First given name	Secondary given names	Residential jurisdiction of individual	Relationship to promoter (select one or both if applicable)	
				Province or country	D	O

c) Residential address of each individual

Complete Schedule 2 of this form providing the full residential address for each individual listed in Item 9(a) and (b) and attach to the completed report. Schedule 2 also requires information to be provided about control persons.

ITEM 10 – CERTIFICATION

Provide the following certification and business contact information of an officer or director of the issuer or underwriter. If the issuer or underwriter is not a company, an individual who performs functions similar to that of a director or officer may certify the report. For example, if the issuer is a trust, the report may be certified by the issuer's trustee. If the issuer is an investment fund, a director or officer of the investment fund manager (or, if the investment fund manager is not a company, an individual who performs similar functions) may certify the report if the director or officer has been authorized to do so by the investment fund.

The certification may not be delegated to an agent or other individual preparing the report on behalf of the issuer or underwriter. If the individual completing and filing the report is different from the individual certifying the report, provide their name and contact details in Item 11.

The signature on the report must be in typed form rather than handwritten form. The report may include an electronic signature provided the name of the signatory is also in typed form.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

By completing the information below, I certify to the securities regulatory authority or regulator that:

- I have read and understand this report; and
- all of the information provided in this report is true.

Full legal name			
	Family name	First given name	Secondary given names
Title			
Name of issuer/underwriter/ investment fund manager			
Telephone number		Email address	
Signature		Date	YYYY / MM / DD

ITEM 11 – CONTACT PERSON

Provide the following business contact information for the individual that the securities regulatory authority or regulator may contact with any questions regarding the contents of this report, if different than the individual certifying the report in Item 10.

☐ Same as individual certifying the report

Full legal name				Title	
	Family name	First given name	Secondary given names		
Name of company					
Telephone number		Email address			

Notice – Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authority or regulator under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator in the local jurisdiction(s) where the report is filed, at the address(es) listed at the end of this form.

The attached Schedules 1 and 2 may contain personal information of individuals and details of the distribution(s). The information in Schedules 1 and 2 will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

By signing this report, the issuer/underwriter confirms that each individual listed in Schedule 1 or 2 of the report who is resident in a jurisdiction of Canada:

a) has been notified by the issuer/underwriter of the delivery to the securities regulatory authority or regulator of the information pertaining to the individual as set out in Schedule 1 or 2, that this information is being collected by the securities regulatory authority or regulator under the authority granted in securities legislation, that this information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction, and of the title, business address and business telephone number of the public official in the local jurisdiction, as set out in this form, who can answer questions about the security regulatory authority's or regulator's indirect collection of the information, and

b) has authorized the indirect collection of the information by the securities regulatory authority or regulator.

SCHEDULE 1 TO FORM 45-106F1 (CONFIDENTIAL PURCHASER INFORMATION)

Schedule 1 must be filed in the format of an Excel spreadsheet in a form acceptable to the securities regulatory authority or regulator.

The information in this schedule will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

a) General information *(provide only once)*

1. Name of issuer
2. Certification date (YYYY-MM-DD)

Provide the following information for each purchaser that participated in the distribution. For each purchaser, create separate entries for each distribution date, security type and exemption relied on for the distribution.

b) Legal name of purchaser

1. Family name
2. First given name
3. Secondary given names
4. Full legal name of non-individual *(if applicable)*

c) Contact information of purchaser

1. Residential street address
2. Municipality
3. Province/State
4. Postal code/Zip code
5. Country
6. Telephone number
7. Email address *(if available)*

d) Details of securities purchased

1. Date of distribution (YYYY-MM-DD)
2. Number of securities
3. Security code
4. Amount paid (Canadian $)

e) Details of exemption relied on

1. Rule, section and subsection number
2. If relying on section 2.3 [*Accredited investor*] of NI 45-106, provide the paragraph number in the definition of "accredited investor" in section 1.1 of NI 45-106 that applies to the purchaser. *(select only one)*
3. If relying on section 2.5 [*Family, friends and business associates*] of NI 45-106, provide:
   a. the paragraph number in subsection 2.5(1) that applies to the purchaser *(select only one)*; and
   b. if relying on paragraphs 2.5(1)(b) to (i), provide:
      i. the name of the director, executive officer, control person, or founder of the issuer or affiliate of the issuer claiming a relationship to the purchaser. *(Note: if Item 9(a) has been completed, the name of the director, executive officer or control person must be consistent with the name provided in Item 9 and Schedule 2.)*
      ii. the position of the director, executive officer, control person, or founder of the issuer or affiliate of the issuer claiming a relationship to the purchaser.
4. If relying on subsection 2.9(2) or, in Alberta, New Brunswick, Nova Scotia, Ontario, Québec, or Saskatchewan, subsection 2.9(2.1) [*Offering memorandum*] of NI 45-106 and the purchaser is an eligible investor, provide the paragraph number in the definition of "eligible investor" in section 1.1 of NI 45-106 that applies to the purchaser. (*select only one)*

f) Other information

1. Is the purchaser a registrant? (Y/N)
2. Is the purchaser an insider of the issuer? (Y/N) *(not applicable if the issuer is an investment fund)*
3. Full legal name of person compensated for distribution to purchaser. *If the person compensated is a registered firm, provide the firm NRD number only*. *(Note: the name must be consistent with name of the person compensated as provided in Item 8.)*

INSTRUCTIONS FOR SCHEDULE 1

Any securities issued as payment for commissions or finder's fees must be disclosed in Item 8 of the report, not in Schedule 1.

Details of exemption relied on – When identifying the exemption the issuer relied on for the distribution to each purchaser, refer to the rule, statute or instrument in which the exemption is provided and identify the specific section and, if applicable, subsection or paragraph. For example, if the issuer is relying on an exemption in a National Instrument, refer to the number of the National Instrument, and the subsection or paragraph number of the specific provision. If the issuer is relying on an exemption in a local blanket order, refer to the blanket order by number.

For exemptions that require the purchaser to meet certain characteristics, such as the exemption in section 2.3 [*Accredited investor*], section 2.5 [*Family, friends and business associates*] or subsection 2.9(2) or, in Alberta, New Brunswick, Nova Scotia, Ontario, Québec, or Saskatchewan, subsection 2.9(2.1) [*Offering memorandum*] of NI 45-106, provide the specific paragraph in the definition of those terms that applies to each purchaser.

Reports filed under paragraph 6.1(1)(j) [*TSX Venture Exchange offering*] of NI 45-106 – For reports filed under paragraph 6.1(1)(j) [*TSX Venture Exchange offering*] of NI 45-106, Schedule 1 needs to list the total number of purchasers by jurisdiction only, and is not required to include the name, residential address, telephone number or email address of the purchasers.

SCHEDULE 2 TO FORM 45-106F1 (CONFIDENTIAL DIRECTOR, EXECUTIVE OFFICER, PROMOTER AND CONTROL PERSON INFORMATION)

Schedule 2 must be filed in the format of an Excel spreadsheet in a form acceptable to the securities regulatory authority or regulator.

Complete the following only if Item 9(a) is required to be completed. **This schedule also requires information to be provided about control persons of the issuer at the time of the distribution.**

The information in this schedule will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

a) General information *(provide only once)*

1. Name of issuer
2. Certification date (YYYY-MM-DD)

b) Business contact information of Chief Executive Officer *(if not provided in Item 10 or 11 of report)*

1. Email address
2. Telephone number

c) Residential address of directors, executive officers, promoters and control persons of the issuer

Provide the following information for each individual who is a director, executive officer, promoter or control person of the issuer at the time of the distribution. If the promoter or control person is not an individual, provide the following information for each director and executive officer of the promoter and control person. (Note: names of directors, executive officers and promoters must be consistent with the information in Item 9 of the report, if required to be provided.)

1. Family name
2. First given name
3. Secondary given names
4. Residential street address
5. Municipality
6. Province/State
7. Postal code/Zip code
8. Country
9. Indicate whether the individual is a control person, or a director and/or executive officer of a control person (*if applicable*)

d) Non-individual control persons *(if applicable)*

If the control person is not an individual, provide the following information. For locations within Canada, state the province or territory, otherwise state the country.

1. Organization or company name
2. Province or country of business location

Questions:

Refer any questions to:

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: inquiries@bcsc.bc.ca

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Attention: Deputy Superintendent, Legal & Enforcement
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers); fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

Government of Yukon
Department of Community Services
Law Centre, 3rd Floor
2130 Second Avenue
Whitehorse, Yukon Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

9. Form 45-106F6 is repealed.

10. This Instrument comes into force on June 30, 2016.

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ANNEX B

FORM 45-106F1 *REPORT OF EXEMPT DISTRIBUTION* (NEW REPORT)

Form 45-106F1 *Report of Exempt Distribution*

A. General Instructions

1. Filing instructions

An issuer or underwriter that is required to file a report of exempt distribution and pay the applicable fee must file the report and pay the fee as follows:

- **In British Columbia** – through BCSC eServices at http://www.bcsc.bc.ca.
- **In Ontario** – through the online e-form available at http://www.osc.gov.on.ca.
- **In all other jurisdictions** – through the System for Electronic Document Analysis and Retrieval (SEDAR) in accordance with National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* if required, or otherwise with the securities regulatory authority or regulator, as applicable, in the applicable jurisdictions at the addresses listed at the end of this form.

The issuer or underwriter must file the report in a jurisdiction of Canada if the distribution occurs in the jurisdiction. If a distribution is made in more than one jurisdiction of Canada, the issuer or underwriter may satisfy its obligation to file the report by completing a single report identifying all purchasers, and file the report in each jurisdiction of Canada in which the distribution occurs. Filing fees payable in a particular jurisdiction are not affected by identifying all purchasers in a single report.

In order to determine the applicable fee in a particular jurisdiction of Canada, consult the securities legislation of that jurisdiction.

2. Issuers located outside of Canada

If an issuer located outside of Canada determines that a distribution has taken place in a jurisdiction of Canada, include information about purchasers resident in that jurisdiction only.

3. Multiple distributions

An issuer may use one report for multiple distributions occurring within 10 days of each other, provided the report is filed on or before the 10th day following the first distribution date. However, an investment fund issuer that is relying on the exemptions set out in subsection 6.2(2) of NI 45-106 may file the report annually in accordance with that subsection.

4. References to purchaser

References to a purchaser in this form are to the beneficial owner of the securities.

However, if a trust company, trust corporation, or registered adviser described in paragraph (p) or (q) of the definition of "accredited investor" in section 1.1 of NI 45-106 has purchased the securities on behalf of a fully managed account, provide information about the trust company, trust corporation or registered adviser only; do not include information about the beneficial owner of the fully managed account.

5. References to issuer

References to "issuer" in this form include an investment fund issuer and a non-investment fund issuer, unless otherwise specified.

6. Investment fund issuers

If the issuer is an investment fund, complete Items 1-3, 6-8, 10, 11 and Schedule 1 of this form.

7. Mortgage investment entities

If the issuer is a mortgage investment entity, complete all applicable items of this form other than Item 6.

8. Language

The report must be filed in English or in French. In Québec, the issuer or underwriter must comply with linguistic rights and obligations prescribed by Québec law.

9. Currency

All dollar amounts in the report must be in Canadian dollars. If the distribution was made or any compensation was paid in connection with the distribution in a foreign currency, convert the currency to Canadian dollars using the daily noon exchange rate of the Bank of Canada on the distribution date. If the distribution date occurs on a date when the daily noon exchange rate of the Bank of Canada is not available, convert the currency to Canadian dollars using the most recent closing exchange rate of the Bank of Canada available before the distribution date. For investment funds in continuous distribution, convert the currency to Canadian dollars using the average daily noon exchange rate of the Bank of Canada for the distribution period covered by the report.

If the Bank of Canada no longer publishes a daily noon exchange rate and closing exchange rate, convert foreign currency using the daily single indicative exchange rate of the Bank of Canada in the same manner described in each of the three scenarios above.

If the distribution was not made in Canadian dollars, provide the foreign currency in Item 7(a) of the report.

10. Date of information in report

Unless otherwise indicated in this form, provide the information as of the distribution end date.

11. Date of formation

For the date of formation, provide the date on which the issuer was incorporated, continued or organized (formed). If the issuer resulted from an amalgamation, arrangement, merger or reorganization, provide the date of the most recent amalgamation, arrangement, merger or reorganization.

12. Security codes

Wherever this form requires disclosure of the type of security, use the following security codes:

Security code	Security type
BND	Bonds
CER	Certificates *(including pass-through certificates, trust certificates)*
CMS	Common shares
CVD	Convertible debentures
CVN	Convertible notes
CVP	Convertible preferred shares
DEB	Debentures
FTS	Flow-through shares
FTU	Flow-through units
LPU	Limited partnership units
NOT	Notes *(include all types of notes except convertible notes)*
OPT	Options
PRS	Preferred shares
RTS	Rights
UBS	Units of bundled securities *(such as a unit consisting of a common share and a warrant)*
UNT	Units *(exclude units of bundled securities, include trust units and mutual fund units)*
WNT	Warrants
OTH	Other securities not included above *(if selected, provide details of security type in Item 7d)*

B. Terms used in the form

1. For the purposes of this form:

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"eligible foreign security" means a security offered primarily in a foreign jurisdiction as part of a distribution of securities in either of the following circumstances:

(a) the security is issued by an issuer
  (i) that is incorporated, formed or created under the laws of a foreign jurisdiction,
  (ii) that is not a reporting issuer in a jurisdiction of Canada,
  (iii) that has its head office outside of Canada, and
  (iv) that has a majority of the executive officers and a majority of the directors ordinarily resident outside of Canada;

(b) the security is issued or guaranteed by the government of a foreign jurisdiction;

"foreign public issuer" means an issuer where any of the following apply:

(a) the issuer has a class of securities registered under section 12 of the 1934 Act;

(b) the issuer is required to file reports under section 15(d) of the 1934 Act;

(c) the issuer is required to provide disclosure relating to the issuer and the trading in its securities to the public, to security holders of the issuer or to a regulatory authority and that disclosure is publicly available in a designated foreign jurisdiction;

"legal entity identifier" means a unique identification code assigned to the person

(a) in accordance with the standards set by the Global Legal Entity Identifier System, or

(b) that complies with the standards established by the Legal Entity Identifier Regulatory Oversight Committee for pre-legal entity identifiers;

"permitted client" has the same meaning as in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"SEDAR profile" means a filer profile required under section 5.1 of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)*.

2. For the purposes of this form, a person is connected with an issuer or an investment fund manager if either of the following applies:

(a) one of them is controlled by the other;

(b) each of them is controlled by the same person.

Form 45-106F1 *Report of Exempt Distribution*

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

ITEM 1 – REPORT TYPE

☐ New report

☐ Amended report If amended, provide filing date of report that is being amended. ☐☐☐ (YYYY-MM-DD)

ITEM 2 – PARTY CERTIFYING THE REPORT

Indicate the party certifying the report (select only one). For guidance regarding whether an issuer is an investment fund, refer to section 1.1 of National Instrument 81-106 Investment Fund Continuous Disclosure *and the companion policy to NI 81-106.*

☐ Investment fund issuer

☐ Issuer (other than an investment fund)

☐ Underwriter

ITEM 3 – ISSUER NAME AND OTHER IDENTIFIERS

Provide the following information about the issuer, or if the issuer is an investment fund, about the fund.

Full legal name

Previous full legal name

If the issuer's name changed in the last 12 months, provide most recent previous legal name.

Website (if applicable)

If the issuer has a legal entity identifier, provide below. Refer to Part B of the Instructions for the definition of "legal entity identifier".

Legal entity identifier

ITEM 4 – UNDERWRITER INFORMATION

If an underwriter is completing the report, provide the underwriter's full legal name and firm National Registration Database (NRD) number.

Full legal name

Firm NRD number ☐☐☐☐☐☐☐ (if applicable)

If the underwriter does not have a firm NRD number, provide the head office contact information of the underwriter.

Street address

Municipality Province/State

Country Postal code/Zip code

Telephone number Website (if applicable)

ITEM 5 – ISSUER INFORMATION

If the issuer is an investment fund, do not complete Item 5. Proceed to Item 6.

a) Primary industry

Provide the issuer's North American Industry Classification Standard (NAICS) code (6 digits only) that corresponds to the issuer's primary business activity. For more information on finding the NAICS industry code go to ***Statistics Canada's NAICS industry search tool****.*

NAICS industry code | | | | | | |

If the issuer is in the ***mining industry,*** *indicate the stage of operations. This does not apply to issuers that provide services to issuers operating in the mining industry. Select the category that best describes the issuer's stage of operations.*

☐ Exploration ☐ Development ☐ Production

Is the issuer's primary business to invest all or substantially all of its assets in any of the following? If yes, select all that apply.

☐ Mortgages ☐ Real estate ☐ Commercial/business debt ☐ Consumer debt ☐ Private companies

b) Number of employees

Number of employees: ☐ 0 – 49 ☐ 50 – 99 ☐ 100 – 499 ☐ 500 or more

c) SEDAR profile number

Does the issuer have a SEDAR profile?

☐ No ☐ Yes If yes, provide SEDAR profile number | | | | | | | | | |

If the issuer does not have a SEDAR profile complete Item 5(d) – (h).

d) Head office address

Street address		Province/State	
Municipality		Postal code/Zip code	
Country		Telephone number	

e) Date of formation and financial year-end

Date of formation | | | | (YYYY MM DD) Financial year-end | | | (MM DD)

f) Reporting issuer status

Is the issuer a reporting issuer in any jurisdiction of Canada? ☐ No ☐ Yes

If yes, select the jurisdictions of Canada in which the issuer is a reporting issuer.

☐ All ☐ AB ☐ BC ☐ MB ☐ NB ☐ NL ☐ NT
☐ NS ☐ NU ☐ ON ☐ PE ☐ QC ☐ SK ☐ YT

g) Public listing status

If the issuer has a CUSIP number, provide below (first 6 digits only)

CUSIP number | | | | | | |

If the issuer is publicly listed, provide the names of all exchanges on which its securities are listed. Include only the names of exchanges for which the issuer has applied for and received a listing, which excludes, for example, automated trading systems.

Exchange names | | | | |

h) Size of issuer's assets

Select the size of the issuer's assets for its most recent financial year-end (Canadian $). If the issuer has not existed for a full financial year, provide the size of the issuer's assets at the distribution end date.

☐ $0 to under $5M ☐ $5M to under $25M ☐ $25M to under $100M
☐ $100M to under $500M ☐ $500M to under $1B ☐ $1B or over

ITEM 6 – INVESTMENT FUND ISSUER INFORMATION

If the issuer is an investment fund, provide the following information.

a) Investment fund manager information

Full legal name

Firm NRD Number (if applicable)

If the investment fund manager does not have a firm NRD number, provide the head office contact information of the investment fund manager.

Street Address

Municipality | Province/State

Country | Postal code/Zip code

Telephone number | Website (if applicable)

b) Type of investment fund

Type of investment fund that most accurately identifies the issuer (select only one).

☐ Money market ☐ Equity ☐ Fixed income

☐ Balanced ☐ Alternative strategies ☐ Other (describe)

Indicate whether one or both of the following apply to the investment fund.

☐ Invests primarily in other investment fund issuers

☐ Is a UCITs Fund[1]

[1]*Undertaking for the Collective Investment of Transferable Securities funds (UCITs Funds) are investment funds regulated by the European Union (EU) directives that allow collective investment schemes to operate throughout the EU on a passport basis on authorization from one member state.*

c) Date of formation and financial year-end of the investment fund

Date of formation YYYY MM DD

Financial year-end MM DD

d) Reporting issuer status of the investment fund

Is the investment fund a reporting issuer in any jurisdiction of Canada? ☐ No ☐ Yes

If yes, select the jurisdictions of Canada in which the investment fund is a reporting issuer.

☐ All ☐ AB ☐ BC ☐ MB ☐ NB ☐ NL ☐ NT

☐ NS ☐ NU ☐ ON ☐ PE ☐ QC ☐ SK ☐ YT

e) Public listing status of the investment fund

If the investment fund has a CUSIP number, provide below (first 6 digits only).

CUSIP number

If the investment fund is publicly listed, provide the names of all exchanges on which its securities are listed. Include only the names of exchanges for which the investment fund has applied for and received a listing, which excludes, for example, automated trading systems.

Exchange names

f) Net asset value (NAV) of the investment fund

Select the NAV range of the investment fund as of the date of the most recent NAV calculation (Canadian $).

☐ $0 to under $5M ☐ $5M to under $25M ☐ $25M to under $100M

☐ $100M to under $500M ☐ $500M to under $1B ☐ $1B or over Date of NAV calculation: YYYY MM DD

ITEM 7 – INFORMATION ABOUT THE DISTRIBUTION

If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include in Item 7 and Schedule 1 information about purchasers resident in that jurisdiction of Canada only. Do not include in Item 7 securities issued as payment of commissions or finder's fees, which should be disclosed in Item 8. The information provided in Item 7 must reconcile with the information provided in Schedule 1 of the report.

a) Currency

Select the currency or currencies in which the distribution was made. All dollar amounts provided in the report must be in Canadian dollars.

☐ Canadian dollar ☐ US dollar ☐ Euro Other (describe) ☐

b) Distribution date(s)

State the distribution start and end dates. If the report is being filed for securities distributed on only one distribution date, provide the distribution date as both the start and end dates. If the report is being filed for securities distributed on a continuous basis, include the start and end dates for the distribution period covered by the report.

Start date ☐☐☐☐ ☐☐ ☐☐ (YYYY MM DD) End date ☐☐☐☐ ☐☐ ☐☐ (YYYY MM DD)

c) Detailed purchaser information

Complete Schedule 1 of this form for each purchaser and attach the schedule to the completed report.

d) Types of securities distributed

Provide the following information for all distributions that take place in a jurisdiction of Canada on a per security basis. Refer to Part A of the Instructions for how to indicate the security code. If providing the CUSIP number, indicate the full 9-digit CUSIP number assigned to the security being distributed.

Security code	CUSIP number (if applicable)	Description of security	Number of securities	Canadian $		
				Single or lowest price	Highest price	Total amount

e) Details of rights and convertible/exchangeable securities

If any rights (e.g. warrants, options) were distributed, provide the exercise price and expiry date for each right. If any convertible/exchangeable securities were distributed, provide the conversion ratio and describe any other terms for each convertible/exchangeable security.

Security code	Underlying security code	Exercise price (Canadian $)		Expiry date (YYYY-MM-DD)	Conversion ratio	Describe other terms (if applicable)
		Lowest	Highest			

f) Summary of the distribution by jurisdiction and exemption

State the total dollar amount of securities distributed and the number of purchasers for each jurisdiction of Canada and foreign jurisdiction where a purchaser resides and for each exemption relied on in Canada for that distribution. However, if an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include distributions to purchasers resident in that jurisdiction of Canada only.

This table requires a separate line item for: (i) each jurisdiction where a purchaser resides, (ii) each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and (iii) each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction.

For jurisdictions within Canada, state the province or territory, otherwise state the country.

Province or country	Exemption relied on	Number of purchasers	Total amount (Canadian $)
	Total dollar amount of securities distributed		
	Total number of unique purchasers[2]		

[2] *In calculating the total number of unique purchasers to which the issuer distributed securities, count each purchaser only once, regardless of whether the issuer distributed multiple types of securities to, and relied on multiple exemptions for, that purchaser.*

g) Net proceeds to the investment fund by jurisdiction

If the issuer is an investment fund, provide the net proceeds to the investment fund for each jurisdiction of Canada and foreign jurisdiction where a purchaser resides.[3] If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, include net proceeds for that jurisdiction of Canada only. For jurisdictions within Canada, state the province or territory, otherwise state the country.

Province or country	Net proceeds (Canadian $)
Total net proceeds to the investment fund	

[3]"Net proceeds" means the gross proceeds realized in the jurisdiction from the distributions for which the report is being filed, less the gross redemptions that occurred during the distribution period covered by the report.

h) Offering materials - This section applies only in Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia.

If a distribution has occurred in Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia, complete the table below by listing the offering materials that are required under the prospectus exemption relied on to be filed with or delivered to the securities regulatory authority or regulator in those jurisdictions.

In Ontario, if the offering materials listed in the table are required to be filed with or delivered to the Ontario Securities Commission (OSC), attach an electronic version of the offering materials that have not been previously filed with or delivered to the OSC.

	Description	Date of document or other material (YYYY-MM-DD)	Previously filed with or delivered to regulator? (Y/N)	Date previously filed or delivered (YYYY-MM-DD)
1.				
2.				
3.				

ITEM 8 – COMPENSATION INFORMATION

Provide information for each person (as defined in NI 45-106) to whom the issuer directly provides, or will provide, any compensation in connection with the distribution. ***Complete additional copies of this page if more than one person was, or will be, compensated.***

Indicate whether any compensation was paid, or will be paid, in connection with the distribution.

☐ No ☐ Yes If yes, indicate number of persons compensated. ☐

a) Name of person compensated and registration status

Indicate whether the person compensated is a registrant.

☐ No ☐ Yes

If the person compensated is an individual, provide the name of the individual.

Full legal name of individual

Family name	First given name	Secondary given names

If the person compensated is not an individual, provide the following information.

Full legal name of non-individual

Firm NRD number ☐☐☐☐☐☐☐ (if applicable)

Indicate whether the person compensated facilitated the distribution through a funding portal or an internet-based portal.

☐ No ☐ Yes

b) Business contact information

If a firm NRD number is not provided in Item 8(a), provide the business contact information of the person being compensated.

Street address

Municipality Province/State

Country Postal code/Zip code

Email address Telephone number

c) Relationship to issuer or investment fund manager

Indicate the person's relationship with the issuer or investment fund manager (select all that apply). Refer to the meaning of "connected" in Part B(2) of the Instructions and the meaning of "control" in section 1.4 of NI 45-106 for the purposes of completing this section.

☐ Connected with the issuer or investment fund manager

☐ Insider of the issuer (other than an investment fund)

☐ Director or officer of the investment fund or investment fund manager

☐ Employee of the issuer or investment fund manager

☐ None of the above

d) Compensation details

Provide details of all compensation paid, or to be paid, to the person identified in Item 8(a) in connection with the distribution. Provide all amounts in Canadian dollars. Include cash commissions, securities-based compensation, gifts, discounts or other compensation. Do not report payments for services incidental to the distribution, such as clerical, printing, legal or accounting services. An issuer is not required to ask for details about, or report on, internal allocation arrangements with the directors, officers or employees of a non-individual compensated by the issuer.

Cash commissions paid

Value of all securities distributed as compensation[4]

Security codes

Security code 1			Security code 2			Security code 3		

Describe terms of warrants, options or other rights

Other compensation[5] Describe

Total compensation paid

☐ Check box if the person will or may receive any deferred compensation (describe the terms below)

[4] *Provide the aggregate value of all securities distributed as compensation, excluding options, warrants or other rights exercisable to acquire additional securities of the issuer. Indicate the security codes for all securities distributed as compensation, including options, warrants or other rights exercisable to acquire additional securities of the issuer.*

[5] *Do not include deferred compensation.*

ITEM 9 – DIRECTORS, EXECUTIVE OFFICERS AND PROMOTERS OF THE ISSUER

If the issuer is an investment fund, do not complete Item 9. Proceed to Item 10.

Indicate whether the issuer is any of the following (select all that apply).

☐ Reporting issuer in any jurisdiction of Canada

☐ Foreign public issuer

☐ Wholly owned subsidiary of a reporting issuer in any jurisdiction of Canada[6]

Provide name of reporting issuer _____

☐ Wholly owned subsidiary of a foreign public issuer[6]

Provide name of foreign public issuer _____

☐ Issuer distributing eligible foreign securities only to permitted clients[7]

If the issuer is at least one of the above, do not complete Item 9(a) – (c). Proceed to Item 10.

[6]*An issuer is a wholly owned subsidiary of a reporting issuer or a foreign public issuer if all of the issuer's outstanding voting securities, other than securities that are required by law to be owned by its directors, are beneficially owned by the reporting issuer or the foreign public issuer, respectively.*

[7]*Check this box if it applies to the current distribution even if the issuer made previous distributions of other types of securities to non-permitted clients. Refer to the definitions of "eligible foreign security" and "permitted client" in Part B(1) of the Instructions.*

☐ ***If the issuer is none of the above, check this box and complete Item 9(a) – (c).***

a) Directors, executive officers and promoters of the issuer

Provide the following information for each director, executive officer and promoter of the issuer. For locations within Canada, state the province or territory, otherwise state the country. For "Relationship to issuer", "D" – Director, "O" – Executive Officer, "P" – Promoter.

Organization or company name	Family name	First given name	Secondary given names	Business location of non-individual or residential jurisdiction of individual	Relationship to issuer (select all that apply)		
				Province or country	D	O	P

b) Promoter information

If the promoter listed above is not an individual, provide the following information for each director and executive officer of the promoter. For locations within Canada, state the province or territory, otherwise state the country. For "Relationship to promoter", "D" – Director, "O" – Executive Officer.

Organization or company name	Family name	First given name	Secondary given names	Residential jurisdiction of individual	Relationship to promoter (select one or both if applicable)	
				Province or country	D	O

c) Residential address of each individual

Complete Schedule 2 of this form providing the full residential address for each individual listed in Item 9(a) and (b) and attach to the completed report. Schedule 2 also requires information to be provided about control persons.

ITEM 10 – CERTIFICATION

Provide the following certification and business contact information of an officer or director of the issuer or underwriter. If the issuer or underwriter is not a company, an individual who performs functions similar to that of a director or officer may certify the report. For example, if the issuer is a trust, the report may be certified by the issuer's trustee. If the issuer is an investment fund, a director or officer of the investment fund manager (or, if the investment fund manager is not a company, an individual who performs similar functions) may certify the report if the director or officer has been authorized to do so by the investment fund.

The certification may not be delegated to an agent or other individual preparing the report on behalf of the issuer or underwriter. If the individual completing and filing the report is different from the individual certifying the report, provide their name and contact details in Item 11.

The signature on the report must be in typed form rather than handwritten form. The report may include an electronic signature provided the name of the signatory is also in typed form.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT

By completing the information below, I certify to the securities regulatory authority or regulator that:

- I have read and understand this report; and
- all of the information provided in this report is true.

Full legal name	Family name	First given name	Secondary given names
Title			
Name of issuer/underwriter/ investment fund manager			
Telephone number		Email address	
Signature		Date	YYYY MM DD

ITEM 11 – CONTACT PERSON

Provide the following business contact information for the individual that the securities regulatory authority or regulator may contact with any questions regarding the contents of this report, if different than the individual certifying the report in Item 10.

☐ Same as individual certifying the report

Full legal name	Family name	First given name	Secondary given names	Title	
Name of company					
Telephone number		Email address			

Notice – Collection and use of personal information

The personal information required under this form is collected on behalf of and used by the securities regulatory authority or regulator under the authority granted in securities legislation for the purposes of the administration and enforcement of the securities legislation.

If you have any questions about the collection and use of this information, contact the securities regulatory authority or regulator in the local jurisdiction(s) where the report is filed, at the address(es) listed at the end of this form.

The attached Schedules 1 and 2 may contain personal information of individuals and details of the distribution(s). The information in Schedules 1 and 2 will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

By signing this report, the issuer/underwriter confirms that each individual listed in Schedule 1 or 2 of the report who is resident in a jurisdiction of Canada:

a) has been notified by the issuer/underwriter of the delivery to the securities regulatory authority or regulator of the information pertaining to the individual as set out in Schedule 1 or 2, that this information is being collected by the securities regulatory authority or regulator under the authority granted in securities legislation, that this information is being collected for the purposes of the administration and enforcement of the securities legislation of the local jurisdiction, and of the title, business address and business telephone number of the public official in the local jurisdiction, as set out in this form, who can answer questions about the security regulatory authority's or regulator's indirect collection of the information, and

b) has authorized the indirect collection of the information by the securities regulatory authority or regulator.

SCHEDULE 1 TO FORM 45-106F1 (CONFIDENTIAL PURCHASER INFORMATION)

Schedule 1 must be filed in the format of an Excel spreadsheet in a form acceptable to the securities regulatory authority or regulator.

The information in this schedule will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

a) General information *(provide only once)*

1. Name of issuer
2. Certification date (YYYY-MM-DD)

Provide the following information for each purchaser that participated in the distribution. For each purchaser, create separate entries for each distribution date, security type and exemption relied on for the distribution.

b) Legal name of purchaser

1. Family name
2. First given name
3. Secondary given names
4. Full legal name of non-individual *(if applicable)*

c) Contact information of purchaser

1. Residential street address
2. Municipality
3. Province/State
4. Postal code/Zip code
5. Country
6. Telephone number
7. Email address *(if available)*

d) Details of securities purchased

1. Date of distribution (YYYY-MM-DD)
2. Number of securities
3. Security code
4. Amount paid (Canadian $)

e) Details of exemption relied on

1. Rule, section and subsection number
2. If relying on section 2.3 [*Accredited investor*] of NI 45-106, provide the paragraph number in the definition of "accredited investor" in section 1.1 of NI 45-106 that applies to the purchaser. *(select only one)*
3. If relying on section 2.5 [*Family, friends and business associates*] of NI 45-106, provide:
   a. the paragraph number in subsection 2.5(1) that applies to the purchaser *(select only one)*; and
   b. if relying on paragraphs 2.5(1)(b) to (i), provide:
      i. the name of the director, executive officer, control person, or founder of the issuer or affiliate of the issuer claiming a relationship to the purchaser. *(Note: if Item 9(a) has been completed, the name of the director, executive officer or control person must be consistent with the name provided in Item 9 and Schedule 2.)*
      ii. the position of the director, executive officer, control person, or founder of the issuer or affiliate of the issuer claiming a relationship to the purchaser.
4. If relying on subsection 2.9(2) or, in Alberta, New Brunswick, Nova Scotia, Ontario, Québec, or Saskatchewan, subsection 2.9(2.1) [*Offering memorandum*] of NI 45-106 and the purchaser is an eligible investor, provide the paragraph number in the definition of "eligible investor" in section 1.1 of NI 45-106 that applies to the purchaser. (*select only one)*

f) Other information

1. Is the purchaser a registrant? (Y/N)
2. Is the purchaser an insider of the issuer? (Y/N) *(not applicable if the issuer is an investment fund)*
3. Full legal name of person compensated for distribution to purchaser. *If the person compensated is a registered firm, provide the firm NRD number only. (Note: the name must be consistent with name of the person compensated as provided in Item 8.)*

INSTRUCTIONS FOR SCHEDULE 1

Any securities issued as payment for commissions or finder's fees must be disclosed in Item 8 of the report, not in Schedule 1.

Details of exemption relied on – When identifying the exemption the issuer relied on for the distribution to each purchaser, refer to the rule, statute or instrument in which the exemption is provided and identify the specific section and, if applicable, subsection or paragraph. For example, if the issuer is relying on an exemption in a National Instrument, refer to the number of the National Instrument, and the subsection or paragraph number of the specific provision. If the issuer is relying on an exemption in a local blanket order, refer to the blanket order by number.

For exemptions that require the purchaser to meet certain characteristics, such as the exemption in section 2.3 [*Accredited investor*], section 2.5 [*Family, friends and business associates*] or subsection 2.9(2) or, in Alberta, New Brunswick, Nova Scotia, Ontario, Québec, or Saskatchewan, subsection 2.9(2.1) [*Offering memorandum*] of NI 45-106, provide the specific paragraph in the definition of those terms that applies to each purchaser.

Reports filed under paragraph 6.1(1)(j) [*TSX Venture Exchange offering*] of NI 45-106 – For reports filed under paragraph 6.1(1)(j) [*TSX Venture Exchange offering*] of NI 45-106, Schedule 1 needs to list the total number of purchasers by jurisdiction only, and is not required to include the name, residential address, telephone number or email address of the purchasers.

SCHEDULE 2 TO FORM 45-106F1 (CONFIDENTIAL DIRECTOR, EXECUTIVE OFFICER, PROMOTER AND CONTROL PERSON INFORMATION)

Schedule 2 must be filed in the format of an Excel spreadsheet in a form acceptable to the securities regulatory authority or regulator.

Complete the following only if Item 9(a) is required to be completed. **This schedule also requires information to be provided about control persons of the issuer at the time of the distribution.**

The information in this schedule will not be placed on the public file of any securities regulatory authority or regulator. However, freedom of information legislation may require the securities regulatory authority or regulator to make this information available if requested.

a) General information *(provide only once)*

1. Name of issuer
2. Certification date (YYYY-MM-DD)

b) Business contact information of Chief Executive Officer *(if not provided in Item 10 or 11 of report)*

1. Email address
2. Telephone number

c) Residential address of directors, executive officers, promoters and control persons of the issuer

Provide the following information for each individual who is a director, executive officer, promoter or control person of the issuer at the time of the distribution. If the promoter or control person is not an individual, provide the following information for each director and executive officer of the promoter and control person. (Note: names of directors, executive officers and promoters must be consistent with the information in Item 9 of the report, if required to be provided.)

1. Family name
2. First given name
3. Secondary given names
4. Residential street address
5. Municipality
6. Province/State
7. Postal code/Zip code
8. Country
9. Indicate whether the individual is a control person, or a director and/or executive officer of a control person (*if applicable*)

d) Non-individual control persons *(if applicable)*

If the control person is not an individual, provide the following information. For locations within Canada, state the province or territory, otherwise state the country.

1. Organization or company name
2. Province or country of business location

Questions:

Refer any questions to:

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: inquiries@bcsc.bc.ca

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Telephone: (204) 945-2548
Toll free in Manitoba 1-800-655-5244
Facsimile: (204) 945-0330

Financial and Consumer Services Commission (New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2J2
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700
Confederation Building
2nd Floor, West Block
Prince Philip Drive
St. John's, Newfoundland and Labrador A1B 4J6
Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of the Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, Northwest Territories X1A 2L9
Attention: Deputy Superintendent, Legal & Enforcement
Telephone: (867) 920-8984
Facsimile: (867) 873-0243

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower
P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Shaw Building
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdessocietes@lautorite.qc.ca (For corporate finance issuers); fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)

Financial and Consumer Affairs Authority of Saskatchewan
Suite 601 - 1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-5899

Government of Yukon
Department of Community Services
Law Centre, 3rd Floor
2130 Second Avenue
Whitehorse, Yukon Y1A 5H6
Telephone: (867) 667-5314
Facsimile: (867) 393-6251

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ANNEX C

CHANGES TO COMPANION POLICY 45-106 *PROSPECTUS EXEMPTIONS*

This Annex shows, by way of blackline, changes to Companion Policy 45-106 *Prospectus Exemptions* that will take effect upon the coming into force of the rule amendments set out in Annex A. Additions are represented with underlined text and deletions are represented with strikethrough text.

PART 5 – FORMS

5.1 Report of exempt distribution

(1) Requirement to file

An issuer that has distributed a security of its own issue under any of the prospectus exemptions listed in section 6.1 of NI 45-106 is required to file a report of exempt distribution, on or before the 10th day after the distribution. Alternatively, if an underwriter distributes securities acquired under section 2.33 of NI 45-106, either the issuer or the underwriter may complete and file the form. If there is a syndicate of underwriters, the lead underwriter may file the form on behalf of the syndicate or each underwriter may file a form relating to the portion of the distribution it was responsible for. The required form of report is Form 45-106F1 *Report of Exempt Distribution* ~~in all jurisdictions except British Columbia. In British Columbia, the required form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution*.~~

In determining if it is required to file a report in a particular jurisdiction, the issuer or underwriter should consider the following questions:

(a) Is there a distribution in the jurisdiction? (Please refer to the securities legislation and securities directions of the jurisdiction for guidance, if any, on when a distribution occurs in the jurisdiction.)

(b) If there is a distribution in the jurisdiction, what exemption from the prospectus requirement is the issuer relying on for the distribution of the security?

(c) Does the exemption referred to in paragraph (b) trigger a reporting requirement? (Reports of exempt distribution are required for distributions made in reliance on the prospectus exemptions provided in section 6.1 of NI 45-106, Multilateral Instrument 45-108 *Crowdfunding* and certain local rules and orders.)

A distribution may occur in more than one jurisdiction. In this case, the issuer ~~is required to file~~ may complete a single report identifying all purchasers, and file the report in each Canadian jurisdiction where the distribution has occurred~~, except British Columbia. The report will set out all distributions in each Canadian jurisdiction~~.

~~If the distribution occurs in British Columbia and one or more other jurisdictions, the issuer is required to file Form 45-106F6 with the British Columbia Securities Commission and file Form 45-106F1 in the other applicable jurisdictions.~~

(2) Access to information ~~in jurisdictions other than British Columbia~~

The securities legislation of several provinces requires that information filed with the securities regulatory authority or, where applicable, the regulator under such securities legislation, be made available for public inspection during normal business hours except for information that the securities regulatory authority or, where applicable, the regulator,

(a) believes to be personal or other information of such a nature that the desirability of avoiding disclosure thereof in the interest of any affected individual outweighs the desirability of adhering to the principle that information filed with the securities regulatory authority or the regulator, as applicable, be available to the public for inspection,

(b) in Alberta, considers that it would not be prejudicial to the public interest to hold the information in confidence, and

(c) in Québec, considers that access to the information could result in serious prejudice.

Based on the above-mentioned provisions of securities legislation, the securities regulatory authorities or regulators, as applicable, have determined that the information listed in Schedule 1 and Schedule 2 of Form 45-106F1 *Report of Exempt Distribution,* ~~Schedule I ("Schedule I")~~ discloses personal or other information of such a nature that the desirability of avoiding

disclosure of this ~~personal~~ information outweighs the desirability of making the information available to the public for inspection. In addition, in Alberta, the regulator considers that it would not be prejudicial to the public interest to hold the information listed in ~~Schedule I~~these schedules in confidence. In Québec, the securities regulatory authority considers that access to ~~Schedule I~~these schedules by the public in general could result in serious prejudice and consequently, the information listed in ~~Schedule I~~these schedules will not be made publicly available.

(3) ~~Filings in British Columbia~~ Electronic filing of Form 45-106F1 *Report of Exempt Distribution*

Form 45-106F1 is required to be filed electronically in all CSA jurisdictions as described below.

For filings made in British Columbia, issuers are required to file Form ~~45-106F6~~45-106F1 and pay the fees associated with that filing electronically using BCSC ~~e-services~~eServices. This requirement only applies to filings that are required to be made within 10 days of the distribution. It does not apply to filings made annually by investment funds under subsection 6.2(2) of NI 45-106. Please refer to BC Instrument 13-502 *Electronic Filing of Reports of Exempt Distribution* for further information.

For filings made in Ontario, issuers are required to file Form 45-106F1 electronically through the OSC's Electronic Filing Portal and pay the applicable fees. The electronic filing requirement applies to all issuers that file Form 45-106F1, including investment fund issuers that file annually in accordance with subsection 6.2(2) of NI 45-106. Please see OSC Rule 11-501 *Electronic Delivery of Documents to the Ontario Securities Commission* and OSC Rule 13-502 *Fees* for further information.

For filings made in any Canadian jurisdiction except for British Columbia and Ontario, issuers, other than certain foreign issuers, are required to file Form 45-106F1 and pay the fees associated with that filing electronically through the System for Electronic Document Analysis and Retrieval (SEDAR). The electronic filing requirement also applies to investment fund issuers that file annually in accordance with subsection 6.2(2) of NI 45-106. Please refer to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and Multilateral Instrument 13-102 *System fees for SEDAR and NRD* for further information. Foreign issuers that are not required to file Form 45-106F1 electronically through SEDAR should file the report and pay the applicable fees in each of the jurisdictions in which a distribution is made at the addresses listed at the end of the report.

ANNEX D

SUMMARY OF NEW INFORMATION REQUIREMENTS

The table below summarizes the new information requirements in the New Report, together with an explanation of the rationale for each requirement.

Information Required	Rationale
Identifiers[1]	
Firm NRD number for the underwriter, investment fund manager and registrant being compensated	This unique identifier allows securities regulators to accurately link information available through NRD to assist in our compliance programs. Using the NRD number also reduces duplication of certain information required to be disclosed in the New Report, which is available in NRD.
SEDAR profile number	The SEDAR profile number assists securities regulators in accessing information about the issuer that is filed on SEDAR and the issuer's SEDAR profile. Issuers that provide a SEDAR profile number are not required to complete certain sections of the New Report.
Legal entity identifier of issuer	The Global Legal Entity Identifier System is a system that provides a globally accepted standard for unique identification of parties to financial transactions. This system is overseen by the Legal Entity Identifier Regulatory Oversight Committee. Disclosure of issuers' legal entity identifiers: • addresses long-standing issues with entity identification, • provides a mechanism for linking exempt market reporting with other financial reporting, and • builds a more comprehensive risk profile for entities that operate in the exempt market.
CUSIP number	A CUSIP number is a nine character alphanumeric identifier that uniquely identifies a financial security. The first six digits of a CUSIP number are unique to the issuer, and the last three digits identify securities unique to the issuer. Disclosure of CUSIP numbers facilitates additional information gathering about the issuer and the securities being distributed to better inform policy making and monitor exempt market activity.
Website of issuer, underwriter and investment fund manager	Website information facilitates additional information gathering about the issuer, underwriter and investment fund manager to assist in our compliance programs. If a firm NRD number is provided for the underwriter or investment fund manager in the New Report, website information is not required.
Previous legal name of issuer	If the issuer's name has changed in the last 12 months, the issuer's most recent previous legal name must be provided. This information allows us to link information about issuers to assist in our compliance programs.
Item 5 – Issuer Information (Non-Investment Fund Issuers)	
Primary industry of issuer	The Current Reports require the issuer to select its industry group from a limited number of categories that do not match any standard industry classification. These categories also do not include all issuer industries, resulting in a large proportion of uncategorized issuers. To resolve these

[1] The New Report only requires these identifiers to be provided if the issuer, underwriter, investment fund manager or registrant has such identifiers.

Information Required	Rationale
	issues, we have changed the industry categories to align with the North American Industry Classification System (**NAICS**) that is maintained in Canada by Statistics Canada. NAICS is widely used to track industry statistics by a number of North American government agencies, such as the Canada Revenue Agency, Industry Canada and British Columbia Statistics. The New Report requires issuers to disclose the six-digit NAICS code that most closely corresponds to their main business activity. Based on our research, we believe NAICS will be familiar to many issuers. Statistics Canada also provides a web-based search tool for issuers to locate their industry category. This comprehensive and standardized industry classification system enables us to better understand exempt market activity and link it with other macro-level statistics to assist in more informed policy-making. The New Report also requires issuers in the mining industry to disclose their stage of operations and issuers involved in certain investment activities to disclose the areas of their primary asset holdings. We believe these classifications are consistent with how these industries are often analyzed.
Number of employees of the issuer	Issuers are required to indicate their total number of employees, which serves as a proxy for the size of the issuer. Information about the size of the issuer assists us in policy development, helping to assess whether capital raising prospectus exemptions are benefiting small and medium sized businesses. The New Report lists four broad ranges of employee numbers for issuers to select. The selected ranges provide a sufficient metric for the size of an issuer because they are broadly consistent with those used by Statistics Canada to differentiate between small, medium and large businesses and so will already be familiar to some issuers. We believe that reporting such a range is likely to be less commercially sensitive than reporting the actual number of employees or revenue of the issuer.
Additional information from issuers without a SEDAR profile	Certain information about an issuer can be obtained from its SEDAR profile. Recent changes to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* will require filing of reports of exempt distribution on SEDAR beginning May 24, 2016, for distributions in Canadian jurisdictions other than British Columbia and Ontario. As a result, non-reporting issuers will also have SEDAR profiles. Changes have been made to SEDAR to allow voluntary filing until May 24, 2016. The New Report requires disclosure of the following if the issuer does not have a SEDAR profile: • date of formation, • financial year-end, • jurisdictions where reporting, • stock exchange listings, and • size of assets. This information is relevant for our analysis of exempt market activity and allows us to have comparable information across all issuers.
Item 6 – Investment Fund Issuer Information	
Type of investment fund	The New Report requires investment fund issuers to identify what type of investment fund they are in order to better understand fund types that are most active in the exempt market. This reporting increases our ability to

Information Required	Rationale
	profile exempt market activity by the investment fund industry and supports the CSA's policy initiatives.
Net asset value (NAV)	Information about the NAV of an investment fund assists securities regulators to understand the size of funds operating in the exempt market, such as foreign investment funds accessing the Canadian market, and further informs policy development for investment funds.
Other	The New Report requires the following information from investment fund issuers that would provide additional insight into the profile of issuers that operate in the exempt market: • date of formation, • financial year-end, • jurisdictions where reporting, and • stock exchange listings.
Item 7 – Information About the Distribution	
Currency	Information about the currencies in which the distribution was made provides us with greater insight into the distribution and exempt market activity.
Type of securities distributed	The New Report requires an issuer to indicate the type of securities distributed using specific 3-letter codes. Although the Current Reports require a description of the type of securities distributed, the 3-letter codes provide a more structured format for collecting this information. Receiving this information in a structured format improves the consistency of the information we receive in reports, making our oversight processes more efficient. Having greater insight into the types of securities that are being distributed in the exempt market assists us in trend analysis, our compliance programs and policy development.
Summary of distribution by exemption	The Current Reports require information about the distribution (number of purchasers and dollar amount raised) for each jurisdiction where a purchaser resides. The New Report requires this information about the distribution to be provided for each jurisdiction where a purchaser resides, and also for: • each exemption relied on in the jurisdiction where a purchaser resides, if a purchaser resides in a jurisdiction of Canada, and • each exemption relied on in Canada, if a purchaser resides in a foreign jurisdiction. If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, the issuer is required to include distributions to purchasers resident in that jurisdiction of Canada only. This provides us with better information about the exemptions relied on to distribute securities and assists us in our analysis of exempt market activity, our compliance programs and policy development.
Net proceeds to the investment fund	The New Report requires an investment fund issuer to provide the net proceeds to the investment fund for each jurisdiction where a purchaser resides. If an issuer located outside of Canada completes a distribution in a jurisdiction of Canada, the issuer is required to include net proceeds for that jurisdiction of Canada only. As most investment funds offer some redemption rights, reporting only the purchase amount likely overstates the size of the market. Gathering information about redemptions as well as purchases provides us with a more complete picture of fund flows by investment fund issuers in the exempt market.

Information Required	Rationale
Offering materials (applicable only in Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia)	The New Report requires issuers to list and provide certain details about offering materials that are required to be filed or delivered in connection with a distribution under the securities legislation of Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia. For example, issuers are required to list: • offering memoranda and any other documents (marketing materials) that are required to be filed under section 2.9 of NI 45-106. • offering memoranda that are voluntarily provided, and required to be delivered to the OSC under section 5.4 of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions.* • crowdfunding offering documents and any other distribution documents (term sheets and other materials summarizing information in a crowdfunding offering document) required to be filed under Multilateral Instrument 45-108 *Crowdfunding* (MI 45-108). This is a reporting requirement only; the New Report does not impose any new requirements to file or deliver offering documents. The New Report requires reporting that such materials have been filed or delivered only where required by the securities legislation of the applicable jurisdictions. In Ontario only, if the offering materials listed are required to be filed or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the New Report on the OSC's Electronic Filing Portal (if not previously filed or delivered to the OSC).
Item 8 – Compensation Information	
Funding portals	The New Report requires issuers to indicate whether the person compensated in connection with the distribution facilitated the distribution through a "funding portal" or an "internet-based portal". These terms generally refer to an intermediary that provides an online platform for issuers to offer and sell securities to investors. These include funding portals as defined under MI 45-108. This information provides us with insight into the role of funding portals in the distribution of securities in the exempt market and supports our compliance programs and policy development.
Relationship to issuer of person being compensated	The New Report requires disclosure about whether the person compensated in connection with the distribution is a registrant or an insider of the issuer. While the BCSC currently requires disclosure of this information in Form 45-106F6, this is a new requirement for jurisdictions that currently require filing of Form 45-106F1. The New Report also requires disclosure of whether a person compensated is an employee of the issuer, or connected to the issuer. This additional information enables us to assess the prevalence of financial relationships among issuers and those persons they compensate. Having detailed information about these arrangements allows us to enhance our existing compliance programs, and supports policy development.

Information Required	Rationale
Terms of deferred compensation	The New Report requires issuers to indicate whether any deferred compensation will or may be paid to a person in connection with a distribution, and to describe the terms of the deferred compensation. While the Current Reports require disclosure of any compensation paid or to be paid in connection with a distribution, there is no requirement for deferred compensation to be specifically identified as such or for the terms of the deferred compensation to be described. Disclosure of this information supports our compliance programs, provides us with better information about the financial relationships that exist between issuers and the persons being compensated, and brings greater transparency to these arrangements.
Item 9 – Directors, Executive Officers and Promoters of the Issuer	
Name, title and province, state or country of residence of directors, executive officers and promoters of certain issuers	Disclosure of this information is required for directors, executive officers and promoters of certain issuers. If the promoter is not an individual, information about the directors and executive officers of the promoter is also required. We believe this information is necessary to facilitate our oversight of the exempt market, enhance our compliance programs and bring transparency to the exempt market. This information allows us to identify connections between issuers through related executives, directors and promoters. While the BCSC currently requires disclosure of information about directors, executive officers and promoters in Form 45-106F6, this is a new requirement for all other CSA jurisdictions. In response to comments we received on the New Report, we have moved the information about control persons to Schedule 2, which is not publicly available. The New Report does not require this information to be provided by: • investment fund issuers, • reporting issuers and their wholly owned subsidiaries, • foreign public issuers and their wholly owned subsidiaries, and • issuers distributing eligible foreign securities only to permitted clients.
Schedule 1 – Confidential Purchaser Information[2]	
Email address of purchaser	The New Report requires the email address of the purchaser to be provided if the purchaser has provided this information to the issuer. This information enhances our ability to contact purchasers if needed as part of our compliance programs.
Information about exemption relied on	To assist in our compliance programs and future policy development, the New Report requires the issuer or underwriter to identify the exemption relied on in more detail, by requiring the section, subsection and paragraph of the exemption, where applicable. For example, the New Report requires the issuer to specify which category of accredited investor or eligible investor the purchaser met. The New Report requires the issuer to identify only one category for each purchaser.
Identification of whether the purchaser is an insider of the issuer or a registrant	In the New Report, the issuer is required to identify whether the purchaser is an insider of the issuer or a registrant. While the BCSC currently requires disclosure of this information in Form

[2] Purchaser information provided in Schedule 1 is not publicly available.

Information Required	Rationale
	45-106F6, this is a new requirement for all other CSA jurisdictions. This information is useful for identifying connections between purchasers and issuers, which facilitates our oversight of the exempt market and supports our compliance programs.
Identification of person being compensated for each purchaser	The New Report requires the issuer to specifically identify the person compensated for a distribution made to each purchaser. If the person is a registered firm, only the firm NRD number must be provided. The names of the persons compensated must be consistent with those provided in Item 8. This information supports our compliance programs, provides us with better information about the financial relationships that exist between issuers and the persons being compensated, and allows us to monitor unregistered finders, compensation rates of finders and whether registrants are trading in jurisdictions where they are not registered.
Schedule 2 – Confidential Director, Executive Officer, Promoter and Control Person Information[3]	
Business contact information for CEO of issuer	The New Report requires the telephone number and email address of the chief executive officer to be provided for an issuer that is required to complete Item 9(a) of the New Report. We are requesting this information to assist us in addressing past challenges with contacting persons at issuers who are capable of answering questions about the distribution.
Full residential address of directors, executive officers, promoters and control persons	The New Report requires full residential address information to be provided for directors, executive officers, promoters and control persons of issuers that are required to complete Item 9(a) of the New Report. If a promoter or control person is not an individual, this information is required for each director and executive officer of the promoter and control person. While the BCSC currently requires disclosure of municipality and country of these individuals in Form 45-106F6, this is a new requirement for all other CSA jurisdictions. This information supports our compliance programs by allowing the CSA to more effectively allocate its resources.
Name and location of non-individual control person	If a control person is not an individual, the New Report requires the name and location of the control person to be provided. This information supports our compliance programs by allowing us to identify connections between issuers and control persons.

[3] Information provided in Schedule 2 is not publicly available. The information in Schedule 2 is only required to be provided by issuers that are required to complete Item 9(a).

ANNEX E

LIST OF COMMENTERS

1. Alternative Investment Management Association
2. Arrow Capital Management Inc.
3. Borden Ladner Gervais LLP
4. Boyle & Co. LLP
5. British Columbia Investment Management Corporation, Canada Pension Plan Investment Board, Ontario Teachers' Pension Plan Board, RBC Global Asset Management Inc., Barclays Capital Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated
6. Canadian Foundation for Advancement of Investor Rights
7. Davies, Ward, Phillips & Vineberg LLP
8. Fonds de solidarité FTQ
9. Invesco Canada Ltd.
10. Investment Industry Association of Canada
11. National Exempt Market Association
12. Nicola Wealth Management (2 comment letters submitted)
13. Osler, Hoskin & Harcourt LLP
14. Portfolio Management Association of Canada
15. Private Capital Markets Association of Canada
16. Prospectors & Developers Association of Canada
17. R.N. Croft Financial Group Inc.
18. Stikeman Elliott LLP

ANNEX F

SUMMARY OF COMMENTS AND RESPONSES

No.	Topic	Comments	Responses
General			
1.	Support for harmonized and streamlined report	Most commenters supported the creation of a report that is harmonized across the CSA. One commenter supported the change to streamline the report so that it will not require certain information that can be gathered through other sources available to the CSA (e.g. SEDAR, NRD). Another commenter noted that the version of the New Report published for comment is an important step forward in reducing the compliance burden for investment fund issuers and developing a simpler and more efficient exempt market reporting regime.	We acknowledge these comments of support.
2.	One report for both investment fund and non-investment fund issuers	Some commenters supported the creation of a single report for both investment fund and non-investment fund issuers. Commenters also noted that the report should be designed so it is clear which sections apply to a particular issuer and that it allow for dynamic entry so that sections inapplicable to an issuer would be removed from view. One commenter noted that a single report would create efficiencies for issuers but two separate reports would simplify the process and issuers would make fewer mistakes when completing the report. Three commenters preferred two separate reports.	We believe that a single report for both investment fund and non-investment issuers will streamline the exempt distribution reporting process. We have also designed the New Report in such a way that it is clear which sections do not need to be completed by certain issuers or when an issuer has a SEDAR profile. In addition, in British Columbia and Ontario, the electronic version of the New Report available on BCSC's eServices and the OSC's Electronic Filing Portal will only display the information requirements applicable to an issuer filing the report.
3.	Support for improved information collection	One commenter supported the collection of better information. Two commenters said the version of the New Report published for comment achieves an appropriate balance between the benefits of the information and the burden to issuers. One commenter noted that the public would benefit greatly from access to such data and that a more immediate plan to readily provide such data should be a CSA priority. One commenter indicated that other detailed information that is valuable to the policy-making process should also be collected in addition to the information required in the version of the New Report published for comment.	We acknowledge these comments of support. Reports filed in British Columbia and through SEDAR will be published and publicly available on the respective systems (with the exception of the non-public schedules). The OSC will continue to publish on its website summaries of exempt distribution information from reports filed in Ontario. A number of CSA jurisdictions also publish, on a periodic basis, data and statistics on activity in the prospectus exempt market based on the information collected through the reports. Currently, the CSA does not have the ability to aggregate and

No.	Topic	Comments	Responses
			reconcile the data collected through the reports across all CSA jurisdictions. An integrated filing system that would allow us to aggregate and reconcile this data is part of the longer-term CSA National Systems Renewal Program.
4.	Benefit of collecting additional information is unclear and may not justify the compliance burden	Two commenters expressed concern that the version of the New Report published for comment significantly increases the compliance and regulatory burden on issuers. Many commenters thought the required information, in certain cases or in aggregate, results in a compliance burden that outweighs the benefit of collecting the information for regulators. A number of commenters specifically noted the administrative burden placed on issuers. Some commenters questioned the policy rationale and benefit of collecting additional information. Examples of concerns raised by commenters include the following: • The purpose of the report has expanded from requiring the issuer to provide sufficient information to track compliance, to providing regulators and the public with significantly expanded disclosure which, in certain cases, does not provide additional investor protection. • The purpose of exempt trade reporting is to monitor compliance with prospectus and registration exemptions and it is unclear how the disclosure requested is necessary to achieve this purpose. • The version of the New Report published for comment would not increase transparency in the exempt market. Some commenters expressed concerns about the negative impact the version of the New Report published for comment could have on exempt market activity. Examples of concerns raised by commenters include the following: • The version of the New Report published for comment would act as a barrier to access to the exempt market for both issuers and investors. • The burden of reporting is leading to the retraction of Canadian investment products from global markets. • Issuers may be dissuaded from seeking to raise capital in the exempt market. • For small issuers, the version of the New Report published for comment would consume scarce internal resources and discourage them from accessing the capital they require.	While we acknowledge that one of the purposes of the report is to monitor compliance with the use of certain prospectus exemptions, the report is also the CSA's primary source of information on the prospectus exempt market, particularly for non-reporting issuers. Information in the current Form 45-106F1 and Form 45-106F6 (Current Reports) has been used to inform policymaking and it has become clear to staff that the CSA needs better information than is available in the Current Reports. This is particularly true as the exempt market continually evolves. We have also received feedback from stakeholders that we need to collect and publish better data on the exempt market for the benefit of market participants. The information collected through the New Report will: • enhance our understanding of the participants in the exempt market, • improve regulatory oversight of the exempt market, • support our compliance programs, and • better inform policy development. To reduce the compliance burden of exempt distribution reporting, we: • have introduced a harmonized report applicable across the CSA, • reduced duplicate reporting where that information is otherwise available to the CSA, and • have provided carve-outs from certain information requirements where we believe the cost of compliance outweighs the benefit of the information. As a result of the comments received, we have removed and modified some of the information requirements from the version of the New Report published for comment. Most notably, the New Report does not require disclosure of the holdings of the issuer's securities by directors, executive officers, promoters and control persons of certain issuers.

No.	Topic	Comments	Responses
			Overall, we believe the New Report strikes an appropriate balance between the benefits to the CSA of collecting the information and the compliance burden imposed on issuers.
5.	Increased compliance burden placed on foreign issuers, IFMs and dealers may result in less choice for Canadian investors	Some commenters expressed concern that the administrative burden placed on foreign issuers and dealers to comply with the version of the New Report published for comment may act as a disincentive for foreign issuers to conduct offerings in Canada, resulting in less choice for Canadian investors. One commenter noted that the introduction of Form 45-106F6 in British Columbia gave rise to a reluctance on the part of certain foreign issuers to extend certain offerings in that province.	Since offerings by foreign issuers represent a significant portion of exempt market activity in Canada, the information collected through the report is necessary for the CSA to better understand participants in the exempt market and to inform policy development. As noted above, the report is the CSA's primary source of information on the prospectus exempt market. We have included carve-outs where we believe the cost of compliance for foreign issuers and dealers outweighs the benefit of the information. For example, foreign public issuers (and their wholly owned subsidiaries) and issuers distributing eligible foreign securities only to permitted clients do not have to complete certain sections of the New Report. In addition, issuers located outside of Canada only have to report information relating to purchasers resident in Canada. We believe that the remaining information requested of foreign issuers is information that they are able to provide.
6.	Report should not be required if purchasers are accredited investors or permitted clients	Two commenters said the CSA should consider introducing an exemption from the requirement to file the New Report, in whole or in part, where the issuer is relying on the accredited investor exemption or where all the purchasers are permitted clients, as distributions of securities to more sophisticated investors do not raise the same investor protection concerns as distributions to retail investors. One commenter noted the negative reaction to the introduction of Form 45-106F6 in British Columbia and that foreign issuers will only extend an offering in that province if they can rely on blanket relief that allows them to file Form 45-106F1 instead of Form 45-106F6.	The information collected in the report is necessary to inform our compliance programs, improve our understanding of the exempt market and inform future policy development. We believe it would be inappropriate to exempt issuers from filing the report where the securities are distributed only to accredited investors or permitted clients. We note that we have removed and modified a number of information requirements for certain issuers (described below).
7.	General privacy and protection of information concerns	Some commenters believed the expanded disclosure requirements, in certain cases, raises privacy and confidentiality concerns that may discourage issuers and certain investors from participating in exempt market transactions. One commenter thought the cost to issuers would be lower if some of the information disclosed in the report were made	We have removed, or moved to a non-public schedule, information that is of a personal and commercially sensitive nature that we agree should not be publicly disclosed. Personal information collected in the schedules will not be placed on the public file of any CSA member.

No.	Topic	Comments	Responses
		confidential. Examples of concerns raised by commenters include the following: • If the report is posted on SEDAR, a simple search on SEDAR would give competitors, customers and suppliers access to highly-sensitive and confidential information. • The CSA has not indicated what it will do with the detailed information collected about issuers and investors in the exempt market and how it will store this information. One commenter questioned whether information collected in the report was legitimately required of registered firms, when regulators could demand client information from exempt market participants for purposes of investigation. This commenter also wanted to ensure that information about purchasers, especially those that access the exempt market through industry-accountable registrants, are not subject to inappropriate, unnecessary and indiscriminate exposure.	In particular, information about control persons is only required to be provided in Schedule 2, which is not publicly available. We have also removed the requirement to provide information about holdings of the issuer's securities by directors, executive officers, promoters and control persons of certain issuers.
8.	Industry consultation and comparative analysis with other jurisdiction	Two commenters recommended that the CSA undertake further industry consultations before moving forward with the New Report. Other commenters suggested that a cost-benefit analysis be conducted and a clear rationale articulated for the collection of each additional piece of information required. Two commenters suggested the CSA undertake a comparative study of the exempt trade reporting requirements that apply in other countries. Two commenters noted that post-trade reporting obligations for private placements are less onerous in the U.S. One commenter noted that their dealers had not encountered a comparable post-trade filing requirement in placing securities cross-border with institutional investors in any other jurisdiction.	We believe appropriate consultation and analysis have been undertaken by the CSA in developing the New Report. For example: • Certain CSA members consulted with their advisory committees to solicit feedback on the New Report. • Some CSA members conducted internal user testing on proposed changes to the report prior to publication of the New Report for comment. • We reviewed and considered the Securities and Exchange Commission's exempt market reporting regime in the U.S. • We considered the comments we received on prior proposals on reports of exempt distribution published by certain CSA jurisdictions.
Instructions For Completing and Filing Form 45-106F1			
9.	Currency conversion	One commenter supported using the Bank of Canada noon rate but suggested that when the Bank of Canada noon rate is not available, issuers should be permitted to use the most recent Bank of Canada closing rate before the distribution date. One commenter said it would be simpler to use the year end rate instead of the daily noon	We believe that the daily noon exchange rate of the Bank of Canada on the distribution date is the appropriate exchange rate for converting foreign currency into Canadian dollars for purposes of the New Report. In response to the comments received,

No.	Topic	Comments	Responses
		rate of the Bank of Canada on the distribution date as it would reduce the time required for an investment fund manager to complete the report. One commenter noted that the exchange rate could significantly impact the disclosure provided, particularly for investment funds under continuous distribution, and asked for clarification around the currency conversion expectations.	the instructions in the New Report provide the following clarifying guidance on converting currency: • When a Bank of Canada noon rate is not available on the distribution date (for example, if it falls on a Canadian statutory holiday), the most recent Bank of Canada closing rate available before the distribution date should be used. • For investment fund issuers in continuous distribution, the average daily noon exchange rate of the Bank of Canada for the period of the distribution covered by the report should be used. The Bank of Canada has announced that as of March 1, 2017, it will no longer publish two sets of exchanges rates (noon and closing) and will instead publish a single indicative exchange rate each day. We have revised the instructions in the New Report to specify that if this change takes place, foreign currency is to be converted using the single indicative exchange rate instead of the daily noon and closing exchange rates in each of the scenarios described in the instructions. For example, an investment fund in continuous distribution would convert the foreign currency to Canadian dollars using the average daily single indicative exchange rate for the distribution period covered by the report.
10.	Move legal interpretations to companion policy	One commenter noted that the Instructions included interpretations by the CSA on certain legal questions relevant to the completion of the report, including issues of jurisdiction and the inter-relation of agency and trust law. The commenter suggested that, to the extent such interpretations are intended to assist in the interpretation of NI 45-106, they should be included in the companion policy rather than the report.	We have revised the instructions in the New Report. We believe the revised instructions are necessary to assist in the completion and filing of the New Report and are not intended to assist in the interpretation of NI 45-106.
11.	Determining jurisdiction of distribution	A number of commenters raised concerns about the guidance contained in the Instructions for determining when a distribution occurs. Specifically, commenters raised concerns about: • The source of the interpretation provided in the guidance. • Whether the guidance correctly describes the position of certain CSA jurisdictions on when a distribution occurs. • The confusion in the marketplace about when a distribution has occurred in	We have removed this guidance from the instructions. We have provided guidance on this issue in the revised CSA Staff Notice 45-308 (Revised) *Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions* (Staff Notice 45-308), published concurrently with this Notice. The guidance in Staff Notice 45-308 makes clear that issuers and underwriters should refer to applicable

No.	Topic	Comments	Responses
		Ontario.	securities legislation, securities directions and case law to determine whether a distribution has taken place in a local jurisdiction.
12.	Reporting information about purchasers located outside of Canada by Canadian issuers	One commenter noted that any Canadian public interest that may be served by providing this information is greatly outweighed by the cost and inconvenience imposed on issuers and dealers. One commenter said issuers should not be required to disclose purchasers in one jurisdiction to a regulator in another jurisdiction, where no distribution has taken place in the second jurisdiction.	This is not a new requirement. The Current Reports require Canadian issuers to report information about foreign purchasers. This information is used by CSA members to understand how and where issuers in their jurisdictions are accessing capital and for compliance purposes. We have removed the requirement for issuers making a distribution in more than one jurisdiction of Canada to file a single report in each Canadian jurisdiction where the distribution has occurred, identifying all purchasers. Notwithstanding this change, issuers may continue to satisfy their obligation to file the report by completing a single report identifying all purchasers, and filing it in each Canadian jurisdiction where the distribution occurs.
13.	Disclosure of beneficial owners of fully managed accounts	Some commenters questioned the requirement to disclose the beneficial owner of fully managed accounts. Concerns raised by commenters include the following: • The person managing the account is deemed to be purchasing as principal and is for all purposes the purchaser of the securities. • The identity of the beneficial owner has no significance when it comes to the availability of exemptions. • Requiring this information would impose a significant compliance burden, especially since the issuer and underwriter may not have beneficial owner information. • Matters could become complicated if the individual or the registered advisor refused to disclose their information. • If regulators want to obtain information about beneficial owners, it would be more efficient and appropriate to collect this information directly from registrants. • An approach that requires more high-level, summary information should be considered instead. One commenter suggested that the instructions clarify that the statutory meaning of “beneficial ownership” in securities legislation is not intended to be applied to the Instructions to the report.	The New Report does not require issuers to provide information about the beneficial owner where a trust company, trust corporation or registered adviser is deemed to be purchasing the securities as principal on behalf of a fully managed account. Only information about the trust company, trust corporation or registered adviser is required. Further guidance on beneficial owners is provided in Staff Notice 45-308, published concurrently with this Notice.

No.	Topic	Comments	Responses
Identifiers			
14.	Use of identifiers	One commenter supported the CSA's efforts to require disclosure of standardized identifiers and agreed that such identifiers could provide the CSA with more comparable information. However, the commenter had some concerns with the manner in which such disclosure was mandated.	We acknowledge this comment of support. The use of identifiers facilitates analysis of information gathered from multiple sources about issuers and registrants, reduces duplication in the report where information exists on other systems and provides more consistent and accurate reporting of information.
15.	Disclosure of firm NRD number	Two commenters had no concerns with the publication of a firm's NRD number. One commenter thought public disclosure of a firm's NRD number raised cybersecurity concerns and thought there was no clear investor protection reason for this disclosure. One commenter noted the burden of having to request the NRD number from the dealer.	We do not believe public disclosure of a firm's NRD number increases the opportunity for unauthorized access to information stored within that database. Disclosure of this unique identifier allows securities regulators to accurately link information available through NRD to assist in our compliance programs. Entities that are related often have similar names and data entry variations can make it challenging for us to accurately and efficiently link information about registrants. Disclosure also reduces duplication where information required to be disclosed in the New Report is available in NRD.
Item 1[1] – Party Certifying the Report			
16.	Determination of investment fund issuer	One commenter sought clarity on whether an issuer is an investment fund for the purposes of completing the report, noting that many of the questions that apply to non-investment fund issuers do not apply to collective investment schemes that are not considered investment funds under NI 81-106. The commenter recommended that a more expansive meaning of investment fund be adopted for purposes of completing and filing the report.	The determination of whether an issuer is an investment fund, for securities law purposes, is outside the scope of this project. Issuers should refer to section 1.1 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) and the companion policy to NI 81-106 in making this determination.
17.	Option for agents completing the report	One commenter suggested that further guidance be provided in Item 1 for those completing the report on the issuer's behalf in an agency or similar capacity, and an option be added to Item 1 to account for these types of situations.	The party certifying the report must be a director or officer of the issuer or underwriter, or an individual who performs functions similar to that of a director or officer if the issuer or underwriter is not a company. A filing agent completing the report on an issuer's behalf may not certify the report but is required to provide their contact details as the contact person under Item 11 of the New Report. We have revised the instructions to clarify that a filing agent cannot certify the

[1] The numbering of items corresponds with the version of the New Report published for comment. Some items of the New Report have been reordered and renumbered in the final version.

No.	Topic	Comments	Responses
			report.
Item 2 – Issuer Name and Other Identifiers			
18.	Issuer website	One commenter noted that providing website information should be optional, as an issuer may not maintain a website.	We have clarified in the New Report that website information is required only if the issuer maintains one.
19.	Legal entity identifier	One commenter noted that providing an LEI under Item 2 should not be mandatory. One commenter questioned why an LEI would be required as it did not appear to be relevant to monitoring compliance in the exempt market. One commenter noted the difficulty of obtaining the LEI of the issuer, as the preparer completing the report on behalf of an issuer would have to seek out an individual at the dealer who is sufficiently knowledgeable about the issuer to provide this information.	We have clarified in the New Report that reporting an LEI is only required for issuers that have one. We do not believe it is overly burdensome to report an LEI as it is a global standard that is increasingly being used to uniquely identify parties to financial transactions. Reporting an LEI serves a number of purposes, including: • addressing long-standing issues with entity identification, • providing a mechanism to link exempt market reporting with other financial reporting, and • helping to build a more comprehensive risk profile for entities that operate in the exempt market.
Item 4 – Issuer Information			
20.	Additional issuer profile information	One commenter thought the additional information concerning the issuer required under Item 4 would facilitate better policy development and noted that such information must be readily accessible by the public. One commenter suggested that a note be added in the Companion Policy that non-reporting issuers that are making certain filings on SEDAR would not be required to complete Items 4(d) to (h). One commenter noted the difficulty of obtaining additional profile information for issuers without a SEDAR profile. One commenter believed Item 4 should distinguish information about the issuer that is specific to Canada and information about the issuer outside of Canada in order to collect the correct data about our Canadian capital markets.	The instructions to this item in the New Report indicate that issuers that have a SEDAR profile are not required to complete certain sections as that information is already provided on SEDAR. Recent changes to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (NI 13-101) will require filing of reports of exempt distribution on SEDAR beginning May 24, 2016, subject to ministerial approval, for distributions in Canadian jurisdictions other than British Columbia and Ontario, except by certain foreign issuers. As a result, non-reporting issuers that make certain exempt market filings will also have SEDAR profiles. Changes have been made to SEDAR to allow voluntary filing until May 24, 2016. Considering the cost of compliance relative to the benefit of obtaining this level of detailed information, we have not required issuers to distinguish between information about the issuer that is specific to Canada and information about the issuer outside of Canada for this item in the New Report.

No.	Topic	Comments	Responses
			The issuer profile information required in the New Report is important to improve our understanding of participants in the exempt market and to inform policy development.
21.	Parent of issuer	One commenter believed that the issuer's parent, if applicable, should be disclosed as it would be helpful to investors in the event of a future reorganization of the issuer or in the event of loss arising from insolvency of the subsidiary.	After reviewing the comments received and considering the cost of compliance relative to the benefit of obtaining this information, we have not included such a requirement in the New Report.
Item 4(a) – Issuer Information: Primary industry			
22.	Use of North American Industry Classification Standard (NAICS) codes	Three commenters agreed that the use of NAICS codes is appropriate. A number of commenters expressed concerns regarding the use of NAICS codes, including the following: • NAICS codes are far from precise and certain firms may not fit into pre-existing categories or overlap several categories. • Identifying the correct NAICS code could be time consuming and difficult. • Disclosure of a NAICS code may not yield the results expected because smaller issuers may use different NAICS codes for private placements that occur several years apart • Companies in the U.S. or Mexico may have a five or six-digit NAICS code that does not correspond exactly with the requirements of the New Report published for comment.	The use of a comprehensive and standardized industry classification system enables us to better understand exempt market activity and to assist in more informed policy making. We believe NAICS is the most appropriate classification system for the purposes of the report, as it is widely used in North America by a number of government agencies and should be familiar to many Canadian businesses that report to the Canada Revenue Agency. Statistics Canada also provides a web-based search tool for issuers to locate their relevant industry category. We have provided additional guidance on NAICS codes in Staff Notice 45-308, which is being published concurrently with this Notice.
23.	Ascertaining the issuer's primary industry	One commenter noted the difficulty ascertaining the issuer's primary industry because the preparer completing the report on behalf of an issuer would have to review the offering memorandum or seek out an individual at the dealer with this information.	This is not a new requirement. The Current Reports also require the issuer to select its industry. However, the Current Reports include a limited number of categories that do not match any standard industry classification or include all issuer industries, resulting in a large proportion of uncategorized issuers. The use of NAICS codes is intended to resolve this issue.
24.	Expand industry categories	One commenter noted that the industry categories should be expanded or include a field for "other" as the current categories are not applicable for funds that are not investment fund issuers, such as private equity funds.	For issuers involved in certain investment activities that are required to disclose the areas of their primary asset holdings, we have added "private companies" to the available categories. This is to help identify issuers such as private equity funds.
Item 4(b) and (h) – Issuer Information: Size of issuer and Size of issuer's assets			
25.	Metrics to assess the issuer's size	Two commenters thought the metrics for calculating the issuer's size are appropriate. One commenter said the metrics for calculating the number of employees are	We believe these metrics are reasonable proxies for assessing an issuer's size. They also provide us with sufficient detail to inform policy

No.	Topic	Comments	Responses
		simple and would not be an inconvenience for issuers to obtain. One commenter noted that the proposed requirement to report information is consistent with existing requirements for reporting issuers. Some commenters expressed concerns about reporting an issuer's size of assets and number of employees. Some of the concerns expressed by commenters include: • The broad ranges used by Statistics Canada for the number of employees would not provide enough granular information for policy-making purposes or analysis. • Some issuers, particularly non-reporting issuers, may want this information kept confidential as it has the potential to compromise their competitive position. • These metrics may not be relevant, meaningful or the most accurate for assessing the size of issuers. • This information would be difficult for a preparer completing the report on behalf of an issuer to obtain. • This information, together with the other new requirements in the report, would introduce undue complexity and administrative burdens into the exempt trade process. • This information is not relevant to monitoring compliance in the exempt market and may deter non-reporting issuers from accessing the exempt market in Canada. A number of commenters suggested that the CSA provide further guidance or clarification on the metrics to assess an issuer's size.	development and our assessment of whether specific prospectus exemptions are being used by small and medium enterprises. The use of broad ranges to disclose these metrics also reduces the commercial sensitivity of disclosing this information in the public part of the report.
Item 4(d) – Head office address			
26.	Registered office outside of Canada	One commenter suggested that in order to distinguish between information about the issuer that is specific to Canada from information about the issuer outside of Canada, Item 4(d) should not only identify the issuer's head office in Canada but also its registered office outside of Canada, if the registered office is not in Canada.	The purpose of this item is to obtain location of the head office of the issuer, whether it is in Canada or outside of Canada. Accordingly, we do not think it is necessary to obtain both the issuer's head office address in Canada as well as its registered office outside of Canada.
Item 4(e) – Issuer Information: Date of formation and financial year-end			
27.	Date of formation	One commenter said the date of formation is available for reporting issuers on SEDAR, and it is inappropriate to request this information from non-reporting issuers as it is not relevant to monitoring compliance in the exempt market. One commenter noted that while many issuers would have no difficulty providing their date of formation, the	The New Report does not require this information for issuers that have a SEDAR profile. The date of formation enhances our understanding of issuers that are active in the exempt market and their stage of development. The instructions in the New Report

No.	Topic	Comments	Responses
		requirement could be problematic for issuers that have been existence for a long time and have had mergers and reorganizations since their formation. The commenter suggested the form require issuers to check a box indicating whether the issuer had been in existence for longer than a specified number of years. One commenter noted that the date of formation for an amalgamated entity would be the date of amalgamation and not necessarily the date of formation for a predecessor entity. The commenter suggested that the history of an amalgamated entity should be required to correctly identify the issuer's predecessor entities which may provide a more accurate indicator of the age of an entity.	clarify that if the issuer resulted from an amalgamation, arrangement, merger or reorganization, only the date of the most recent amalgamation, arrangement, merger or reorganization is required to be provided. We have also provided further guidance on reporting the date of formation in Staff Notice 45-308, published concurrently with this Notice. We believe it is a reasonable proxy for assessing an issuer's stage of development, recognizing the burden that would be imposed on issuers if required to provide a complete history of the issuer's predecessor entities.
Item 4 (g) – Issuer Information: Public listing status			
28.	Disclosure of exchanges on which the issuer is listed	One commenter suggested that the disclosure be limited to the primary exchange on which the issuer's securities are listed, as well as any Canadian exchanges, because to include all others might be burdensome for some issuers as they may have different types of securities listed around the world.	The information is not required for issuers that have a SEDAR profile. The information to be provided is limited to exchanges where an issuer has applied for and received a listing, which excludes, for example, automated trading systems.
Items 5 – Directors, Executive Officers, Control Persons and Promoters of the Issuer			
29.	Applicability of Item 5 to certain issuers	One commenter noted that private equity funds would not have directors or executive officers so would have difficulty completing this section and the related schedule. Similarly, one commenter noted that Item 5 generally would be problematic to complete for a collective investment scheme, and that Item 6 would provide more meaningful information on these types of funds. One commenter thought Item 5 should not have to be completed if the control person and/or promoter of the issuer were a registrant, since this information could be drawn from the registrant's NRD number.	This information is only required to be provided for persons in the positions (i.e. director, executive officer or promoter) that apply to the issuer. An issuer distributing securities may not in every instance have officers or directors registered with a related registrant. As a result, a registrant's NRD number may not provide us with complete information. We have also revised the New Report to require information about control persons in a non-public schedule; information relating to the holdings of the issuer's securities by directors, executive officers, promoters and control persons is not required.
30.	Carve-outs for issuers subject to foreign reporting regimes or that have their mind and management outside Canada	Some commenters supported the proposed carve-outs for Item 5. One commenter supported the carve-out for issuers distributing eligible foreign securities only to permitted clients as it was consistent with the intent of the "wrapper relief". One commenter suggested that if disclosure by foreign public issuers and issuers distributing eligible foreign securities is publicly available elsewhere, they should be	We acknowledge the comments of support. Although we have not changed the carve-outs available, we have revised the information requirements in the New Report from the version published for comment, which will reduce the burden on foreign issuers that do not fall within the carve-outs.

No.	Topic	Comments	Responses
		required to set out or provide a link to the information, or if the local foreign regime does not require such disclosure, provide a statement to that effect. Some commenters did not believe the carve-outs provided sufficient relief and thought the additional reporting burdens would discourage foreign offerings into Canada. One of these commenters noted that issuers are reluctant to offer securities into British Columbia due to the requirements in Form 45-106F6 to provide similar disclosure. Two commenters questioned the restrictiveness of the list of designated foreign jurisdictions. One of these commenters suggested that more countries be added to the list, including India, Thailand, South Korea, Indonesia and Malaysia.	For purposes of consistency regarding foreign issuers, we have used the same definition of "designated foreign jurisdiction" found in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.
31.	Disclosure of identities of directors, executive officers, control persons and promoters	One commenter noted that the disclosure requirement in Item 5 appeared more onerous than the requirements that apply to reporting issuers who distribute their securities to retail investors, which is difficult to justify. One commenter said that, although disclosure of this information to regulators may assist in the oversight of the market, public disclosure is not necessary and could compromise the competitive and negotiating position of an issuer. In addition, the commenter thought it was the responsibility of investors in the course of their due diligence relating to the issuer to obtain such information prior to making the investment. One commenter questioned why an issuer, who may have dozens of executive officers, should have to disclose all of them. One commenter asked for clarity on the required disclosure regarding control persons and promoters. One commenter questioned why issuers would be made to undertake a "promoter analysis" solely to prepare the report when it was not necessary to do so in connection with the offering itself. One commenter noted that the definition of "control person" and "promoter" involves legal analysis and the time, money and effort needed to make such a determination may outweigh the benefits. The commenter recommended that the form require the disclosure of holders of over 10% of a non-reporting issuer's securities in Schedule 1. Such disclosure for reporting issuers is already made on SEDI.	We have revised this requirement. The names, locations and titles of the issuer's directors, executive officers and promoters are required to be provided in the New Report. If a promoter is not an individual, information about the directors and executive officers of the promoter is also required. We have moved the disclosure of information relating to control persons to a non-public schedule. We believe these changes address the compliance burden imposed on issuers and the concerns regarding the disclosure of private and commercially sensitive information. The information relating to directors, executive officers, promoters and control persons is not required for: • investment fund issuers • reporting issuers and their wholly owned subsidiaries, • foreign public issuers and their wholly owned subsidiaries, and • issuers distributing eligible foreign securities only to permitted clients. We believe this information is necessary to facilitate our oversight of the exempt market, enhance our compliance programs and bring greater transparency to the exempt market. This information will also allow us to identify connections between issuers and insiders.

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32.	Disclosure of voting securities owned or controlled by directors, officers, control persons and promoters	One commenter said that this information should be required since it is already required in Form 45-106F6. A number of commenters expressed concerns about this information requirement. Examples of the concerns raised include the following: • The compliance burden of obtaining this information outweighs the benefit to regulators and investors. • It may be difficult and time consuming to collect this information, particularly for issuers with a significant history and companies with complex capital structures. • An issuer would not necessarily have access to current information regarding share ownership by its directors and executive officers. • The issuer may not be in a position to compel current share ownership information from control persons and promoters. • This disclosure provides little benefit to investors since the deal is completed. One commenter questioned this requirement as it relates to investment funds that are control persons of an issuer. Two commenters noted that the disclosure of the amount paid for the voting securities would not be useful information because: • A large number of factors impact the price of securities, including whether the securities are part of executive compensation. • The value of the company could be materially different from when the securities were acquired.	Following our review of the comments received, we have removed this proposed requirement.
33.	Privacy concerns regarding Item 5 information	A number of commenters expressed concern with publicly disclosing this information, including that: • This disclosure places Canadian companies at a competitive disadvantage. • Disclosing this information may deter issuers from accessing the exempt market in Canada. • This information is not specifically required in a prospectus and generally not available in the public disclosure record of reporting issuers. One commenter said shareholder information should not be required to be disclosed at all, or if such disclosure is required, it should remain private. One commenter noted that although the	We have removed the proposed requirement to disclose holdings of the issuer's securities by directors, executive officers, promoters and control persons. We have moved the information about control persons to a non-public schedule. We believe these changes achieve a reasonable balance between: • the cost of compliance for issuers, • concerns regarding privacy and the commercial sensitivity of publicly disclosing this information, • providing transparency about the exempt market, and • the CSA's need to collect this information to support our compliance, data gathering and

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		reported information is made public in British Columbia, the BCSC has allowed an exemption where the only subscribers in the province were permitted clients. The commenter suggested that a similar exemption be considered by the CSA.	policy development functions.
Item 6(b) – Investment Fund Issuer Information: Type of investment fund			
34.	Type of investment fund	One commenter noted that this information is available for reporting issuers on SEDAR and it is inappropriate to request this information from non-reporting issuers, as it is not relevant to monitoring compliance in the exempt market.	We believe that the use of a classification system for investment funds, as with non-investment fund issuers, will provide us with important information to better understand exempt market activity in this industry and better inform policy making.
35.	Guidance on categories of investment funds	One commenter suggested the CSA provide more guidance on the categories of investment funds. One commenter expressed concern that the categories of investment fund do not provide sufficient information to understand the investment fund issuer or this area of the exempt market. One commenter asked for clarification on the meaning of "alternative strategies". A number of commenters suggested alternative means of categorizing investment funds, including consulting with industry to develop a revised list of investment industry types, using the same categories as the risk acknowledgement questionnaires, or using the risk categories used by industry indices. One commenter thought it would be helpful to know whether an investment fund is a closed-end fund, an exchange-traded fund, a commodity pool or a mutual fund subject to National Instrument 81-102 *Investment Funds*. Two commenters asked for further guidance on the threshold used to determine whether a fund invests "primarily" in other investment funds and questioned whether this determination would be strictly tied to the fund's investment objectives. One commenter questioned the emphasis on fund of funds and UCITs.	We believe the categories of investment funds provide an appropriate "snapshot" of those investment funds operating in the exempt market and the categorization will provide us with better information about this segment of the market. The additional information collected through the New Report also provides the CSA with more comprehensive data about the investment fund industry. We have provided additional guidance on the categories of investment fund types in Staff Notice 45-308, published concurrently with this Notice.
Item 6(c) – Investment Fund Issuer Information: Date of formation and financial year-end of the investment fund			
36.	Date of formation and financial year-end	Some commenters questioned what benefit the financial year-end would provide to regulators, as the filing for investment funds would be based on the calendar year. One commenter noted that the date of formation is not typically considered an important or material piece of information, and may be difficult to identify, particularly for an issuer incorporated or formed in a non-Canadian jurisdiction.	This information supports our compliance oversight of investment fund issuers. For example, this information assists with monitoring financial reporting compliance. As noted above, recent changes to NI 13-101 will require filing of reports of exempt distribution on SEDAR beginning May 24, 2016, subject to ministerial approval, for distributions in

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		One commenter said this information is available for reporting issuers on SEDAR and that it was inappropriate to request this information from non-reporting issuers, as it was not relevant to monitoring compliance in the exempt market.	Canadian jurisdictions other than British Columbia and Ontario, except by certain foreign issuers. As a result, non-reporting issuers making certain exempt market filings will also have SEDAR profiles. Changes have been made to SEDAR to allow voluntary filing until May 24, 2016. We have provided further guidance on reporting the date of formation in Staff Notice 45-308, published concurrently with this Notice.
Item 6(e) – Investment Fund Issuer Information: Public listing status of the investment fund			
37.	Disclosure of exchanges on which the issuer is listed	One commenter questioned the benefit of providing the names of all the exchanges on which the securities of an investment fund are listed.	The instructions for this item clarify that we are only requesting information about exchanges for which the issuer has applied for and received a listing, which excludes, for example, automated trading systems.
Item 6(f) – Investment Fund Issuer Information: Net asset value of the investment fund			
38.	Use of net asset value (NAV)	Two commenters believed that the NAV information is an appropriate metric to accomplish the regulatory purpose. One commenter noted that the most recent NAV may be difficult to ascertain and the issuer may have concerns regarding public disclosure of this information if it is a non-reporting issuer. One commenter asked for clarification on whether the date of the most recent NAV calculation is intended to be December 31. Furthermore, the commenter asked for an explanation of how this information is relevant as it would reflect multiple trades over the course of the year and none of which may have occurred on December 31. One commenter suggested this information is available for reporting issuers on SEDAR and that it is inappropriate to request this information from non-reporting issuers, as it is not relevant to monitoring compliance in the exempt market.	We believe the NAV provides a reasonable proxy for assessing the size of investment funds active in the exempt market. We have asked for the issuer to report the NAV as of the most recent NAV calculation and to include the date of the calculation. We also believe that asking for NAV in ranges reduces the commercial sensitivity of disclosing this information in the public part of the report.
Item 7 – Information About the Distribution			
39.	Clarifying instructions for issuers located outside of Canada	Several commenters noted inconsistencies in the instructions for the reporting of information by issuers located outside of Canada throughout Item 7. Similarly, a number of commenters questioned some of the terminology used in the instructions and suggested alternatives to clarify the requirement when an issuer is located outside of Canada.	The instructions have been revised to be consistent throughout Item 7. We have clarified that both investment fund and non-investment fund issuers located outside of Canada are only required to report information about purchasers resident in Canada. We have provided guidance for issuers

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			located outside of Canada in Staff Notice 45-308, published concurrently with this Notice.
40.	Double counting of capital raised	One commenter noted that an indirect offering structure may lead to double counting of the amount of capital raised and suggested the CSA request information about an indirect offering structure and obtain the particulars in the report.	The information collected about the issuer's industry under Item 5(a) of the New Report will allow us to determine whether an issuer provides an intermediating finance function to other businesses. As a result, we will be able to identify total funds raised directly by businesses as compared to funds raised by a financial intermediary or through an indirect funding structure. Additionally, under Item 5, where issuers involved in certain investment activities are required to disclose the area of their primary asset holdings, we have added to the categories available to include "private companies".
Item 7(a) – Information About the Distribution: Foreign currency			
41.	Indicating both Canadian and foreign currencies	Two commenters said it is unclear whether a single fund could indicate in the report that a distribution was made in both Canadian dollars and another currency.	The instructions to this item have been revised to clarify that multiple currencies can be selected.
Item 7(b) – Information About the Distribution: Distribution date(s)			
42.	Defining distribution date	One commenter requested guidance on what is meant by "distribution date" and suggested specifying that the distribution date is the date the securities are issued and sold and the investor becomes the beneficial owner of the securities.	We have revised the instructions to this item and have provided guidance on providing the distribution date in Staff Notice 45-308, published concurrently with this Notice.
43.	Multiple distribution dates	Three commenters suggested that the report provide for different distribution dates, given that distributions can be continuous and can be done over multiple dates over a fixed period of time or continuously.	This item and its instructions have been revised to clarify that an issuer should: • if the report is being filed for securities distributed on a single distribution date, provide the distribution date as both the start and end date. • if the report is being filed for distributions occurring on multiple dates, provide the earliest date and last date for the distribution period covered by the report.
Item 7(d) – Information About the Distribution: Types of securities distributed			
44.	Categories of security types	One commenter suggested that the CSA review the categories of securities to ensure that they are broad and flexible enough to account for all types of securities that may be distributed.	We have reviewed the categories of security types and believe the list covers most types of securities distributed by issuers filing reports in Canada. For securities that do not clearly fall into a listed category, we have included a category for "Other" security types (with a security code of "OTH"), and a column for "Description of security" where further detail about

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			the security type can be provided. We have provided further guidance on Item 7(d) in Staff Notice 45-308, published concurrently with this Notice.
Item 7(e) – Information About the Distribution: Details of rights and convertible/exchangeable securities			
45.	Format for providing details of rights and convertible/exchangeable securities	One commenter noted that the restricted tabular format for providing information on convertible/exchangeable securities did not recognize the current nature of such securities. The commenter recommended that issuers be allowed to provide the information in narrative form or be given the option of providing the information in a tabular or narrative format.	We have used a tabular format for issuers to provide information about rights and convertible/exchangeable securities in order to improve the consistency and comparability of the information collected. Where the terms of the rights or convertible/exchangeable security do not clearly fall within the provided columns in the table, narrative text can be provided in the column "Describe other terms (if applicable)."
Item 7(f) – Information About the Distribution: Summary of the distribution by jurisdiction and exemption			
46.	Identifying unique purchasers	One commenter asked regulators for further guidance on the definition of "unique purchaser" and noted that the process of reconciling unique purchasers may impose a significant amount of additional work and expense on firms, particularly for investment fund issuers with different unit classes and currencies.	For purposes of completing Item 7(f), each purchaser should only be counted once, regardless of whether the issuer distributed different types of securities to the purchaser, distributed the securities on different dates to the purchaser, and relied on multiple prospectus exemptions for such distributions. We have removed the requirement to disclose the beneficial owner of the securities if a trust company, trust corporation or registered adviser is deemed to be purchasing the securities as principal on behalf of a fully managed account. In all other instances, the New Report requires disclosure of the beneficial owner of the securities as the purchaser. For example, if a corporation purchases the securities, the corporation is the beneficial owner and the unique purchaser, not the individual who controls a corporation. We have provided further guidance on Item 7(f) in Staff Notice 45-308, published concurrently with this Notice.
Item 7(g) – Information About the Distribution: Net proceeds to the investment fund by jurisdiction			
47.	Reporting net proceeds and obtaining redemption data	One commenter agreed with the requirement that funds report redemptions at the fund level for the distribution period covered by the report. A number of commenters questioned the	Information about the fund on a net proceeds basis provides us with a more accurate picture of the exempt market for these types of issuers, given the redemption features offered by most investment funds.

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		relevance and value of reporting of net proceeds by investment fund issuers, and also noted the burden of collecting redemption data. Several commenters asked for further clarification in the instructions regarding the reporting and calculation of net proceeds.	In response to the comments received, we have clarified the instructions and definition of net proceeds. See Annex G for more information.
Item 7(h) – Information About the Distribution: Offering materials			
48.	Electronic filing of offering materials	One commenter recommended that the underlying platform for the report contain an electronic field whereby the applicable offering materials could be attached and subsequently filed or delivered to the applicable jurisdictions automatically.	Issuers are required to file the New Report electronically in all CSA jurisdictions, except certain foreign issuers when filing on SEDAR. In British Columbia and Ontario, the New Report is filed on BCSC's eServices and the OSC's Electronic Filing Portal. In all other CSA jurisdictions, the New Report will be required to be filed on SEDAR, except by certain foreign issuers. A centralized CSA filing system that would enable the New Report to be delivered to the applicable jurisdictions automatically is outside the scope of this project. This forms part of the CSA National Systems Renewal Program. In Ontario only, if the offering materials listed are required to be filed with or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the New Report on the OSC's Electronic Filing Portal (if not previously filed with or delivered to the OSC).
49.	Marketing materials	Two commenters asked for clarity regarding the reference to marketing materials, which are not currently considered offering documents required to be filed with or delivered to regulators. One commenter recommended removing the requirement to list and file marketing materials, noting the added burden of tracking marketing materials and the regulatory purposes of receiving these marketing is not clear.	This is a reporting requirement only; the New Report does not impose any new requirements to file or deliver offering documents, including marketing materials. The New Report requires reporting that such materials have been filed or delivered only where required by applicable securities legislation of Saskatchewan, Ontario, Québec, New Brunswick and Nova Scotia. For example, an issuer or underwriter is required to list: • Offering memoranda and any other documents (marketing materials) that are required to be filed under section 2.9 of NI 45-106. • Offering memoranda that are voluntarily provided, and required to be delivered to the OSC under section 5.4 of OSC Rule 45-501

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			Ontario Prospectus and Registration Exemptions. • Offering materials that are required to be filed under MI 45-108 *Crowdfunding* (MI 45-108). In Ontario only, if the offering materials listed are required to be filed with or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the New Report on the OSC's website (if not previously filed with or delivered to the OSC). Further guidance on this requirement is in Staff Notice 45-308, published concurrently with this Notice.
Item 8 – Compensation Information			
50.	Public disclosure of compensation information	One commenter noted that compensation information may be useful to securities regulators but that it is uncertain how disclosure of this information would enable an investor to make better investment decisions. If the objective is to assess the prevalence of financial relationships among connected persons and issuers, the commenter thought compensation information should be moved to a schedule to protect the individual's privacy and the competitive nature of this information.	This is not a new requirement; the Current Reports require disclosure regarding persons being compensated by an issuer in connection with a distribution. However, the New Report requires more detailed information about the persons being compensated, including the relationship of the person to the issuer. This additional information enables us to assess the prevalence of financial relationships among connected persons and issuers. Having detailed information about these arrangements allows us to enhance our existing compliance oversight program of the exempt market, as well as make future improvements to securities regulations impacting the exempt market.
51.	Compensation structures of investment funds	One commenter questioned the relevance of requiring the compensation details under Part 8 and how this fits with the usual compensation structures of investment funds. The commenter also questioned how regulators would use the information.	This is not a new reporting requirement for investment fund issuers. However, a more detailed breakdown of the compensation paid or to be paid is required in the New Report. For example, if trailing commissions will be paid to a person for the distribution, an investment fund issuer is required to indicate that the person being compensated will receive deferred compensation and describe the terms of the trailing commissions. This information allows us to better understand trends in compensation structures in order to better inform policy making activities and enhance our compliance oversight programs.

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Item 8(a) – Compensation Information: Registration status and name of person compensated			
52.	Funding portals	One commenter suggested the instructions include clarification on the meaning of "funding portal" and "internet-based portal".	These terms generally refer to an intermediary that provides an online platform for issuers to offer and sell securities to investors. These include funding portals as defined under MI 45-108. We have also provided guidance on these terms in Staff Notice 45-308, published concurrently with this Notice.
Item 8(d) – Compensation Information: Compensation details			
53.	Deferred compensation	One commenter asked for clarification on what is to be included under deferred compensation. The commenter noted that providing estimates of trailing commissions would be burdensome and dependent on various assumptions, making it unclear what benefit this additional information would provide. One commenter asked for clarification that, if trailing commissions are paid, the disclosure required is the total amounts paid to the firm, not the amounts paid to individual representatives.	In light of the comments received, we have removed the requirement to provide estimates of deferred compensation. The New Report only requires the issuer to indicate whether any person will or may receive any deferred compensation and to provide a description of the terms of the deferred compensation.
Item 9 – Certification			
54.	Certification of information provided by third parties	One commenter thought it is inappropriate to require the filer to certify information that can only be obtained from third parties (such as promoters or control persons) and that is not within the filer's own knowledge and control. One commenter suggested that the instruction to Item 9 relating to a trust should provide additional detail so as to explicitly permit both an administrator and a manager of a trust to certify the report. The instructions should also be revised to provide guidance for those completing the report on the issuer's behalf in an agency or similar capacity.	The information required in the New Report is information that should be within the issuer's knowledge. We note that disclosure of the shareholdings of promoters and control persons is no longer a requirement of the New Report. We have revised the instructions to this item to clarify that only an officer or director of the issuer/underwriter can certify the report. If the issuer/underwriter is not a company, an individual who performs functions similar to that of a director or officer may certify the report. This is a determination that must be made by the issuer/underwriter.
Notice – Collection and use of personal information			
55.	Collection of information about individuals	One commenter noted that the certification regarding the collection of personal information is similar to the certification currently contained in Form 45-106F1 regarding purchasers resident in Ontario. The commenter, who was unaware of any corresponding provision in the freedom of information or protection of privacy legislation in any other province, said it was inappropriate to require issuers who have distributed securities in provinces other than Ontario to	The certification regarding collection of personal information is intended to address notice and consent requirements in privacy legislation across Canada.

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		make this certification.	
Schedule 1 (Confidential Director, Executive Officer, Promoter and Control Person Information)			
56.	Business contact information for issuer CEO	One commenter noted that this information would not be available to a person completing a report on behalf of an issuer or the dealer involved in the distribution, and also may not be information that the issuer is willing to provide.	We are requesting this information to assist us in addressing past challenges with contacting persons at issuers who are capable of answering questions about the distribution. We believe this information would not be unreasonably difficult to obtain. This information is collected in a non-public schedule.
57.	Residential addresses of directors, executive officers, control persons and promoters	One commenter agreed with the collection of residential addresses only if the information is kept confidential. Some commenters thought it was inappropriate for regulators to require residential addresses to be provided and thought it was unclear how this information would provide any useful information for regulators. One commenter said it would be burdensome for the issuer to obtain the residential addresses for these persons and another commenter suggested limiting the information to require only emails and telephone numbers. One commenter noted that CSA members could obtain information about officers and directors, and in certain jurisdictions, shareholder information, by reviewing corporate records with various government agencies. One commenter noted that an issuer would generally require consent under privacy laws to disclose residential addresses and questioned how the CSA would respond to requests to disclose this information under freedom of information legislation.	Residential address information has proven an effective means of locating and contacting individuals, when necessary to support our compliance functions. Information collected in Schedule 2 is not on the public record of any CSA member. The release of this information through a freedom of information request is governed by freedom of information legislation in place in each CSA jurisdiction.
Schedule 2 (Confidential Purchaser Information)			
58.	Format for providing information about fully managed accounts	A number of commenters asked for further guidance on the format for providing information for fully managed accounts.	The New Report does not require issuers to provide information about the beneficial owner where a trust company, trust corporation or registered adviser is deemed to be purchasing the securities as principal on behalf of a fully managed account. In this instance, only information about the trust company, trust corporation or registered adviser is required to be provided.
59.	Privacy concerns regarding purchaser information	A number of commenters expressed privacy concerns about the provision of purchaser information. Examples of concerns raised by commenters include:	Information collected in Schedule 1 is not on the public record of any CSA member. The release of this information through a freedom of

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		• Government agencies in Canada and the U.S. have been hacked and requesting personal information *en masse* is difficult to justify. • Sales to European investors will likely come to an end mainly because of the privacy issues raised regarding the collection of purchaser information. • Public disclosure of purchaser information may occur through requests made under freedom of information legislation. • The release of personal purchaser information has a real and significant impact on investor confidence as the investing public expects to be respected and protected by their financial advisors and regulators. One commenter noted that the public reporting of purchaser information in British Columbia under Form 45-106F6 resulted from pressure by the media outlets, whose objective was isolated to a particular kind of market. The commenter noted that purchasers in British Columbia have complained about their personal information included in Form 45-106F6 filed with the BCSC appearing in Google searches.	information request is governed by freedom of information legislation in place in each CSA jurisdiction.
60.	Persons being compensated	One commenter suggested that the instructions for Schedule 2 clarify that paragraph f(3) is intended to require additional details only with respect to the disclosure provided in Item 8. The commenter noted that an issuer can only report compensation they have provided and not any compensation given by third parties.	The purpose of this item is to identify the person being compensated for each distribution of the issuer's securities to a specific purchaser. As noted in the instructions, the name of the person compensated should be consistent with the name provided under Item 8. Item 8 only requires the name of persons to whom the issuer directly provides, or will provide, compensation. It does not, for example, require the names of individuals to whom a company receiving compensation from an issuer may then compensate for employment.
61.	Email address of purchaser	One commenter expressed concern over the burden of having to provide the personal email addresses of purchasers. Another commenter questioned the relevance of requesting this information and what regulators would do with the information.	An email address is only required to be provided by the issuer if the purchaser has provided this information to the issuer. This information enhances our ability to contact purchasers if needed as part of our compliance programs.
62.	Identifying whether a purchaser is a registrant or insider	Some commenters expressed concern about the burden of having to determine whether the purchaser is a registrant and questioned the relevance and benefit to regulators of collecting this information. One commenter raised concerns about the burden of determining whether a purchaser is an insider.	We believe information regarding whether a purchaser is a registrant or insider is not unreasonably difficult to obtain. This information is useful for identifying relationships between purchasers and

No.	Topic	Comments	Responses
		One commenter said the identification of whether a purchaser is a registrant or insider is currently a requirement under Form 45-106F6 in British Columbia, which may have contributed to the decision of certain market participants not to offer foreign securities for sale in that province. The commenter recommended that the other CSA members not impose similar requirements.	issuers, which will facilitate our oversight of the exempt market and enhance our compliance programs.
63.	Disclosure of specific exemption relied on for each purchaser	One commenter said it was reasonable to require the identification of the specific exemption relied upon as it would assist in tracking the use of exemptions. Two commenters said the report should allow the issuer or underwriter to identify all categories for which a purchaser is eligible. Otherwise, the information being collected about the use of specific exemptions by individual investors would be incomplete and may raise questions about why one category of exemption was chosen for disclosure over another. Two commenters noted the burden of requiring detailed information about the exemption relied upon. One commenter noted that international dealers have not been previously required to gather this information, which would require them to undertake significant changes to their computer systems to maintain and easily access this information.	Issuers are required to identify a specific exemption relied on in order to distribute their securities. Information regarding the specific exemption relied on supports our compliance programs, policy development and data collection on the exempt market. Following a review of the comments received and considering the cost of compliance relative to the benefit of the information, we have not required the issuer to identify all categories for which a purchaser is eligible.
64.	Repetitive reporting of information	One commenter noted that sections (a), (d), (e) and f(3) are largely repetitive. The commenter would like to see entries streamlined and/or auto-populated in an electronic filing.	Section (a) of Schedule 1 is only required to be provided once. For each purchaser, separate entries are required to be provided for each distribution date, security type and exemption relied on for the distribution. We have developed Excel templates, published concurrently with this Notice, to facilitate the reporting of information required in the schedules. Schedules 1 and 2 must be filed in .xlsx format using these Excel templates.
65.	Reporting information per distribution	Two commenters noted that the report requires information to be provided not only on a per purchaser basis, but also on a per distribution basis. In the case where an investor (or a portfolio manager on behalf of a managed account) purchased units of a fund multiple times over the course of the year, the commenters asked for clarification on whether a separate entry would be required in Schedule 2 for each such purchase. One of these commenters also questioned the relevance of the information and what the CSA would do with the information.	For each purchaser, separate entries are required to be provided for each distribution date, security type and exemption relied on for the distribution. We have developed Excel templates published concurrently with this Notice, to facilitate the reporting of information required in the schedules. Schedules 1 and 2 must be filed in .xlsx format using these Excel templates.

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66.	Identifying distribution end date	One commenter noted it may not be possible to provide a distribution end date as required under paragraph a(2) if the distribution is ongoing, as can be the case with distributions by an investment fund.	We have revised this item to require the certification date of the report (as required in Item 10 of the New Report) instead of the distribution end date.
Filing			
67.	Change in filing deadline for investment funds to calendar year-end	Many commenters supported a calendar year-end deadline for investment funds. One commenter thought the change in filing deadline would increase administration costs. Some commenters proposed an extended filing deadline, such as 45-60 days from calendar year-end, to accommodate the increased administrative demands of gathering the additional required information. Another commenter noted that the transitional provisions should provide for an exemption from having to provide the "new" information for trades that were completed prior to a date that is at least 90 days after the amendments come into force. To avoid the situation where an investment fund may be required to file twice in one calendar year during the transition period, the commenters suggested that investment funds be allowed to delay filing the report until the first new filing deadline that is more than 12 months since the date of their previously filed report, or to file an aggregate report as of the next new filing deadline. One commenter noted that additional filing time should be given to private equity funds that corresponds with the investment fund filing period.	We acknowledge the comments of support. We have revised the transition period for investment fund issuers that file annually in response to commenters. We have introduced a transition period to allow investment fund issuers that file annually to use either the Current Report or New Report to report distributions that occur before January 1, 2017. For further guidance on the annual filing deadline and transition period, see Annex H and Staff Notice 45-308, published concurrently with this Notice.
68.	Method to file reports of exempt distribution	One commenter supported electronic filing, noting that this would add efficiencies for issuers and assist in data collection. Some commenters noted the lack of harmonization of the electronic filing systems for exempt market reporting and encouraged regulators to work towards a harmonized electronic filing system. A number of commenters suggested delaying the New Report until the CSA establishes a single, integrated filing system. One commenter suggested issuers be permitted to submit only one cross-country report to an online system with their principal regulator, and the CSA should share this information and reduce duplication of effort on the part of issuers.	Issuers are required to file the New Report electronically in all CSA jurisdictions, except certain foreign issuers when filing on SEDAR. The BCSC is developing a web-based filing system on eServices to accommodate the structured data format of the New Report. Beginning on June 30, 2016, when the New Report is effective, issuers filing in both British Columbia and Ontario will file the New Report with BCSC and OSC by completing an electronic form on the BCSC's eServices and the OSC's Electronic Filing Portal, respectively. In all CSA jurisdictions other than British Columbia and Ontario, the New Report will be required to be filed on SEDAR, except by certain foreign issuers. [2] Both

[2] See Multilateral CSA Notice of Amendments to National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* and Multilateral Instrument 13-102 *System Fees for SEDAR and NRD,* published on December 3, 2015.

No.	Topic	Comments	Responses
		Some commenters noted that the use of SEDAR for exempt market filings would increase the burden and cost of reporting for issuers and may be problematic for certain issuers, particularly non-Canadian issuers. One commenter recommended that electronic filing forms and filing portals must be designed, tested and proven to be user-friendly. Similarly, another commenter encouraged regulators to adopt filing methods that allow regulators, researchers and governments to easily utilize the data collected. Two commenters raised privacy concerns about personal information being provided in electronic form.	the BCSC's eServices and the OSC's Electronic Filing Portal will generate an electronic copy of the completed report, which issuers can then use to file on SEDAR, if required. A longer-term CSA project is underway to create a single integrated filing system for reports of exempt distribution that would further reduce the regulatory burden on market participants. The integrated filing system is part of the larger CSA National Systems Renewal Program. Staff Notice 45-308, published concurrently with this Notice, contains guidance on how to file the New Report.
69.	Use of Excel templates to file schedules	Some commenters supported the use of the Excel format for the provision of the information in the schedules and two of these commenters were also supportive of the CSA providing templates for these schedules. One commenter asked whether filing in PDF format would be permissible. One commenter asked for clarification on whether the Excel or CSV format would be permissible for filing under Item 8 when providing compensation details.	We acknowledge the comments of support. Issuers must file Schedules 1 and 2 in .xlsx format using the Excel templates developed by the CSA. The Excel templates are being published concurrently with this Notice and available on the website of each CSA member. The Excel templates will assist filers in providing the information required in the schedules in a structured format. The Excel templates include detailed instructions and examples and will improve the consistency and comparability of the information collected through the schedules. Compensation information must be provided in Item 8 of the New Report, and cannot be provided in an Excel or CSV format.
70.	Format for providing information	One commenter suggested the CSA consider the format of current information requirements, such as the risk acknowledgement questionnaire spreadsheet that was used by the OSC in 2014 to collect details with respect to private funds.	We have considered different formats for collecting information required in the schedules and believe the Excel spreadsheet format is best suited for collecting the information in the schedules because it is an accessible and widely used tool. In addition, the Excel templates we have developed for Schedules 1 and 2 will assist filers in providing the required information. They also allow us to collect the information in a structured and organized format to support our compliance programs,

No.	Topic	Comments	Responses
			policy development and data collection purposes.
Other			
71.	Publication of exempt distribution information	One commenter said current reports of exempt distribution must be compiled, summarized and published regularly. Similarly, one commenter noted that in order for the information collected through the report to be useful, it must be available electronically to the public in a format that can be sorted and analyzed. One commenter questioned how the various members of the CSA will work together to consolidate information in filed reports in the various jurisdictions to develop a pan-Canadian view of the exempt markets. One commenter recommended that information collected through the reports, be made available in a format comprehensive to investors before they make their investment decision. One commenter questioned why the OSC was publishing detailed exempt distribution information on its website and why it was necessary to have this information publicly available in a format that can be "used, searched and analyzed" by stakeholders. The commenter also asked how this information would change with the New Report.	Reports filed in British Columbia and through SEDAR will be published and publicly available (with the exception of the non-public schedules) on the BCSC website and on SEDAR. The OSC will continue to publish on its website summaries of exempt distribution information drawn from reports filed in Ontario. A number of CSA jurisdictions also publish on a periodic basis data and statistics on activity in the prospectus exempt market based on the information collected through the reports. However, the CSA does not have the ability to aggregate and reconcile the data collected through the reports across all CSA jurisdictions. An integrated filing system that would allow us to aggregate and reconcile this data is part of a longer-term CSA National Systems Renewal Program.
72.	Effective date	One commenter thought the timeframe to require use of the New Report beginning in January 30, 2016 was very tight.	Provided all ministerial approvals are obtained, the Amendments will come into force on June 30, 2016. This means the New Report is required to be filed for distributions that occur on or after June 30, 2016. There is a transition period which will give investment funds that file annually the option to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For further guidance on the transition to the New Report, see Annex H.
73.	Compliance with existing prospectus exemptions	One commenter noted that securities regulators must take measures to compel compliance with existing rules governing prospectus exemptions and said regulators and governments needed to recognize that disclosure will not be sufficient to provide the necessary level of protection to individual investors.	The CSA recognizes the importance of compliance with its rules governing prospectus exemptions. One of the key objectives of the New Report is to support and improve our oversight of the exempt market and compliance functions.
74.	Helpline for issuers	One issuer suggested the CSA create a telephone helpline for issuers that would be available on an ongoing basis as the proposals would significantly increase the complexity of filings.	To assist filers with preparing and filing the New Report, we have revised Staff Notice 45-308, published concurrently with this Notice. We also plan to develop presentations and webinars to

No.	Topic	Comments	Responses
			assist filers, and to conduct training seminars for interested stakeholders.
75.	Warning on misrepresentations	One commenter recommended that the potential penalties for making a misrepresentation in the report should be specified at the top of the report in addition to the warning that it is an offence to make a misrepresentation. The commenter also suggested that regulators and governments should ensure there is an appropriate penalty for not completing the information and filing it on time (regardless of whether it is a misrepresentation under securities law).	CSA members have various avenues and penalties they could pursue in the event of a misrepresentation, which depends on the facts and circumstances of each case, including the nature and significance of the misrepresentation. Accordingly, we do not think it is necessary to specify the potential penalties for making a misrepresentation in the report.
76.	Fees	One commenter recommended that the CSA develop a harmonized and rationalized fee structure. The commenter noted that for the most part, various members of the CSA simply accept the filed reports and do not review or comment on the information. The commenter thought that the fee structures adopted by the various provinces should reflect the level of services or activities provided by the various applicable regulators.	The development of a harmonized fee structure is outside the scope of the project.
77.	One report for multiple investment funds	One commenter believed it would be operationally efficient if multiple investment funds could be covered under one form.	Each investment fund is considered to be a separate issuer with separate reporting requirements. It would also be challenging for the CSA from a data collection and analysis perspective if multiple investment funds were covered in one report.

ANNEX G

SUMMARY OF CHANGES TO NEW REPORT SINCE PUBLICATION FOR COMMENT

Below is a summary of the changes to the New Report since publication for comment, made in response to the comment letters received and the feedback received during our informal consultations.

In addition to the changes summarized below, we have made the following other changes to the New Report from the version published for comment:

- moved definitions from NI 45-106 into the New Report for ease of reference,
- removed the examples in the version of the New Report published for comment,
- made formatting, re-numbering and re-wording changes, and
- clarified some of the instructions.

A. Removal of Information Requirements and Other Requirements

Filing a single report identifying all purchasers

The current Form 45-106F1 requires issuers making a distribution in more than one jurisdiction of Canada to complete a single report identifying all purchasers, and file the report in each Canadian jurisdiction in which the distribution occurs. We have removed this requirement.

Notwithstanding this change, issuers may continue to satisfy their obligation to file the report by completing a single report identifying all purchasers, and filing it in each Canadian jurisdiction where the distribution occurs.

Beneficial owners of fully managed accounts

The Current Reports require information about the beneficial owner of the securities purchased. The New Report published for comment sought to clarify this existing requirement by providing additional guidance regarding the disclosure of the beneficial owners of fully managed accounts.

The New Report will no longer require information about beneficial owners of fully managed accounts. If a trust company, trust corporation or registered adviser described in paragraphs (p) or (q) of the definition of “accredited investor” in section 1.1 of NI 45-106 is deemed to be purchasing the securities as principal on behalf of a fully managed account, the New Report does not require information to be provided about the beneficial owner of the securities. Only information about the trust company, trust corporation or registered adviser is required.

We have made this change for a number of reasons, including:

- the feedback we received noting the burden placed on issuers to obtain this information,
- the prospectus exemption is available for a trust company, trust corporation or registered adviser that is deemed to be purchasing the securities as principal, which does not require the issuer to gather information about the beneficial owner, and
- we can obtain information about the beneficial owner through the trust company, trust corporation or adviser that is registered, if necessary.

Estimated amount of deferred compensation

The New Report that was published for comment proposed that the estimated amount of any deferred compensation be provided as part of the requirement to provide details regarding compensation paid to a person by the issuer in connection with the distribution. We have removed this proposed requirement. The New Report only requires the issuer to indicate whether a person will or may receive any deferred compensation and to provide a description of the terms of the deferred compensation.

Shareholdings of directors, executive officers, promoters and control persons

The New Report published for comment contemplated that certain issuers would be required to disclose the following information regarding their directors, executive officers, promoters and control persons:

- the number of voting securities of the issuer beneficially owned, or directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution, and
- the total price paid for them.

We have removed this proposed requirement as a result of the feedback we received about the burden placed on issuers to obtain this information, the commercial sensitivity of publicly disclosing this information and privacy concerns.

The identities and locations of directors, executive officers and promoters of the issuer are required to be provided in the New Report, which is publicly available; however, their residential addresses must be provided in Schedule 2, which is not publicly available. If a promoter is not an individual, information about the directors and executive officers of the promoter is required.

The following issuers are excluded from the requirement to provide this information:

- investment fund issuers,
- reporting issuers and their wholly owned subsidiaries,
- foreign public issuers and their wholly owned subsidiaries, and
- issuers distributing eligible foreign securities only to permitted clients.

B. Revisions to Information Requirements

Identities of control persons

The New Report published for comment proposed that the identities of control persons of certain issuers be disclosed in the public part of the report, which is currently required in Form 45-106F6 filed with the BCSC.

We have moved the disclosure of the identities and residential addresses of control persons to Schedule 2, which is not publicly available. If a control person is a not an individual, information about the control person's directors and executive officers is required.

We have made this change as a result of the feedback we received about the commercial sensitivity of publicly disclosing this information and privacy concerns. We believe that the identification of control persons is necessary to support our compliance functions, but that this information does not need to be made public.

The following issuers are excluded from the requirement to provide this information:

- investment fund issuers,
- reporting issuers and their wholly owned subsidiaries,
- foreign public issuers and their wholly owned subsidiaries, and
- issuers distributing eligible foreign securities only to permitted clients.

Currency

We have revised the instructions for the conversion of currency in the New Report to specify the exchange rate that should be used in the following scenarios:

- If the distribution date occurs on a date when the daily noon exchange rate of the Bank of Canada is not available, convert the foreign currency to Canadian dollars using the most recent Bank of Canada closing exchange rate available before the distribution date.

- Investment funds in continuous distribution should convert the foreign currency to Canadian dollars using the average daily noon exchange rate of the Bank of Canada for the distribution period covered by the report.

The Bank of Canada has announced that as of March 1, 2017, it will no longer publish two sets of exchanges rates (noon and closing) and will instead publish a single indicative exchange rate each day. We have revised the instructions in the New Report to specify that if this change takes place, foreign currency is to be converted using the single indicative exchange rate instead of the daily noon and closing exchange rates in each of the scenarios described in the instructions. For example, an investment fund in continuous distribution would convert the foreign currency to Canadian dollars using the average daily single indicative exchange rate for the distribution period covered by the report.

Issuer industry

For issuers involved in certain investment activities that are required to disclose the areas of their primary asset holdings, we have added to the categories available to include "private companies". This is to capture issuers that invest in other businesses, such as private equity funds.

Net proceeds to investment funds

We have clarified the meaning of "net proceeds" as part of the requirement to provide the net proceeds to the investment fund by jurisdiction. In the New Report, "net proceeds" means the gross proceeds realized in the jurisdiction from the distributions for which the report is being filed, less the gross redemptions that occurred during the distribution period covered by the report.

C. Additional Requirements

Attaching offering materials to the New Report (applicable in Ontario only)

Consistent with the version published for comment, the New Report requires issuers to list all offering materials that are required to be filed or delivered in connection with a distribution made under the securities legislation of Saskatchewan, Ontario, Québec, New Brunswick or Nova Scotia.

For example, issuers are required to list:

- Offering memoranda and any other documents (marketing materials) that are required to be filed under section 2.9 of NI 45-106.

- Offering memoranda that are voluntarily provided, and required to be delivered to the OSC under section 5.4 of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*.

- Crowdfunding offering documents and any other distribution documents (term sheets and other materials summarizing information in a crowdfunding offering document) required to be filed under MI 45-108 *Crowdfunding.*

The New Report also includes a new requirement that applies in Ontario only. If the offering materials listed in the New Report are required to be filed or delivered to the OSC, electronic versions of those offering materials are to be attached to and submitted electronically with the New Report on the OSC's Electronic Filing Portal (if not previously filed with or delivered to the OSC). This allows the OSC to better track and reconcile exempt market filings for data collection purposes and to inform its compliance programs.

Format for filing Schedules 1 and 2

The New Report published for comment proposed requiring that Schedules 1 and 2 be filed in the format of an Excel spreadsheet. The New Report requires that Excel spreadsheet to be in a form acceptable to the securities regulatory authority or regulator.

This means issuers are required to file Schedules 1 and 2 in .xlsx format using the Excel templates developed by the CSA. The Excel templates, which are being published concurrently with this Notice, are available on the website of each CSA member and at the links below.

- Schedule 1 template[1]

- Schedule 2 template[2]

[1] http://www.securities-administrators.ca/uploadedFiles/Schedule_1_Form_45-106F1_En.xlsx

[2] http://www.securities-administrators.ca/uploadedFiles/Schedule_2_Form_45-106F1_En.xlsx

The Excel templates will improve the consistency and comparability of the information collected through the schedules. We believe they will also assist filers in providing the information in a structured and organized manner.

D. Transition to the New Report

Issuers other than investment funds filing annually

All issuers, other than investment fund issuers filing reports annually, must use the New Report for distributions that occur on or after June 30, 2016, when the Amendments come into force. If an issuer completes a distribution before June 30, 2016, and the deadline to file the report occurs after June 30, 2016, the issuer must file the Current Report. If an issuer completes multiple distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

Investment fund issuers that file annually

Investment funds relying on certain prospectus exemptions may file reports of exempt distribution annually, within 30 days after the end of the calendar year. We have provided a transition period to allow investment fund issuers that file annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Annex H contains further information on the transition to the New Report.

ANNEX H

TRANSITION TO THE NEW REPORT

This Annex provides further guidance on the report that should be filed as of June 30, 2016, when the Amendments come into force.

Issuers other than investment funds filing annually

All issuers, other than investment fund issuers filing reports annually, must use the New Report for distributions that occur on or after June 30, 2016, when the Amendments come into force. If an issuer completes a distribution before June 30, 2016, and the deadline to file the report occurs after June 30, 2016, the issuer must file the Current Report. If an issuer completes multiple distributions on dates that occur within a 10-day period beginning before and ending after June 30, 2016, the issuer may file either the Current Report or the New Report to report such distributions.

Please see the examples in Table 1 below for further clarity on the report that should be filed.

TABLE 1: FILING THE NEW REPORT

	Distribution period covered by report	Filing deadline[1]	Report required
Issuer 1	June 20, 2016 to June 29, 2016	June 30, 2016	Current Report
Issuer 2	June 21, 2016 to June 30, 2016	July 1, 2016	Current Report or New Report
Issuer 3	June 27, 2016	July 7, 2016	Current Report
Issuer 4	June 28, 2016 to July 1, 2016	July 8, 2016	Current Report or New Report
Issuer 5	June 30, 2016 to July 8, 2016	July 10, 2016[2]	New Report
Issuer 6	July 4, 2016	July 14, 2016	New Report
Issuer 7	July 5, 2016 to July 14, 2016	July 15, 2016	New Report

Investment fund issuers that file annually

Investment funds relying on certain prospectus exemptions may file reports of exempt distribution annually, within 30 days after the end of the calendar year. We have provided a transition period to allow investment fund issuers that file annually to file either the Current Report or the New Report for distributions that occur before January 1, 2017. For distributions that occur on or after January 1, 2017, all investment fund issuers filing annually must file the New Report.

Please see the examples in Table 2 for further clarity on the report that should be filed.

[1] The report must be filed no later than 10 days after the first distribution in the report.

[2] If the filing deadline falls on a Saturday, Sunday or another day when the CSA member with which the report being filed is closed, the deadline is the next day on which the CSA member is open.

TABLE 2: TRANSITION PERIOD FOR INVESTMENT FUND ISSUERS THAT REPORT ANNUALLY							
	Financial year-end	2016		2017		2018	
		Filing deadline	Report required	Filing deadline	Report required	Filing deadline	Report required
Investment Fund Issuer 1	Dec 31	Jan 30, 2016	Current Report - For distributions completed between Jan 1, 2015 and Dec 31, 2015	Jan 30, 2017	Current Report or New Report - For distributions completed between Jan 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 2	Apr 30	May 30, 2016	Current Report - For distributions completed between May 1, 2015 and Apr 30, 2016	Jan 30, 2017	Current Report or New Report - For distributions completed between May 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 3	May 31	Jun 30, 2016	Current Report - For distributions completed between Jun 1, 2015 and May 31, 2016	Jan 30, 2017	Current Report or New Report - For distributions completed between Jun 1, 2016 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 4	Jun 30	N/A	N/A	Jan 30, 2017	Current Report or New Report - For distributions completed between Jul, 1 2015 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017
Investment Fund Issuer 5	Sept 30	N/A	N/A	Jan 30, 2017	Current Report or New Report - For distributions completed between Oct 1, 2015 and Dec 31, 2016	Jan 30, 2018	New Report - For distributions completed between Jan 1, 2017 and Dec 31, 2017

ANNEX I-1

LOCAL MATTERS

1. Introduction

The Canadian Securities Administrators (**CSA)** have made amendments (the **rule amendments**) to National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**) to introduce a new harmonized report of exempt distribution (the **New Report**). The CSA have also made related changes to Companion Policy 45-106 *Prospectus Exemptions* (**45-106CP**). Together, the rule amendments and changes are collectively referred to as the **CSA amendments**.

The CSA amendments, including the New Report, will apply in all CSA jurisdictions to both investment fund issuers and non-investment fund issuers that distribute securities under certain prospectus exemptions.

The CSA have also:

- withdrawn CSA Staff Notice 11-316 *Notice of Local Amendments – British Columbia* (**Notice 11-316**), and
- revised CSA Staff Notice 45-308 (Revised) *Guidance for Preparing and Filing Reports of Exempt Distribution under National Instrument 45-106 Prospectus Exemptions* (**Notice 45-308**).

Please refer to the CSA notice (the **CSA Notice**) for a discussion of the substance and purpose of the CSA amendments, withdrawal of Notice 11-316 and changes to Notice 45-308.

2. Ontario-only amendments

The Ontario Securities Commission (**OSC** or **we**) have made consequential amendments (**Ontario amendments**) to:

- OSC Rule 11-501 *Electronic Delivery of Documents to the Ontario Securities Commission* (**OSC Rule 11-501**),
- OSC Rule 13-502 *Fees*, and
- OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (**OSC Rule 45-501**).

The Ontario amendments repeal Form 45-501F1 *Report of Exempt Distribution* (**45-501F1**) and require the New Report to be filed for distributions made in reliance on the government incentive security prospectus exemption in section 73.5(2) of the *Securities Act* (Ontario). The 45-501F1 is identical to the current Form 45-106F1 *Report of Exempt Distribution* (**45-106F1**), which will be replaced by the New Report. The Ontario amendments are attached to this Annex I.

We have also withdrawn:

- OSC Staff Notice 45-708 *Introduction of Electronic Report of Exempt Distribution on Form 45-106F1*
- OSC Staff Notice 45-709 (Revised) *Tips for Filing Reports of Exempt Distribution*, and
- OSC Staff Notice 45-713 *Reports of Exempt Distribution – Compliance with Filing Requirements*.

3. Implementation of CSA amendments and Ontario amendments

On March 22, 2016, the OSC made the CSA amendments and Ontario amendments.

The CSA amendments, Ontario amendments and other required materials were delivered to the Ontario Minister of Finance on April 5, 2016. The Minister may approve or reject the CSA amendments and Ontario amendments or return them for further consideration. If the Minister approves the CSA amendments and Ontario amendments or does not take any further action by June 5, 2016, the CSA amendments and Ontario amendments will come into force on June 30, 2016.

4. OSC exempt market review

Changes to the reports of exempt distribution were initiated as part of the OSC's broad review of the exempt market regulatory regime (the **exempt market review**) beginning in 2011.

The original scope of the exempt market review was on the accredited investor and minimum amount prospectus exemptions. On February 27, 2014, the CSA published for comment proposed amendments to the reports of exempt distribution in conjunction with proposed amendments to NI 45-106 relating to the accredited investor and minimum amount prospectus exemptions (the **February 2014 Proposal**). The February 2014 Proposal proposed to gather additional information in the reports related to the category of accredited investor for each purchaser, updated industry categories, and any person being compensated in connection with the distribution, including identifying the purchasers in respect of which the person received compensation.

As a result of feedback received during the original exempt market review, in 2012 the OSC decided to expand the focus of the exempt market review to consider whether there was potential to facilitate greater access to capital through the exempt market, particularly for start-ups and small and medium-sized enterprises, while maintaining an appropriate level of investor protection.

On March 20, 2014, the OSC published a proposal to introduce four new capital raising prospectus exemptions in Ontario, as well as two new reports of exempt distribution (the **March 2014 Proposal**). The two proposed reports of exempt distribution, which the OSC published together with Alberta, Saskatchewan and New Brunswick, were intended to streamline exempt market reporting in applicable jurisdictions and obtain additional information about issuers, registrants and investors to enhance our ability to monitor exempt market activity.

The comments received from the February 2014 Proposal and March 2014 Proposal informed the development of the New Report. The CSA published proposed amendments to NI 45-106 and the New Report for comment on August 13, 2015 for a 60-day comment period that ended on October 13, 2015.

The New Report will facilitate more effective regulatory oversight of the exempt market, which is essential given the new and amended prospectus exemptions adopted in Ontario as part of the exempt market review.

As part of the exempt market review, the OSC has completed the following steps:

- Amendments to the accredited investor and minimum amount prospectus exemptions came into force in Ontario on May 5, 2015.
- The existing security holder prospectus exemption came into force in Ontario on February 11, 2015.
- The family, friends and business associates prospectus exemption came into force in Ontario on May 5, 2015.
- Amendments to the existing rights offering prospectus exemption came into force in Ontario on December 8, 2015.
- The offering memorandum prospectus exemption came into force in Ontario on January 13, 2016.
- The crowdfunding prospectus exemption came into force in Ontario on January 25, 2016.

5. The New Report

Harmonized report across the CSA

Issuers and underwriters who rely on certain prospectus exemptions to distribute securities are required to file a report of exempt distribution within the prescribed timeframe. Currently, in all CSA jurisdictions except British Columbia, the form of report is 45-106F1. In British Columbia, the form of report is Form 45-106F6 *British Columbia Report of Exempt Distribution* (**45-106F6**, and together with the 45-106F1, **Current Reports**). The CSA amendments will replace the Current Reports with the New Report, which will apply across the CSA. The New Report is intended to reduce the compliance burden for issuers and underwriters by having a harmonized report of exempt distribution.

While the New Report will be the required form across the CSA, the filing requirements will remain jurisdiction specific. A single integrated filing system for the reports of exempt distribution is part of the longer-term CSA National Systems Renewal Program and is not within the scope of this CSA initiative. We have designed the New Report to be filed using the current filing systems that apply across the CSA.

In British Columbia and Ontario, issuers and underwriters would be required to file the New Report with the British Columbia Securities Commission (BCSC) and OSC by completing an electronic form on the BCSC's eServices and the OSC's Electronic Filing Portal, respectively. In all CSA jurisdictions other than British Columbia and Ontario, the New Report would be required to be filed on the System for Electronic Document Analysis and Retrieval (SEDAR), except by certain foreign issuers. Both the BCSC's eServices and the OSC's Electronic Filing Portal would generate an electronic copy of the completed report, which issuers can then use to file on SEDAR, if required.

Additional information to monitor exempt market activity

The New Report will allow us to obtain more information than is presently collected through the Current Reports to facilitate more effective regulatory oversight of the exempt market and to better inform related policy development.

As noted above, the introduction of new capital raising prospectus exemptions in Ontario increases the need for information on exempt market activity. The information collected through the New Report will help us oversee the issuers that use these exemptions and the registrants involved in these distributions. The information will also help inform our compliance oversight programs and risk-based approach.

The New Report has been designed to collect information in a more structured format, which will further facilitate our ability to analyze and use the information, thereby enhancing our oversight of the exempt market.

*Ontario electronic form (**e-form**)*

Issuers are required to file the report electronically in Ontario, pursuant to OSC Rule 11-501. Accordingly, the New Report will be an e-form in Ontario, available on the OSC's Electronic Filing Portal. In developing the e-form, we are incorporating the use of drop-down menus and other similar features wherever appropriate in order to make the e-form more "user-friendly" and easier to complete. Offering materials that are required to be filed with or delivered to the OSC under certain prospectus exemptions are to be attached as part of the e-form.

6. Comments received in Ontario

As noted above, proposed amendments to NI 45-106 and the New Report were published for comment on August 13, 2016. The CSA received 19 written submissions. A summary of the comments submitted to the CSA, together with the CSA's responses, is at Annex F to the CSA Notice.

7. Questions

Please refer any questions regarding this notice to:

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ANNEX I-2

LOCAL RULE AMENDMENTS

Amendments to Ontario Securities Commission Rule 11-501
Electronic Delivery of Documents to the Ontario Securities Commission

1. Amendments to Ontario Securities Commission Rule 11-501 Electronic Delivery of Documents to the Ontario Securities Commission is amended by this Instrument.

2. Appendix A is amended by deleting the following row to the table:

45-501F1	Form 45-501F1 *Report of Exempt Distribution*

3. This Instrument comes into force on June 30, 2016.

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

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

2. Column A of Appendix C is amended by deleting "Form 45-501F1 or***" in Row B2.***

3. Column A of Appendix D is amended by replacing "Forms 45-501F1 and 45-106F1***" with "***Form 45-106F1***" in paragraph C.***

4. This Instrument comes into force on June 30, 2016.

Amendments to
Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*

1. Ontario Securities Commission Rule 45-501 Ontario Prospectus and Registration Exemptions is amended by this Instrument.

2. Section 6.2(1) is amended by replacing "Form 45-501F1***" with "***Form 45-106F1 *Report of Exempt Distribution****".***

3. Form 45-501F1 Report of Exempt Distribution is repealed.

4. This Instrument comes into force on June 30, 2016.

Chapter 6

Request for Comments

6.1.1 CSA Notice and Request for Comment – Proposed Amendments to National Instrument 23-101 Trading Rules

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Notice and Request for Comment

Proposed Amendments to National Instrument 23-101 *Trading Rules*

April 7, 2016

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for comment proposed amendments to National Instrument 23-101 *Trading Rules* (NI 23-101) (the Proposed Amendments).

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

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

Substance and Purpose

The substance and purpose of the Proposed Amendments is to amend NI 23-101 to lower the active trading fee cap[1] applicable to trading in certain securities. In setting out the maximum fee that can be applied to the execution of an order entered to execute against displayed volume, the Proposed Amendments would distinguish between securities that are listed on both a Canadian and a U.S. exchange (Inter-listed Securities) and securities that are listed on a Canadian exchange, but not listed on a U.S. exchange (Non-Inter-listed Securities).

Summary of the Proposed Amendments

The Proposed Amendments would amend section 6.6.1 of NI 23-101 to cap active trading fees for Non-Inter-listed Securities at $0.0017 per security traded for an equity security or per unit traded for an exchange-traded fund, if the execution price of the security or unit traded is greater than or equal to $1.00.

Local Matters

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

[1] An active trading fee refers to the fee applied for executing an order that was entered to execute against a displayed order on a particular marketplace.

Annexes

A. Background and description of the Proposed Amendments;

B. Proposed Amendments to National Instrument 23-101 *Trading Rules*;

C. National Instrument 23-101 *Trading Rules*, blacklined to show the proposed changes to NI 23-101; and

D. Local Matters.

Authority of the Proposed Amendments

In those jurisdictions in which the Proposed Amendments are to be adopted, the securities legislation provides the securities regulatory authority with rule-making or regulatory authority in respect of the subject matter of the amendments.

In Ontario, the proposed amendments to NI 23-101 are being made under the following provisions of the *Securities Act* (Ontario Act):

- Paragraph 143(1)11 authorizes the Commission to make rules regulating the listing or trading of publicly traded securities or the trading of derivatives.

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

Deadline for Comments

Please submit your comments to the Proposed Amendments, in writing, on or before July 6, 2016. 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 of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island
Nova Scotia Securities Commission
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 listed below. Your comments will be distributed to the other participating CSA jurisdictions.

The Secretary
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Madame Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, rue du square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: 514-864-6381
Consultation-en-cours@lautorite.qc.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 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 email and address, may appear on certain CSA web sites. It is important that you state on whose behalf you are making the submission.

All comments will be posted on the Ontario Securities Commission web site at www.osc.gov.on.ca and on the Autorité des marchés financiers web site at www.lautorite.qc.ca.

X. Questions

Please refer your questions to any of the following:

Tracey Stern
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Bruce Sinclair
Securities Market Specialist
British Columbia Securities Commission
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ANNEX A

BACKGROUND AND DESCRIPTION OF THE PROPOSED AMENDMENTS

On May 15, 2014, the CSA published for comment proposed amendments to NI 23-101 that would, amongst other changes, introduce trading fee caps for exchange-traded securities (the 2014 Notice).[2] The fee caps were proposed to address concerns raised by marketplace participants related to the implications of the Order Protection Rule (OPR) on their active trading fee costs, given that OPR necessitates that marketplace participants trade with the best-priced displayed orders, regardless of the level of trading fees charged by marketplaces displaying those orders.

In a separate notice published today, the CSA has finalized the amendments proposed in the 2014 Notice. As a result, for equity securities and exchange-traded funds priced at or above $1.00, an active trading fee cap of $0.0030 per share or unit traded will come into force on July 6, 2016. For further details, please refer to the CSA Notice of Approval published concurrently with this notice.

In the 2014 Notice we indicated that the $0.0030 per share fee cap for securities priced at or above $1.00 was set at the same level as the cap set in the U.S. under Rule 610(c) of Regulation National Market System (NMS). We proposed this cap because it is an established benchmark that was created by the U.S. Securities and Exchange Commission in the context of similar order protection requirements.

However, in the 2014 Notice we acknowledged that the U.S. trading fee cap for securities priced at or above $1.00 was considered by some to be too high. These concerns were also reflected in the comments received to the 2014 Notice where a number of commenters indicated that the cap was not reflective of the lower average price of Canadian securities relative to the average price of U.S. securities.

We recognize the views of some stakeholders that the fee cap should be lower. However, our market is highly integrated with the U.S. and there is significant trading activity in Inter-listed Securities. As a result, we are concerned about the potential negative consequences for the Canadian market from establishing a trading fee cap for Inter-listed Securities that is significantly different than comparable regulatory requirements in the U.S. As liquidity providers are sensitive to rebates they receive for posting orders on certain marketplaces, a decrease in fees charged by those marketplaces would also result in a decrease in rebates available to liquidity providers. If the difference in rebates between Canada and the U.S. for Inter-listed Securities was too large, a shift of liquidity to U.S. marketplaces and widening spreads on Canadian marketplaces could result.

However, the concerns noted above do not apply for Non-Inter-listed Securities and in determining a method by which we could address some of the concerns raised in relation to trading fee costs, we considered the comments received to the 2014 Notice, specifically that the trading fee should reflect the value of the stocks traded. We calculated the volume-weighted average price for Inter-listed Securities[3] and found that the $0.0030 cap for Inter-listed Securities represents 1.2 basis points. We then calculated the volume-weighted average price for Non-Inter-listed Securities and applied the same basis point equivalent. The results are illustrated in the table below.

	Volume-Weighted Average Price	**Trading Fee Cap**	**Basis Point Equivalent**
Inter-listed Securities	$25.26	$0.0030 per share or unit	1.2 bps
Non-Inter-listed Securities	$14.30	$0.0017 per share or unit	1.2 bps

The Proposed Amendments would cap active trading fees for Non-Inter-listed Securities at $0.0017 per security traded for an equity security or per unit traded for an exchange-traded fund, if the execution price of the security or unit traded is greater than or equal to $1.00. If the Proposed Amendments are approved, the $0.0030 per share or unit cap would continue to apply to Inter-listed Securities priced at or above $1.00.

[2] Published on May 15, 2014, at: (2014) 37 OSCB 4873.

[3] The volume-weighted average price is calculated from June 29, 2014 to June 28, 2015.

ANNEX B

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

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

2. Section 6.6.1 is repealed and replaced with the following:

6.6.1 Trading Fees

(1) In this section

"exchange-traded fund" means a mutual fund,

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

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

"inter-listed security" means an exchange-traded security that is listed on a recognized exchange and on an exchange that is a national securities exchange in the United States of America.

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

(a) for an inter-listed security,

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

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

(b) for a security that is not an inter-listed security,

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

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

3. This Instrument comes into force on ●.

ANNEX C

BLACKLINED VERSION OF NI 23-101 IDENTIFYING CHANGES TO IMPLEMENT THE PROPOSED AMENDMENTS

NATIONAL INSTRUMENT 23-101 *TRADING RULES*

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NATIONAL INSTRUMENT 23-101 *TRADING RULES*

PART 1 DEFINITION AND INTERPRETATION

1.1 Definition – In this Instrument

“automated trading functionality” means the ability to

(a) immediately allow an incoming order that has been entered on the marketplace electronically to be marked as immediate-or-cancel;

(b) immediately and automatically execute an order marked as immediate-or-cancel against the displayed volume;

(c) immediately and automatically cancel any unexecuted portion of an order marked as immediate-or-cancel without routing the order elsewhere;

(d) immediately and automatically transmit a response to the sender of an order marked as immediate-or-cancel indicating the action taken with respect to the order; and

(e) immediately and automatically display information that updates the displayed orders on the marketplace to reflect any change to their material terms;

“best execution” means the most advantageous execution terms reasonably available under the circumstances;

“calculated-price order” means an order for the purchase or sale of an exchange-traded security, other than an option, that is entered on a marketplace and for which the price of the security

(a) is not known at the time of order entry; and

(b) is not based, directly or indirectly, on the quoted price of an exchange-traded security at the time the commitment to execute the order was made;

“closing-price order” means an order for the purchase or sale of an exchange-traded security, other than an option, that is

(a) entered on a marketplace on a trading day; and

(b) subject to the conditions that

(i) the order be executed at the closing sale price of that security on the marketplace for that trading day; and

(ii) the order be executed subsequent to the establishment of the closing price;

“directed-action order” means an order for the purchase or sale of an exchange-traded security, other than an option, that,

(a) when entered on or routed to a marketplace, is to be immediately

(i) executed against a displayed order with any remainder to be booked or cancelled; or

(ii) placed in an order book;

(b) is marked as a directed-action order; and

(c) is entered on or routed to a marketplace

(i) to execute against a best-priced displayed order, or

(ii) at the same time that another order is entered on or routed to a marketplace to execute against any protected order with a better price than the entered or routed order;

"NI 21-101" means National Instrument 21-101 *Marketplace Operation*;

"non-standard order" means an order for the purchase or sale of an exchange-traded security, other than an option, that is entered on a marketplace and is subject to non-standardized terms or conditions related to settlement that have not been set by the marketplace on which the security is listed or quoted;

"protected bid" means a bid for an exchange-traded security, other than an option,

(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Quebec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the bid is for a security listed by and traded on that recognized exchange; and

(b) about which information is required to be provided pursuant to Part 7 of NI 21-101 to an information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider;

"protected offer" means an offer for an exchange-traded security, other than an option,

(a) that is displayed on a marketplace that provides automated trading functionality and

(i) the marketplace meets or exceeds the market share threshold as set for the purposes of this definition by the regulator, or in Quebec, the securities regulatory authority; or

(ii) if the marketplace is a recognized exchange, the offer is for a security listed by and traded on that recognized exchange; and

(b) about which information is required to be provided pursuant to Part 7 of NI 21-101 to an information processor or, if there is no information processor, to an information vendor that meets the standards set by a regulation services provider;

"protected order" means a protected bid or protected offer; and

"trade-through" means the execution of an order at a price that is,

(a) in the case of a purchase, higher than any protected offer, or

(b) in the case of a sale, lower than any protected bid.

1.2 Interpretation – NI 21-101 – Terms defined or interpreted in NI 21-101 and used in this Instrument have the respective meanings ascribed to them in NI 21-101.

PART 2 APPLICATION OF THIS INSTRUMENT

2.1 Application of this Instrument – A person or company is exempt from subsection 3.1(1) and Parts 4 and 5 if the person or company complies with similar requirements established by

(a) a recognized exchange that monitors and enforces the requirements set under subsection 7.1(1) directly;

(b) a recognized quotation and trade reporting system that monitors and enforces requirements set under subsection 7.3(1) directly; or

(c) a regulation services provider.

PART 3 MANIPULATION AND FRAUD

3.1 Manipulation and Fraud

(1) A person or company must not, directly or indirectly, engage in, or participate in any transaction or series of transactions, or method of trading relating to a trade in or acquisition of a security or any act, practice or course of conduct, if the person or company knows, or ought reasonably to know, that the transaction or series of transactions, or method of trading or act, practice or course of conduct

(a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, a security or a derivative of that security; or

(b) perpetrates a fraud on any person or company.

(2) In Alberta, British Columbia, Ontario, Québec and Saskatchewan, instead of subsection (1), the provisions of the *Securities Act* (Alberta), the *Securities Act* (British Columbia), the *Securities Act* (Ontario), the *Securities Act* and the *Derivatives Act* (Québec) and *The Securities Act, 1988* (Saskatchewan), respectively, relating to manipulation and fraud apply.

PART 4 BEST EXECUTION

4.1 Application of this Part – This Part does not apply to a dealer that is carrying on business as an ATS in compliance with section 6.1 of NI 21-101.

4.2 Best Execution – A dealer and an adviser must make reasonable efforts to achieve best execution when acting for a client.

4.3 Order and Trade Information – To satisfy the requirements in section 4.2, a dealer or adviser must make reasonable efforts to use facilities providing information regarding orders and trades.

PART 5 REGULATORY HALTS

5.1 Regulatory Halts – If a regulation services provider, a recognized exchange, recognized quotation and trade reporting system or an exchange or quotation and trade reporting system that has been recognized for the purposes of this Instrument and NI 21-101 makes a decision to prohibit trading in a particular security for a regulatory purpose, a person or company must not execute a trade for the purchase or sale of that security during the period in which the prohibition is in place.

PART 6 ORDER PROTECTION

6.1 Marketplace Requirements for Order Protection – (1) A marketplace must establish, maintain and ensure compliance with written policies and procedures that are reasonably designed

(a) to prevent trade-throughs on that marketplace other than the trade-throughs referred to in section 6.2; and

(b) to ensure that the marketplace, when executing a transaction that results in a trade-through referred to in section 6.2, is doing so in compliance with this Part.

(2) A marketplace must regularly review and monitor the effectiveness of the policies and procedures required under subsection (1) and must promptly remedy any deficiencies in those policies and procedures.

(3) At least 45 days before implementation, a marketplace must file with the securities regulatory authority and, if applicable, its regulation services provider the policies and procedures, and any significant changes to those policies and procedures established under subsection (1).

6.2 List of Trade-throughs – For the purposes of paragraph 6.1(1)(a) the permitted trade-throughs are

(a) a trade-through that occurs when the marketplace has reasonably concluded that the marketplace displaying the protected order that was traded through was experiencing a failure, malfunction or material delay of its systems or equipment or ability to disseminate marketplace data;

(b) the execution of a directed-action order;

(c) a trade-through by a marketplace that simultaneously routes a directed-action order to execute against the total displayed volume of any protected order that is traded through;

(d) a trade-through if, immediately before the trade-through, the marketplace displaying the protected order that is traded through displays as its best price a protected order with a price that is equal or inferior to the price of the trade-through;

(e) a trade-through that results when executing

(i) a non-standard order;

(ii) a calculated-price order; or

(iii) a closing-price order;

(f) a trade-through that was executed at a time when the best protected bid for the security traded through was higher than the best protected offer.

6.3 Systems or Equipment Failure, Malfunction or Material Delay – (1) If a marketplace experiences a failure, malfunction or material delay of its systems, equipment or its ability to disseminate marketplace data, the marketplace must immediately notify

(a) all other marketplaces;

(b) all regulation services providers;

(c) its marketplace participants; and

(d) any information processor or, if there is no information processor, any information vendor that disseminates its data under Part 7 of NI 21-101.

(2) If executing a transaction described in paragraph 6.2(a), and a notification has not been sent under subsection (1), the marketplace that is executing the transaction or routing the order for execution must immediately notify the following of the failure, malfunction or material delay:

(a) the marketplace that it reasonably concluded is experiencing a failure, malfunction or material delay of its systems or equipment or its ability to disseminate marketplace data;

(b) all regulation services providers;

(c) its marketplace participants; and

(d) any information processor disseminating information under Part 7 of NI 21-101.

(3) If a marketplace participant reasonably concludes that a marketplace displaying a protected order is experiencing a failure, malfunction or material delay of its systems or equipment or its ability to disseminate marketplace data, and routes an order to execute against a protected order on another marketplace displaying an inferior price, the marketplace participant must notify the following of the failure, malfunction or material delay

(a) the marketplace that may be experiencing a failure, malfunction or material delay of its systems or equipment or its ability to disseminate marketplace data; and

(b) all regulation services providers.

6.4 Marketplace Participant Requirements for Order Protection – (1) A marketplace participant must not enter a directed-action order unless the marketplace participant has established, and maintains and ensures compliance with, written policies and procedures that are reasonably designed

(a) to prevent trade-throughs other than the trade-throughs listed below:

(i) a trade-through that occurs when the marketplace participant has reasonably concluded that the marketplace displaying the protected order that was traded through was experiencing a failure, malfunction or material delay of its systems or equipment or ability to disseminate marketplace data;

(ii) a trade-through by a marketplace participant that simultaneously routes a directed-action order to execute against the total displayed volume of any protected order that is traded through;

(iii) a trade-through if, immediately before the trade-through, the marketplace displaying the protected order that is traded through displays as its best price a protected order with a price that is equal or inferior to the price of the trade-through transaction;

(iv) a trade-through that results when executing

(A) a non-standard order;

(B) a calculated-price order; or

(C) a closing-price order;

(v) a trade-through that was executed at a time when the best protected bid for the security traded through was higher than the best protected offer; and

(b) to ensure that when executing a trade-through listed in paragraphs (a)(i) to (a)(v), it is doing so in compliance with this Part.

(2) A marketplace participant that enters a directed-action order must regularly review and monitor the effectiveness of the policies and procedures required under subsection (1) and must promptly remedy any deficiencies in those policies and procedures.

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.

6.6 Trading Hours – A marketplace must set the hours of trading to be observed by marketplace participants.

6.6.1 Trading Fees

(1) In this section

"exchange-traded fund" means a mutual fund,

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

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

"inter-listed security" means an exchange-traded security that is listed on a recognized exchange and on an exchange that is a national securities exchange in the United States of America.

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

(a) for an inter-listed security,

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

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

(b) for a security that is not an inter-listed security,

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

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

6.7 Anti-Avoidance – A person or company must not send an order to an exchange, quotation and trade reporting system or alternative trading system that does not carry on business in Canada in order to avoid executing against better-priced protected orders.

6.8 Application of this Part – In Québec, this Part, except for paragraph 6.3(1)(c), does not apply to standardized derivatives.

PART 7 MONITORING AND ENFORCEMENT OF REQUIREMENTS SET BY A RECOGNIZED EXCHANGE AND A RECOGNIZED QUOTATION AND TRADE REPORTING SYSTEM

7.1 Requirements for a Recognized Exchange

(1) A recognized exchange must set requirements governing the conduct of its members, including requirements that the members will conduct trading activities in compliance with this Instrument.

(2) A recognized exchange must monitor the conduct of its members and enforce the requirements set under subsection (1), either

(a) directly, or

(b) indirectly through a regulation services provider.

(3) If a recognized exchange has entered into a written agreement under section 7.2, the recognized exchange must adopt requirements, as determined necessary by the regulation services provider, that govern the recognized exchange and the conduct of the exchange's members, and that enable the regulation services provider to effectively monitor trading on the exchange and across marketplaces.

7.2 Agreement between a Recognized Exchange and a Regulation Services Provider – A recognized exchange that monitors the conduct of its members indirectly through a regulation services provider must enter into a written agreement with the regulation services provider which provides that the regulation services provider will:

(a) monitor the conduct of the members of the recognized exchange,

(b) monitor the compliance of the recognized exchange with the requirements set under subsection 7.1(3), and

(c) enforce the requirements set under subsection 7.1(1).

7.2.1 Obligations of a Recognized Exchange to a Regulation Services Provider – A recognized exchange that has entered into a written agreement with a regulation services provider must

(a) transmit to the regulation services provider the information required under Part 11 of NI 21-101 and any information reasonably required by the regulation services provider in the form and manner requested by the regulation services provider to effectively monitor:

  (i) the conduct of and trading by marketplace participants on and across marketplaces, including the compliance of marketplace participants with the requirements set under subsection 7.1(1), and

  (ii) the conduct of the recognized exchange, including the compliance of the recognized exchange with the requirements set under subsection 7.1(3); and

(b) comply with all orders or directions made by the regulation services provider.

7.3 Requirements for a Recognized Quotation and Trade Reporting System

(1) A recognized quotation and trade reporting system must set requirements governing the conduct of its users, including requirements that the users will conduct trading activities in compliance with this Instrument.

(2) A recognized quotation and trade reporting system must monitor the conduct of its users and enforce the requirements set under subsection (1) either

(a) directly; or

(b) indirectly through a regulation services provider.

(3) If a recognized quotation and trade reporting system has entered into a written agreement under section 7.4, the recognized quotation and trade reporting system must adopt requirements, as determined necessary by the regulation services provider, that govern the recognized quotation and trade reporting system and the conduct of the quotation and trade reporting system's users, and that enable the regulation services provider to effectively monitor trading on the recognized quotation and trade reporting system and across marketplaces.

7.4 Agreement between a Recognized Quotation and Trade Reporting System and a Regulation Services Provider – A recognized quotation and trade reporting system that monitors the conduct of its users indirectly through a regulation services provider must enter into a written agreement with the regulation services provider which provides that the regulation services provider will

(a) monitor the conduct of the users of the recognized quotation and trade reporting system,

(b) monitor the compliance of the recognized quotation and trade reporting system with the requirements set under subsection 7.3(3), and

(c) enforce the requirements set under subsection 7.3(1).

7.4.1 Obligations of a Quotation and Trade Reporting System to a Regulation Services Provider– A recognized quotation and trade reporting system that has entered into a written agreement with a regulation services provider must

(a) transmit to the regulation services provider the information required under Part 11 of NI 21-101 and any information reasonably required by the regulation services provider in the form and manner requested by the regulation services provider to effectively monitor:

(i) the conduct of and trading by marketplace participants on and across marketplaces, including the compliance of marketplace participants with the requirements set under subsection 7.3(1), and

(ii) the conduct of the recognized quotation and trade reporting system, including the compliance of the recognized quotation and trade reporting system with the requirements set under subsection 7.3(3); and

(b) comply with all orders or directions made by the regulation services provider.

7.5 Co-ordination of Monitoring and Enforcement – A regulation services provider, recognized exchange, or recognized quotation and trade reporting system must enter into a written agreement with all other regulation services providers, recognized exchanges, and recognized quotation and trade reporting systems to coordinate monitoring and enforcement of the requirements set under Parts 7 and 8.

PART 8 MONITORING AND ENFORCEMENT REQUIREMENTS FOR AN ATS

8.1 Pre-condition to Trading on an ATS – An ATS must not execute a subscriber's order to buy or sell securities unless the ATS has executed and is subject to the written agreements required by sections 8.3 and 8.4.

8.2 Requirements Set by a Regulation Services Provider for an ATS

(1) A regulation services provider must set requirements governing an ATS and its subscribers, including requirements that the ATS and its subscribers will conduct trading activities in compliance with this Instrument.

(2) A regulation services provider must monitor the conduct of an ATS and its subscribers and must enforce the requirements set under subsection (1).

8.3 Agreement between an ATS and a Regulation Services Provider – An ATS and a regulation services provider must enter into a written agreement that provides

(a) that the ATS will conduct its trading activities in compliance with the requirements set under subsection 8.2(1);

(b) that the regulation services provider will monitor the conduct of the ATS and its subscribers;

(c) that the regulation services provider will enforce the requirements set under subsection 8.2(1);

(d) that the ATS will transmit to the regulation services provider the information required by Part 11 of NI 21-101 and any other information reasonably required to effectively monitor:

(i) the conduct of and trading by marketplace participants on and across marketplaces, and

(ii) the conduct of the ATS; and

(e) that the ATS will comply with all orders or directions made by the regulation services provider.

8.4 Agreement between an ATS and its Subscriber – An ATS and its subscriber must enter into a written agreement that provides

(a) that the subscriber will conduct its trading activities in compliance with the requirements set under subsection 8.2(1);

(b) that the subscriber acknowledges that the regulation services provider will monitor the conduct of the subscriber and enforce the requirements set under subsection 8.2(1);

(c) that the subscriber will comply with all orders or directions made by the regulation services provider in its capacity as a regulation services provider, including orders excluding the subscriber from trading on any marketplace.

8.5 [Repealed]

PART 9 MONITORING AND ENFORCEMENT REQUIREMENTS FOR AN INTER-DEALER BOND BROKER

9.1 Requirements Set by a Regulation Services Provider for an Inter-Dealer Bond Broker

(1) A regulation services provider must set requirements governing an inter-dealer bond broker, including requirements that the inter-dealer bond broker will conduct trading activities in compliance with this Instrument.

(2) A regulation services provider must monitor the conduct of an inter-dealer bond broker and must enforce the requirements set under subsection (1).

9.2 Agreement between an Inter-Dealer Bond Broker and a Regulation Services Provider – An inter-dealer bond broker and a regulation services provider must enter into a written agreement that provides

(a) that the inter-dealer bond broker will conduct its trading activities in compliance with the requirements set under subsection 9.1(1);

(b) that the regulation services provider will monitor the conduct of the inter-dealer bond broker;

(c) that the regulation services provider will enforce the requirements set under subsection 9.1(1); and

(d) that the inter-dealer bond broker will comply with all orders or directions made by the regulation services provider.

9.3 Exemption for an Inter-Dealer Bond Broker

(1) Sections 9.1 and 9.2 do not apply to an inter-dealer bond broker, if the inter-dealer bond broker complies with the requirements of IIROC Rule 2800 Code of Conduct for Corporation Dealer Member Firms Trading in Wholesale Domestic Debt Markets, as amended.

(2) [Repealed]

PART 10 MONITORING AND ENFORCEMENT REQUIREMENTS FOR A DEALER EXECUTING TRADES OF UNLISTED DEBT SECURITIES OUTSIDE OF A MARKETPLACE

10.1 Requirements Set by a Regulation Services Provider for a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace

(1) A regulation services provider must set requirements governing a dealer executing trades of unlisted debt securities outside of a marketplace, including requirements that the dealer will conduct trading activities in compliance with this Instrument.

(2) A regulation services provider must monitor the conduct of a dealer executing trades of unlisted debt securities outside of a marketplace and must enforce the requirements set under subsection (1).

10.2 Agreement between a Dealer Executing Trades of Unlisted Debt Securities Outside of a Marketplace and a Regulation Services Provider – A dealer executing trades of unlisted debt securities outside of a marketplace must enter into a written agreement with a regulation services provider that provides

(a) that the dealer will conduct its trading activities in compliance with the requirements set under subsection 10.1(1);

(b) that the regulation services provider will monitor the conduct of the dealer;

(c) that the regulation services provider will enforce the requirements set under subsection 10.1(1); and

(d) that the dealer will comply with all orders or directions made by the regulation services provider.

10.3 [Repealed]

PART 11 AUDIT TRAIL REQUIREMENTS

11.1 Application of this Part

(1) This Part does not apply to a dealer that is carrying on business as an ATS in compliance with section 6.1 of NI 21-101.

(2) A dealer or inter-dealer bond broker is exempt from the requirements in section 11.2 if the dealer or inter-dealer bond broker complies with similar requirements, for any securities specified, established by a regulation services provider and approved by the applicable securities regulatory authority.

11.2 Audit Trail Requirements for Dealers and Inter-Dealer Bond Brokers

(1) **Recording Requirements for Receipt or Origination of an Order** – Immediately following the receipt or origination of an order for equity, fixed income and other securities identified by a regulation services provider, a dealer and inter-dealer bond broker must record in electronic form specific information relating to that order including,

(a) the order identifier;

(b) the dealer or inter-dealer bond broker identifier;

(c) the type, issuer, class, series and symbol of the security;

(d) the face amount or unit price of the order, if applicable;

(e) the number of securities to which the order applies;

(f) the strike date and strike price, if applicable;

(g) whether the order is a buy or sell order;

(h) whether the order is a short sale order, if applicable;

(i) whether the order is a market order, limit order or other type of order, and if the order is not a market order, the price at which the order is to trade;

(j) the date and time the order is first originated or received by the dealer or inter-dealer bond broker;

(k) whether the account is a retail, wholesale, employee, proprietary or any other type of account;

(l) the client account number or client identifier;

(m) the date and time that the order expires;

(n) whether the order is an intentional cross;

(o) whether the order is a jitney and if so, the underlying broker identifier;

(p) any client instructions or consents respecting the handling or trading of the order, if applicable;

(q) the currency of the order;

(r) an insider marker;

(s) any other markers required by a regulation services provider;

(t) each unique client identifier assigned to a client accessing the marketplace using direct electronic access; and

(u) whether the order is a directed-action order.

(2) **Recording Requirements for Transmission of an Order –** Immediately following the transmission of an order for securities to a dealer, inter-dealer bond broker or a marketplace, a dealer or inter-dealer bond broker transmitting the order must add to the record of the order maintained in accordance with this section specific information relating to that order including,

(a) the dealer or inter-dealer bond broker identifier assigned to the dealer or inter-dealer bond broker transmitting the order and the identifier assigned to the dealer, inter-dealer bond broker or marketplace to which the order is transmitted; and

(b) the date and time the order is transmitted.

(3) **Recording Requirements for Variation, Correction or Cancellation of an Order –** Immediately following the variation, correction or cancellation of an order for securities, a dealer or inter-dealer bond broker must add to the record of the order maintained in accordance with this section specific information relating to that order including,

(a) the date and time the variation, correction or cancellation was originated or received;

(b) whether the order was varied, corrected or cancelled on the instructions of the client, the dealer or the inter-dealer bond broker;

(c) in the case of variation or correction, any of the information required by subsection (1) which has been changed; and

(d) the date and time the variation, correction or cancellation of the order is entered.

(4) **Recording Requirements for Execution of an Order –** Immediately following the execution of an order for securities, the dealer or inter-dealer bond broker must add to the record maintained in accordance with this section specific information relating to that order including,

(a) the identifier of the marketplace where the order was executed or the identifier of the dealer or inter-dealer bond broker executing the order if the order was not executed on a marketplace;

(b) the date and time of the execution of the order;

(c) whether the order was fully or partially executed;

(d) the number of securities bought or sold;

(e) whether the transaction was a cross;

(f) whether the dealer has executed the order as principal;

(g) the commission charged and all other transaction fees; and

(h) the price at which the order was executed, including mark-up or mark-down.

(5) **[Repealed]**

(6) **[Repealed]**

(7) **Record Preservation Requirements –** A dealer and an inter-dealer bond broker must keep all records in electronic form for a period of not less than seven years from the creation of the record referred to in this section, and for the first two years in a readily accessible location.

11.3 Transmission in Electronic Form – A dealer and inter-dealer bond broker must transmit

(a) to a regulation services provider the information required by the regulation services provider, within ten business days, in electronic form; and

(b) to the securities regulatory authority the information required by the securities regulatory authority under securities legislation, within ten business days, in electronic form.

PART 12 EXEMPTION

12.1 Exemption

(1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

PART 13 EFFECTIVE DATE

13.1 Effective Date – This Instrument comes into force on December 1, 2001.

ANNEX D

LOCAL MATTERS

Regulatory Impact Analysis

What is the problem or concern?

As indicated in the 2014 Notice, we believe that OPR affords marketplaces a degree of market power, as marketplace participants are constrained in choosing whether or not to consume and pay for certain marketplace services, in particular trading and market data. The finalization of amendments to NI 23-101 published concurrently with this notice will serve to address these concerns to some extent, through the introduction of a market share threshold, the finalization of a methodology for the regulatory oversight of market data fees and the implementation of a cap on active trading fees.

However, the trading fee cap that was proposed in the 2014 Notice and has now been finalized was intended to be an introductory or short-term step in a continued process to address concerns with active trading fees. At the time, we acknowledged that the cap of $0.0030 per share or unit of an exchange-traded fund (ETF) was higher than the fees already being charged by many Canadian marketplaces. We stated our intention to take further action on trading fees in the form of a pilot study prohibiting the payment of rebates by marketplaces. We continue to believe that a pilot examining the impact of a prohibition on the payment of rebates would be an informative study; however, given concerns about the potential loss or migration of liquidity that might occur for securities that are inter-listed in the U.S., we have deferred further consideration for now.

We acknowledge that the impact from the fee cap of $0.0030 will be somewhat limited, and reiterate that it was intended only as an introductory measure. Given that our intention to continue to address concerns related to trading fees through the introduction of a pilot study has been deferred, we are concerned that the issues raised regarding the high level of trading fees in Canada may not be addressed.

Who are the impacted stakeholders?

The fees associated with the trading of equities and ETFs impact the following stakeholders:

- Retail and institutional investors that trade Canadian equities and ETFs;
- Market Participants (Investment Dealers);
- Issuers; and
- Marketplaces.

How are stakeholders impacted?

Retail Investors	Retail investors do not typically pay the trading fees charged by marketplaces directly. However, the costs incurred by dealers executing retail order flow may be passed back to the retail investor either in the form of additional transaction costs or account / administrative fees, or indirectly through reduced investment in new products and services that may benefit the retail investor.
Institutional Investors	Similar to retail investors, many institutional investors do not pay the trading fees charged by marketplaces directly. However, where the executing dealer for an institutional investor absorbs the trading fees charged by marketplaces, investors may be paying additional costs that are passed along through increased commissions or other fees, or indirectly through reduced investment in products and services.
Marketplace Participants (Investment Dealers)	Marketplace participants must avoid trading through a better-priced protected order, regardless of the cost of trading on the marketplace displaying that order. Although the market share threshold for OPR protection will help to address the captive consumer issue, participants are still limited in their ability to control trading fees charged by those marketplaces displaying protected orders. While marketplaces charge fees on a per share traded basis, many marketplace participants charge their clients on a per trade basis. The differing basis for fees

	means that clients do not always pay the full cost of executing a liquidity demanding transaction (i.e. one that incurs an active trading fee). This cost pressure is particularly acute for firms that predominantly execute active orders on behalf of clients. There has been a recent downward trend in trading fees on certain marketplaces. Others have moved to a market model that pays rebates for active order flow (the "inverted maker-taker model"). While this has allowed some firms to better control the costs of executing active orders on behalf of clients, many marketplaces continue to employ the traditional maker-taker model where higher active fees are necessary to pay for the higher rebate paid to liquidity providers.
Issuers	Companies and ETF providers with securities listed on a Canadian exchange may be impacted to the extent that rebates and fees encourage or discourage liquidity in the secondary markets for their securities. For example, less liquidity in the secondary market for a company's shares could increase the cost of capital for that company.
Marketplaces	In order to attract order flow, marketplaces often compete on the basis of the fee model offered and the particular level of these fees. Certain fee models are dependent on the ability to attract resting liquidity through the payment of a rebate offset by a fee associated to removing passive orders. Where the active fee must be reduced, a marketplace may be constrained in the amount of liquidity they are able to attract with a reduced rebate.

What alternative solutions were considered?

As noted above, when the $0.0030 per share or unit trading fee cap was proposed in 2014, it was intended to be an interim measure. The longer-term goal was to examine the impact of prohibiting the payment of rebates by marketplaces through the implementation of a pilot study. Where rebates are paid for passive liquidity and offset by active fees, the prohibition of the rebate would result in a decrease in the corresponding fee, and the pilot study would assess the impact on the Canadian market.

Given that the pilot study has been deferred, we considered the following options:

- Maintain the status quo;
- Impose a lower trading fee cap for all Canadian listed securities; and
- Impose a lower trading fee cap for Non-Inter-listed Securities.

Maintain the status quo

We considered taking no further action on trading fees at this time on the basis that measures already finalized (specifically the $0.0030 per share or unit trading fee cap and the market share threshold for OPR protection) could serve to address the issues highlighted in the 2014 Notice.

Although the implementation of a market share threshold for OPR should provide some relief with respect to the captive consumer issue, it will not address the trading fees charged by marketplaces that meet or exceed the threshold. Further, and as noted above, the $0.0030 cap per share or unit will have somewhat limited impact. As such, we are of the view that further steps should be taken to address the identified concerns regarding trading fees in Canada.

Lower the trading fee cap for all Canadian listed securities

An additional alternative is to impose a lower trading fee cap for all securities listed on a Canadian exchange. This would be reflective of the fact that the average share price for even Inter-listed Securities is lower than the U.S. average share price.

Imposing a lower fee cap on all Canadian listed securities would mean that Inter-listed Securities would have a lower trading fee cap (and therefore lower rebate) in Canada than in the U.S. As noted above, we are concerned that creating such a disparity between Canadian and U.S. marketplaces could lead to unintended consequences, including the migration of significant amounts of market liquidity. As a result, we decided to not pursue this option.

Lower the trading fee cap for Non-Inter-listed Securities

To further our commitment to additional action on trading fees and to achieve our intended goals, it is our view that while recognizing issues and risks associated with Inter-listed Securities, we should consider measures to address identified concerns where possible. In our opinion, the appropriate course of action is to implement a lower trading fee cap on those stocks that are not also listed on a U.S. exchange.

Policy Proposal

As discussed in this notice, CSA staff are proposing to reduce the cap on active trading fees for Non-Inter-listed Securities from $0.0030 to $0.0017 per security traded or per unit traded for an ETF, if the execution price of the security or unit traded is greater than or equal to $1.00. If approved, the proposal would not change the application of the $0.0030 per share or unit cap applied to Inter-listed Securities priced at or above $1.00.

At this time we are not proposing any further changes to the trading fee cap for securities prices below $1. In our view, the finalized $0.0004 cap from the 2014 Notice sufficiently addresses any concerns for those securities.

Anticipated Impact of Proposals

Retail Investors

The proposed changes will have a limited direct impact on retail investors as they do not typically pay the fees associated with the execution of their active order flow. However, if the proposed changes result in cost savings for executing dealers, retail investors may benefit through reduced trading or administrative costs, or potentially through investment in new products and services. This assumes that any cost savings to dealers are passed on to clients in some form.

A reduction in active trading fees on Non-Inter-Listed Securities will lower the passive rebates they finance. To offset this loss of rebate revenue, market makers could widen bid-ask spreads. As a result, costs of trading for retail investors may be impacted.

Institutional Investors

Institutional investors may also see some reduction in trading costs if the proposals serve to reduce dealer costs associated with the execution of their orders. However, as with retail investors, any benefits to institutional investors are dependent on any dealer cost savings being passed on to clients.

A reduction in active trading fees on Non-Interlisted Securities will lower the passive rebates they finance. To offset this loss of rebate revenue, market makers could widen bid-ask spreads. As a result, costs of trading for institutional investors may be impacted.

Marketplace Participants

Marketplace participants will see a reduction in trading fee costs due to the lowering of the $0.0030 trading fee cap for Non-Inter-listed Securities. The extent of the cost savings will be dependent on the trading activity of each marketplace participant in these securities, and how they choose to route orders to each marketplace. In particular, firms that tend to route more active flow will see more cost savings than others.

As the proposed new cap will only apply to trading in Non-Inter-listed Securities, cost savings will only apply to trading in those securities. We estimate that approximately 60% of traded volume for stocks priced above $1 occurs in securities which are not inter-listed.

The proposed trading fee cap will also have an impact on those participants that engage in market making activity. Liquidity providers, including market participants and high-frequency traders, make money from buying and selling securities, and their margin is the net-of-fee (and rebate) bid-offer spread. A reduction in trading fees lowers passive rebates and, as a corollary, net-of-fee spreads and market maker income, all else remaining unchanged. In other words, lower rebates resulting from lower active trading fees change the economics of market making by reducing the potential return on capital.

In response to lower rebates, market makers may require wider bid-ask spreads. In addition, the market makers might decrease market depth – the size of the quotes posted at the best prices. Alternatively, some market makers may no longer find it economically viable to offer liquidity for some securities at the lower rebate levels and may withdraw from the market.

Issuers

We anticipate that imposing a lower trading fee cap on Non-Inter-listed Securities would lead to lower liquidity provider rebates being provided for those securities. The impact of this on issuers will be immaterial as long as the reduced rebates do not impact the available liquidity for the issuer's securities. Lower rebates may lead to lower levels of secondary market liquidity for some securities and this could result in lower market activity and higher costs of capital for those issuers. This risk could be more acute for issuers (e.g. some ETFs) that are reliant on liquidity provision from a small number of marketplace participants.

Marketplaces

The most significant impact would be for those marketplaces currently charging trading fees in excess of the proposed cap for Non-Inter-listed Securities. At the time of publication of this notice, 10 Canadian marketplaces or facilities of Canadian marketplaces are subject to the pre-trade information transparency requirements in section 7.1 of National Instrument 21-101 *Marketplace Operation*, and would therefore be subject to the proposed cap. Of these 10 marketplaces, six have elements of their fee model that charge active trading fees higher than the $0.0017 per share or unit proposed.

However, marketplaces that are forced to lower their active fees would likely also lower the liquidity provider rebate they offer so as to maintain the net revenue they receive from each share traded. If trading activity remains at current levels, the impact of the proposal on marketplace revenue will be limited. At this time, we are not able to estimate any potential impact on the number of shares traded and therefore the revenue of affected marketplaces.

The maker-taker (and taker-maker) pricing model permits a marketplace to differentiate its fees and rebates from its competitors. The proposed lower fee caps may limit the ability of a marketplace to differentiate its net-of-fee pricing from other marketplaces subject to the cap.

As such, marketplaces trading securities under this non-inter-listed fee cap may face greater competitive pressure as the services they offer become more similar, particularly marketplaces that were only competing on price. This increased competition among the marketplaces could make the trading of some of these securities uneconomical on certain marketplaces.

Chapter 7

Insider Reporting

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).

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).

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Bank of Montreal
Principal Regulator - Ontario
Type and Date:
Preliminary Based Shelf Prospectus dated March 30, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
$8,000,000,000.00
Debt Securities (subordinated indebtness)
Common Shares
Class A Preferred Shares
Class B Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2463640

Issuer Name:
Canadian Utilities Limited
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated March 31, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
$2,000,000,000.00
Preferred Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2465706

Issuer Name:
Canopy Growth Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
$10,005,000.00 - 4,350,000 Common Shares
Price: $2.30 per Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
GMP Securities L.P.
Promoter(s):
Bruce Linton
Project #2461249

Issuer Name:
FDP Balanced Growth Portfolio
FDP Balanced Income Portfolio
FDP Balanced Portfolio
FDP Canadian Bond Portfolio
FDP Canadian Equity Portfolio
FDP Canadien Dividend Equity Portfolio
FDP Cash Management Portfolio
FDP Emerging Markets Equity Portfolio
FDP Global Equity Portfolio
FDP Global Fixed Income Portfolio
FDP Short Term Fixed Income Portfolio
FDP US Dividend Equity Portfolio
FDP US Index Equity Portfolio
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses dated March 29, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
Series T4, Series T5, Series T6 and Series T Securities
Underwriter(s) or Distributor(s):
Professionals' Financial - Private Management Inc.
Professionals' Financial - Mutual Funds Inc.
Promoter(s):
Professionals' Financial - Mutual Funds Inc.
Project #2461100

Issuer Name:
Global Resource Champions Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2016
NP 11-202 Receipt dated April 1, 2016
Offering Price and Description:
Maximum Offering: $ * - * Class A Preferred Shares, Series 1
Minimum Offering: $20,000,000 - 800,000 Series 1 Shares
Price: $25.00 per Series 1 Share
Minimum Subscription: $ * - * Series 1 Shares
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Promoter(s):
Partners Value Investments Corp.
Project #2465362

Issuer Name:
IAMGOLD Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated March 28, 2016
NP 11-202 Receipt dated March 29, 2016
Offering Price and Description:
U.S.$1,000,000,000.00
Common Shares
First Preference Shares
Second Preference Shares
Debt Securities
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2460355

Issuer Name:
Monegy High Yield Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2016
NP 11-202 Receipt dated April 1, 2016
Offering Price and Description:
Maximum Offering: $ * - * Class A Units and/or Class T Units
Minimum Offering: $10,000,000 - 1, 000,000 Units
Price: $10.00 per Class A Unit or Class T Unit
Minimum purchase: 100 Class A Units or Class T Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Global Securities Corporation
Indsutrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
PI Financial Corp.
Promoter(s):
BMO Nesbitt Burns Inc.
Project #2466115

Issuer Name:
Norrep Short Duration 2016 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated March 31, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
Maximum Offering: $25,000,000.00 - 2,500,000 Limited Partnership Units
Minimum Offering: $5,000,000.00 - 500,000 Limited Partnership Units
Purchase Price: $10.00 per Unit
Minimum Purchase: 500 Units ($5,000)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Global Securities Corporation
Industrial Alliance Securities Inc.
Manulife Securities Incorporated
Promoter(s):
Norrep Investment Management Group Inc.
Project #2465598

Issuer Name:
ORTHO REGENERATIVE TECHNOLOGIES INC.
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated March 24, 2016
NP 11-202 Receipt dated March 29, 2016
Offering Price and Description:
Distribution by Manitex Capital Inc. as a Dividend-in-Kind of 1,256,127 Class "A" Common Shares of Ortho Regenerative Technologies Inc.
Underwriter(s) or Distributor(s):
-
Promoter(s):
Manitex Capital Inc.
Project #2458986

Issuer Name:
Parkland Fuel Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
$500,000,000.00
Debt Securities
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2461510

Issuer Name:
Premium Brands Holdings Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 29, 2016
Offering Price and Description:
$75,000,000.00 - 4.65% Convertible Unsecured Subordinated Debentures
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Cormark Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
PI Financial Corp.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Promoter(s):
-
Project #2457506

Issuer Name:
RBC Global Dividend Growth Currency Neutral Fund
RBC QUBE Low Volatility U.S. Equity Currency Neutral Fund
RBC U.S. Dividend Currency Neutral Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated April 1, 2016
NP 11-202 Receipt dated April 1, 2016
Offering Price and Description:
Series A, Advisor Series, Advisor T5 Series, Series T5, Series D, Series F, Series FT5 and Series O Units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2466093

Issuer Name:
Stantec Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 29, 2016
Offering Price and Description:
$ * - * Subscription Receipts, each representing the right to receive one Common Share
Price:: $* per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
AltaCorp Capital Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
Wells Fargo Securities Canada, Ltd.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #2461139

Issuer Name:
Stantec Inc.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated March 30, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
$525,140,000.00 - 17,360,000 Subscription Receipts, each representing the right to receive one Common Share
Price: $30.25 per Subscription Receipt
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
AltaCorp Capital Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
Wells Fargo Securities Canada, Ltd.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #2461139

Issuer Name:
Yorkville EAFE QVR Enhanced Protection Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 1, 2016
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
Series A, Series F and Series O shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
YORKVILLE ASSET MANAGEMENT INC.
Project #2466344

Issuer Name:
Series A, Advisor Series and Series F units
RBC Managed Payout Solution
RBC Managed Payout Solution – Enhanced
Series A, Advisor Series, Series T5, Series F and Series O units
RBC Select Very Conservative Portfolio
RBC Select Conservative Portfolio
RBC Select Balanced Portfolio
RBC Select Growth Portfolio
RBC Select Aggressive Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #6 dated March 8, 2016 to the Simplified Prospectuses and Annual Information Form dated June 24, 2015
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
Series A, Advisor Series, Series F, Series O and Series T5 units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
RBC Global Asset Management Inc.
RBC Dominion Securities Inc.
Royal Mutual Funds Inc.
Royal Mutual Funds Inc./RBD Direct Investing Inc.
The Royal Trust Company
Promoter(s):
RBC Global Asset Management Inc.
Project #2350116

Issuer Name:
Phillips, Hager & North High Yield Bond Fund
(Series C, Advisor Series, Series D, Series F and Series O units)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated March 31, 2016 to the Annual Information Form dated June 26, 2015
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
RBC Global Asset Management Inc.
Phillips, Hager & North Investment Funds Ltd.
Promoter(s):
RBC Global Asset Management Inc.
Project #2352048

Issuer Name:
CI G5|20 2041 Q2 Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 28, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
Class A, F and O units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2443363

Issuer Name:
CI G5|20i 2036 Q2 Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 28, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
Class A, F and O units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2451139

Issuer Name:
DataWind Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
$ 2,600,000.00 - 1,300,000 Units consisting of Common Shares andWarrants
PRICE: $2.00 PER UNIT
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
-
Project #2454915

Issuer Name:
Series A, Series B and Series F shares (unless otherwise indicated) of
Fidelity Canadian Disciplined Equity Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, E1, E2, E3, E1T5 and E2T5 shares also available)
Fidelity Canadian Growth Company Class (Series P1, P2, P3, P4, P5, E1, E2, E3 and E4 shares also available)
Fidelity Canadian Large Cap Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P1T5, P2T5, E1, E2, E3, E4, E5, E1T5, E2T5 and E3T5 shares also available)
Fidelity Canadian Opportunities Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, E1, E2, E3 and E4 shares also available)
Fidelity Dividend Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, E1, E2, E3, E4, E1T5 and E2T5 shares also available)
Fidelity Greater Canada Class (Series T5, T8, S5, S8, F5, F8, P1, P2, E1, E2, E3 and E1T5 shares also available)
Fidelity Special Situations Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, E1, E2, E3, E4 and E1T5 shares also available)
Fidelity True North Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, E1, E2, E3, E1T5 and E2T5 shares also available)
Fidelity Dividend Plus Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, E1, E2, E3 and E1T5 shares also available)
Fidelity North American Equity Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P1T5 and E1 shares also available)
Fidelity American Disciplined Equity Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, E1, E2, E3, E4, E5, E1T5 and E2T5 shares also available)
Fidelity American Disciplined Equity Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, E1 and E2 shares also available)
Fidelity U.S. Focused Stock Class (Series T5, T8, S5, S8, P1, P2, P3, P4, E1, E2, E3, E4, E1T5 and E2T5 shares also available)
Fidelity U.S. Focused Stock Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1, E1, E2, E3 and E4 shares also available)
Fidelity Small Cap America Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, P2T5, E1, E2, E3, E4, E5, E1T5, E2T5 and E3T5 shares also available)
Fidelity Small Cap America Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, E1, E2, E3 and E4 shares also available)
Fidelity U.S. All Cap Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, E1, E2, E3, E4 and E1T5 shares also available)
Fidelity U.S. All Cap Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1 and E1 shares also available)
Fidelity American Equity Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, E1, E2, E3, E4, E5, E1T5 and E2T5 shares also available)
Fidelity American Equity Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1, P2, E1, E2, E3 and E4 shares also available)
Fidelity Event Driven Opportunities Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, E1, E2, E3 and E1T5 shares also available)
Fidelity AsiaStar Class (Series P1, P2, E1, E2, E3 and E4 shares also available)
Fidelity China Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, E1 and E2 shares also available)
Fidelity Emerging Markets Class (Series P1, P2, P3, E1, E2, E3 and E4 shares also available)
Fidelity Europe Class (Series P1, P2, P3, E1, E2, E3 and E4 shares also available)
Fidelity Far East Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, E1, E2, E3 and E4 shares also available)
Fidelity Global Class (Series T5, T8, S5, S8, P1, E1 and E2 shares also available)
Fidelity Global Disciplined Equity Class (Series T5, T8, S5, S8, P1, P2, P3, E1, E2, E3 and E1T5 shares also available)
Fidelity Global Disciplined Equity Currency Neutral Class (Series T5, T8, S5, S8, P1, P2, E1 and E2 shares also available)
Fidelity Global Dividend Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, E1, E2, E3, E4, E1T5 and E2T5 shares also available)
Fidelity Global Large Cap Class (Series T5, T8, S5, S8, P1, P2, P3, P4, E1, E2, E3, E4, E5 and E1T5 shares also available)
Fidelity Global Large Cap Currency Neutral Class (Series T5, T8, S5, S8, P1 and E1 shares also available)
Fidelity Global Small Cap Class (Series P1, P2, P3, E1, E2, E3 and E4 shares also available)
Fidelity International Disciplined Equity Class (Series T5, T8, S5, S8, P1, P2, P3, E1 and E2 shares also available)
Fidelity International Disciplined Equity Currency Neutral Class (Series T5, T8, S5, S8, P1, E1 and E2 shares also available)
Fidelity Japan Class (Series P1, E1, E2, E3 and E4 shares also available)
Fidelity NorthStar Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, P2T5, E1, E2, E3, E4, E5, E1T5, E2T5 and E3T5 shares also available)

Fidelity NorthStar Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, E1, E2, E3 and E1T5 shares also available)
Fidelity Global Concentrated Equity Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, E1, E2 and E1T5 shares also available)
Fidelity International Growth Class (Series T5, T8, S5, S8, F5, F8, P1, E1, E2, E3 and E4 shares also available)
Fidelity Global Intrinsic Value Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, P2T5, E1, E2, E3 and E1T5 shares also available)
Fidelity Global Intrinsic Value Currency Neutral Class (Series T5, T8, S5, S8, F5, F8, P1, P1T5 and E1 shares also available)
Fidelity Global Consumer Industries Class (Series P1, P2, E1 and E2 shares also available)
Fidelity Global Financial Services Class (Series P1, P2, E1 and E2 shares also available)
Fidelity Global Health Care Class (Series P1, P2, E1, E2, E3 and E4 shares also available)
Fidelity Global Natural Resources Class (Series P1, P2, P3, E1, E2 and E3 shares also available)
Fidelity Global Real Estate Class (Series T5, T8, S5, S8, F5, F8, P1, P2, E1 and E2 shares also available)
Fidelity Global Technology Class (Series P1, P2, P3, E1 and E2 shares also available)
Fidelity Global Telecommunications Class (Series P1 and E1 shares also available)
Fidelity Canadian Asset Allocation Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, E1, E2, E3, E1T5 and E2T5 shares also available)
Fidelity Canadian Balanced Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, P2T5, E1, E2, E3, E4, E5, E1T5 and E2T5 shares also available)
Fidelity Monthly Income Class (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P5, P1T5, P2T5, E1, E2, E3, E4, E5, E1T5, E2T5, E3T5 and E4T5 shares also available)
Fidelity Income Class Portfolio (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P1T5, E1, E2, E3, E1T5 and E2T5 shares also available)
Fidelity Global Income Class Portfolio (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P4, P1T5, E1, E2, E3, E1T5 and E2T5 shares also available)
Fidelity Balanced Class Portfolio (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P1T5, E1, E2, E3, E1T5 and E2T5 shares also available)
Fidelity Global Balanced Class Portfolio (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P1T5, P2T5, E1, E2, E3, E4, E1T5 and E2T5 shares also available)
Fidelity Growth Class Portfolio (Series T5, T8, S5, S8, F5, F8, P1, P2, E1, E2, E3 and E1T5 shares also available)
Fidelity Global Growth Class Portfolio (Series T5, T8, S5, S8, F5, F8, P1, P2, P3, P1T5, E1, E2 and E1T5 shares also available)
Fidelity Canadian Short Term Income Class (Series P1, P2, P3, P4, E1, E2, E3 and E4 shares also available)
Fidelity Corporate Bond Class (Series T5, S5, F5, P1, P2 and P1T5, E1, E2, E3, E4 and E1T5 shares also available)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 28, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2446109

Issuer Name:
Hydro One Limited
Principal Regulator - Ontario
Type and Date:
Final Based Shelf Prospectus dated March 30, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
$8,000,000,000.00
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hydro One Inc.
Project #2457752

Issuer Name:
iShares Canadian Growth Index ETF
iShares S&P/TSX SmallCap Index ETF
iShares Canadian Value Index ETF
iShares Canadian Select Dividend Index ETF
iShares S&P/TSX Capped Energy Index ETF
iShares Core S&P/TSX Composite High Dividend Index ETF
iShares Jantzi Social Index ETF
iShares S&P/TSX Capped Financials Index ETF
iShares Core S&P/TSX Capped Composite Index ETF
iShares S&P/TSX Capped Information Technology Index ETF
iShares S&P/TSX 60 Index ETF
iShares S&P/TSX Capped Materials Index ETF
iShares S&P/TSX Completion Index ETF
iShares S&P/TSX Capped REIT Index ETF
iShares S&P/TSX Capped Consumer Staples Index ETF
iShares S&P/TSX Capped Utilities Index ETF
iShares Canadian Universe Bond Index ETF
iShares Canadian Corporate Bond Index ETF
iShares Floating Rate Index ETF
iShares Canadian Government Bond Index ETF
iShares Canadian HYBrid Corporate Bond Index ETF
iShares Core Canadian Long Term Bond Index ETF
iShares Canadian Real Return Bond Index ETF
iShares Canadian Short Term Bond Index ETF
iShares Core Canadian Short Term Corporate + Maple Bond Index ETF
iShares Core Short Term High Quality Canadian Bond Index ETF
iShares Core MSCI All Country World ex Canada Index ETF
iShares MSCI Brazil Index ETF
iShares China Index ETF
iShares Core MSCI Emerging Markets IMI Index ETF
iShares Core MSCI EAFE IMI Index ETF
iShares MSCI Emerging Markets Index ETF
iShares MSCI Europe IMI Index ETF
iShares U.S. High Dividend Equity Index ETF
iShares India Index ETF
iShares S&P U.S. Mid-Cap Index ETF
iShares Core S&P 500 Index ETF
iShares Core S&P U.S. Total Market Index ETF
iShares MSCI World Index ETF
iShares S&P/TSX Global Base Metals Index ETF
iShares S&P/TSX Global Gold Index ETF
iShares S&P Global Consumer Discretionary Index ETF (CAD-Hedged)
iShares MSCI Europe IMI Index ETF (CAD-Hedged)
iShares Core MSCI EAFE IMI Index ETF (CAD-Hedged)
iShares S&P Global Industrials Index ETF (CAD-Hedged)
iShares Global Healthcare Index ETF (CAD-Hedged)
iShares U.S. High Dividend Equity Index ETF (CAD-Hedged)
iShares MSCI EAFE® Index ETF (CAD-Hedged)
iShares S&P U.S. Mid-Cap Index ETF (CAD Hedged)
iShares S&P/TSX North American Preferred Stock Index ETF (CAD-Hedged)
iShares NASDAQ 100 Index ETF (CAD-Hedged)
iShares Core S&P 500 Index ETF (CAD-Hedged)
iShares U.S. Small Cap Index ETF (CAD-Hedged)
iShares Core S&P U.S. Total Market Index ETF (CAD-Hedged)
iShares J.P. Morgan USD Emerging Markets Bond Index ETF (CAD-Hedged)
iShares U.S. High Yield Bond Index ETF (CAD-Hedged)
iShares U.S. IG Corporate Bond Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol EAFE Index ETF
iShares Edge MSCI Min Vol Emerging Markets Index ETF
iShares Edge MSCI Min Vol USA Index ETF
iShares Edge MSCI Min Vol Canada Index ETF
iShares Edge MSCI Min Vol Global Index ETF
iShares Edge MSCI Min Vol EAFE Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol USA Index ETF (CAD-Hedged)
iShares Edge MSCI Min Vol Global Index ETF (CAD-Hedged)
iShares Edge MSCI Multifactor Canada Index ETF
iShares Edge MSCI Multifactor EAFE Index ETF
iShares Edge MSCI Multifactor EAFE Index ETF (CAD-Hedged)
iShares Edge MSCI Multifactor USA Index ETF
iShares Edge MSCI Multifactor USA Index ETF (CAD-Hedged)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
Exchange traded securities at net asset value
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
BlackRock Asset Management Canada Limited
-
Promoter(s):
-
Project #2445816

Issuer Name:
iShares Conservative Short Term Strategic Fixed Income ETF
iShares Conservative Strategic Fixed Income ETF
iShares Diversified Monthly Income ETF (formerly, iShares Diversified Monthly Income Fund)
iShares Short Term Strategic Fixed Income ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
units
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
Promoter(s):
-
Project #2445643

Issuer Name:
Mackenzie Core Plus Canadian Fixed Income ETF
Mackenzie Core Plus Global Fixed Income ETF
Mackenzie Floating Rate Income ETF
Mackenzie Unconstrained Bond ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 1, 2016
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Mackenzie Financial Corporation
Project #2438229

Issuer Name:
Manulife Canadian Corporate Bond Fund (formerly Standard Life Corporate Bond Fund)
(Advisor Series, Series F, Series I, Series T6 and Series FT6)
Manulife Canadian Dividend Growth Fund (formerly Standard Life Canadian Dividend Growth Fund)
(Advisor Series, Series F, Series I, Series T8 and Series FT8)
Manulife Global Equity Unconstrained Fund (formerly Standard Life Global Equity Fund)
(Advisor Series, Series D, Series F, Series I, Series T6 and Series FT6)
Manulife Global Equity Unconstrained Class* (formerly Standard Life Global Equity Class)
(Advisor Series, Series F, Series I, Series T6 and Series FT6)
Manulife Portrait Conservative Portfolio (formerly Standard Life Conservative Portfolio)
(Advisor Series, Series F, Series I, Series T5 and Series FT5)
Manulife Portrait Moderate Portfolio (formerly Standard Life Moderate Portfolio)
(Advisor Series, Series F, Series I, Series T6 and Series FT6)
(the "SP Funds")
Manulife Portrait Dividend Growth & Income Portfolio (formerly Standard Life Dividend Growth & Income Portfolio)
(Advisor Series, Series F, Series I, Series T8 and Series FT8)
Manulife Portrait Dividend Growth & Income Portfolio Class* (formerly Standard Life Dividend Growth & Income Portfolio Class)
(Advisor Series, Series F, Series I, Series T8 and Series FT8)
*Shares of Manulife Investment Exchange Funds Corp.
Principal Regulator - Ontario
Type and Date:
Amendment No. 3 dated March 23, 2016 to the Simplified Prospectuses of the SP Funds dated November 9, 2015 and Amendment No. 3 dated March 23, 2016 to the Annual Information Form dated November 9, 2015NP 11-202 Receipt dated April 1, 2016
Offering Price and Description:
Advisor Series, Series D, Series F, Series FT5, Series FT6, Series FT8, Series I, Series T5, Series T6, and Series T8
Underwriter(s) or Distributor(s):
Manulife Asset Management Investments Inc.
Manulife Asset Management Investments Inc.
Manulife Asset Management Investment Inc.
Manulife AssetManagement Investments Inc.
Promoter(s):
Manulife Asset Management Limited
Project #2393585

Issuer Name:
Mercal Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated March 30, 2016
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
INDUSTRIAL ALLIANCE SECURITIES INC.
Promoter(s):
-
Project #2444848

Issuer Name:
Phillips, Hager & North High Yield Bond Fund
(Series C, Advisor Series, Series D, Series F and Series O units)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated March 31, 2016 to the Annual Information Form dated June 26, 2015
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Phillips, Hager & North Investment Funds Ltd.
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2352054

Issuer Name:
Sentry All Cap Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Canadian Income Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Canadian Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Diversified Equity Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Diversified Equity Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global Growth and Income Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global Growth and Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global Infrastructure Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global Mid Cap Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Growth and Income Fund (Series A, Series B, Series F, Series O, Series I, Series T8, Series B8, Series FT8 and Series O8 securities)
Sentry Small/Mid Cap Income Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Small/Mid Cap Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry U.S. Growth and Income Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry U.S. Growth and Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Canadian Resource Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Energy Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global REIT Class* (Series A, Series B, Series F, Series O, Series I, Series T8, Series B8, Series FT8 and Series O8 securities)
Sentry Global REIT Fund (Series A, Series B, Series F, Series O, Series I, Series T8, Series B8, Series FT8 and Series O8 securities)
Sentry Precious Metals Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Precious Metals Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Alternative Asset Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Conservative Balanced Income Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Conservative Balanced Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Conservative Monthly Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global Monthly Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry U.S. Monthly Income Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Canadian Bond Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Corporate Bond Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Corporate Bond Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global High Yield Bond Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Global High Yield Bond Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Money Market Class* (Series A, Series B, Series F, Series O and Series I securities)
Sentry Money Market Fund (Series A, Series B, Series F, Series O and Series I securities)
Sentry Growth Portfolio* (Series A, Series B, Series F, Series O, Series I, Series T4, Series T6, Series B4, Series B6, Series FT4 and Series FT6 securities)
Sentry Growth and Income Portfolio* (Series A, Series B, Series F, Series O, Series I, Series T4, Series T6, Series B4, Series B6, Series FT4 and Series FT6 securities)
Sentry Balanced Income Portfolio* (Series A, Series B, Series F, Series O, Series I, Series T5, Series T7, Series B5, Series B7, Series FT5 and Series FT7 securities)
Sentry Conservative Income Portfolio* (Series A, Series B, Series F, Series O, Series I, Series T5, Series T7, Series B5, Series B7, Series FT5 and Series FT7 securities)
*A class of shares of Sentry Corporate Class Ltd.
Principal Regulator - Ontario

Type and Date:
Amendment No. 4 dated March 24, 2016 to the Simplified Prospectuses (amendment no. 4) and Amendment No. 5 dated March 24, 2016 to the Annual Information Form (amendment no. 5, together with amendment no 4, "amendment no. 5") dated June 8, 2015
NP 11-202 Receipt dated April 1, 2016

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Sentry Investments Inc.

Promoter(s):
SENTRY INVESTMENTS INC.

Project #2336151

Issuer Name:
Sphere FTSE Asia Sustainable Yield Index ETF
Sphere FTSE Canada Sustainable Yield Index ETF
Sphere FTSE Emerging Markets Sustainable Yield Index ETF
Sphere FTSE Europe Sustainable Yield Index ETF
Sphere FTSE US Sustainable Yield Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 30, 2016
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sphere Investment Management Inc.
Project #2436692

Issuer Name:
Sprott 2016 Short Duration Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 29, 2016
NP 11-202 Receipt dated March 30, 2016
Offering Price and Description:
Maximum Offering: $20,000,000.00 - 800,000 Limited Partnership Units
Minimum Offering: $5,000,000.00 - 200,000 Units
Price per Unit: $25.00
Minimum Subscription: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Sprott Private Wealth L.P.
Canaccord Genuity Corp.
Dundee Securities Inc.
Manulife Securities Incorporated
Promoter(s):
Sprott 2016 Corporation
Project #2446347

Issuer Name:
Institutional Class units of
TD Emerald Canadian Treasury Management Fund
TD Emerald Canadian Treasury Management – Government of Canada Fund
Class B units of
TD Emerald Canadian Short Term Investment Fund
TD Emerald Canadian Bond Index Fund
TD Emerald Balanced Fund
TD Emerald Canadian Equity Index Fund
TD Emerald U.S. Market Index Fund
TD Emerald International Equity Index Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated March 30, 2016
NP 11-202 Receipt dated March 31, 2016
Offering Price and Description:
Institutional Class and Clas B units
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #2444319

Issuer Name:
Thomson Reuters Corporation
Principal Regulator - Ontario
Type and Date:
Final Based Shelf Prospectus dated March 31, 2016
NP 11-202 Receipt dated April 1, 2016
Offering Price and Description:
US$3,000,000,000.00
Debt Securities
(unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2457457

Issuer Name:
Yorkville Enhanced Protection Class* (Series A, F, O)
Yorkville Canadian QVR Enhanced Protection Class* (Series A, F, O)
Yorkville American QVR Enhanced Protection Class* (Series A, F, O)
Yorkville Health Care Opportunities Class* (Series A, F, O)
Yorkville Global Opportunities Class* (Series A, F, O)
Yorkville Optimal Return Bond Class* (Series A, F, O)
(*each a separate class of mutual fund shares of Heritage Yorkville Mutual Fund Corporation)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 31, 2016 to the Simplified Prospectuses and Annual Information Form dated May 13, 2015
NP 11-202 Receipt dated April 4, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
YORKVILLE ASSET MANAGEMENT INC.
Project #2333648

Issuer Name:
ORTHO REGENERATIVE TECHNOLOGIES INC.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Long Form Prospectus dated November 23, 2015
Closed on March 29, 2016
Offering Price and Description:
Distribution by Manitex Capital Inc. as a Dividend-in-Kind of 1,256,127 Class “A” Common Shares of Ortho Regenerative Technologies Inc.
Underwriter(s) or Distributor(s):
-
Promoter(s):
Manitex Capital Inc.
Project #2419728

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	CastleBay Wealth Management Inc.	Portfolio Manager	March 29, 2016
Voluntary Surrender	SCM Securities LP	Investment Dealer	March 31, 2016
Voluntary Surrender	Highwater Capital Management Corp.	Commodity Trading Manager, Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	April 4, 2016

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 OSC Notice and Request for Comment Regarding Applications for Exemption from Recognition as an Exchange by 360 Trading Networks Inc. et al.

ONTARIO SECURITIES COMMISSION ("Commission")

NOTICE AND REQUEST FOR COMMENT REGARDING APPLICATIONS BY

360 TRADING NETWORKS INC.
BGC DERIVATIVES MARKETS, L.P.
BLOOMBERG SEF LLC
DW SEF LLC
GFI SWAPS EXCHANGE LLC
ICAP GLOBAL DERIVATIVES LIMITED
ICAP SEF (US) LLC
ICE SWAP TRADE LLC
JAVELIN SEF, LLC
MARKETAXESS SEF CORPORATION
SWAPEX, LLC
THOMSON REUTERS (SEF) LLC
TPSEF INC.
TRADITION SEF INC.
TRUEEX LCC
TW SEF LLC
(each an "Applicant," and collectively, "Applicants")

FOR EXEMPTION FROM RECOGNITION AS AN EXCHANGE

A. INTRODUCTION

This notice requests comment on (i) the applications filed by each Applicant under section 147 of the *Securities Act* (Ontario) ("**Act**") for an exemption from the requirement to be recognized as an exchange contained in section 21 of the Act ("**Recognition Requirement**"); and (ii) the draft orders exempting each Applicant from the Recognition Requirement. The individual applications and draft orders for each Applicant can be found on our website www.osc.gov.on.ca.

Each Applicant operates a swap execution facility ("**SEF**") that trades swaps in the United States and is registered as a SEF with, and regulated by, the United States Commodity Futures Trading Commission ("**CFTC**") as required by the U.S. *Commodity Exchange Act* ("**CEA**").[1]

Each Applicant provides or intends to provide entities located in Ontario ("**Ontario Users**") with direct access to its trading facilities. The Commission therefore considers them to be doing business in Ontario. Under the CEA and CFTC rules, SEFs must regulate the conduct of participants on their market, monitor compliance with applicable rules and bring enforcement actions for rule violations (either directly or through the equivalent of a regulation services provider). Because of these self-regulatory responsibilities, they are most analogous to exchanges under the Act and will be treated by the Commission as such, requiring them to be recognized as exchanges or exempted from Recognition Requirement if they carry on business in Ontario.

The CSA Derivatives Committee is currently developing a regulatory framework for entities that operate these types of facilities.[2] Once that framework is in place, we anticipate that the orders exempting the Applicants from the Recognition Requirement will be revoked, as the Applicants will be governed by the new framework.

[1] As described in their applications, ICAP Global Derivatives Limited also operates in the European Economic Area and is regulated by the United Kingdom Financial Conduct Authority in addition to its registration as a SEF, and trueEX LLC is also registered with the CFTC as a Designated Contract Market. Both are subject to full CFTC oversight.

[2] See CSA Consultation Paper 92-401 *Derivatives Trading Facilities* (2015), 38 OSCB 801.

As set out in more detail below, each Applicant is currently operating pursuant to an interim order ("**Interim Order**") exempting the Applicant from the Recognition Requirement. Each Interim Order expires on the 180th day following the date on which the Applicant is granted permanent registration as a SEF by the CFTC. Each Applicant was granted permanent registration on January 22, 2016, and all of the Interim Orders expire on July 20, 2016. Each Applicant has filed an application for a subsequent order exempting it from the Recognition Requirement to be able to continue to offer access to their facilities to Ontario Users.

B. REQUEST FOR COMMENT

Each application contains an analysis of how the Applicant complies with the *Criteria for Exemption of a Foreign Exchange Trading OTC Derivatives from Recognition as an Exchange* ("**Exemption Criteria**"). The draft orders contain terms and conditions ("**Exemption Conditions**") that the Applicants will have to comply with on an ongoing basis. The Exemption Criteria and the Exemption Conditions are the same for each Applicant.

Because of the number of applications, and because they all have the same Exemption Criteria and Exemption Conditions, staff are issuing this notice requesting comment on all of the applications. Attached to this Notice is a "sample" draft order that contains the common representations and recitals in each Applicant's draft order. The Exemption Criteria and the Exemption Conditions are attached to the sample order.

We seek comments on all aspects of the applications and draft orders. You may comment generally on all of the applications, or specifically on the application of one or more Applicant. Please indicate in your comments if they concern specific applications.

You are asked to provide your comments in writing, via e-mail and delivered on or before **May 9, 2016** addressed to the attention of the Secretary of the Commission, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8 (e-mail: comments@osc.gov.on.ca).

The confidentiality of submissions cannot be maintained as comments received during the comment process will be published.

C. BACKGROUND

1. What is a SEF?

SEFs are a new type of marketplace created by the US *Dodd-Frank Wall Street Reform and Consumer Protection Act* ("*Dodd-Frank Act*") to bring more transparency and improved pricing to the trading of swaps. They offer different trading modalities such as a central limit order book, request for quote systems and voice broking. Each Applicant's specific market structure and trading modalities are described in its Application.

2. What is the regulatory regime governing SEFS and swap trading?

The Applicants are registered with the CFTC and must comply with applicable regulatory requirements, including core principles for SEFs enacted by the CFTC ("**Applicable Law**").[3] The CFTC monitors compliance by each Applicant with Applicable Law, conducts periodic in-depth audits of the Applicants, and reviews rule and product filings.

As noted above, under Applicable Law SEFs have self-regulatory responsibilities (including market surveillance and enforcement of rules) that they must carry out themselves or through an agent. As detailed in the individual applications, some of the Applicants are using the services of the National Futures Association or an affiliated exchange.

We have reviewed the home country regulatory regime and are satisfied that it is similar to the regime in Ontario as described in the Exemption Criteria.

3. Why were the Interim Orders issued?

Under the Dodd-Frank Act and CFTC rules, U.S. persons (as defined) are required to trade swaps on a SEF or designated contract market ("**DCM**") if the swaps are "made available to trade" ("**mandatory trading requirement**"). As a result, Canadian banks and other institutions wishing to enter into swap transactions with U.S. persons must do so on a SEF or DCM for swaps that are subject to the mandatory trading requirement.

In August 2013, the CFTC adopted final rules governing SEFs, which required existing platforms trading swaps to obtain temporary registration with the CFTC as a SEF or DCM by October 2, 2013. Once registered, SEFs were able to commence operations, including setting mandatory trading requirements. Because it was not possible to process full Ontario exemption applications before any mandatory trading requirement might take effect, and because the Applicants were operating under temporary rather than permanent CFTC registration, the Interim Orders were issued.

[3] CEA, section 5h, 7 U.S.C. §7b-3, and Part 37 of the CFTC's regulations.

D. EXEMPTION CONDITIONS

The draft orders contain Exemption Conditions that each SEF must comply with. These are based on terms and conditions that have been applied to foreign commodity futures exchanges, but tailored to the SEFs. The Exemption Conditions are designed to provide the Commission with ongoing information about the operations of the SEF and the activities of Ontario Users on the SEF. These terms and conditions include

- Ongoing compliance by the SEF with the CFTC's regulatory requirements, including maintaining its registration with the CFTC as a SEF (Exemption Conditions 2-5);
- Only allowing access to Ontario Users that are registrants, exempt from the registration requirements or not required to be registered (Exemption Conditions 6-10);
- Not allowing Ontario Users to trade products other than swaps without prior Commission approval (Exemption Condition 11);
- Submitting to the Commission's jurisdiction for enforcement purposes in connection with the Commission's regulation and oversight of the SEF (Exemption Conditions 12-13);
- Providing disclosure to Ontario Users that trading on the SEF is governed by US laws rather than the laws of Ontario and rights and remedies may be required to be pursued in the US (Exemption Condition 14);
- Promptly reporting material changes to its business, operations, financial condition and other specified matters (Exemption Conditions 15-18);
- Periodic reporting of activities of Ontario Users, regulation of Ontario Users and changes to the SEF's rules and products and other specified information (Exemption Conditions 19-21); and
- Sharing information with the Commission as needed (Exemption Condition 22)

E. QUESTIONS

Questions may be referred to:

Timothy Baikie
Senior Legal Counsel, Market Regulation
tbaikie@osc.gov.on.ca

Jalil El Moussadek
Risk Specialist, Market Regulation
jelmoussadek@osc.gov.on.ca

Louis-Philippe Pellegrini
Legal Counsel, Market Regulation
lpellegrini@osc.gov.on.ca

Alex Petro
Trading Specialist, Market Regulation
apetro@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
[SEF]

ORDER
(Section 147 of the Act)

WHEREAS [SEF] (**Applicant**) has filed an application dated ●, 2016 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an order pursuant to section 147 of the Act exempting the Applicant from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS on ●, the Commission issued an interim order under section 147 of the Act exempting the Applicant on an interim basis from the requirement in subsection 21(1) of the Act to be recognized as an exchange (**Interim Order**), terminating on the earlier of (i) ● and (ii) the effective date of a subsequent order exempting the Applicant from the requirement to be recognized as an exchange (**Subsequent Order**);

AND WHEREAS on September 30, 2014, the Commission issued an order (**Variation Order**) under Section 144 of the Act varying the Interim Order so that it terminates on the earlier of (i) the 180th day following the date on which the Applicant is granted permanent registration as a swap execution facility (**SEF**) by the United States Commodity Futures Trading Commission (**CFTC**) and (ii) the effective date of a Subsequent Order;

AND WHEREAS the CFTC granted the Applicant permanent registration as a SEF on January 22, 2016;

AND WHEREAS the Interim Order, as varied by the Variation Order, will therefore terminate upon the issuance of this order;

AND WHEREAS the Applicant has represented to the Commission that:

1.1 The Applicant is a corporation …;

1.2 The Applicant operates a swap execution facility...;

1.3 In the United States, the Applicant operates under the jurisdiction of the CFTC and has obtained registration with the CFTC to operate a SEF;

1.4 The Applicant is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.5 The Applicant has retained the [**Regulatory Services Provider**] to be a regulatory services provider;

1.6 Because the Applicant regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because the Applicant has participants located in Ontario, it is considered by the Commission to be carrying on business as an exchange in Ontario and is required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 The Applicant provides connectivity to [**clearing house or the following clearing houses**]:

1.9 The Applicant has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above and permitted by the Interim Order; and

1.10 The Applicant satisfies all the SEF Criteria as described in Appendix 1 to Schedule “A”;

AND WHEREAS the products traded on the Applicant are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and the Applicant is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and the Applicant's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS the Applicant has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or the Applicant's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of the Applicant to the Commission, the Commission has determined that Applicant satisfies the criteria set out in Appendix 1 to Schedule "A" and that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, the Applicant is exempt from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT the Applicant complies with the terms and conditions contained in Schedule "A."

SCHEDULE "A"

TERMS AND CONDITIONS

Meeting Criteria for Exemption

1. The Applicant will continue to meet the criteria for exemption included in Appendix 1 to this Schedule.

Regulation and Oversight of the Applicant

2. The Applicant will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

3. The Applicant will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

4. The Applicant will promptly notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

5. The Applicant must do everything within its control, which includes cooperating with the Commission as needed, to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

6. The Applicant will not provide direct access to a participant in Ontario (**Ontario User**) unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States *Commodity Exchange Act*, as amended (**CEA**).

7. For each Ontario User provided direct access to its SEF, the Applicant will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. The Applicant may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, provided the Applicant notifies such Ontario User that this representation is deemed to be repeated each time it enters an order, request for quote or response to a request for quote on the Applicant.

9. The Applicant will require Ontario Users to notify the Applicant if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, the Applicant will promptly restrict the Ontario User's access to the Applicant if the Ontario User is no longer appropriately registered or exempt from those requirements.

10. The Applicant must make available to Ontario Users appropriate training for each person who has access to trade on the Applicant's facilities.

Trading by Ontario Users

11. The Applicant will not provide access to an Ontario User to trading in products other than swaps, as defined in section 1a(47) of the CEA (and for greater certainty, excluding security-based swaps), without prior Commission approval.

Submission to Jurisdiction and Agent for Service

12. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Applicant in Ontario, the Applicant will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

13. The Applicant will file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation

or administrative, criminal, quasi-criminal, penal or other proceeding arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the Applicant's activities in Ontario.

Disclosure

14. The Applicant will provide to its Ontario Users disclosure that states that:

    (a) rights and remedies against the Applicant may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario; and

    (b) the rules applicable to trading on the Applicant may be governed by the laws of the U.S., rather than the laws of Ontario.

Prompt Reporting

15. The Applicant will notify staff of the Commission promptly of:

    (a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

        (i) changes to the regulatory oversight by the CFTC;

        (ii) the corporate governance structure of the Applicant;

        (iii) the access model, including eligibility criteria, for Ontario Users;

        (iv) systems and technology; and

        (v) the clearing and settlement arrangements for the Applicant;

    (b) any change in the Applicant's regulations or the laws, rules and regulations in the U.S. relevant to swaps where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this Schedule;

    (c) any condition or change in circumstances whereby the Applicant is unable or anticipates it will not be able to continue to meet the SEF Core Principles established in section 5h of the CEA and Part 37 of the CFTC's regulations or any other applicable requirements of the CEA or CFTC regulations;

    (d) any known investigations of, or any disciplinary action against the Applicant by the CFTC or any other regulatory authority to which it is subject;

    (e) any matter known to the Applicant that may materially and adversely affect its financial or operational viability, including, but not limited to, any declaration of an emergency pursuant to the Applicant's rules;

    (f) any default, insolvency, or bankruptcy of a participant of the Applicant known to the Applicant or its representatives that may have a material, adverse impact upon the Applicant; and

    (g) any material systems outage, malfunction or delay.

16. The Applicant will promptly provide staff of the Commission with notice of any made available to trade determination that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. The Applicant will promptly provide staff of the Commission with the following information to the extent it is required to provide to or file such information with the CFTC:

    (a) details of any material legal proceeding instituted against the Applicant;

    (b) notification that the Applicant has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate the Applicant or has a proceeding for any such petition instituted against it; and

    (c) the appointment of a receiver or the making of any voluntary arrangement with creditors.

18. The Applicant will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding the Applicant once issued as final by the CFTC.

Quarterly Reporting

19. The Applicant will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

    (a) a current list of all Ontario Users and whether the Ontario User is registered under Ontario securities laws or is exempt from or not subject to registration, and, to the extent known by the Applicant, other persons or companies located in Ontario trading as customers of participants (**Other Ontario Participants**);

    (b) the legal entity identifier assigned to each Ontario User, and, to the extent known by the Applicant, to Other Ontario Participants in accordance with the standards set by the Global Legal Entity Identifier System;

    (c) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by the Applicant or its RSP acting on its behalf, or, to the best of the Applicant's knowledge, by the CFTC with respect to such Ontario Users' activities on the Applicant and the aggregate number of disciplinary actions taken against all participants in the last quarter by the Applicant or its RSP acting on its behalf;

    (d) a list of all active investigations during the quarter by the Applicant or its RSP acting on its behalf relating to Ontario Users and the aggregate number of active investigations during the quarter relating to all participants undertaken by the Applicant;

    (e) a list of all Ontario applicants for status as a participant who were denied such status or access to the Applicant during the quarter, together with the reasons for each such denial;

    (f) copies of all amendments to the Applicant's Form SEF filed with the CFTC during the quarter, including, but not limited to, any amendments to the Applicant's trading rules;

    (g) a list of all additions, deletions, or changes to the products available for trading since the prior quarter;

    (h) for each product,

        (i) the total trading volume and value originating from Ontario Users, and, to the extent known by the Applicant, from Other Ontario Participants, presented on a per Ontario User or per Other Ontario Participant basis; and

        (ii) the proportion of worldwide trading volume and value on the Applicant conducted by Ontario Users, and, to the extent known by the Applicant, by Other Ontario Participants, presented in the aggregate for such Ontario Users and Other Ontario Participants;

        provided in the required format; and

    (i) a list outlining each incident of a systems failure, malfunction or delay (including systems failures, malfunctions or delays reported under section 15(g) of this Schedule) that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason, to the extent known or ascertainable by the Applicant, for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

20. The Applicant will file with the Commission any annual report or annual financial statements (audited or unaudited) of the Applicant provided to or filed with the CFTC promptly after filing with the CFTC.

21. The Applicant will arrange to have any annual "Service Organization Controls 1" report prepared for the Applicant filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

22. The Applicant will provide and cause its RSP to provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

APPENDIX 1

CRITERIA FOR EXEMPTION OF A FOREIGN EXCHANGE TRADING OTC DERIVATIVES FROM RECOGNITION AS AN EXCHANGE

PART 1 REGULATION OF THE EXCHANGE

1.1 Regulation of the Exchange

The exchange is regulated in an appropriate manner in another jurisdiction by a foreign regulator (Foreign Regulator).

1.2 Authority of the Foreign Regulator

The Foreign Regulator has the appropriate authority and procedures for oversight of the exchange. This includes regular, periodic oversight reviews of the exchange by the Foreign Regulator.

PART 2 GOVERNANCE

2.1 Governance

The governance structure and governance arrangements of the exchange ensure:

(a) effective oversight of the exchange,

(b) that business and regulatory decisions are in keeping with its public interest mandate,

(c) fair, meaningful and diverse representation on the board of directors (Board) and any committees of the Board, including:

(i) appropriate representation of independent directors, and

(ii) a proper balance among the interests of the different persons or companies using the services and facilities of the exchange,

(d) the exchange has policies and procedures to appropriately identify and manage conflicts of interest for all officers, directors and employees, and

(e) there are appropriate qualifications, remuneration, limitation of liability and indemnity provisions for directors, officers and employees of the exchange.

2.2 Fitness

The exchange has policies and procedures under which it will take reasonable steps, and has taken such reasonable steps, to ensure that each director and officer is a fit and proper person and past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity.

PART 3 REGULATION OF PRODUCTS

3.1 Review and Approval of Products

The products traded on the exchange and any changes thereto are submitted to the Foreign Regulator, and are either approved by the Foreign Regulator or are subject to requirements established by the Foreign Regulator that must be met before implementation of a product or changes to a product.

3.2 Product Specifications

The terms and conditions of trading the products are in conformity with the usual commercial customs and practices for the trading of such products.

3.3 Risks Associated with Trading Products

The exchange maintains adequate provisions to measure, manage and mitigate the risks associated with trading products on the exchange that may include, but are not limited to, daily trading limits, price limits, position limits, and internal controls.

PART 4 ACCESS

4.1 Fair Access

(a) The exchange has established appropriate written standards for access to its services including requirements to ensure

(i) participants are appropriately registered as applicable under Ontario securities laws, or exempted from these requirements,

(ii) the competence, integrity and authority of systems users, and

(iii) systems users are adequately supervised.

(b) The access standards and the process for obtaining, limiting and denying access are fair, transparent and applied reasonably.

(c) The exchange does not unreasonably prohibit, condition or limit access by a person or company to services offered by it.

(d) The exchange does not

(i) permit unreasonable discrimination among participants, or

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

(e) The exchange keeps records of each grant and each denial or limitation of access, including reasons for granting, denying or limiting access.

PART 5 REGULATION OF PARTICIPANTS ON THE EXCHANGE

5.1 Regulation

The exchange has the authority, resources, capabilities, systems and processes to allow it to perform its regulation functions, whether directly or indirectly through a regulation services provider, including setting requirements governing the conduct of its participants, monitoring their conduct, and appropriately disciplining them for violations of exchange requirements.

PART 6 RULEMAKING

6.1 Purpose of Rules

(a) The exchange has rules, policies and other similar instruments (Rules) that are designed to appropriately govern the operations and activities of participants and do not permit unreasonable discrimination among participants or impose any burden on competition that is not reasonably necessary or appropriate.

(b) The Rules are not contrary to the public interest and are designed to

(i) ensure compliance with applicable legislation,

(ii) prevent fraudulent and manipulative acts and practices,

(iii) promote just and equitable principles of trade,

(iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in the products traded on the exchange,

(v) provide a framework for disciplinary and enforcement actions, and

(vi) ensure a fair and orderly market.

PART 7 DUE PROCESS

7.1 Due Process

For any decision made by the exchange that affects a participant, or an applicant to be a participant, including a decision in relation to access, exemptions, or discipline, the exchange ensures that:

(a) parties are given an opportunity to be heard or make representations, and

(b) it keeps a record of, gives reasons for, and provides for appeals or reviews of its decisions.

PART 8 CLEARING AND SETTLEMENT

8.1 Clearing Arrangements

The exchange has or requires its participants to have appropriate arrangements for the clearing and settlement of transactions for which clearing is mandatory through a clearing house.[4]

8.2 Risk Management of Clearing House

The exchange has assured itself that the clearing house has established appropriate risk management policies and procedures, contingency plans, default procedures and internal controls.

PART 9 SYSTEMS AND TECHNOLOGY

9.1 Systems and Technology

Each of the exchange's critical systems has appropriate internal controls to ensure completeness, accuracy, integrity and security of information, and, in addition, has sufficient capacity and business continuity plans to enable the exchange to properly carry on its business. Critical systems are those that support the following functions:

(a) order entry,

(b) order routing,

(c) execution,

(d) trade reporting,

(e) trade comparison,

(f) data feeds,

(g) market surveillance,

(h) trade clearing, and

(i) financial reporting.

9.2 System Capability/Scalability

Without limiting the generality of section 9.1, for each of its systems supporting order entry, order routing, execution, data feeds, trade reporting and trade comparison, the exchange:

(a) makes reasonable current and future capacity estimates;

(b) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner;

(c) reviews the vulnerability of those systems and data centre computer operations to internal and external threats, including physical hazards and natural disasters;

[4] For the purposes of these criteria, "clearing house" also means a "clearing agency".

(d) ensures that safeguards that protect a system against unauthorized access, internal failures, human errors, attacks and natural catastrophes that might cause improper disclosures, modification, destruction or denial of service are subject to an independent and ongoing audit which should include the physical environment, system capacity, operating system testing, documentation, internal controls and contingency plans;

(e) ensures that the configuration of the system has been reviewed to identify potential points of failure, lack of back-up and redundant capabilities;

(f) maintains reasonable procedures to review and keep current the development and testing methodology of those systems; and

(g) maintains reasonable back-up, contingency and business continuity plans, disaster recovery plans and internal controls.

9.3 Information Technology Risk Management Procedures

The exchange has appropriate risk management procedures in place including those that handle trading errors, trading halts and respond to market disruptions and disorderly trading.

PART 10 FINANCIAL VIABILITY

10.1 Financial Viability

The exchange has sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

PART 11 TRADING PRACTICES

11.1 Trading Practices

Trading practices are fair, properly supervised and not contrary to the public interest.

11.2 Orders

Rules pertaining to order size and limits are fair and equitable to all market participants and the system for accepting and distinguishing between and executing different types of orders is fair, equitable and transparent.

11.3 Transparency

The exchange has adequate arrangements to record and publish accurate and timely information as required by applicable law or the Foreign Regulator. This information is also provided to all participants on an equitable basis.

PART 12 COMPLIANCE, SURVEILLANCE AND ENFORCEMENT

12.1 Jurisdiction

The exchange or the Foreign Regulator has the jurisdiction to perform member and market regulation, including the ability to set rules, conduct compliance reviews and perform surveillance and enforcement.

12.2 Member and Market Regulation

The exchange or the Foreign Regulator maintains appropriate systems, resources and procedures for evaluating compliance with exchange and legislative requirements and for disciplining participants.

12.3 Availability of Information to Regulators

The exchange has mechanisms in place to ensure that the information necessary to conduct adequate surveillance of the system for supervisory or enforcement purposes is available to the relevant regulatory authorities, including the Commission, on a timely basis.

PART 13 RECORD KEEPING

13.1 Record Keeping

The exchange has and maintains adequate systems in place for the keeping of books and records, including, but not limited to, those concerning the operations of the exchange, audit trail information on all trades, and compliance with, and/or violations of exchange requirements.

PART 14 OUTSOURCING

14.1 Outsourcing

Where the exchange has outsourced any of its key services or systems to a service provider, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices.

PART 15 FEES

15.1 Fees

(a) All fees imposed by the exchange are reasonable and equitably allocated and do not have the effect of creating an unreasonable condition or limit on access by participants to the services offered by the exchange.

(b) The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 16 INFORMATION SHARING AND OVERSIGHT ARRANGEMENTS

16.1 Information Sharing and Regulatory Cooperation

The exchange has mechanisms in place to enable it to share information and otherwise co-operate with the Commission, self-regulatory organizations, other exchanges, clearing agencies, investor protection funds, and other appropriate regulatory bodies.

16.2 Oversight Arrangements

Satisfactory information sharing and oversight agreements exist between the Commission and the Foreign Regulator.

PART 17 IOSCO PRINCIPLES

17.1 IOSCO Principles

To the extent it is consistent with the laws of the foreign jurisdiction, the exchange adheres to the standards of the International Organisation of Securities Commissions (IOSCO) including those set out in the “Principles for the Regulation and Supervision of Commodity Derivatives Markets” (2011).

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